State of New Mexico Middle Rio Grande Conservancy District

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2024 and 2023

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INTRODUCTORY SECTION

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State of New Mexico Middle Rio Grande Conservancy District Official Roster June 30, 2024

JUDGES OF THE DISTRICT COURT SECOND JUDICIAL DISTRICT OF THE STATE OF NEW MEXICO*

<u>Name</u>	<u>Division</u>	<u>Name</u>	<u>Division</u>
Honorable William Parnall	Division No. 1	Honorable Stan Whitaker	Division No. 2
Honorable Brett R. Loveless	Division No. 3	Honorable Beatrice J. Brickhouse	Division No. 4
Honorable Nancy J. Franchini	Division No. 5	Honorable Daniel E. Ramczyk	Division No. 6
Honorable Alma C. Roberson	Division No. 7	Honorable Catherine Begaye	Division No. 8
Honorable Cindy Leos	Division No. 9	Honorable Bruce Fox	Division No. 10
Honorable Gerard Lavelle	Division No. 11	Honorable Elaine P. Lujan	Division No. 12
Honorable Lisa Chavez Ortega	Division No. 13	Honorable Marie Ward	Division No. 14
Honorable Courtney B. Weaks	Division No. 15	Honorable Jennifer J. Wernersbach	Division No. 16
Honorable Erin B. O'Connell	Division No. 17	Honorable Denise Barela-Shepherd	Division No. 18
Honorable Diana Garcia	Division No. 19	Honorable Britt M. Baca	Division No. 20
Honorable Emeterio L. Rudolfo	Division No. 21	Honorable Amber Chavez Baker	Division No. 22
Honorable Joshua A. Allison	Division No. 23	Honorable Debra Ramirez	Division No. 24
Honorable Jane Levy	Division No. 25	Honorable Joseph Montano	Division No. 26
Honorable Victor Lopez	Division No. 27	Honorable Clara Moran	Division No. 28
Honorable Lucy Solimon	Division No. 29	Honorable David Murphy	Division No. 30

^{*}The Middle Rio Grande Conservancy District was created by the Second Judicial District Court of New Mexico through court order. The Conservancy Court resides within the Second Judicial District and has legal jurisdiction regarding the authorities and boundaries of the Middle Rio Grande Conservancy District.

State of New Mexico Middle Rio Grande Conservancy District Official Roster June 30, 2024

BOARD OF DIRECTORS

<u>Name</u>	<u>County</u>	Position No.
Stephanie Russo Baca, Chairperson	At-Large	1
Karen Dunning, Vice-Chairperson	Bernalillo	3
John P. Kelly	Bernalillo	2
Collin T. Baugh	Bernalillo	4
Brian Jiron	Valencia	5
Glen Duggins	Socorro	6
Michael T. Sandoval	Sandoval	7

OFFICERS

Jason Casuga	CEO/Chief Engineer
Pamela Fanelli	CFO/Secretary/Treasurer
Eric Zamora	Chief Operations Officer
Richard DeLoia	Chief Procurement Officer
Christine Nardi	Human Resource Director
Law & Resource Planning Associates	Chief Water Counsel
Wiggins, Williams & Wiggins	General Counsel



FINANCIAL SECTION



Carr, Riggs & Ingram, L.L.C. 2424 Louisiana Boulevard NE Suite 300 Albuquerque, NM 87110

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INDEPENDENT AUDITOR'S REPORT

Joseph M. Maestas, P.E., CFE, New Mexico State Auditor
The Office of Management and Budget and
The Judges of the District Court of the
Second Judicial District of the
State of New Mexico and
The Board of Directors of the State of New Mexico
Middle Rio Grande Conservancy District
Albuquerque, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue fund that has a legally adopted annual budget of Middle Rio Grande Conservancy District (the "District"), as of and for the years ended June 30, 2024 and June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue fund that has a legally adopted annual budget of the District, as of June 30, 2024 and June 30, 2023, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Management Estimate

As described in note 2 to the financial statements, in 2024 the District adopted new accounting guidance, GASB Statement No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As described in note 2 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, Subscription Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting
 estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that
raise substantial doubt about the District's ability to continue as a going concern for a reasonable period
of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 25, the GASB required pension schedules on pages 112 through 115, the GASB required other postemployment benefit schedules on pages 116 through 119, and the notes to the required supplementary information on page 120 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), schedule of collateral pledged by depository for public funds, schedule of deposit and investment accounts and schedule of joint powers agreements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of collateral pledged by depository for public funds, schedule of deposit and investment accounts and schedule of joint powers agreements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

Carr, Riggs & Ungram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

December 12, 2024

Management's Discussion and Analysis of the Middle Rio Grande Conservancy District's (the "District") annual financial report presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024 and June 30, 2023. Additional information about the District and its mission can be found in note 1.

The District operates, maintains, and manages irrigation, drainage, and river flood control in the Middle Rio Grande Valley. The District's primary sources of revenues are from ad valorem assessments, water service charges, licensing fees, water bank fees, and miscellaneous revenue it collects from operations and maintenance contracts with governmental entities. The District also receives grant funding. The District is required to manage its expenditures within its revenues and any reserves available. In fiscal year 2024, the Board of Directors increased ad valorem mill rates to 6.0693 for residential property and 7.3334 for non-residential property. The 1 mill increase is strictly dedicated to capital expenditures, debt service, and grant match. Water service charge assessments were increased from \$43.82 to 51.25 in January 2024.

Due to the continued issues surrounding the rehabilitation of El Vado Dam, the District could not store water for late-season use due to the ongoing rehabilitation of the El Vado Dam by the Bureau of Reclamation. The Bureau of Reclamation has abandoned its rehabilitation plan and is in the process of identifying a new alternative. This will most likely delay the rehabilitation of El Vado Dam by five years. Without the ability to store water, the District's late-season irrigation deliveries depend highly on the amount of rain received during the monsoon season. The monsoon season provided a fair amount of supplemental water to farmers. Unfortunately, the Rio Grande Compact debt increased to 121,500 acre-feet of debt in 2023.

The District continues to believe that restoring the Low Flow Conveyance Channel to a functioning drain and developing an environmentally sound operational plan is critical to helping New Mexico manage its Compact delivery obligation. The District partnered with the Bureau of Reclamation to construct a new temporary outfall of the Low Flow Conveyance Channel at River Mile 60 in 2023.

Temporary pumping operations to Corrales irrigators continued in fiscal year 2024. The District has completed the design for a new siphon and is currently working through easement issues. Temporary pumping operations will continue until the new siphon is in operation. The cost of the temporary pumping operations was \$647 thousand in fiscal year 2024.

The District secured a \$3.2 million equipment loan in fiscal year 2024. The proceeds have been spent or encumbered in fiscal year 2024. Due to increased costs in other line items, the District is unsure that the commitment to spend a minimum of \$1.0 million per year on equipment will continue in future budget years. The District is looking at other alternatives to funding capital infrastructure purchases in the future.

The infrastructure of the District is almost 100 years old. Because of the 1 mill increase, the District was able to fund \$3.3 million in infrastructure improvements, \$401 thousand for debt service, and \$860,000 for grant match. The grant match provided the District with an additional \$5.7 million in grants and loans.

The District continues to seek funding to assist with water distribution efficiency improvements and to study the impact of drought conditions. The goal is to create irrigation systems and on-farm efficiencies to reduce the amount of water needed for use by farmers while continuing to meet their demand for agricultural production.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$11.5 million from \$34.0 million in fiscal year 2023 to \$45.5 million in fiscal year 2024. Assets and deferred outflows exceeded liabilities and deferred inflows at the close of the fiscal year by \$45.5 million (net position). As of June 30, 2024, unrestricted net position totaled a deficit of \$58 thousand.
- Long-term obligations excluding net pension and net OPEB liability increased by \$3.5 million during the current fiscal year. Net pension liability and net OPEB liability increased by \$2.8 million.
- As of June 30, 2024, governmental funds reported combined ending fund balances of \$30.0 million. Of the total, \$15.0 million is available for spending at the District's discretion (sum of unassigned and assigned fund balances).
- As of June 30, 2024, the fund balance of the General Fund was \$26.0 million compared to \$27.1 million in fiscal year 2023. The decrease was primarily due to a transfer of funds to the Capital Investment Fund for the replacement of a large crossing. The Unassigned fund balance of the General Fund was \$15.0 million.

OVERVIEW OF FINANCIAL STATEMENTS

The District's basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information to the basic financial statements.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-wide financial statements. Government-wide financial statements report information about the District using accounting methods similar to those used by private-sector companies. The statement of net position provides information on the entire District's assets and liabilities while the statement of activities reflects all the District's revenues and expenses for the current year regardless of when cash is received or paid.

Fund Financial Statements. Fund financial statements include the balance sheet and statement of revenues, expenditures and changes in fund balances and provides more detailed information for the reader about how services were financed in the short-term as well as what remains for future spending. Fund financial statements provide detail about the District's most significant funds. This discussion and analysis should be read in conjunction with the financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because of the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Types of funds include general fund and a special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of supplementary individual and combining schedules.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-wide Financial Analysis

Financial Highlights – Statement of Net Position

Below is a comparative analysis of the statement of net position for the most recently completed fiscal year and the prior fiscal year.

		2024		2023		Variance
Assets and deferred outflows of resources						
Current and other assets	Ś	34,963,361	\$	31,312,651	\$	3,650,710
Capital assets, net of accumulated depreciation	Υ	44,049,291	Υ	30,902,758	Ψ	13,146,533
Deferred outflows		5,367,764		4,184,072		1,183,692
Total assets and deferred outflows of resources	\$	84,380,416	\$	66,399,481	\$	17,980,935
Liabilities and deferred inflows of resources			_		_	
Current liabilities	\$	2,459,397	\$	1,534,158	\$	925,239
Long-term liabilities		7,222,050		3,694,671		3,527,379
Net pension liability and OPEB liability		25,434,696		22,655,055		2,779,641
Deferred inflows		3,750,008		4,466,950		(716,942)
Total liabilities and deferred inflows of resources		38,866,151		32,350,834		6,515,317
Net position						
Net investment in capital assets		41,547,867		29,454,408		12,093,459
Restricted		4,024,028		-		4,024,028
Unrestricted (deficit)		(57,630)		4,594,239		(4,651,869)
		45 544 055		0.4.0.40.6:=		44 465 645
Total net position		45,514,265		34,048,647		11,465,618
Total liabilities and net position	\$	84,380,416	\$	66,399,481	\$	17,980,935

- Total assets and deferred outflows of resources increased by \$18.0 million which represents a \$13.1 million increase associated with capital assets and accumulated depreciation. In addition, there was an increase of \$3.7 million primarily due to an increase in cash and cash equivalents and investments.
- Deferred outflow of resources increased by \$1.2 million due to an increase in deferred outflows related to pensions of \$1.5 million and a decrease in deferred outflows related to OPEB liabilities of \$362 thousand.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-wide Financial Analysis (Continued)

• Total liabilities and deferred inflows of resources increased by \$6.5 million. Net pension liability increased by \$2.5 million and total OPEB liability increased by \$262 thousand.

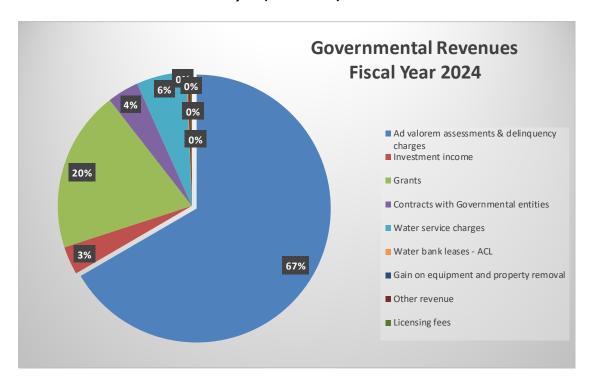
Financial Highlights - Statement of Activities

Below is a comparative analysis of the statement of activities for the most recently completed fiscal year and the prior fiscal year.

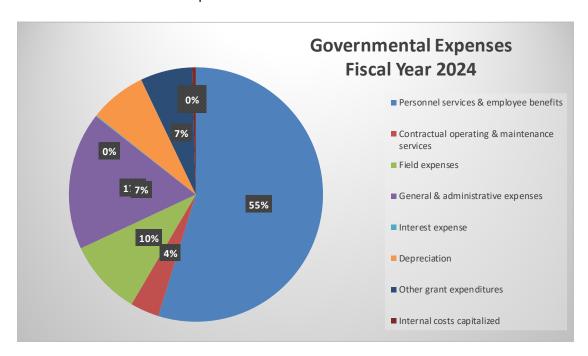
	2024	2023	Variance
Program revenues			
Charges for services	\$ 1,650,927	\$ 1,231,630	\$ 419,297
Operating grants and contributions	8,012,684	1,861,666	6,151,018
General revenues			
Ad valorem assessments	27,171,780	21,571,860	5,599,920
Ad valorem interest	195,493	206,481	(10,988)
Water services charges	2,486,482	2,384,501	101,981
Water bank fees	49,054	58,734	(9,680)
Investment income	1,392,800	1,089,505	303,295
Proceeds from sale of capital assets	-	104,031	(104,031)
Other revenue	134,971	567,036	(432,065)
Total revenue	41,094,191	29,075,444	12,018,747
Expenses			
Public works	29,628,573	29,245,604	382,969
Total expenses	29,628,573	29,245,604	382,969
Increase (decrease) in net position	\$ 11,465,618	\$ (170,160)	\$ 11,635,778

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-wide Financial Analysis (Continued)



Total revenues increased by 41.3% primarily due to increases in ad valorem assessments and grants. Ad valorem revenue makes up 67% of the total revenue.



OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-wide Financial Analysis (Continued)

Program Expenses increased by 1.3% or \$383 thousand in fiscal year 2024 from fiscal year 2023. Employee wages and benefits increased by \$1.2 million, contractual operating and maintenance services decreased by \$172 thousand, field expenses decreased by \$1.1 million, general and administrative expenses decreased by \$256 thousand, internal costs capitalized decreased by \$133 thousand, and depreciation and amortization increased by \$89 thousand. Personnel services and employee benefits accounted for 55% of the total expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. Assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the District's governmental funds reported a fund balance of \$30.0 million, an increase of \$2.3 million in comparison with the prior year. Of the total balance at year-end, \$1.1 million is non-spendable, \$2.9 million is restricted, \$10.1 million is committed, \$1.0 million is assigned, and \$16.0 million is unassigned. Unassigned fund balance is available for future spending of the District.

Revenues of governmental funds excluding other financing sources, totaled \$40.6 million in the fiscal year ended June 30, 2024, which represents an increase of \$11.6 million from the previous year of \$29.0 million. The primary reasons are as follows: Ad valorem assessments and delinquency charges increased \$5.2 million from the previous year, water service charges decreased by \$129 thousand, and contract and grant revenue increased by \$6.6 million followed by a small decrease in other miscellaneous revenue of \$333 thousand. The District's governmental expenditures of \$42.2 million increased by \$12.4 million from the previous year of \$29.9 million. Current operations decreased by \$116 thousand followed by an increase of capital outlay of \$12.5 million.

General Fund. The General Fund is the District's chief operating fund. At the end of the current fiscal year, the total fund balance was \$26.0 million of which \$15.0 million is unassigned, \$8.9 million is committed, \$1.0 million is assigned, and \$1.1 million is non-spendable. The net change in fund balance for the General fund for the current fiscal year was a decrease of \$1.1 million. This was primarily due to the transfer of \$2.3 million to the Capital Investment Fund for a crossing failure.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Long-Term Assets (Levee) Fund. The Long-Term Assets (Levee) Fund accounts for cash held for future levee projects. At the end of the current fiscal year, the total fund balance was \$1.1 million of which \$1.1 million is committed. The net change in fund balance for the Long-Term Assets (Levee) fund for the current fiscal year was an increase of \$479 thousand.

Grants Fund. The Grants Fund is used to account for grant revenue and expenditures including District match related to grants. During the fiscal year the fund had \$8.0 million in grant revenues, \$9.2 million in expenditures, \$548 thousand loan proceeds, and \$698 thousand in net transfers. Fiscal year 2024 is the first year that the District created this fund.

Capital Investment Fund. The Capital Investment Fund is primarily used to account for revenue related to the 1 mil increase in ad valorem strictly dedicated to capital investment. At the end of the current fiscal year, the total fund balance was \$2.0 million of which is all restricted. Fiscal year 2024 is the first year that the District created this fund.

Debt Service Fund. The Debt Service Fund is used to account for the resources to pay loans. At the end of the current fiscal year, the total fund balance was \$892 thousand, which is all restricted. Fiscal year 2024 was the first year that the District created this fund.

BUDGETARY HIGHLIGHTS

The District prepares its budget each year using historical information combined with knowledge of activities planned for the following year. The budget undergoes internal scrutiny and adjustment by the Treasurer and the CEO. It is then submitted to the Finance Committee before going to the Board of Directors for review and approval. Once the budget is adopted by the Board, it is submitted to the Local Government Division of the State of New Mexico Department of Finance and Administration (DFA) for approval. The preliminary budget must be submitted by June 1st of each year and the final budget submitted by July 31st of the same year along with unaudited prior year financial statements approved by the Board. The DFA must approve the budget prior to its legal enactment. The original fiscal year budget as presented was approved by the District's Board of Directors and DFA. The expenditures of each fund may not legally exceed the budget. The District does not adopt a legal budget for the long-term asset (levee) fund as this fund only receives revenue from land sales which are infrequent and therefore difficult to budget.

The budgetary comparisons are presented in accordance with GAAP budgetary basis. Encumbrances for fiscal year ended June 30, 2023, totaling \$1,528,516 were carried forward to fiscal year 2024 as a reserve in fund balance.

BUDGETARY HIGHLIGHTS (Continued)

Budget to Actual General Fund. For fiscal year ended June 30, 2024, the total deficit for the General Fund was \$1,103,148. For fiscal year ended June 30, 2023, the District budgeted for a balanced budget. Prior year encumbrances totaled \$1,528,516 reserved in fund balance. The Board approved two separate budget adjustments. One increased revenue and expenditures by \$400,000 and the other increased expenditures by \$2.3 million to pay for an unbudgeted crossing failure from fund balance.

Change in Mill and Water Service Charge Rates

- The District charges a mill rate of 6.0693 for residential customers and 7.3334 for non-residential customers. 1 mill for residential and non-residential is strictly dedicated to capital investment and is recorded in the Capital Investment Fund.
- The water service charge rates increased to \$51.25 per acre in calendar year 2024 based on a cost index.
- Management continues to monitor its expenses and keeping them in line with needs and requirements of operations.

Ongoing District Commitments

• The District entered into a design agreement with the United States Department of the Army Corps of Engineers (USACE) (federal government) on the Middle Rio Grande Flood Protection, Bernalillo to Belen Project for the Mountain View Portion (Rio Bravo to Isleta Pueblo Northern Boundary). This project is discussed in detail in Note 12 of the financial statements. USACE is not expected to receive funding for this project in fiscal year 2025 because it was not included in the draft congressional budget. USACE will be requesting the Phase 1 construction and Phase 2 design in the federal fiscal year 2026 budget.

District Contingencies

• District employees and legal advisors participated over a number of years in the development of the 2016 biological opinion (BiOp) related to the silvery minnow, southwestern willow flycatcher, yellow billed cuckoo and the meadow jumping mouse. The biological opinion has a number of conservation measures that the District is working on with the Bureau of Reclamation as the lead federal agency and the New Mexico Interstream Commission (NMISC) as another partner where several commitments associated with this BiOp and related projects including the Isleta Diversion Dam settlement are a continuing component of the District's operating budget. In December of 2022 Wilde Earth Guardians filed a suit in federal court challenging the non-jeopardy 2016 Biological Opinion issued by Fish &Wildlife Service. MRGCD filed to intervene and MRGCD, Fish & Wildlife Service and the Bureau of Reclamation have been in negotiations with Wild Earth Guardians to reach a settlement. Settlement is expected before the end of 2024.

BUDGETARY HIGHLIGHTS (Continued)

Asset Management Plan

- The District has created a Capital Equipment Replacement Plan that identifies the condition of the assets. A budget plan has been implemented to replace assets that are beyond their useful life.
- The District is in the process of creating an asset management plan that will provide a basis for a financial plan and an operational plan. The entire plan is expected to be completed within two year.

Contract with the Bureau of Indian Affairs

 The District and BIA have a contract to perform operations and maintenance on the Six Middle Rio Grande Pueblos' facilities on trust lands. A new contract was signed in September 2023 and will remain in effect until February 28, 2027. The agreed-upon payment for each federal fiscal year is negotiated on an annual basis and submitted to Congress for approval.

Five Year Plan

• The Five-Year Forecast serves as a tool to communicate and assess the financial health of the District. The 5-Year Forecast has provides historical and projected financial data. Operational and infrastructure needs are considered using the District's Capital Investment Projects Plan. The plan is ongoing and is helping inform management and the Board about out-year operating budgets and capital outlay needs. Specific capital replacements and improvements are included within each budget proposal as a component of the annual budget as well as the longer-term capital acquisition strategies.

CAPITAL ASSETS, RIGHT-TO-USE LEASE ASSETS, SUBSCRIPTION ASSETS, AND DEBT ADMINISTRATION

Capital Assets, Right-to-Use Lease Assets, and Subscription Assets. The District's capital assets, right-to-use lease assets, and subscription assets of the governmental activities as of June 30, 2024, total \$44.0 million net of accumulated depreciation and amortization. The increase in the current fiscal year totaled \$13.1 million. Additional information related to capital assets, right-to-use lease assets, and subscription assets can be found in the notes to the financial statements.

CAPITAL ASSETS, RIGHT-TO-USE LEASE ASSETS, SUBSCRIPTION ASSETS, AND DEBT ADMINISTRATION (Continued)

Capital assets, right-to-use lease assets, and subscription assets of the District's governmental activities are summarized as follows:

Capital assets, Right-to-Use Lease Assets, Subscription Assets, net of accumulated

depreciation and amortization		2024		2023
	_		_	
Land	\$	554,999	\$	554,999
Construction in progress		13,204,373		5,925,665
Buildings and improvements		2,747,909		2,717,489
Grounds and yards		295,243		41,669
Office furniture and equipment		235,241		271,333
Computer software		226,500		271,621
Engineering equipment		65,742		68,075
Motor vehicles and trailers		3,044,622		2,291,108
Weed and pest control equipment		205,154		144,002
Heavy field equipment		7,124,661		5,746,978
Shop and field equipment		88,349		44,224
Infrastructure		16,247,736		12,780,408
Right-to-use lease assets		-		10,747
Subscription assets		8,762		34,440
Totals	\$	44,049,291	\$	30,902,758

Debt Administration. At the end of the current fiscal year, governmental activities had a total of \$6.1 million in long term obligations related to loans payable, leases payable, and settlement agreement. Loans payable is \$5.4 million of which \$618 thousand is due or payable within the next fiscal year. Leases and subscription payable total \$9 thousand. The Isleta Dam settlement agreement liability is \$630 thousand as of June 30, 2024. Net pension liability increased from \$16.8 million in fiscal year 2023 to \$19.3 million in fiscal year 2024, or by \$2.5 million. The Net OPEB liability increased from \$5.9 million in fiscal year 2023 to \$6.1 million in fiscal year 2024, or by \$262 thousand.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On October 14, 2024, the District reached a tentative agreement with AFSCME, representing approximately 115 employees in the Divisions. The agreement includes a 15% wage increase in year 1 and a 5% increase in year 2 and enhanced benefits, effective November 28, 2024. The District has modified other line items to account for the unbudgeted wages and fringes in fiscal year 2025. Additional revenue sources will be required in fiscal years 2026 and 2027.

CONTACTING DISTRICT MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, legislators, and other stakeholders a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Middle Rio Grande Conservancy District 1931 Second Street SW P.O. Box 581 Albuquerque, NM 87103 (505) 247-0234 THIS PAGE INTENTIONALLY LEFT BLANK



BASIC FINANCIAL STATEMENTS

State of New Mexico Middle Rio Grande Conservancy District Statements of Net Position

	Governmental Activities					
June 30,		2024		2023		
Assets						
Current assets						
Cash and cash equivalents	\$	1,739,900	\$	1,686,324		
Investments		13,622,821		15,640,401		
Receivables						
Ad valorem assessments, net		3,206,069		2,280,698		
Water service and delinquency charges, net		376,980		235,401		
Intergovernmental		751,838		840,814		
Interest		216,857		164,069		
Other		39,531		93,018		
Inventory		1,063,684		1,073,172		
Prepaid expenses		11,089		9,510		
Total current assets		21,028,769		22,023,407		
Noncurrent assets						
Restricted cash and cash equivalents		435,144		151,994		
Restricted investments		13,499,448		9,137,250		
Capital assets not being depreciated		13,759,372		6,480,664		
Capital assets being depreciated		58,269,081		50,265,043		
Less accumulated depreciation		(27,987,924)		(25,888,136)		
Right-to-use lease assets		(27,307,321)		32,239		
Subscription based assets		65,942		60,472		
Less accumulated amortization		(57,180)		(47,524)		
Total noncurrent assets		57,983,883		40,192,002		
Total assets		79,012,652		62,215,409		
Deferred outflows of resources						
Deferred outflows - pension		4,484,169		2,938,975		
Deferred outflows - OPEB		883,595		1,245,097		
Total deferred outflows of resources		5,367,764		4,184,072		
Total assets and deferred outflows of resources	\$	84,380,416	\$	66,399,481		

	Governmental Activities			
June 30,		2024		2023
Liabilities				
Current liabilities				
Accounts payable	\$	1,544,288	\$	599,953
Accrued payroll		320,885		322,863
Deposit held in trust		531,645		504,113
Customer deposits		57,700		71,500
Other liabilities		4,879		-
Unearned revenue		-		35,729
Long-term liabilities, current		1,296,690		1,075,074
Total current liabilities		3,756,087		2,609,232
Noncurrent liabilities				
Long-term liabilities, net of current portion		5,925,360		2,619,597
Net pension liability		19,321,798		16,804,291
Other post employment benefit liability		6,112,898		5,850,764
Total noncurrent liabilities		31,360,056		25,274,652
Total liabilities		35,116,143		27,883,884
Deferred inflows of resources				
Deferred inflows - pension		962,861		982,401
Deferred inflows - OPEB		2,787,147		3,484,549
Total deferred inflows of resources		3,750,008		4,466,950
Net position				
Net investment in capital assets		41,547,867		29,454,408
Restricted for		, ,		,,,,,,,,
Debt service		892,282		_
Capital improvements		1,982,802		_
Special revenue		1,148,944		-
Unrestricted (deficit)		(57,630)		4,594,239
Total net position		45,514,265		34,048,647
Total liabilities, deferred inflows of resources,				
and net position	\$	84,380,416	\$	66,399,481

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State of New Mexico Middle Rio Grande Conservancy District Statements of Activities

	Governmental activities			
For the Year Ended June 30,		2024		2023
Program expenses				
Public works				
Personnel services	\$	10,778,750	\$	10,203,675
Employee benefits		5,619,372		5,030,952
Contractual operating and maintenance services		1,093,283		1,265,275
Field expenses		2,869,316		3,951,131
General and administrative expenses		5,240,541		5,490,568
Interest expense		35,424		34,833
Depreciation and amortization		2,164,372		2,074,934
Other grant expenditures		1,975,196		1,208,758
Internal costs capitalized		(147,681)		(14,522)
Total program expenses		29,628,573		29,245,604
Program revenues				
Charges for services				
Licensing fees		85,990		78,701
Operations and maintenance contracts				
Federal		780,991		757,988
State		433,000		-
Local		350,946		394,941
Operating grants				
Federal		2,536,652		894,986
State		5,440,303		960,409
Local		35,729		6,271
Total program revenues		9,663,611		3,093,296
Net program (expenses) revenues		(19,964,962)		(26,152,308)
General revenues				
Ad valorem assessments		27,171,780		21,571,860
Ad valorem interest		195,493		206,481
Water services charges		2,486,482		2,384,501
Water bank fees		49,054		58,734
Investment income		1,392,800		1,089,505
Proceeds from sale of capital assets		-		104,031
Other revenue		134,971		567,036
Total general revenues		31,430,580		25,982,148
Change in net position		11,465,618		(170,160)
Net position - beginning of year		34,048,647		34,218,807
Net position - end of year	\$	45,514,265	\$	34,048,647

State of New Mexico Middle Rio Grande Conservancy District Balance Sheet - Governmental Funds

	Long-Term				
June 30,	General	As	sets (Levee)		Grants
Assets					
Cash and cash equivalents	\$ 1,739,900	\$	_	\$	-
Investments	22,045,657	т.	1,673,265	,	_
Receivables	, ,		, ,		
Ad valorem assessments, net	2,829,976		-		_
Water service and delinquency charges, net	376,980		-		-
Intergovernmental	210,000		-		541,838
Interest	209,533		7,324		-
Other	39,531		-		-
Inventory	1,063,684		-		-
Prepaid expenses	11,089		-		-
Due from other funds	616,378		-		
Total assets	\$ 29,142,728	\$	1,680,589	\$	541,838
Liabilities, deferred inflows of resources, and fund Liabilities	balance				
Accounts payable	\$ 519,847	\$	_	\$	213,560
Accrued payroll	320,885	•	-	•	-
Deposits held in trust	-		531,645		_
Customer deposits	57,700		-		-
Unearned revenue	-		-		-
Other liabilities	-		-		-
Due to other funds	-		-		328,278
Total liabilities	898,432		531,645		541,838
Deferred inflows of resources					
Unavailable revenue	2,242,692		_		_
- Chavallable revenue	2,2-2,032				
Total deferred inflows of resources	2,242,692		-		-
Fund balances					
Nonspendable	1,074,773		-		_
Spendable					
Restricted	-		-		-
Committed	8,939,276		1,148,944		-
Assigned	1,042,649		-		-
Unassigned	14,944,906		-		
Total fund balances	26,001,604		1,148,944		
Total liabilities, deferred inflows of					
Total liabilities, deferred inflows of	\$ 29,142,728	\$	1,680,589	\$	541,838
resources, and fund balances	7 23,142,120	٧	1,000,009	٧	J-1,0J0

			Total Governmental Funds				
Capital							
Investment	De	bt Service	2024	2023			
\$ 217,746	\$	217,398	\$ 2,175,044	\$ 1,838,318			
2,723,584	Υ	679,763	27,122,269	24,777,651			
2,723,33		0.3,.03	27,122,203	2 1,7 7 7,03 2			
376,093		_	3,206,069	2,280,698			
, <u>-</u>		_	376,980	235,401			
-		_	751,838	840,814			
-		_	216,857	164,069			
-		_	39,531	93,018			
-		-	1,063,684	1,073,172			
_		_	11,089	9,510			
-		_	616,378	433,000			
\$ 3,317,423	\$	897,161	\$ 35,579,739	\$ 31,745,651			
Ψ 3,317,123	<u> </u>	037,101	ψ 03/373/703	ψ 01), 10)031			
\$ 810,881	\$	-	\$ 1,544,288	\$ 599,953			
-		-	320,885	322,863			
-		-	531,645	504,113			
-		-	57,700	71,500			
-		-	-	35,729			
-		4,879	4,879	-			
288,100		-	616,378	433,000			
1,098,981		4,879	3,075,775	1,967,158			
		,	, ,	, ,			
235,640		-	2,478,332	2,003,565			
235,640		-	2,478,332	2,003,565			
			1 074 772	1 002 602			
-		-	1,074,773	1,082,682			
1,982,802		892,282	2,875,084	532,593			
-		-	10,088,220	11,105,758			
_		-	1,042,649	3,717,993			
- -		- -	14,944,906	11,335,902			
			1,544,500	11,000,002			
1,982,802		892,282	30,025,632	27,774,928			
\$ 3,317.423	\$	897.161	\$ 35,579.739	\$ 31,745.651			
\$ 3,317,423	\$	897,161	\$ 35,579,739	\$ 31,745,651			

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State of New Mexico Middle Rio Grande Conservancy District Balance Sheet - Governmental Funds

					Total	
				Go	vernmental	
June 30, 2023	General		Levee		Funds	
Assets						
Cash and cash equivalents	\$ 1,838,318	Ś	_	\$	1,838,318	
Investments	23,177,033	,	1,600,618	7	24,777,651	
Receivables	, ,		, ,		, ,	
Ad valorem assessments, net	2,280,698		_		2,280,698	
Water service and delinquency charges, net	235,401		_		235,401	
Intergovernmental	840,814		-		840,814	
Interest	157,398		6,671		164,069	
Other	93,018		-		93,018	
Inventory	1,073,172		-		1,073,172	
Prepaid expenses	9,510		-		9,510	
Due from other funds	433,000		-		433,000	
Total assets	\$ 30,138,362	\$	1,607,289	\$	31,745,651	
Liabilities, deferred inflows of resources, and fund	l halanco					
Liabilities	Dalatice					
Accounts payable	\$ 599,953	\$	_	\$	599,953	
Accrued payroll	322,863	,	_	7	322,863	
Deposits held in trust	-		504,113		504,113	
Customer deposits	71,500		-		71,500	
Unearned revenue	35,729		_		35,729	
Due to other funds	, -		433,000		433,000	
Total liabilities	1,030,045		937,113		1,967,158	
Deferred inflows of resources						
Unavailable revenue	2,003,565				2,003,565	
Ollavaliable revenue	2,003,303				2,003,303	
Total deferred inflows of resources	2,003,565		-		2,003,565	
Fund balances						
Nonspendable	1,082,682		-		1,082,682	
Restricted	532,593		-		532,593	
Committed	10,435,582		670,176		11,105,758	
Assigned	3,717,993		-		3,717,993	
Unassigned	11,335,902		-		11,335,902	
Total fund balances	27,104,752		670,176		27,774,928	
Total liabilities, deferred inflows of resources,						
and fund balances	\$ 30,138,362	\$	1,607,289	\$	31,745,651	
	7 30,130,302	7	1,007,203	7	31,773,031	

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State of New Mexico

Middle Rio Grande Conservancy District Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

	2024		2023					
Fund balances - total governmental funds	\$ 30,025,632	\$	27,774,928					
Amounts reported for governmental activities in the statement of are different because	net position							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	44,040,529		30,857,571					
Right-to-use lease assets used in governmental activities are not fir resources and, therefore, are not reported in the funds	nancial -		10,747					
Subscription based information technology agreements used in governmental activities are not financial resources and, therefore, are not reported in the funds	8,762		34,440					
Other long-term assets (receivables) are not available to pay current period expenditures and therefore are deferred in the funds.	2,478,332		2,003,565					
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therfore, are not reported in the funds.								
Deferred outflows - pension Deferred outflows - OPEB Deferred inflows - pension Deferred inflows - OPEB	4,484,169 883,595 (962,861) (2,787,147)		2,938,975 1,245,097 (982,401) (3,484,549)					
Certain liabilities, including loans payable, leases, SBITA, current and long-term portions of accrued compensated absences, net pension liability, and other post-employment benefit liability are not due and payable in the current period and, therefore, are not reported in the funds.								
Compensated absences Loans payable Lease payable Subscription payable Settlement payable Net pension liability Other post-employment benefit liability	(1,149,123) (5,433,856) - (8,898) (630,173) (19,321,798) (6,112,898)		(1,070,058) (1,948,924) (10,757) (34,759) (630,173) (16,804,291) (5,850,764)					
Net position - governmental activities	\$ 45,514,265	\$	34,048,647					

State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

	Long-Term					
For the Year Ended June 30,	General	General Assets (Levee)				
Revenues						
Taxes						
Ad valorem taxes	\$ 22,741,048	\$ -	\$ -			
Ad valorem interest	186,187	-	-			
Water service charges	2,360,199	_	_			
Water bank fees	49,054	_	_			
Licensing fees	85,990	_	_			
Investment income	1,284,103	46,222	_			
Intergovernmental	1,201,100	10,222				
Project contract revenue - federal	780,991	_	_			
Project contract revenue - state	700,551	433,000	_			
Project contract revenue - local	350,946	-55,000	_			
Operating and capital grants - federal	330,340	_	2,536,652			
Operating and capital grants - rederal	29,688	_	5,410,615			
Operating and capital grants - local	23,000	_	35,729			
Other	161,989	_	6,341			
Other	101,969		0,341			
Total revenues	28,030,195	479,222	7,989,337			
Expenditures						
Current						
Public works	23,715,876	454	2,101,864			
Capital outlay	2,716,277	-	7,134,139			
Debt service	_,,		,,			
Principal	42,088	_	_			
Interest and other charges	-	-	-			
-	26 474 244	454	0.226.002			
Total expenditures	26,474,241	454	9,236,003			
Excess (deficiency) of revenues over	1,555,954	478,768	(1,246,666)			
Other financing sources (uses)						
Loan proceeds	-	-	548,408			
Subscription proceeds	5,470	_	-			
Proceeds from sale of capital assets	, -	_	-			
Transfers in	168,020	_	866,278			
Transfers (out)	(2,832,592)	_	(168,020)			
			<u> </u>			
Total other financing sources (uses)	(2,659,102)	-	1,246,666			
Net change in fund balances	(1,103,148)	478,768	-			
Fund balances - beginning of year	27,104,752	670,176				
Fund balances - end of year	\$ 26,001,604	\$ 1,148,944	\$ -			

				Total Govern	mental Funds
	Capital				_
I	nvestment	D	ebt Service	2024	2023
\$	4,048,889	\$	_	\$ 26,789,937	\$ 21,561,894
Ą	9,306	Ą	-	195,493	206,481
	-		_	2,360,199	2,489,207
	_		_	49,054	58,734
	_		_	85,990	78,701
	39,518		22,957	1,392,800	1,089,505
	-		-	780,991	757,988
	-		-	433,000	-
	-		-	350,946	394,941
	-		-	2,536,652	894,986
	-		-	5,440,303	960,409
	-		-	35,729	6,271
	-		-	168,330	501,700
	4,097,713		22,957	40,619,424	29,000,817
	652,511		-	26,470,705	26,586,736
	5,460,489		-	15,310,905	2,841,079
	-		357,860	399,948	388,663
	-		35,424	35,424	34,833
	6,113,000		393,284	42,216,982	29,851,311
	(2,015,287)		(370,327)	(1,597,558)	(850,494)
	2,964,945		329,439	3,842,792	52,812
	-		-	5,470	50,446
	-		-	, -	101,793
	2,300,000		933,170	4,267,468	7,659,508
	(1,266,856)		-	(4,267,468)	(7,659,508)
	3,998,089		1,262,609	3,848,262	205,051
	1,982,802		892,282	2,250,704	(645,443)
	-		-	27,774,928	28,420,371
\$	1,982,802	\$	892,282	\$ 30,025,632	\$ 27,774,928

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State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2023	, 2023 General Levee						
Revenues							
Taxes							
Ad valorem taxes	\$ 21,561,894	\$ -	\$ 21,561,894				
Ad valorem interest	206,481	-	206,481				
Water service charges	2,489,207	-	2,489,207				
Water bank fees	58,734	-	58,734				
Licensing fees	78,701	-	78,701				
Investment income	1,049,270	40,235	1,089,505				
Intergovernmental							
Project contract revenue - federal	757 <i>,</i> 988	-	757,988				
Project contract revenue - local	394,941	-	394,941				
Operating and capital grants - federal	894,986	-	894,986				
Operating and capital grants - state	960,409	-	960,409				
Operating and capital grants - local	6,271	-	6,271				
Other	501,700	-	501,700				
Total revenues	28,960,582	40,235	29,000,817				
Expenditures Current Public works Capital outlay	26,586,197 2,841,079	539 -	26,586,736 2,841,079				
Debt service	,- ,-		,- ,				
Principal	388,663	-	388,663				
Interest and other charges	34,833		34,833				
Total expenditures	29,850,772	539	29,851,311				
Excess (deficiency) of revenues over expenditures	(890,190)	39,696	(850,494)				
Other financing sources (uses)							
Loan proceeds	52,812	-	52,812				
Subscription proceeds	50,446	_	50,446				
Proceeds from sale of capital assets	101,793	_	101,793				
Transfers in	7,659,508	_	7,659,508				
Transfers (out)	-	(7,659,508)	(7,659,508)				
Transfers (out)		(7,033,308)	(7,033,308)				
Total other financing sources (uses)	7,864,559	(7,659,508)	205,051				
Net change in fund balances	6,974,369	(7,619,812)	(645,443)				
Fund balances - beginning of year	20,130,383	8,289,988	28,420,371				
Fund balances - end of year	\$ 27,104,752	\$ 670,176	\$ 27,774,928				

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State of New Mexico Middle Rio Grande Conservancy District Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

		2024	2023
Net change in fund balances - total governmental funds	\$	2,250,704	\$ (645,443)
Amounts reported for governmental activities in the statement of activities are different because	5		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital expenditures Internal costs capitalized Depreciation expense Amortization expense		15,163,224 147,681 (2,122,477) (41,895)	2,841,079 14,522 (2,038,156) (36,778)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in unavailable revenue related to ad valorem assessments Change in unavailable revenue related to water service charges Change in unavailable revenue related to customer promissory notes		381,843 126,283 (33,359)	9,966 (104,707) 65,337
The issuance of long-term debt (e.g. loans, leases, SBITA) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmenta	f		
Change in compensated absences Change in leases payable Change in subscription based IT arrangements Principal payments Loan proceeds Subscription proceeds		(79,065) 10,757 31,331 357,860 (3,842,792) (5,470)	103,896 10,808 25,713 388,663 (52,812) (50,446)
Governmental funds report District pension and other post-employment benefit contributions as expenditures. However, in the statement of activities, the cost of pension and other post-employment benefits earned net of employee contributions is reported as pension or OPEB expension.	oen:	se.	
Contributions subsequent to the measurement date - pension Pension expense OPEB expense		1,139,077 (1,973,998) (44,086)	1,026,079 (1,615,268) (112,613)
Change in net position of governmental activities	\$	11,465,618	\$ (170,160)

State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual General Fund

Budgeted Amounts					Variances Positive (Negative)		
For the Year Ended June 30, 2024		Original	Final	Actual	Fina	al to Actual	
Revenues							
Taxes			_	_	_		
Ad Valorem assessments	\$	21,664,134	\$ 22,064,134	\$ 22,741,048	\$	676,914	
Ad Valorem interest		220,000	220,000	186,187		(33,813)	
Water service charges		2,317,500	2,317,500	2,360,199		42,699	
Water bank fees		30,000	30,000	49,054		19,054	
Licensing fees		83,000	83,000	85,990		2,990	
Investment income		500,000	500,000	1,284,103		784,103	
Project contract revenue		,	,	, ,		,	
Federal		757,988	757,988	780,991		23,003	
Local		322,797	322,797	350,946		28,149	
Intergovernmental		,	,	,		,	
State		_	-	29,688		29,688	
Other		98,600	98,600	161,989		63,389	
Total revenues		25,994,019	26,394,019	28,030,195		1,636,176	

		Budgeted	Amounts			F	ariances Positive Jegative)
For the Year Ended June 30, 2024		Original	Final		Actual		l to Actual
Expenditures							
Salaries	\$	10,758,890	\$ 10,758	890	\$ 10,585,017	\$	173,873
Employee benefits	7	4,465,814	4,465		4,360,168	Ψ	105,646
Employee & board related costs		710,289		628	677,338		16,290
General & administrative expenses		387,115		018	360,957		267,061
Professional services		679,663		349	497,343		113,006
Insurance & Legal Services		1,406,719	1,399		1,382,532		16,649
Technology & communication		591,058	648		591,312		57,509
Ad valorem collection fee		451,654	451		440,925		10,729
Utilities		346,040	237		227,610		9,421
Facility maintenance		88,590		070	84,336		1,734
Division maintenance, const, rehab		1,335,098	1,339		1,132,339		207,308
Vehicle & equipment O&M		2,043,860	2,258		1,727,264		531,695
Soils lab expense		13,200	2,236	200	200		331,033
Conservation program		115,000		200	200		_
Federal O&M services		•	1 002	206	1 002 202		2
		1,093,286 220,417	1,093	970	1,093,283 269,743		3 9 227
Governmental agreements & projects		•			·		8,227
Projects		253,408	519		97,241		422,744 36,000
Endangered species act projects		125,000		000	50,000		•
Safety program		26,505	19	.013	15,336		3,677
Grants					120 270		(120.270)
Wages and fringe benefits		-	2	200	120,279		(120,279)
Other grant expenditures		40.000		368	2,653		(285)
District match for grant expenditures		40,000	/21	679	1,018,942		(297,263)
Debt service		40.050	10	050	42.000		(24.420)
Prinicipal retirement		10,950		950	42,088		(31,138)
Capital outlay		2,394,979	1,648	,028	1,697,335		(49,307)
Total expenditures		27,557,535	27,957	541	26,474,241		1,483,300
Excess (deficiency) of revenues							
over expenditures		(1,563,516)	(1,563	.522)	1,555,954		3,119,476
Other financing sources (uses)							
Subscription proceeds		_		_	5,470		5,470
Equipment disposition proceeds		35,000	35	.000	-,		(35,000)
Transfers in			33,	-	168,020		168,020
Transfers (out)		-	(2,300	.000)	(2,832,592)		(532,592)
Total other financing sources (uses)		35,000	(2,265	.000)	(2,659,102)		(394,102)
Change in fund balance	\$	(1,528,516)	\$ (3,828	.522) :	\$ (1,103,148)	\$	2,725,374

State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual General Fund

	Budgeted	l Amounts		Variances Positive (Negative)
For the Year Ended June 30, 2023	Original	Final	Actual	Final to Actual
Revenues				
Taxes				
Ad Valorem assessments	\$ 21,335,000	\$ 21,335,000	\$ 21,561,894	\$ 226,894
Ad Valorem interest	245,000	245,000	206,481	(38,519)
Water service charges	2,317,500	2,317,500	2,489,207	171,707
Water bank fees	25,000	25,000	58,734	33,734
Licensing fees	88,000	88,000	78,701	(9,299)
Investment income	55,000	55,000	1,049,270	994,270
Project contract revenue				
Federal	757,988	757,988	757,988	_
Local	318,752	318,752	394,941	76,189
Intergovernmental				
Federal	3,550,791	3,550,791	894,986	(2,655,805)
State	4,192,500	4,192,500	960,409	(3,232,091)
Local	413,400	413,400	6,271	(407,129)
Soils lab revenue	190,000	190,000	1,535	(188,465)
Other	97,600	97,600	500,165	`402,565 [°]
Total revenues	33,586,531	33,586,531	28,960,582	(4,625,949)

	Budgeted	Amounts		Variances Positive (Negative)
For the Year Ended June 30, 2023	Original	Final	Actual	Final to Actual
Expenditures				
Salaries	\$ 10,685,173	\$ 10,685,173	\$ 10,207,052	\$ 478,121
Employee benefits	4,366,206	4,366,206	3,988,142	378,064
Employee & board related costs	499,580	499,580	359,364	140,216
General & administrative expenses	296,647	296,647	310,793	(14,146)
Professional services	722,501	722,501	889,456	(166,955)
Insurance & legal services	1,431,195	1,431,195	1,354,175	77,020
Technology & communication	552,866	552,866	561,025	(8,159)
Ad valorem collection fee	473,050	473,050	450,252	22,798
Utilities	152,540	152,540	183,377	(30,837)
Facility maintenance	52,360	52,360	76,718	(24,358)
Division maintenance, const, rehab	1,043,130	1,043,130	1,035,804	7,326
Vehicle & equipment O&M	1,909,510	1,909,510	2,012,591	(103,081)
Soils lab expense	190,704	190,704	11,454	179,250
Conservation program	152,675	152,675	19,119	133,556
Federal O&M services	1,264,028	1,264,028	1,265,275	(1,247)
Governmental agreements & projects	324,739	324,739	256,569	68,170
Projects	2,144,582	2,144,582	2,053,142	91,440
Endangered species act projects	162,000	162,000	91,061	70,939
Endangered species act projects	26,875	26,875	20,887	5,988
Grants				
Wages and fringe benefits	-	-	91,271	(91,271)
Other grant expenditures	8,151,615	8,151,615	1,291,404	6,860,211
District match for grant expenditures	536,625	536,625	112,171	424,454
Debt service				
Prinicipal retirement	352,142	352,142	388,663	(36,521)
Interest	34,835	34,835	34,833	2
Capital outlay	2,824,491	2,824,491	2,786,174	38,317
Total expenditures	38,350,069	38,350,069	29,850,772	8,499,297
Excess (deficiency) of revenues				
over expenditures	(4,763,538)	(4,763,538)	(890,190)	3,873,348
Other financing sources (uses)				
Loan proceeds	-	-	52,812	52,812
Lease financing	_	_	50,446	50,446
Equipment disposition proceeds	25,000	25,000	101,793	76,793
Transfers in	700,000	700,000	7,685,540	6,985,540
Transfers (out)	(26,031)	(26,031)	(26,032)	(1)
Total other financing sources (uses)	698,969	698,969	7,864,559	7,165,590
Change in fund balance - GAAP basis	\$ (4,064,569)	\$ (4,064,569)	\$ 6,974,369	\$ 11,038,938

State of New Mexico Middle Rio Grande Conservancy District Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual Grants Fund

								Variances
								Positive
		Budgeted	An		-			(Negative)
For the Year Ended June 30, 2024		Original		Final		Actual	Fir	nal to Actual
Revenues								
Intergovernmental								
Operating and capital grants - federal	\$	5,137,315	\$	4,827,681	\$	2,536,652	\$	(2,291,029)
Operating and capital grants - state		7,330,743		7,730,739		5,410,615		(2,320,124)
Operating and capital grants - local		41,432		41,432		35,729		(5,703)
Other		-		6,341		6,341		-
Total revenues		12,509,490		12,606,193		7,989,337		(4,616,856)
Expenditures					_		_	
Salaries	\$	188,000	\$	73,298	Ş	-	\$	73,298
Employee & board related costs		-		150				150
General & administrative expenses		250,000		309,569		7,885		301,684
Professional services		1,825,852		1,270,200		753,720		516,480
Division maintenance, const, rehab		20,000		52,712		49,169		3,543
Governmental agreements & projects		802,003		2,971,833		1,257,829		1,714,004
Projects		10,738,702		124,572		31,741		92,831
Other grant expenditures		557,500		5,170		1,520		3,650
Capital outlay		150,000		9,751,302		7,134,139		2,617,163
Total expenditures		14,532,057		14,558,806		9,236,003		5,322,803
Excess (deficiency) of revenues								
over expenditures		(2,022,567)		(1,952,613)		(1,246,666)		705,947
Other Country and America								
Other financing sources (uses)		705 455		705 455		E 40, 400		(246.747)
Loan Proceeds		795,155		795,155		548,408		(246,747)
Transfers in		1,227,412		1,227,412		866,278		(361,134)
Transfers (out)		-		(69,954)		(168,020)		(98,066)
Total other financing sources (uses)		2,022,567		1,952,613		1,246,666		(705,947)
Change in fund balance	\$	_	\$	_	\$	_	\$	_
Change in rana palance	ب		γ		٧		7	

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of New Mexico, Middle Rio Grande Conservancy District (the "District") was created in 1923 under the provisions of the Conservancy Act of New Mexico for the purpose of maintaining flood protection, river control, drainage, and water storage for supplementing irrigation needs, constructing and maintaining a distribution system for irrigation and other improvements for public health, safety, convenience and welfare. The District is a political subdivision of the State of New Mexico and a body corporate with all the powers of a public or municipal corporation and operated under an elected Board of Directors (the "Board").

Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, GASB Statement No. 80, and GASB Statement No. 90. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only-criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information based on the District as a whole. Interfund activity is eliminated in the government-wide financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) water service assessments to property owners who have irrigation access, 2) contract revenue from governmental entities to finance operation and maintenance of District infrastructure, 3) operating and capital grants, if any, which finance specific operating and construction activities, and 4) other revenue with a program nature.

The net cost (by function) is normally covered by general revenues (ad valorem assessments, delinquency charges, investment income, and other gains and losses). The District does not currently employ indirect cost allocation systems.

Separate financial statements are provided for governmental funds. The District's activities are all governmental activities and the District did not have proprietary and fiduciary funds during the years ended June 30, 2024 or June 30, 2023. There are no non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements of time, reimbursement and contingencies imposed by the provider are met.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers ad valorem assessments, water service assessments and contract revenues available if they are collected within 30 days of the end of the current fiscal period. Intergovernmental and grant revenue is considered available if it is expected to be collected within six months and all eligibility requirements have been met. Investment income is considered available when earned. Delinquency charges and other revenue are generally considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post-employment benefits, are recorded only when payment is due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The major funds presented in the fund financial statements include the following:

The *General Fund* is the operating fund of the District. It accounts for all financial resources, except those required to be accounted for in another fund.

The Long-Term Asset (Levee) Fund accounts for cash held for future levee projects.

The *Grants Fund* is used to account for grant revenue and expenditures including District match related to grants. Fiscal year 2024 is the first year that the District created this fund.

The *Capital Investment Fund* is primarily used to account for revenue related to the 1 mill increase in ad valorem strictly dedicated to capital investment. Fiscal year 2024 is the first year that the District created this fund.

The *Debt Service Fund* is primarily used to account for payments on the principal and interest related to loans. Fiscal year 2024 is the first year that the District created this fund.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities' column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

State statutes authorize the District to invest in banks, savings and loan associations or credit unions whose accounts are insured by an agency of the United States Government. In addition, the District can invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP).

Certain of the District's investments are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables

The District recognizes receivables on ad valorem assessments and water service delinquency charges that have been levied but have not been collected, net of an allowance for uncollectible amounts. Governmental contracts and grants receivable consist of contractual rights to receive money. Interest receivable represents interest earned on cash and cash equivalents and investments not received by year end. Other receivables include water meter deposits receivable and other miscellaneous receivables.

Ad Valorem and Water Service Assessments

Water service assessments and ad valorem assessments are levied each calendar year, on November 1, based on serviceable, irrigable acreage, as determined by the District, and taxable property valuations as determined by the four county assessors within the District boundaries, respectively. Water service and ad valorem assessments are due in two equal installments on December 1 and May 1 following the levy, after which they become delinquent. At June 30, 2024 and 2023, all receivables for water service and ad valorem assessments are delinquent.

It has been the District's experience that a significant portion of the receivables for water service and ad valorem assessments may not be collected within one year. Lien rights are available to the District on all delinquent water service and ad valorem assessments. The District computes allowances on water service and delinquency charges receivable and ad valorem assessments receivable based on management's determination of balances it believes will be uncollectible.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

In the government-wide financial statements, water service and ad valorem assessments are recorded as a receivable and revenue when billed to taxpayers. In the fund financial statements, water service assessments collected by the District and ad valorem assessments remitted by the county assessors to the District within thirty days following year end are recorded as revenue; all water service and ad valorem assessments not collected or remitted within thirty days following year end are reported as deferred inflows of resources.

For the year ending June 30, 2024, water service charge assessments were assessed and levied at a uniform rate per acre of \$43.82 based on acreage approximately 52,893. Ad valorem assessments were assessed and levied at a rate of \$6.0693 per \$1,000 of valuation of residential property and \$7.3334 per \$1,000 valuation of nonresidential property based on valuations determined by the county assessors.

For the year ending June 30, 2023, water service charge assessments were assessed and levied at a uniform rate per acre of \$43.82 based on acreage approximately 52,652. Ad valorem assessments were assessed and levied at a rate of \$5.07 per \$1,000 of valuation of residential property and \$6.33 per \$1,000 valuation of nonresidential property based on valuations determined by the county assessors.

Inventories

Inventories consist of expendable supplies and repair parts and are valued on an average cost basis. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid Expenses

Prepaid expenses include insurance and contract payments to vendors and reflect costs applicable to future accounting periods that are recorded as prepaid items in both the government-wide financial statements and fund financial statements.

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Loan debt service accounts – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or lease obligations.

Capital Assets

Capital assets, which include property, equipment and infrastructure, are reported in the government-wide financial statements. In accordance with 12-6-10 NMSA 1978, capital assets, other than infrastructure, are defined by the District as assets which have a cost of \$5,000 or more at the date of acquisition. Items on the capital asset listing that were capitalized under previous thresholds can be removed from the capital asset listing. Infrastructure is defined by the District as long-lived capital assets that are normally stationary in nature such as dams, canals, laterals, acequias, waste ways, levees, and riverside and interior drains having a cost of \$100,000 or more and a useful life of 50 years or more. Capital assets purchased, constructed or acquired are carried at historical cost or estimated historical cost. The District capitalizes purchased software and has no internally developed software. Donated capital assets are recorded at the acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs are expensed as incurred.

The majority of the District's infrastructure was constructed or acquired prior to July 1, 1980, and has not been valued. It is management's belief that the net book value of these assets would not be material due to accumulated depreciation. Infrastructure that was built and improved since July 1, 2002 has been capitalized. The District has determined that no infrastructure which meets the District's infrastructure asset policy was purchased, constructed or acquired from July 1, 1980 to July 1, 2002. In addition, the majority of the District's intangible assets, consisting primarily of water rights, was acquired prior to July 1, 1980, and has not been valued.

The District's capital assets include land associated with infrastructure assets. The land underneath and around all major facilities has been recorded at estimated historical cost. The District has been granted easements for right-of-way associated with some of their waterways, which have been recorded as land and at estimated historical costs.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The District estimates the useful lives of capital assets as follows:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	5-50 years
Grounds and yard	20-40 years
Office furniture and equipment	5-10 years
Computer software	5-10 years
Engineering equipment	5-10 years
Motor vehicles and trailers	6-10 years
Weed and pest control equipment	5-15 years
Heavy field equipment	15 years
Shop and field equipment	10-15 years
Infrastructure	20-50 years

Right-to-Use Lease Assets

The District has recorded intangible-right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The right-to-use lease assets are amortized on a straight-line basis over the term of the related lease. See note 7 for more information.

Subscription Assets

The District has recorded subscription assets as a result of implementing GASB Statement No. 96. The subscription assets are initially measured at an amount equal to the initial measurement of the related lease liability. The subscription assets are amortized on a straight-line basis over the term of the related lease. See note 7 for more information.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

The District has two (2) items that qualify for reporting as deferred outflows of resources, the deferred outflows related to pensions and the deferred outflows related to OPEB, all reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities — Reporting for Benefits Provided through Trusts That Meet Specified Criteria. The deferred outflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with Codification Section P50: Postemployment Benefits Other than Pensions — Reporting for Benefits Provided through Trusts That Meet Specified Criteria.

The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to OPEB will be recognized as either OPEB (benefit) or a reduction in the other post-employment benefit liability in future reporting years.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The District has two (2) items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions and the deferred inflows related to OPEB*, all reported in the government-wide statement of net position. The deferred amount on pension are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities* – *Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with Codification Section P50: *Postemployment Benefits Other than Pensions* – *Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to OPEB will be recognized as a reduction to pension (benefit) in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: ad valorem assessments, water service charges and customer promissory notes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

	2024	2023	
Unavailable revenue Ad valorem assessments Water service charges	\$ 2,133,470 311,806	\$	1,751,627 185,523
Customer promissory notes	33,056		66,415
Total unavailable revenue	\$ 2,478,332	\$	2,003,565

Accounts Payables

Accounts payables are comprised of expenditures owed to vendors or contractors through June 30, 2024 and June 30, 2023.

Accrued Payroll

Accrued payroll are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2024 and June 30, 2023, along with applicable benefits payable.

Deposits

Deposits held in trust. In 2007 as part of a design and construction project of improvements to the Albuquerque west levee, the District entered into an agreement with the Albuquerque Metropolitan Arroyo Flood Control Authority ("AMAFCA") and the County of Bernalillo ("County"), whereby AMAFCA and the County each provided \$1 million of the above project cost. The agreement stated, at such time as the District is reimbursed by the federal government for the federal share of the project cost, AMAFCA and the County will receive a pro rata share of the reimbursement. In FY 2020, in lieu of receiving their full pro-rata share of the federal reimbursement, both AMAFCA and the County agreed to allow the District to hold certain amounts due to each entity with a combined total of \$484,391 for use in future levee projects. Amounts are held with LGIP and any interest earned is added to the amounts due to each entity. The combined liability totaling \$531,645 and \$504,113 in the years ended June 30, 2024 and 2023, respectively, is included in the accompanying statements of net position and balance sheets as a deposit held in trust and is being held in the special revenue fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Customer deposits. The District has the following deposits held in fiscal year 2024 and 2023 related to special use licenses.

	2024	2023
Customer deposits		
Special use license deposit	\$ 57,700 \$	71,500

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Debt issuance costs and interest are expensed as incurred.

Compensated Absences. District employees are entitled to certain compensated absences based on their employment classification and length of employment.

Annual Leave - Qualified employees are entitled to accumulate annual leave which is payable to the employee upon termination or retirement. Employees earn annual leave at the rate of twelve days per year for the first five years of service, eighteen days per year for service of five to twenty years, and twenty-four days per year for over twenty years of service. The maximum accrual of annual leave is 240 hours unless approved by the District's Chief Engineer.

Sick Leave - Qualified employees are entitled to accumulate sick leave, which may be converted upon retirement or termination to annual leave. Employees earn sick leave at the rate of twelve days per year. Employees who have twenty years of service and who are eligible for the public employee's retirement act benefits may convert sick leave to annual leave at the rate of three for two. Otherwise, sick leave hours in excess of 250 hours may be converted to annual leave hours at the rate of three for one. Sick leave hours in excess of 500 hours may be converted to annual leave hours at the rate of two for one. Sick leave hours in excess of 800 hours may be converted to annual leave hours at the rate of three for two. In accordance with GASB Statement No. 16, the District has estimated its accrued sick leave liability according to the termination method in which benefits have been accrued only for those employees if it is probable that the District will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Therefore, an accrual is made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies. Management makes this estimate based on experience of making termination payments for sick leave.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Compensatory Time - Qualified employees may elect to treat overtime hours worked as compensatory time. Qualified employees are granted one personal holiday, and several legal holidays as set by the Board for every calendar year.

Lease liability. The District has entered into agreements to lease certain copiers. Lease liabilities qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception or, for leases existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021. See note 8 for more information.

The District is utilizing the incremental borrowing rate (IBR) of 1.25% for their copier leases.

Subscription liability. The District has entered into agreements for subscription based information technology arrangements. Subscription liabilities qualify as other than short-term under GASB Statement No. 96 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception or, for agreements existing prior to the implementation year at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2022. See note 8 for more information.

The District is utilizing the incremental borrowing rate (IBR) of 1.25% for their subscription based information technology arrangements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

As further described in note 12 to the financial statements, the District provides postemployment benefits ("OPEB") to qualifying employees upon their retirement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Deferred Compensation Plan

Employees may elect to participate in a noncontributory deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan is available to all employees, who may defer up to 25% of gross compensation, subject to Internal Revenue Code limits. The employees make contributions to the plan through payroll withholdings. All contributions withheld from participants by the District are paid to a third party who administers the plan.

Fund Balance Classification Policies and Procedures

Fund Balances

The District has implemented GASB No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board. The formal action that is required to be taken to establish a fund balance commitment is the Board.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also, for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

At June 30, 2024, the District had nonspendable fund balance categorized in the governmental funds balance sheet in the amount of \$1,074,773. At June 30, 2023, the District had nonspendable fund balance categorized in the governmental funds balance sheet in the amount of \$1,082,682. Fund balance is detailed in note 16.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Restricted and Committed Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

At June 30, 2024, the District has presented restricted fund balance on the governmental funds balance sheet in the amount of \$2,875,084 for capital projects and debt service. The District has also presented committed fund balance on the governmental funds balance sheet in the amount of \$10,088,220. The details of these fund balance items are located on the governmental funds balance sheet as detailed on note 16.

At June 30, 2023, the District has presented restricted fund balance on the governmental funds balance sheet in the amount of \$532,593 for cash and investments held by NMFA for restricted debt agreements. The District has also presented committed fund balance on the governmental funds balance sheet in the amount of \$11,105,758. The details of these fund balance items are located on the governmental funds balance sheet as detailed on note 16.

Assigned fund balance – For assigned fund balance, the Board or an official or body to which the Board delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund. Assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Minimum Fund Balance Policy – The District's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds cash reserves to cover budgeted expenditures from the subsequent fiscal year as well as cash reserves of 1/12th the subsequent budget. During fiscal year ended June 30, 2024, the District had \$5,811,189 and fiscal year ended June 30, 2023, the District had \$3,962,429 with regards to the minimum fund balance policy.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Net Position

Equity is classified as net position and displayed in three components:

Net investment in capital assets — Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets includes \$2,941,330 and \$546,090 of unspent program funds from NMFA loans during fiscal year 2024 and 2023, respectively.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described in the statement of net position.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Revenues and Expenditures/Expenses

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for water service assessments, (b) program-specific operating grants, which include revenues received from state and federal sources, to be used as specified within each grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state and federal sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met and the availability criterion have been met.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and the related deferred inflows and outflows of resources, the other post-employment benefits liabilities and the related deferred inflows and outflows of resources, allowance for doubtful accounts, and the current portion of accrued compensated absences.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 12, 2024. See Note 19 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these comparative financial statements.

Recently Issued and Implemented Accounting Pronouncements

During the fiscal year ended June 30, 2024, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*.

The implementation of this statement had an impact on the District related to accounting changes and error corrections.

During the fiscal year ended June 30, 2023, the District adopted GASB Statement No. 91, Conduit Debt Obligations, GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and GASB Statement No. 99, Omnibus 2022.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The implementation of GASB Statement No. 96 had a significant impact on the District. There were no significant impacts of implementing GASB Statement Nos. 91, 94, and 99.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB issued Statement No. 101, Compensated Absences. The requirements of this Statement are to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement aim to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

GASB Statement No. 103, Financial Reporting Model Improvements. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

The District is evaluating the requirements of the above statements and the impact on reporting.

Note 2: CHANGE IN ACCOUNTING PRINCIPLE, RESTATEMENTS, AND RECLASSIFICATIONS

During fiscal year 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. Management of the District identified a need to revise the estimate related to the allowance for doubtful accounts over the water service charges. This change was necessitated by a change in circumstances.

Note 2: CHANGE IN ACCOUNTING PRINCIPLE, RESTATEMENTS, AND RECLASSIFICATIONS (Continued)

The effect of this change in estimate has been accounted for prospectively in accordance with GASB Statement No. 100. The impact of this change on the financial statements for the current period is as follows:

- Description of Change. Management changed the estimate due to a software upgrade and the ease of placing liens on property.
- Reason for the Change. The change was necessary to accurately reflect the amounts that management believes will be collected.
- Financial Impact. The change in estimate resulted in an increase in unavailable revenues of \$126,283 and a decrease in the allowance for doubtful accounts by \$121,424 at June 30, 2024.

Management believe that this change provides a more accurate reflection of the District's financial position and results of operations.

During fiscal year 2023, the District implemented GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs). The District was required to record subscription assets and liabilities in the amount of \$10,026 in the government-wide financial statements as detailed in notes 7 and 8. There was no impact on fund balance or net position.

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District follows defined procedures in establishing the budgetary data reflected in the budgetary comparison schedule. Each year the District determines amounts required for maintenance and operation expenditures. Based on that determination, the mill rate (for ad valorem assessments) and per acre rate (for water service assessments) are determined to bring expected revenues up to expected expenditures. The District submits a proposed budget for the funds to its Board of Directors and to the Local Government Division of the State of New Mexico Department of Finance and Administration ("DFA") for the fiscal year commencing the following July 1. DFA must approve the budget prior to its legal enactment. The District does not adopt a legal budget for the long-term assets (levee) fund as this fund only receives revenue from land sales which are infrequent and therefore difficult to budget.

Expenditures of the funds may not legally exceed the budget. The legal level of budgetary control is at the fund level. Adjustments to the budget must be submitted to and approved by DFA in the form of a "budget adjustment request". During fiscal year 2024 and 2023, the budget was prepared on the GAAP basis of accounting.

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

For the year ended June 30, 2024 general fund budgeted expenditures exceeded budgeted revenues by \$1,563,522. For the year ended June 30, 2023 general fund budgeted expenditures exceeded budgeted revenues by \$4,763,538.

The accompanying statements of revenues, expenditures and changes in fund balance – budget and actual present comparisons of the legally adopted budget with actual data on a budgetary basis for fiscal years 2024 and 2023.

Note 4: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2024 and June 30, 2023.

Deposits of funds may be made in interest bearing or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The District's accounts are located at an insured depository institution. All noninterest-bearing transaction accounts will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all demand deposit accounts held at a single institution in state. The US Bank account is invested in a sweep account that provides FDIC up to \$2.5 million in coverage.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk — Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2024, \$1,253,818 of the District's bank balance of \$2,077,011 was exposed to custodial credit risk; \$1,134,053 was uninsured but collateralized by collateral held by the pledging bank's trust department, but not in the District's name. \$119,765 of the District's deposits were uninsured and uncollateralized at June 30, 2024.

June 30, 2024	Bank NM			US Bank	Total	
					_	
Amount of deposits	\$	1,503,818	\$	573,193	\$	2,077,011
FDIC/SIPC coverage		(250,000)		(573,193)		(823,193)
Total uninsured public funds		1,253,818		-		1,253,818
Collateralized by securities held by pledging institutions or by its trust department or agent in						
other than the District's name		1,134,053		-		1,134,053
Uninsured and uncollateralized	\$	119,765	\$	-	\$	119,765
Collateral requirement						
(50% of uninsured funds)	\$	626,909	\$	-	\$	626,909
Pledged collateral		1,134,053		-		1,134,053
Over (under) collateralized	\$	507,144	\$	-	\$	507,144

As of June 30, 2023, \$2,279,657 of the District's bank balance of \$2,573,741 was exposed to custodial credit risk; \$1,454,099 was uninsured but collateralized by collateral held by the pledging bank's trust department, but not in the District's name. \$825,558 of the District's deposits were uninsured and uncollateralized at June 30, 2023.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Wells Fargo					
June 30, 2023	Bank NM			JS Bank	Total
Amount of deposits FDIC/SIPC coverage	\$	2,529,657 (250,000)	\$	44,084 (44,084)	\$ 2,573,741 (294,084)
Total uninsured public funds		2,279,657		-	2,279,657
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name		1,454,099		-	1,454,099
Uninsured and uncollateralized	\$	825,558	\$	-	\$ 825,558
Collateral requirement (50% of uninsured funds) Pledged collateral	\$	1,139,829 1,454,099	\$	-	\$ 1,139,829 1,454,099
Over (under) collateralized	\$	314,270	\$	-	\$ 314,270

The collateral pledged is listed on pages 122 and 123 of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, school district or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of Cash, Cash Equivalents, and Investments

The balances at June 30, 2024.

	Cash and cash equivalents	\$ 1,739,900
	Restricted cash and cash equivalents	435,144
	Investments	13,622,821
	Restricted investments	 13,499,448
	Total cash and cash equivalents and investments	29,297,313
	Plus outstanding checks	337,961
	Less petty cash	(850)
	Less investments	(23,718,922)
	Less restricted NMFA investment	(3,403,347)
	Less restricted NMFA cash	(435,144)
		(100)=11)
	Bank balance of deposits	\$ 2,077,011
The balanc	ces at June 30, 2023.	
	Cash and cash equivalents	\$ 1,686,324
	Restricted cash and cash equivalents	151,994
	Investments	15,640,401
	Restricted investments	9,137,250
	Total cash and cash equivalents and investments	26,615,969
	Total cash and cash equivalents and investments	20,013,303
	Plus outstanding checks	888,267
	Less petty cash	(850)
	Less investments	(24,397,052)
	Less restricted NMFA investment	(380,599)
	Less restricted NMFA cash	(151,994)
		· · /
	Bank balance of deposits	\$ 2,573,741

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Investments

The District has investments held in U.S. Treasury Notes and Money Market Accounts, which are managed by NMFA and in NMFA's name for the benefit of the District. Additionally, the District has U.S. Treasury Money Market Funds held by the New Mexico State Treasurer's Office. The District invests in the New MexiGROW Local Government Investment Pool (LGIP) as authorized by State statute. Participation in the LGIP is voluntary. Further, the District has equity and fixed income securities held at the State Investment Council (SIC) and U.S. Treasury and government sponsored entities held at US Bank.

The LGIP investments are valued at amortized costs. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2024, the District had the following investments and maturities.

	Weighted Average	I	Fair Value/	
Investment Type	Maturities	Amortized Cost		S&P Rating
New Mexi <i>GROW</i> LGIP	WAM (R) 30 Days	\$	12,781,992	AAAm
U.S. Treasury Notes	WAM (F) 39 Days 795 Days		679,763	AA+
U.S. Treasury Notes	259 Days		2,723,584	AA+
U.S. Treasury Notes	N/A		3,206,745	AA+
Government Sponsored Entities	N/A		2,840,360	AA+
US Large Cap Index Pool	N/A		1,551,098	Unrated
Credit Plus Pool	N/A		3,338,727	Unrated
Total Investments		\$	27,122,269	

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

	<1 year 1		to 5 years	o 5 years	
US Treasury Notes	\$ 769,830	\$	2,436,915	\$	3,206,745
Government Sponsored Entities	768,426		2,071,934		2,840,360
_Total	\$ 1,538,256	\$	4,508,849	\$	6,047,105

As of June 30, 2023, the District had the following investments and maturities:

	Weighted Average	eighted Average Fair Value/		
Investment Type	Maturities	An	nortized Cost	S&P Rating
New Mexi <i>GROW</i> LGIP	WAM (R) 22 Days	\$	13,717,320	AAAm
	WAM (F) 86 Days			
U.S. Treasury Notes	>365 days		380,599	AAA
U.S. Treasury Notes	N/A		2,840,442	AA+
Government Sponsored Entities	N/A		3,428,993	AA+
US Large Cap Index Pool	N/A		1,252,167	Unrated
US Core Plus Bonds Pool	N/A		3,158,130	Unrated
Total Investments		\$	24,777,651	

	<1 year 1 to 5 years		Total	
US Treasury Notes Government Sponsored Entities	\$ 783,744 526,576	\$	2,056,698 2,902,417	\$ 2,840,442 3,428,993
Total	\$ 1,310,320	\$	4,959,115	\$ 6,269,435

The District's investment policy does not formally address investment interest rate and credit risks.

Credit Risk

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All custodians of the investments of the District are members of the Securities Investor Protection Corporation (SIPC) and the cash accounts are protected up to \$250,000.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued)

With respect to LGIP, public funds are not required to disclose custodial credit risk or concentration risk for external investment pools. However, the LGIP portfolio is posted on the State Treasurer's website www.nmsto.gov and available for review by participants at any time. The LGIP has no foreign currency risk as all investments in the pool are denominated in U.S. dollars.

Interest Rate Risk – Investments. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Concentration of Credit Risk – Investments. For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The District has not invested 5% or more in any one issuer.

Foreign Currency Risk — Investments. For an investment, foreign currency risk is the potential risk of loss arising from investments denominated in foreign currencies when there are changes in exchange rates. The potential risk of loss arising from changes in exchange rates can be significant. At June 30, 2024 and 2023, the District held no investments denominated in foreign currencies; and therefore, had no foreign currency risk.

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurement (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District maintained a balance at June 30, 2024 of \$14,340,277, at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the District's assets at fair value as of June 30, 2024:

	Level 1		Level 2		Level 3		Total	
US Treasury Notes	Ś	6,610,092	Ś	_	Ś	- \$	6,610,092	
Government Sponsored Entities	*	1,609,926	*	1,230,434	Ψ	-	2,840,360	
US Large Cap Index Pool		1,551,098		-		-	1,551,098	
Credit Plus Pool		3,338,727		-		-	3,338,727	
Total Investments	\$	13,109,843	\$	1,230,434	\$	- \$	14,340,277	

Note 4: DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurement (Continued)

The District maintained a balance at June 30, 2023 of \$11,060,331, at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the District's assets at fair value as of June 30, 2023:

	Level 1		Level 2	Level 3		Total	
US Treasury Notes	\$	3,221,041	\$ -	\$	_	\$ 3,221,041	
Government Sponsored Entities		2,350,813	1,078,180		-	3,428,993	
US Large Cap Index Pool		1,252,167	-		-	1,252,167	
US Core Plus Bonds Pool		-	3,158,130		-	3,158,130	
Total Investments	\$	6,824,021	\$ 4,236,310	\$	-	\$ 11,060,331	

Note 5: RECEIVABLES

Receivables as of June 30, 2024, are as follows:

	General Fund	Long-Term Asset Fund	Grants Fund	Capital Investment Fund	Total
-	Tunu	Assectant	rana	runu	Total
Ad valorem assessments \$	3,029,158	\$ -	\$ -	\$ 376,093	\$ 3,405,251
Allowance for doubtful account	(199,182)	-	-	.	(199,182)
Ad valorem asessments, net	2,829,976	-	-	376,093	3,206,069
Water service and deliquency charges	585,374	-	-		585,374
Allowance for doubtful account	(208,394)	-	-	-	(208,394)
	, , ,				, , ,
Water service charges, net	376,980	-	-		376,980
Intergovernmental					
Federal operating grants	-	-	92,423	-	92,423
State operating grants	210,000	-	449,415	-	659,415
Interest	209,533	7,324		. <u>-</u>	216,857
Other	39,531	-	-	-	39,531
	•				· · · · · · · · · · · · · · · · · · ·
Total receivables \$	3,666,020	\$ 7,324	\$ 541,838	\$ \$ 376,093	\$ 4,591,275

Note 5: RECEIVABLES (Continued)

Receivables as of June 30, 2023, are as follows:

	General Fund	ng-Term set Fund	Total
			_
Ad valorem assessments	\$ 2,445,314	\$ -	\$ 2,445,314
Allowance for doubtful account	(164,616)	-	(164,616)
Ad valorem asessments, net	2,280,698	-	2,280,698
Water service and deliquency charges	565,219	-	565,219
Allowance for doubtful account	(329,818)	-	(329,818)
Water service charges, net	235,401	-	235,401
Intergovernmental			
Federal operating grants	116,720	-	116,720
State operating grants	724,094	-	724,094
Interest	157,398	6,671	164,069
Other	93,018	-	93,018
Total receivables	\$ 3,607,329	\$ 6,671	\$ 3,614,000

Note 6: INTERFUND TRANSFERS

During fiscal year 2024, the District had the following transfer activity.

Transfer in	Transfer Out	Amo	unt			
General Fund	Grants Fund	\$	168,020			
Grants Fund	Capital Investment Fund		866,278			
Capital Investment Fund	General Fund	2,300,0				
Debt Service Fund	Capital Investment Fund		400,578			
Debt Service Fund	General Fund		532,592			
Totals		\$	4,267,468			

During fiscal year 2023, interfund transfers totaling \$7,659,508 were from the levee fund to the general fund. \$7,226,508 was added to the investment funds at US Bank and the State Investment Council (SIC). \$433,000 was transferred from the levee funding to the general fund to pay for a design agreement with the Army Corps of Engineers for the Bernalillo to Belen Levy.

Note 7: CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2024. Land and construction in progress are not subject to depreciation.

	Balance				Balance
	June 30, 2023	Transfers	Additions	Deletions	June 30, 2024
Capital assets not being depreciated					
Land	\$ 554,999	\$ -	\$ -	\$ -	\$ 554,999
Construction in progress	5,925,665	(4,153,511)	11,432,219	-	13,204,373
Total capital assets not being depreciated	6,480,664	(4,153,511)	11,432,219	_	13,759,372
Capital assets, right-to-use lease assets a	nd subscription a	ssets being dep	reciated		
Buildings and improvements	5,140,826	138,336	60,100	-	5,339,262
Grounds and yard	48,420	-	260,015	-	308,435
Office furniture and equipment	784,267	-	13,380	-	797,647
Computer software	863,831	-	21,525	-	885,356
Engineering equipment	185,869	-	9,227	-	195,096
Motor vehicles and trailers	9,848,511	373,798	1,011,738	22,688	11,211,359
Weed and pest control equipment	514,105	-	77,747	-	591,852
Heavy field equipment	13,316,210	(373,798)	2,363,770	-	15,306,182
Shop and field equipment	236,208	-	55,308	-	291,516
Infrastructure	19,326,796	4,015,174	406	-	23,342,376
Right-to-use lease assets	32,239	-	-	32,239	-
Subscription assets	60,472	-	5,470	, -	65,942
Total capital assets , right-to-use lease assets and subscription assets being depreciated	50,357,754	4,153,510	3,878,686	54,927	58,335,023
		.,	2,012,000	0 1,0 =1	00,000,000
Total capital assets, right-to-use					
lease assets and subscription		(4)			
assets	56,838,418	(1)	15,310,905	54,927	72,094,395
Less accumulated depreciation and amor	tization				
Buildings and improvements	2,423,337	-	168,016	-	2,591,353
Grounds and yard	6,751	-	6,441	-	13,192
Office furniture and equipment	512,934	-	49,472	-	562,406
Computer software	592,210	-	66,646	-	658,856
Engineering equipment	117,794	-	11,560	-	129,354
Motor vehicles and trailers	7,557,403	83,544	548,478	22,688	8,166,737
Weed and pest control equipment	370,103	-	16,595	-	386,698
Heavy field equipment	7,569,232	(83,545)	695,834	-	8,181,521
Shop and field equipment	191,984	-	11,183	-	203,167
Infrastructure	6,546,388	-	548,252	-	7,094,640
Right-to-use lease assets	21,492	-	10,747	32,239	-
Subscription assets	26,032	_	31,148	-	57,180
Total accumulated depreciation					
and amortization	25,935,660	(1)	2,164,372	54,927	28,045,104
Total capital assets, right-to-use lease assets and subscription assets, net of depreciation and amortization	\$ 30,902,758		\$ 13,146,533	·	\$ 44,049,291

Note 7: CAPITAL ASSETS (Continued)

The following is a summary of capital assets and changes occurring during the year ended June 30, 2023. Land and construction in progress are not subject to depreciation.

	Balance June 30, 2022	,				Balance
	*(As restated		ransfers	Additions	Deletions	June 30, 2023
-	(7.0.7.001000	, .		7.000.000	20.00.0.0	
Capital assets not being depreciated						
Land	\$ 484,882		(27,883)		\$ -	\$ 554,999
Construction in progress	5,146,146	<u> </u>	(14,522)	794,041	-	5,925,665
			(
Total capital assets not being depreciated	5,631,028	3	(42,405)	892,041		6,480,664
Capital assets, right-to-use lease assets an	d cubscription	2550+	s boing don	rociated		
Buildings and improvements	5,073,954		s being dep -	66,872	_	5,140,826
Grounds and vard	3,073,334		27,883	20,537	_	48,420
Office furniture and equipment	882,846			6,331	104,910	784,267
Computer software	828,524		_	35,307	104,510	863,831
Engineering equipment	185,869		_	,	_	185,869
Motor vehicles and trailers	9,677,750		_	239,897	69,136	9,848,511
Weed and pest control equipment	501,882		_	32,550	20,327	514,105
Heavy field equipment	12,171,931		_	1,488,461	344,182	13,316,210
Shop and field equipment	224,210		_	11,998	311,102	236,208
Infrastructure	19,301,113		14,522	11,161	_	19,326,796
Right-to-use lease assets	32,239		_	_	_	32,239
Subscription assets	10,026		_	50.446	_	60,472
Total capital assets , right-to-use lease assets and subscription assets being depreciated	48,890,344	ı	42,405	1,963,560	538,555	50,357,754
deprediated	10,030,31		12, 103	1,303,300	330,333	30,337,731
Total capital assets, right-to-use lease						
assets and subscription assets	54,521,372	2	-	2,855,601	538,555	56,838,418
Less accumulated depreciation and amort						
Buildings and improvements	2,270,017	,	(5,228)	158,548	-	2,423,337
Grounds and yard	•	•	5,228	1,523	-	6,751
Office furniture and equipment	565,574		-	52,270	104,910	512,934
Computer software	534,866		-	57,344	-	592,210
Engineering equipment	105,989		-	11,805	-	117,794
Motor vehicles and trailers	7,085,244		-	541,294	69,135	7,557,403
Weed and pest control equipment	378,300		-	12,129	20,326	370,103
Heavy field equipment	7,231,968		-	656,966	319,702	7,569,232
Shop and field equipment	185,075		-	6,909	-	191,984
Infrastructure	6,007,020		-	539,368	-	6,546,388
Right-to-use lease assets	10,746)	-	10,746	-	21,492
Subscription assets		-	-	26,032	-	26,032
Total accumulated depreciation	24 274 700			2.074.024	F44.072	25 025 660
and amortization	24,374,799	'	-	2,074,934	514,073	25,935,660
Total capital assets, right-to-use lease assets and subscription assets, net of depreciation and amortization	\$ 30,146,573	\$ \$	_	\$ 780,667	\$ 24,482	\$ 30,902,758
					•	

^{*}The notes require a restatement due to the implementation of GASBS 96 in fiscal year 2022, see note 2.

Note 7: CAPITAL ASSETS (Continued)

The District has subscription liabilities associated with the subscription assets as of June 30, 2024 which are further described in note 8. Depreciation expense totaled \$2,122,477 for the year ended June 30, 2024 and has been charged to the function of public works. Amortization of right-to-use lease assets and subscription assets totaled \$41,895 for the year ended June 30, 2024 and has been charged to the function of public works.

The District has lease liabilities associated with the right-to-use lease assets and subscription liabilities associated with the subscription assets as of June 30, 2023 which are further described in note 8. Depreciation expense totaled \$2,038,156 for the year ended June 30, 2023 and has been charged to the function of public works. Amortization of right-to-use lease assets totaled \$36,778 for the year ended June 30, 2023 and has been charged to the function of public works.

Note 8: LONG-TERM LIABILITIES

During the year ended June 30, 2024, the following changes occurred in the liabilities reported in the government-wide statement of net position.

	Balance June 30, 2023		Additions	Retirements		Ju	Balance ne 30, 2024	Due Within One Year		
Loans payable	\$	1,948,924	\$	3,842,792	\$	357,860	\$	5,433,856	\$	618,035
Leases payable		10,757		-		10,757		_		-
Subscription payable		34,759		5,470		31,331		8,898		8,555
Settlement agreement		630,173		-		-		630,173		-
Compensated absences		1,070,058		3,357,646		3,278,581		1,149,123		670,100
Total long-term liabilities	\$	3,694,671	\$	7,205,908	\$	3,678,529	\$	7,222,050	\$	1,296,690

During the year ended June 30, 2023, the following changes occurred in the liabilities reported in the government-wide statement of net position:

		Balance							
	Ju	ne 30, 2022					Balance	D	ue Within
	*(/	As restated)	Additions	R	etirements	Ju	ne 30, 2023	(One Year
Loans payable	\$	2,248,254	\$ 52,812	\$	352,142	\$	1,948,924	\$	357,854
Leases payable		21,565	-		10,808		10,757		10,757
Subscription payable		10,026	50,446		25,713		34,759		30,559
Settlement agreement		630,173	-		-		630,173		-
Compensated absences		1,173,954	3,086,884		3,190,780		1,070,058		675,904
Total long-term liabilities	\$	4,083,972	\$ 3,190,142	\$	3,579,443	\$	3,694,671	\$	1,075,074

^{*}The notes require a restatement due to the implementation of GASBS 96 in fiscal year 2022, see note 2.

Note 8: LONG-TERM LIABILITIES (Continued)

Loans payable. The District entered into four loan agreements with the New Mexico Finance Authority. The NMFA loans are as follows:

During the fiscal year ended June 30, 2014, the District received approval for a loan from the New Mexico Finance Authority (NMFA) in the amount of \$150,396 bearing interest at a rate of 0.25% for the completion of the first phase of the United States Army Corps of Engineers San Acacia to Bosque del Apache Unit Levee project. Net revenues from the general operations of the District are pledged in repayment of this loan. In the event of default, the repayment of outstanding amounts could become immediately due.

In June 2018, the District entered into a loan agreement with NMFA in the amount of \$2,735,575 for the purpose of financing equipment and certain apparatus. The loan bears interest at a rate of 2.25%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments are due annually and interest payments are due semi-annually through April 2028. In the event of default, the repayment of outstanding amounts could become immediately due.

In December 2021, the District entered into a loan agreement with NMFA in the amount of \$998,889 for the purpose of financing heavy equipment and respective apparatus. The loan bears interest at a blended rate of 0.720425%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments are due annually and interest payments are due semi-annually through May 2028. In the event of default, the repayment of outstanding amounts could become immediately due.

In December 2022, the District entered into a loan agreement with NMFA, which shall not exceed the amount of \$715,000 for the purpose of storage, conveyance or delivery of water to end users. The loan bears interest at 0.25%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments and interest payments are due annually beginning June 1, 2025 and ending June 1, 2044. In the event of default, the repayment of outstanding amounts could become immediately due. During fiscal year ended June 30, 2024, the District had additions of \$506,164 related to the loan. During fiscal year ended June 30, 2023, the District had additions of \$52,812 related to the loan.

In November 2023, the District entered into a loan/grant agreement with NMFA. The amount of the grant is \$6,372,000 and the loan portion is \$708,000 for the purpose of storage, conveyance or delivery of water to end users. The loan bears an administrative fee of 0.25%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments and interest payments are due annually beginning June 1, 2026 and ending June 1, 2045. In the event of default, the repayment of outstanding amounts could become immediately due. During fiscal year ended June 30, 2024, the District had additions of \$42,244 related to the loan.

Note 8: LONG-TERM LIABILITIES (Continued)

In March 2024, the District entered into a loan agreement with NMFA in the amount of \$3,294,384 for the purpose of purchasing heavy, medium and light equipment and their respective apparatus. The loan bears interest at 2.41%. Net revenues from the general operations of the District are pledged in repayment of this loan. Principal payments and interest payments are due annually beginning November 1, 2024 and ending May 1, 2031. In the event of default, the repayment of outstanding amounts could become immediately due.

Future loans payable at June 30, 2024 are as follows:

Fiscal Year					
Ending June 30,	Principal	Interest	Total		
2025	\$ 618,035	\$ 110,709	\$	728,744	
2026	713,301	107,749		821,050	
2027	711,764	88,695		800,459	
2028	720,005	72,834		792,839	
2029	739,502	61,137		800,639	
2030-2034	1,688,399	98,713		1,787,112	
2035-2039	180,175	4,094		184,269	
2040-41	62,675	1,005		63,680	
Totals	\$ 5,433,856	\$ 544,936	\$	5,978,792	

Leases payable. The District accounts for leases in accordance with GASBC Section L20, Leases. The District has entered into a lease agreement for copiers. The lease agreement has been recorded at the present value of future lease payments as of the date of their inception or, for leases existing prior to the implementation year, at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2021.

During the fiscal year ended June 30, 2024, the lease liability was paid in full.

Lease liabilities and right-to-use assets were composed of the following as of June 30, 2023:

	Effective		Borrowing			Lease, net
	Date	End Date	Rate	Lea	ase Liability	amortization
Copiers	7/1/2021	6/30/2024	1.25%	\$	10,757	\$ 10,747
Totals				\$	10,757	\$ 10,747

Note 8: LONG-TERM LIABILITIES (Continued)

The future minimum payments on the leases as of June 30, 2023 were as follows:

Ye	ar Ending								
	lune 30,	P	rincipal	In	terest	Total			
	2024	\$	10,757	\$	72 \$	10,829			
	Totals	\$	10,757	\$	72 \$	10,829			

Subscription payable. The District has entered into agreements for subscription based information technology arrangements (SBITA). The agreements have been recorded at the present value of future SBITA payments as of the date of their inception or, for SBITA existing prior to the implementation year, at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2023.

Subscription payables and subscription assets were composed of the following as of June 30, 2024:

	Effective Date	End Date	Borrowing Rate	Sı	ıbscription Liability	Subscription Asset, net amortization
Cloud Rentention Auto CAD	9/1/2022 7/1/2022	8/31/2024 8/29/2024	1.25% 1.25%	\$	3,915 771	\$ 4,194 385
Baracuda Totals	2/27/2024	7/25/2024	3.20%	\$	4,212 8,898	\$ 4,183 8,762

The future minimum payments on the subscription payable as of June 30, 2024 were as follows:

Year Ending					
June 30,	Pr	incipal	Int	terest	Total
2025 2026	\$	8,555 343	\$	84	\$ 4,206 344
2026		343		T	344
Totals	\$	8,898	\$	85	\$ 4,550

Note 8: LONG-TERM LIABILITIES (Continued)

Subscription payables and subscription assets were composed of the following as of June 30, 2023:

	Effective Date	End Date	Borrowing Rate	Sı	ubscription Liability	Subscription Asset, net amortization
Cloud Rentention Auto CAD	9/1/2022 7/1/2022	8/31/2024 8/29/2024	1.25% 1.25%	\$	29,360 5,399	\$ 29,427 5,013
Totals				\$	34,759	\$ 34,440

Settlement agreement. The settlement payable liability recorded in the government-wide statement of net position is related to an agreement entered into among the District, the Pueblo of Isleta (Pueblo) and the United States Bureau of Reclamation effective October 2016. Through the agreement, the District is obligated to contribute \$2,500,000 to the Pueblo in cash or in-kind services over ten years from the effective date of the agreement. The District reported a liability related to the settlement agreement in the statement of net position of \$630,173 and \$630,173 for the years ended June 30, 2024 and 2023, respectively. Because the full amount is not required to be paid until October 2026, the liability has been reported as non-current.

Compensated absences. The liability at June 30, 2024 and June 30, 2023 has been recorded in the basic financial statements and represents the District's commitment to fund accrued vacation, sick leave and compensatory time off costs from future operations. The compensated absence liability of the governmental funds is expected to be liquidated by the General Fund.

Note 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, including workers' compensation insurance. In the year ended June 30, 2024 and June 30, 2023, claims did not exceed commercial insurance.

Note 10: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. There were no funds with deficit fund balance as of June 30, 2024 and June 30, 2023.
- B. Excess of expenditures over budget authority. There were no funds with expenditures in excess of budget authority for the year ended June 30, 2024 and June 30, 2023.
- C. Designated cash appropriations in excess of available balances. There were no funds with appropriations exceeding approved budgetary authority for the year ended June 30, 2024 and June 30, 2023.

Note 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

Benefits provided. Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

General Information about the Pension Plan (Continued)

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least five years of service credit and the sum of the member's age and service credit equals at least 85 or at age 65 with 5 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 5 or more years of service credit. Generally, under Tier II pension factors were reduced by 0.5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised 0.05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. See PERA's Annual Comprehensive Financial Report for a summary of various statutory PERA coverage rates, for both Tier I and Tier II, on page 36 of the annual audit report at http://www.nmpera.org/financial-overview/retirement-fund-valuation-reports/. The PERA coverage option that applies to the District is: Municipal General Division. Statutorily required contributions to the pension plan from the District were \$1,139,077 and \$1,026,079 for the years ended June 30, 2024 and June 30, 2023, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2023. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Municipal General Division, at June 30, 2024, the District reported a liability of \$19,321,798 for its proportionate share of the net pension liability. At June 30, 2024, the District's proportion was 0.9125 percent, which was a decrease of 0.0349 percent from its proportion measured as of June 30, 2022.

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

For the year ended June 30, 2024, the District recognized PERA Fund Municipal General Division pension expense of \$1,973,995. At June 30, 2024, the District reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources		Ir	Deferred oflows of esources
Changes in proportion	\$	78,207	\$	727,054
Difference between expected and actual				
experience		1,450,180		235,807
Net difference between projected and actual				
earnings on pension plan investments		1,816,705		-
District's contributions subsequent to the				
measurement date		1,139,077		
Total	\$	4,484,169	\$	962,861

\$1,139,077 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2023 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ 671,662
2025	(70,059)
2026	1,615,208
2027	165,420
Thereafter	
Total	\$ 2,382,231

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

For PERA Fund Municipal General Division, at June 30, 2023, the District reported a liability of \$16,804,291 for its proportionate share of the net pension liability. At June 30, 2022, the District's proportion was 0.94741 percent, which was a decrease of 0.04709 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized PERA Fund Municipal General Division pension expense of \$1,615,268. At June 30, 2023, the District reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of		Deferred oflows of
Changes in proportion	\$	182,483	\$ 573,728
Difference between expected and actual experience		67,365	408,673
Net difference between projected and actual earnings on pension plan investments		1,663,048	-
District's contributions subsequent to the measurement date		1,026,079	-
Total	\$	2,938,975	\$ 982,401

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

\$1,026,079 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	\$ 220,734
2024	83,633
2025	(686,966)
2026	1,313,094
Thereafter	-
Total	\$ 930,495

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

Actuarial assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following significant actuarial assumptions applied to all periods included in the measurement date:

Actuarial valuation date June 30, 2022
Actuarial cost method Entry Age Normal

Amortization period Level Percentage of Payroll for all divisions except for

the Legislative division

Amortization method 25 years

Actuarial Assumptions:

Investment rate of return, net 7.25% annual rate

Projected salary increases 3.25% to 13.50% annual rate

Includes inflation at 2.50%

Mortality assumptions The mortality assumptions are based on the RPH-

2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality

rates is assumed using 60% of the MP-2017

projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related

for public safety groups.

Experience Study Dates July 1, 2008 to June 30, 2017 (demographic) and July

1, 2010 through June 30, 2017 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2023. These assumptions were adopted by the Board use in the June 30, 2023 actuarial valuation.

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement date:

Actuarial valuation date

Actuarial cost method

Amortization method

June 30, 2022

Entry Age Normal

Level Percentage of Pay

Asset valuation method Solved for based on statutory rates

Actuarial Assumptions:

Investment rate of return, net 7.25% annual rate, net of investment expense

Projected benefit payment 100 years Payroll growth 3.00%

Projected salary increases 3.25% to 13.50% annual rate Includes inflation at 2.5%; 2.75% all other years

Mortality assumptions The mortality assumptions are based on the RPH-

2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality

rates is assumed using 60% of the MP-2017

projection scale generational. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related

for public safety groups.

Experience Study Dates July 1, 2008 to June 30, 2017 (demographic) and July

1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2022. These assumptions were adopted by the Board use in the June 30, 2022 actuarial valuation.

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for June 30, 2023:

		Long-Term
		Expected Real
ALL FUNDS - Asset Class	Target Allocation	Rate of Return
Global Equity	38.00%	6.90%
Risk Reduction & Mitigation	17.00	3.90
Credit Oriented Fixed Income	19.00	6.00
Real Assets to include Real Estate Equity	18.00	7.00
Multi-Risk Allocation	8.00	0.61
Total	100.00%	

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for June 30, 2022:

		Long-Term
		Expected Real
ALL FUNDS - Asset Class	Target Allocation	Rate of Return
Global Equity	35.50%	6.35%
Risk Reduction & Mitigation	19.50	1.90
Credit Oriented Fixed Income	15.00	4.45
Real Assets to include Real Estate Equity	20.00	5.10
Multi-Risk Allocation	10.00	6.65
Total	100.00%	

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2023 and June 30, 2022. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. For fiscal year 2024, the following presents the District's proportionate share of the net pension liability calculated using a discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	Current				
PERA Fund Municipal General Division	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)		
District's proportionate share of the net pension liability	\$ 28,013,719	\$ 19,321,798	\$ 12,095,156		
pension liability	\$ 28,013,719	\$ 19,321,798	\$ 12,095,156		

For fiscal year 2023, the following presents the District's proportionate share of the net pension liability calculated using a discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

			Current		
PERA Fund Municipal General Division	1% Decrease (6.25%)	Di	scount Rate (7.25%)	1	% Increase (8.25%)
District's proportionate share of the net					
pension liability	\$ 25,428,493	\$	16,804,291	\$	9,639,858

Note 11: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pension (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial report. The report is available at http://www.pera.state.nm.us/publications.html.

Payables to the pension plan. At June 30, 2024 and 2023, there were no amounts due to PERA for the District.

Note 12: OTHER POSTEMPLOYMENT BENEFIT

General Information about the OPEB

Plan description. The District has adopted a policy whereby the District will contribute to the cost of the premium for health and dental insurance coverage for eligible retirees and their eligible dependents until such time as the retiree is eligible for Medicare coverage. The retiree's spouse is also eligible for coverage until they become eligible for Medicare coverage. Dependents that are financially dependent on the retiree and are unmarried are eligible for coverage until they reach the age of 26. The retiree, their spouse and the dependent are no longer eligible to participate in the program if they are part of another contributed insurance program, including, but not limited to coverage under the New Mexico Retiree Health Care Authority. The retirees are responsible for obtaining their own health and dental insurance coverage. The District's policy constitutes a single-employer defined benefit healthcare plan.

Eligibility requirements. Employees are eligible for the post-employment health benefit noted below once they are eligible to retire. Retirement is defined as meeting the retirement eligibility requirements under the Public Employees Retirement Association (PERA) of New Mexico and having at least 10 years of service with the District.

Retirement eligibility requirements under PERA of New Mexico varies by membership tier (Tier 1 or Tier 2) as described below.

Tier 1

Any age with 25 or more year of service credit; or

Age 60 or older with 20 or more years of service credit; or

Age 61 or older with 17 or more years of service credit; or

Age 62 or older with 14 or more years of service credit; or

Age 63 or older with 11 or more years of service credit; or

Age 64 or older with 8 or more years of service credit.

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

Tier 2

Earlier of (a) age 65 with 8 years of service or (b) 85 points (sum of age and service) and 8 years of service.

Benefits provided. All existing retirees are currently in the 80/80 Plan where the District reimburses 80% of retiree and spouse premium rates until each person turns 65.

Active employees with at least 10 years of District service as of July 1, 2021 are in the 80/40 Plan where the District reimburses 80% of retiree and 40% of spouse premium rates until the retiree turns 65.

Active employees with less than 10 years of District service as of July 1, 2021 are in the 70/30 Plan where the maximum District reimbursement is 70% of retiree and 30% of spouse premium rates until the retiree turns 65. The maximum District reimbursement will be adjusted by the following modifier.

Years of Service	% of Max Subsidy Contributed	Years of Service	% of Max Subsidy Contributed
10	25%	18	65%
11	30%	19	70%
12	35%	20	75%
13	40%	21	80%
14	45%	22	85%
15	50%	23	90%
16	55%	24	95%
17	60%	25	100%

Active employees hired on/after July 1, 2021 will be in the 50/25 Plan where the maximum District reimbursement is 50% of retiree and 25% of spouse premium rates until the retiree turns 65. The maximum District reimbursement will be adjusted by the same modifier shown in the above table.

Funding Policy. Costs of the plan are financed on a pay-as-you-go basis. For the year ended June 30, 2024 and 2023, the District contributed \$117,852 and \$148,465 under the plan, respectively.

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Membership. The number of employees covered by the benefit terms are as follows:

	2024	2023
Inactive employees or handficiaries		
Inactive employees or beneficiaries currently receiving benefits	31	31
Inactive employees entitled to but		
not yet receiving benefits	-	-
Active employees	204	204
		_
Total membership	235	235

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the plan as understood by the District and plan members and include the types of benefits provided at the time of the actuarial valuation and the sharing of benefit costs between the District and the plan members at that point. The actuarial cost method used is the Entry Age Normal Level Percent of Pay Cost Method (EAN).

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

Significant assumptions and other inputs used to measure the total OPEB liability for the fiscal year ended June 30, 2024 are as follows:

Inflation 2.70%

Salary increases Based on the same assumption used in the New York

Employees Retirement System (ERS) actuarial valuation;

refer to Section 5 for sample rates

Discount rate

Prior measurement 4.13% Measurement date 4.21%

Mortality table Pub-2010 General Employees / Retirees Headcount-

Weighted Mortality Table projected fully generationally

using MP-2021

Healthcare cost trends

Medical 6.75% increase from 2022 to 2023, followed by 6.5% from

2023 to 2024, decreasing gradually to an ultimate rate of

4.14% by 2076

The discount rate has been updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2024. The impact of this update is a decrease in liability.

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

Significant assumptions and other inputs used to measure the total OPEB liability for the fiscal year ended June 30, 2023 are as follows:

Inflation	2.70%
Salary increases	3.25%
Discount rate	
Prior measurement	3.54%
Measurement date	4.13%
Mortality table	Pub-2010 General Employees / Retirees Headcount-
	Weighted Mortality Table projected fully generationally
	using MP-2021 mortality improvement scales
Healthcare cost trends	
Medical	6.75% from 2022 to 2023, followed by 6.5% from 2023 to
	2024, decreasing gradually to an ultimate rate of 4.14%
	by 2076

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index. The rates are assumed to be 100% at age 65 as the benefit terminates at age 65.

Sensitivity of the District's OPEB liability to changes in the discount rate and healthcare cost trend rates. Changes in the discount and health care cost trend rates affect the measurement of the Total OPEB Liability (TOL). Lower discount rates produce a higher TOL whereas lower trend rates produce a lower TOL. The converse is true for higher discount rates and trend rates. Because discount rate and trend rates do not affect the measurement of assets, the percentage change in the TOL can be very significant for a relatively small change in either rates. The table below shows the sensitivity of the TOL to the discount rate for June 30, 2024:

Current							
1% Increase (5.21%)		Discount Rate (4.21%)		1% Decrease (3.21%)			
\$	5,468,872	\$	6,112,898	\$	6,844,958		

The table below shows the sensitivity of the TOL to the healthcare cost trend rates for June 30, 2024:

Current Trend							
1% Decrease Rates					% Increase		
\$	5,264,262	\$	6,112,898	\$	7,127,186		

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

The table below shows the sensitivity of the TOL to the discount rate for June 30, 2023:

Current								
1% Increase Discount Rate				19	% Decrease			
(5.13%)		(4.13%)		(3.13%)				
\$	5,218,402	Ş	5,850,764	\$	6,571,159			

The table below shows the sensitivity of the TOL to the healthcare cost trend rates for June 30, 2023:

Current Trend								
1% Decrease Rates					% Increase			
\$	5,062,753	\$	5,850,764	\$	6,790,052			

Schedule of changes in the total OPEB liability at June 30:

	2024	2023	
Beginning balance	\$ 5,850,764	\$	7,125,506
Changes for the year Service cost	207,100		260,263
Interest Changes in benefits	247,781 -		258,851 389,674
Difference between expected and actual experience Changes of assumptions or other inputs	(19,703) (55,192)		(1,826,468) (208,597)
Benefit payments	(117,852)		(148,465)
Net changes	262,134		(1,274,742)
Ending balances	\$ 6,112,898	\$	5,850,764

At June 30, 2024, the District reported a liability of \$6,112,898 for its total OPEB liability. The total OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

For the year ended June 30, 2024, the District recognized OPEB expense of \$44,086. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Οι	Deferred outflows of esources	Deferred Inflows of Resources	
Changes of assumptions or other inputs Differences between expected and actual experience	\$	883,595 -	\$ 1,094,255 1,692,892	
Total	\$	883,595	\$ 2,787,147	

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (354,419)
2026	(126,088)
2027	(313,565)
2028	(418,190)
2029	(418,190)
Thereafter	(273,100)
Total	\$ (1,903,552)

At June 30, 2023, the District reported a liability of \$5,850,764 for its total OPEB liability. The total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$112,613. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources: (see next page)

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources	
Changes of assumptions or other inputs Differences between expected and actual experience	\$ 1,245,097 -	\$ 1,414,892 2,069,657	
Total	\$ 1,245,097	\$ 3,484,549	

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (401,433)
2025	(345,057)
2026	(116,726)
2027	(304,203)
2028	(408,828)
Thereafter	(663,205)
Total	\$ (2,239,452)

Deferred inflows and outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

For the fiscal years ended June 30, 2024 and 2023, the average expected remaining service life of active and inactive employees is 8 years and the deferred inflows and outflows of resources for (a) differences between expected and actual experience and (b) changes of assumptions or other inputs as of June 30, 2024 and 2023 are amortized over 8 years. GASB states the OPEB expense also should be recognized in the current reporting period for costs incurred by the government related to the administration of OPEB. The measurement period for these costs should be the same as the measurement period applied to changes in the Total OPEB Liability.

Note 12: OTHER POSTEMPLOYMENT BENEFIT (Continued)

General Information about the OPEB (Continued)

The OPEB expense consists of:

- 1. Service costs for the year.
- 2. Interest on the total OPEB liability (TOL) using the bond rate at the beginning of the period.
- 3. Change in the TOL due to benefit changes.
- 4. The current year recognition of changes in the TOL due to actual versus expected experience.
- 5. The current year recognition of changes in the TOL due to changes of assumptions or other inputs experience (including the change in discount rate).
- 6. Recognition of deferred inflows and outflows of resources from prior years.

The following table provides a breakdown of the OPEB expense as of June 30:

		2024	2023
Service cost at end of year	\$	207,100	\$ 260,263
Interest on total OPEB liability and service cost		247,781	258,851
Current period benefit changes		-	389,674
Current period recognition of deferred inflows and	l		
outflows of resources			
Difference between expected and actual exper	ience		
in the total OPEB liability		(396,468)	(394,005)
Changes of assumptions or other inputs		(14,327)	(402,170)
OPEB Expense/(Benefit)	\$	44,086	\$ 112,613

Note 13: CONTINGENCIES

Silvery Minnow. In prior years, the District was party to a number of lawsuits regarding protection of the silvery minnow, a fish which is native to the Rio Grande and is an endangered species. These actions were in regard to the United States government agencies' obligations and authorities to provide protection for the silvery minnow including managing river flow to accommodate their existence. Initial Court rulings had the United States Bureau of Reclamation ("Bureau") discretion to reduce deliveries of certain available water under its contracts with the District to comply with the Endangered Species Act. This ruling was dismissed on appeal. In the following years, parties to those proceedings abided by a 2003 biological opinion issued by the United States Fish and Wildlife Service. A new biological opinion (2016 BO) was issued in December 2016. The 2016 BO no longer requires targeted river flow requirements as was the case in the 2003 BO nor is it a jeopardy opinion meaning that as long as the action agencies are making meaningful progress on commitments and population metrics are met or exceeded, take is avoided, and re-consultation is not required.

The 2016 BO is a performance-based BO that requires certain actions to be accomplished in a five and ten-year planning horizon as well as maintain a base silvery minnow population of no less than 0.3 Catch Per Unit Effort (CPUE) in a three-year period with a goal of 1.0 CPUE or better as measured in October of each year to be considered a self-sustaining population. The District has remained in compliance with the 2016 BO and continues to invest dedicated resources for the purpose of maintaining compliance for the 15-year period of coverage under this BO.

The Board of Directors approved a suite of actions that the District has committed to implement including the provision of \$150,000 per year for supporting the science within the MRGES Collaborative Program.

Title Claim. The District has provided all necessary documentation and other actions needed by the US for Phase 1 title transfer (all facilities and related lands south of Isleta Pueblo boundary and a small section of levee and drain north of Isleta Pueblo) under a new Secretary of Interior authority to transfer federal ownership interests to irrigation districts that officially request such action as well as qualify under the criteria being established under rules by the US Bureau of Reclamation. Many, but not all, District facilities and lands appear to qualify under the Secretary's authority to transfer title administratively.

The United States through the Department of Interior, Bureau of Reclamation transferred title to the Middle Rio Grande Conservancy District the portion of the District's benefited area south of the Pueblo of Isleta to the northern boundary of the Bosque Del Apache in our board meeting held November 8, 2021.

Note 13: CONTINGENCIES (Continued)

The District's water operations is currently covered under the 2016 Biological Opinion (2016 BO) issued in December 2016. The 2016 BO no longer requires targeted river flow requirements as was the case in the 2003 BO nor is it a jeopardy opinion meaning that as long as the action agencies are making meaningful progress on commitments and population metrics are met or exceeded, take is avoided, and re-consultation is not required.

The 2016 BO is a performance-based BO that requires certain actions to be accomplished in a five and ten-year planning horizon as well as maintain a base silvery minnow population of no less than 0.3 Catch Per Unit Effort (CPUE) in a three-year period with a goal of 1.0 CPUE or better as measured in October of each year to be considered a self-sustaining population. The District has remained in compliance with 2016 BO and continues to invest dedicated resources for the purpose of maintaining compliance for the 15-year period of coverage under this BO.

The Board of Directors approved a suite of actions that the District has committed to implement including the provision of \$150,000 per year for supporting the science within the MRGES Collaborative Program.

Title Claim. The District has provided all necessary documentation and other actions needed by the US for Phase 1 title transfer (all facilities and related lands south of Isleta Pueblo boundary and a small section of levee and drain north of Isleta Pueblo) under a new Secretary of Interior authority to transfer federal ownership interests to irrigation districts that officially request such action as well as qualify under the criteria being established under rules by the US Bureau of Reclamation. Many, but not all, District facilities and lands appear to qualify under the Secretary's authority to transfer title administratively.

The United States through the Department of Interior, Bureau of Reclamation transferred title to the Middle Rio Grande Conservancy District the portion of the District's benefited area south of the Pueblo of Isleta to the northern boundary of the Bosque Del Apache in our board meeting held November 8, 2021.

The District granted an assignment of the title to all project works to the United States pursuant to the September 24, 1951 Contract. The 1951 Contract provided that the United States retain the assignment to the title until the District met its repayment obligations. The District completed all repayment obligations to the United States under the 1951 Contract on December 13, 1999 and the District has had operation and maintenance responsibilities for all reserved works since the 1970's.

It has always been the District's position that the District only granted an assignment of easement to the United States but did not grant ownership. After several years in court the Bureau of Reclamation supported legislation pursuing title transfer under the Secretary of Interior's authority to transfer ownership interests to irrigation districts that officially request such action.

Note 13: CONTINGENCIES (Continued)

The District implemented GASB 34 in fiscal year 2003 with the assumption that title to the lands belonged to the District. The majority of the District's infrastructure was constructed or acquired prior to July 1, 1980 and in accordance with GASB 34, has not been valued. Infrastructure, which was built and improved since July 1, 2002 has been capitalized and the District determined that no infrastructure which meets the District's definition was purchased constructed or acquired from July 1, 1980 to July 1, 2002.

It is the District's opinion that Title Transfer Phase 1 was a compromise to a long standing difference of opinion between the Federal Government and the District. The District implemented GASB 34 in 2003 with the assumption that the assets and the title to the assets were in the District's name. However, since the infrastructure was constructed or acquired prior to July 1, 1980, the District was not required to record the lands at historical value. It is therefore the District's opinion that the Title Transfer of Phase 1 does require the District to record the value of the lands as of the date of the signing of the agreement. The District did not add the infrastructure as of fiscal year 2024.

Phase 2 is in currently in progress and will include all facilities and associated lands north of Isleta Pueblo.

Current Litigation/Claims. On June 6, 2021, the Wildearth Guardians ("plaintiff") provided a Notice of Intent (NOI) to sue against the United States Bureau of Reclamation and the United States Fish and Wildlife Service seeking to find "new solutions" to ecosystem and discussions between all the BO parties is on-going to seek means to advance BO commitments in a more rapid fashion.

In 2022, Wild Earth Guardians sued the U.S. Fish and Wildlife Service and Bureau of Reclamation over the 2016 Biological Opinion (BO). As a party to the BO, the District intervened. In 2024, the parties including Wild Earth Guardians, the U.S. Fish and Wildlife Service, the Bureau of Reclamation, and the District reached a settlement to initiate re-consultation on a new BO.

The Isleta Dam Settlement required the District to provide a total of \$2,500,000 during a ten year period ending in 2027 to help resolve sedimentation and fish passage at Isleta Diversion Dam. As of fiscal year 2023, the District has expended \$1,869,827 leaving a remaining balance of \$630,173.

In December of 2021, multiple plaintiffs filed a suit against the District in state district court alleging inverse condemnation against the District for flood damage to their properties that occurred as a result of a major rain event on July 6, 2021. Plaintiffs have made claims against the District, Roy D. Mercer, LLC, 4 DAUGHTERS Land and Cattle Company, and Sundance Construction Company. The District has filed claims against the City of Belen and the County Commissioners for Valencia County. The District denies any wrongdoing and is vigorously defending the case.

Note 14: COMMITMENTS

Middle Rio Grande Flood Damage Reduction, Bernalillo to Belen. In September 2012, the District entered into an agreement with the United States Department of the Army ("government") under which the government agreed to conduct a study to identify and evaluate alternatives and make recommendations for flood damage reduction from Bernalillo to Belen, New Mexico. The initial estimated cost of the study was \$950,000. During 2014, the government revised the estimated cost of the study to \$1,380,000. The costs have now increased to \$3,000,000. The District, with demonstrated assistance from the State on previous levee studies, is required to pay 50% of the cost of the study or \$1,500,000. The District's commitment has been fulfilled. As this project moves forward, the District will seek to find funding either in its own budget in future fiscal years or in partnership with various state agencies impacted by this project. The project has been officially authorized in the WRDA 2020 Corps of Engineers funding bill and the District is working with the state to set up a levee reserve fund to help cover the 25% cost share requirements. In 2023 the District signed the Phase 1 Design Agreement for the Mountain View Portion (Rio Bravo to Isleta Pueblo Northern Boundary) of the project. This portion of the project would cover approximately 4.5 miles of the 47.8 mile project. This project is still ongoing in 2024.

Rio Grande Floodway San Acacia to Bosque del Apache Unit. The Socorro segment of the proposed San Acacia Levee system has been essentially completed with only finalization of the documentation necessary to transfer O&M to the District as well as provide files necessary to complete the Letter of Map Revision to FEMA in order to confirm that over 1,500 private properties are now out of the 100-year floodplain. The District continues to working with the City of Socorro and the Corps to get this finalized. Project was finalized in 2024.

Rio Grande Environmental Management Plan – Sandia to Isleta. This plan provides a collaborative mechanism for working with state, federal, local, international, Tribal and non-governmental interests for planning, construction and evaluation of measures for fish and wildlife habitat rehabilitation and enhancement. The United States Department of the Army ('government") was able to get funding authorized in the WRDA 2020 bill and they are actively seeking cost-share sponsors.

Southwestern Valencia County Flood Prevention and Agricultural Water Efficiency Project — NRCS Grant Application. In July 2019, the District submitted a grant application under P.L. 83-566 as part of commitments made under a settlement agreement with a private landowner in 2018 to develop a flood prevention and water salvage project. The project will provide funding for the construction of the proposed project along the District's Belen Highline Canal in southern Valencia County. The District received a grant award and issued an RFP in December 2020. Upon receipt of the award-winning proposal, costs exceeded the award amount. The District submitted and received additional funding from the federal government and the project is still ongoing as of June 30, 2024. The District recently received a no cost time extension through September 20, 2025 to finalize this phase of the project.

Note 14: COMMITMENTS (Continued)

Encumbrances. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund. During fiscal year 2024, the District set aside \$1,042,649 in the General Fund related to encumbrances. Encumbrances outstanding were \$1,528,516 on June 30, 2023 and are included in assigned fund balances in the accompanying balance sheet.

Note 15: RESTRICTED NET POSITION

The government-wide statement of net position reported restricted net position for fiscal year ended June 30, 2024 in the amount of \$4,024,028. The government-wide statement of net position did not report restricted net position for fiscal year ended June 30, 2023.

Note 16: FUND BALANCES

Fund balances on the modified accrual basis was classified as follows at June 30, 2024:

	Nonspendable		Committed	Assigned	Unassigned
General Fund					
Prepaid expenses	\$ 11,089	\$ -	\$ -	\$ -	\$ -
Inventory	1,063,684	-	· -	-	-
Investments designated for	, ,				
equipment purchases	-	-	610,390	-	-
Investments designated for			,		
future Long-Term Asset projects	-	-	8,328,886	-	-
2025 encumbered funds	-	-	-	1,042,649	-
Unassigned fund balance	-	-	-	-	14,944,906
Total General Fund	1,074,773	-	8,939,276	1,042,649	14,944,906
Long Town Access (Louise) Fund					
Long-Term Assets (Levee) Fund Capital reserve			5,007		
Investments designated for	-	-	5,007	-	-
levee projects			1,143,937		
levee projects	-		1,143,937		
Total Long-Term Assets (Levee) Fund	-	-	1,148,944	-	-
Capital Investment Fund					
Capital projects	-	1,982,802	-	-	
Total Capital Investment Fund	-	1,982,802			
Total Capital Investment Fund		1,902,002			
Debt Service Fund					
Debt service	-	892,282	-	-	-
Total Debt Service Fund	-	892,282	-	-	
Total fund balances	\$ 1,074,773	\$ 2,875,084	\$ 10,088,220	\$ 1,042,649	\$ 14,944,906

Note 16: FUND BALANCES (Continued)

Fund balances on the modified accrual basis was classified as follows at June 30, 2023:

	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund					
NMFA cash and investments	\$ -	\$ 532,593	\$ -	\$ -	\$ -
Prepaid expenses	9,510	-	-	-	-
Inventory	1,073,172	-	-	-	-
Investments designated for					
equipment purchases	-	-	2,745,736	-	-
Investments designated for					
future Long-Term Asset	-	-	7,689,846	-	-
Cash reserve	-	-	-	2,189,477	-
2024 encumbered funds	-	-	-	1,528,516	-
Unassigned fund balance	-		-	-	11,335,902
Total General Fund	1,082,682	532,593	10,435,582	3,717,993	11,335,902
Long-Term Asset Fund					
Investments designated for					
future Long-Term Asset	_	_	670,176	_	_
Tuture Long-Term Asset			070,170		
Total Long-Term Asset Fund	-	-	670,176	-	-
Total fund balances	\$ 1,082,682	\$ 532,593	\$ 11,105,758	\$ 3,717,993	\$ 11,335,902

Note 17: TAX ABATEMENTS

There are no tax abatements enacted by the District.

The District is subject to tax abatements entered in by other governmental entities. Each agreement was negotiated under the authority of Section 3-45, Section 7-37-6 and Section 7-38 NMSA 1978. The types of abated taxes reported to the District by other entities includes real property taxes. Bernalillo County reported abatements to the District.

State of New Mexico Middle Rio Grande Conservancy District Notes to Financial Statements

Note 17: TAX ABATEMENTS (Continued)

The District has the following tax abatement agreements for fiscal year ended June 30, 2024:

		Real Property					
Abating Agency	Recipients of the Abatement	Tax	es Abated				
Bernalillo County	Catholic Charities Project	\$	7,382				
	GAHP Project IRB (Sterling Downtown)		10,302				
	Hotel Chaco, LLC		33,426				
	Los Poblanos Project (dated 3/1/2016)		20,443				
	New Mexico Fresh Foods, LLC		7,420				
	One Central Parking Project		28,918				
	Rio Bravo Brewing Project dated 2/1/2016)		2,344				
	Sawmill Bellamah Properties, LLC		7,477				
	Silver Moon Lodge LLLP		15,693				
	UR Silver LLC		13,538				
	US Foodservice, Inc.		27,928				
Total		\$	174,871				

The District has the following tax abatement agreements for fiscal year ended June 30, 2023:

		Rea	l Property
Abating Agency	Recipients of the Abatement	Tax	es Abated
Bernalillo County	Wells Fargo National Bank (trustee)	\$	6,375
	Friedman Recycling of Albuquerque LLC		3,196
	The Greater Albuquerque Housing Partnership (GAHP)		8,354
	Hotel Chaco, LLC		27,004
	Rembe Family, LLC		16,847
	New Mexico Fresh Foods, LLC		6,017
	One Central Associates		24,153
	DRB Properties and Rio Bravo Brewing Co		1,860
	Sawmill Bellamah Properties, LLC		5,924
	Silver Moon Lodge LLLP		12,726
	UR Silver LLC		10,906
	US Foodservice, Inc.		22,591
Total		\$	145,953

State of New Mexico Middle Rio Grande Conservancy District Notes to Financial Statements

Note 18: CONCENTRATIONS

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Note 19: SUBSEQUENT EVENTS

Management evaluated all events and transactions that occurred after June 30, 2024 through December 12, 2024, the date the current year's financial statements were available to be issued. The following event occurred.

On October 14, 2024, the District reached an agreement with American Federation of State, County, and Municipal Employees (AFSCME), representing approximately 115 employees in the divisions. The agreement includes a 15% wage increase in year 1 and a 5% increase in year 2, and enhanced benefits, effective November 28, 2024.



REQUIRED SUPPLEMENTARY INFORMATION

State of New Mexico Middle Rio Grande Conservancy District Schedule of the District's Proportionate Share of the Net Pension Liability

Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

	June 30,						
Fiscal Year	2024	2023					
Measurement Date	2023	2022					
Middle Rio Grande Conservancy District's proportion of the net pension liability Municipal General	0.9125%	0.9474%					
Middle Rio Grande Conservancy District's proportionate share of the net pension	n liability						
Municipal General	\$ 19,321,798	\$ 16,804,291					
	\$ 19,321,798	\$ 16,804,291					
Middle Rio Grande Conservancy District's covered payroll							
Municipal General	\$ 10,470,194	\$ 9,177,418					
	\$ 10,470,194	\$ 9,177,418					
Middle Rio Grande Conservancy District's proportionate share of the net pension Municipal General	184.54%	183.10%					
Plan fiduciary net position as a percentage of the total pension liability							
Municipal General	67.26%	69.35%					

^{*} The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

See notes to required supplementary information.

June 30,

				Julie 30,				
2022		2021	2020	2019	2018		2017	2016
2021	21 2020 2019		2018	2017	2016		2015	
0.9945%		0.9694%	0.9830%	0.9839%	0.9167%		0.9355%	0.9641%
\$ 11,204,514	\$	19,603,472	\$ 17,016,707	\$ 15,687,008	\$ 12,596,234	\$	14,946,142	\$ 9,829,835
\$ 11,204,514		19,603,472	\$ 17,016,707	\$ 15,687,008	12,596,234	\$	14,946,142	\$ 9,829,835
\$ 9,387,972 \$ 9,387,972	\$	9,352,383 9,352,383	\$ 8,651,794 8,651,794	\$ 8,305,085 8,305,085	\$ 8,051,600 8,051,600	\$	8,028,645 8,028,645	\$ 8,028,757 8,028,757
119.35%		209.61%	196.68%	188.88%	156.44%		186.16%	122.43%
77.25%		66.36%	70.52%	71.13%	73.74%		69.18%	76.99%

State of New Mexico Middle Rio Grande Conservancy District Schedule of the District's Contributions Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

As of and for the Year Ended June 30,	2024	2023
Contractually required contribution		
Municipal General	\$ 1,139,077	\$ 1,026,079
	\$ 1,139,077	\$ 1,026,079
Contributions in relation to the contractually required contribution		
Municipal General	\$ (1,139,077)	\$ (1,026,079)
	\$ (1,139,077)	\$ (1,026,079)
Middle Rio Grande Conservancy District's covered payroll	.	.
Municipal General	\$ 11,623,235	\$ 10,470,194
	\$ 11,623,235	\$ 10,470,194
Contributions as a percentage of covered payroll		
Municipal General	9.80%	9.80%

^{*} The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

See notes to required supplementary information.

2022 2021 202		2020	2019 2018			2018	2017			2016		
\$ 899,387	\$	920,021	\$	893,143	\$	826,103	\$	793,135	\$	768,886	\$	766,736
\$ 899,387	\$	920,021	\$	893,143	\$	826,103	\$	793,135	\$	768,886	\$	766,736
\$ (899,387)	\$	(920,021)	\$	(893,143)	\$	(826,103)	\$	(793,135)	\$	(768,886)	\$	(766,736)
\$ (899,387)	\$	(920,021)	\$	(893,143)	\$	(826,103)	\$	(793,135)	\$	(768,886)	\$	(766,736)
\$ 9,177,418	\$	9,387,972	\$	9,352,283	\$	8,650,293	\$	8,305,079	\$	8,051,162	\$	8,028,649
\$ 9,177,418	\$	9,387,972	\$	9,352,283	\$	8,650,293	\$	8,305,079	\$	8,051,162	\$	8,028,649
9.80%		9.80%		9.55%		9.55%		9.55%		9.55%		9.55%

State of New Mexico Middle Rio Grande Conservancy District Schedule of Total Other Postemployment Benefit (OPEB) Liability Last 10 Fiscal Years*

June 30.

	Julie 30,							
Fiscal Year/Measurement Date		2024	2023					
Service cost	\$	207,100	\$ 260,263					
Interest on total OPEB liability and service cost		247,781	258,851					
Changes of benefit terms		-	389,674					
Difference between expected and actual experience		(19,703)	(1,826,468)					
Changes of assumptions or other inputs		(55,192)	(208,597)					
Benefit payments		(117,852)	(148,465)					
			_					
Net change in total OPEB liability		262,134	(1,274,742)					
Total OPEB liability - beginning		5,850,764	7,125,506					
, , ,		, ,						
Total OPEB liability - ending	\$	6,112,898	\$ 5,850,764					
			_					
Covered-employee payroll	\$	10,755,148	\$ 10,261,665					
Total OPEB liability as a percentage of covered-employee								
, ,		EC 0/10/	E7 030/					
payroll		56.84%	57.02%					

^{*} The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

See notes to required supplementary information.

June 30,

	2022	2021	2020	2019	2018	2017		
٠	ć 244 F20	Ć F40.070	ć 205.400	ć 44C 13C	ć 420.225	ć 40C 774		
	\$ 344,538	\$ 549,079	\$ 385,106	\$ 446,136	\$ 429,225	\$ 496,774		
	178,935	231,675	299,938	369,767	316,992	258,276		
	-	(3,300,000)	-	-	-	-		
	(29,477)	(391,751)	(94,039)	(648,293)	-	-		
	(1,206,075)	1,124,156	1,406,355	(886,574)	(295,116)	(800,395)		
	(202,741)	(212,433)	(233,789)	(225,003)	(169,766)	(155,558)		
	(914,820)	(1,999,274)	1,763,571	(943,967)	281,335	(200,903)		
	8,040,326	10,039,600	8,276,029	9,219,996	8,938,661	9,139,564		
			•			· · · · ·		
	\$ 7,125,506	\$ 8,040,326	\$ 10,039,600	\$ 8,276,029	\$ 9,219,996	\$ 8,938,661		
,								
	\$ 9,465,118	\$ 9,645,902	\$ 9,376,340	\$ 8,830,062	\$ 8,460,665	\$ 8,316,934		
	75.28%	83.35%	107.07%	93.73%	108.97%	107.48%		

State of New Mexico Middle Rio Grande Conservancy District Schedule of Other Postemployment Benefit (OPEB) Contributions Last 10 Fiscal Years*

As of and for the Year Ended June 30,		2024	2023
Contractually required contributions	\$	117,852	\$ 148,865
Contributions in relation to the contractually required contribution		(117,852)	(148,865)
Contribution deficiency (excess)	\$	-	\$ -
Middle Rio Grande Conservancy District's covered- employee payroll	\$	10,755,148	\$ 10,261,665
Contributions as a percentage of covered-employee pay	,	1.00%	1.00%

^{*} The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Middle Rio Grande Conservancy District will present information for those years for which information is available.

See notes to required supplementary information.

 2022	2021	2020	2019	2018	2017
\$ 202,741	\$ 212,433	\$ 233,789	\$ 225,003	\$ 169,766	\$ 155,558
 (202,741)	 (212,433)	 (233,789)	 (225,003)	 (169,766)	 (155,558)
\$ 	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,465,118	\$ 9,645,902	\$ 9,376,340	\$ 8,830,062	\$ 8,460,665	\$ 8,316,934
2.00%	2.00%	2.00%	3.00%	2.00%	2.00%

State of New Mexico Middle Rio Grande Conservancy District Notes to Required Supplementary Information June 30, 2024

Public Employees Retirement Association (PERA) Plan

Changes of benefit terms. The Public Employees Retirement Association (PERA) Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA ACFR available at https://www.saonm.org.

Changes of assumptions. The PERA of New Mexico Annual Actuarial Valuation as of June 2023 report is available at http://www.nmpera.org/

Other Postemployment Benefit Medical Plan

Changes of benefit terms. Active employees who are currently in the 80/80 Plan where the District reimburses 80% of retiree and spouse premium rates until each person turns 65 are now stratified into the following new plans as described in the notes to the financial statements. This change caused a significant reduction in the District's liability.

Changes of assumptions. The calculations were based on an actuarial valuation as of June 30, 2023 using census data and recent health care cost information which was provided by the District.



SUPPLEMENTARY INFORMATION

State of New Mexico Middle Rio Grande Conservancy District Schedule of Collateral Pledged by Depository For Public Funds June 30, 2024

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value						
Wells Fargo B	Bank N.A.									
vvens rango z	FMAC FEPC 3.00%	8/1/2046	3132A5FL4	\$	1,113,264					
	FMAC FEPC 1.50%	1/1/2051	3132DWAV5		8,733					
	FNMA FNMS 3.00%	11/1/2042	3138MK4J2		5,955					
	GNMA G2SF 4.50%	6/20/2052	36179XAA4		6,101					
	Total Wells Fargo Bank, N.A.				1,134,053					
	Name and location of safekeeper for above pledged collateral: BNY Mellon, 101 Barclay Street, 4th Floor East, New York, NY 10286									
Total pledged	l collateral			\$	1,134,053					

State of New Mexico Middle Rio Grande Conservancy District Schedule of Collateral Pledged by Depository For Public Funds June 30, 2023

Name of	ne of Description of Pledged CUSIP		F	air Market						
Depository	Collateral	Maturity	Number		Value					
Wells Fargo Bank, N.A.										
	GNMA G2SF 4.00%	6/20/2052	36179W7M4	\$	313,792					
	GNMA G2SF 5.00%	6/20/2053	36179X5G7		1,385					
	GNMA G2SF 5.00%	11/20/2052	36179XLH7		1,058,799					
	GNMA G2SF 4.50%	12/20/2052	36179XNE2		80,123					
	Total Wells Fargo Bank, N.A.				1,454,099					
	Name and location of safekeeper for above pledged collateral: BNY Mellon, 101 Barclay Street, 4th Floor East, New York, NY 10286									
Total pledged co	ollateral			\$	1,454,099					

State of New Mexico Middle Rio Grande Conservancy District Schedule of Deposit and Investment Accounts June 30, 2024

	Wells Fargo	NM Finance	NM State
Bank Account Type/Name	Bank	Authority	Treasurer
Non-interest bearing accounts			
Cash and cash equivalents			
G/F operating	\$ 1,488,654	\$ -	\$ -
G/F basic flex plan	15,164	-	-
Interest bearing accounts			
Cash and cash equivalents			
NMFA debt servicing	-	182,494	-
NMFA reserve funds	-	34,904	-
NMFA program funds	-	217,746	-
Endowment	-	-	-
Endowment 2	-	-	-
Investments			
NMFA reserve funds	-	679,763	-
NMFA program funds	-	2,723,584	-
NM LGIP - G/F operating	-	-	10,498,337
NM LGIP - G/F capital reserve fund	-	-	610,390
NM LGIP - SRF levee projects	-	-	1,143,937
NM LGIP - SRF AMAFCA future projects	-	-	443,999
NM LGIP - SRF Beralillo County future projects	-	-	85,329
Endowment	-	-	-
Endowment 2	-	-	-
State Investment Council	-	-	-
Total	1,503,818	3,838,491	12,781,992
Reconciling items	(337,961)	-	-
Reconciled balance	\$ 1,165,857	\$ 3,838,491	\$ 12,781,992
Plus petty cash Less restricted cash per statement of net position Less investments per statement of net position Less restricted investments per statement of net pos			

Cash and cash equivalents per statement of net position

US	NM State Investment	
Bank	Council	Totals
\$ -	\$ -	\$ 1,488,654
-	-	15,164
-	-	182,494
-	-	34,904
-	-	217,746
56,753	-	56,753
516,440	-	516,440
-	-	679,763
-	-	2,723,584
-	-	10,498,337
-	-	610,390
-	-	1,143,937
-	-	443,999
-	-	85,329
3,124,484	-	3,124,484
2,922,621	-	2,922,621
	4,889,825	4,889,825
6,620,298	4,889,825	29,634,424
		(337,961)
\$ 6,620,298	\$ 4,889,825	\$ 29,296,463
		850
		(435,144)
		(13,622,821)
		(13,499,448)
		\$ 1,739,900

State of New Mexico Middle Rio Grande Conservancy District Schedule of Deposit and Investment Accounts June 30, 2023

	Wells Fargo	NM Finance	NM State
Bank Account Type/Name	Bank	Authority	Treasurer
Non-interest bearing accounts			
Cash and cash equivalents G/F operating	\$ 2,525,830	ċ	\$ -
G/F basic flex plan	3,827	, -	, -
dy i basic nex plan	3,827	_	_
Interest bearing accounts			
Cash and cash equivalents			
NMFA debt servicing	-	133,609	-
NMFA reserve funds	-	18,182	-
NMFA program funds	-	203	-
Endowment	-	-	-
Endowment 2	-	-	-
Investments			
NMFA reserve funds	-	379,300	-
NMFA program funds	-	1,299	-
NM LGIP - G/F operating	-	-	9,370,966
NM LGIP - G/F capital reserve fund	-	-	2,745,736
NM LGIP - SRF levee projects	-	-	1,098,596
NM LGIP - SRF AMAFCA future projects	-	-	421,094
NM LGIP - SRF Beralillo County future projects	-	-	80,928
Endowment	-	-	-
Endowment 2	-	-	-
State Investment Council	-	-	
Total	2,529,657	532,593	13,717,320
iotai	2,323,037	332,333	13,717,320
Reconciling items	(888,267)	-	-
Reconciled balance	\$ 1,641,390	\$ 532,593	\$ 13,717,320
Plus petty cash			
Less restricted cash per statement of net position			
Less investments per statement of net position			
Less restricted investments per statement of net pos	sition		
Cash and cash equivalents per statement of net posit	ion		
cash and cash equivalents per statement of het posit	1011		

	US		NM State nvestment		
	Bank		Council		Totals
\$	_	\$	_	\$	2,525,830
Ψ	_	~	_	Ψ	3,827
					3,027
	-		-		133,609
	-		-		18,182
	-		-		203
	36,854		-		36,854
	7,230		-		7,230
	_		-		379,300
	_		-		1,299
	_		-		9,370,966
	_		_		2,745,736
	_		_		1,098,596
	_		_		421,094
	_		_		80,928
	2,997,116		_		2,997,116
	3,272,319		-		3,272,319
	-		4,410,297		4,410,297
	6,313,519		4,410,297		27,503,386
	-		-		(888,267)
\$	6,313,519	\$	4,410,297	\$	26,615,119
					850 (151,994) (15,640,401)
					(9,137,250)
_				\$	1,686,324

State of New Mexico Middle Rio Grande Conservancy District Schedule of Joint Powers Agreements June 30, 2024

Agreements	Participants	Responsible Party	Description
1 Investments of certain District monies	Middle Rio Grande Conservancy District/ NM State Investment Council		Invests certain moneys belonging to the District

Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed current fiscal year		Audit Responsibility	Fiscal agent and and responsible reporting entity
8/9/2022 thru 8/9/2026	N/A	\$	-	Both Entities	Both Entities

State of New Mexico Middle Rio Grande Conservancy District Schedule of Joint Powers Agreements June 30, 2023

Agreements	Participants	Responsible Party	Description
1 Investments of certain District monies	Middle Rio Grande Conservancy District/ NM State Investment Council		Invests certain moneys belonging to the District

Beginning and Ending Dates	Total estimated project amount and amount applicable to Agency	Amount contributed current fiscal year		Audit Responsibility	Fiscal agent and and responsible reporting entity
8/9/2022 thru 8/9/2026	N/A	\$	-	Both Entities	Both Entities

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COMPLIANCE SECTION



Carr, Riggs & Ingram, L.L.C. 2424 Louisiana Boulevard NE Suite 300 Albuquerque, NM 87110

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Joseph M. Maestas, P.E., CFE, New Mexico State Auditor
The Office of Management and Budget and
The Judges of the District Court of the
Second Judicial District of the
State of New Mexico and
The Board of Directors of the State of New Mexico
Middle Rio Grande Conservancy District
Albuquerque, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund and major special revenue fund that has a legally adopted annual budget of the Middle Rio Grande Conservancy District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC

Carr, Riggs & Ungram, L.L.C.

Albuquerque, NM

December 12, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Joseph M. Maestas, P.E., CFE, New Mexico State Auditor
The Judges of the District Court of the
Second Judicial District of the
State of New Mexico and
The Board of Directors of the State of New Mexico
Middle Rio Grande Conservancy District
Albuquerque, New Mexico

Report on Compliance for the Major Federal Program

Opinion on Major Federal Program

We have audited the Middle Rio Grande Conservancy District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and
 design and perform audit procedures responsive to those risks. Such procedures include
 examining, on a test basis, evidence regarding the District's compliance with the compliance
 requirements referred to above and performing such other procedures as we considered
 necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the
 audit in order to design audit procedures that are appropriate in the circumstances and to
 test and report on internal control over compliance in accordance with the Uniform Guidance,
 but not for the purpose of expressing an opinion on the effectiveness of the District's internal
 control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico

Carr, Riggs & Ungram, L.L.C.

December 12, 2024

State of New Mexico Middle Rio Grande Convservancy District Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

Federal Agency Pass-through	Assistance Listing	Contract/
Grantor Program Title	Number	Grant Number
Bureau of Reclamation		
Watersmart	15.507	R23AP00332
Passed through the National Fish and Wildlife Foundation		
Fish and Wildlife Coordination Act Grants	15.517	2504.18.067387
Total Bureau of Reclamation		
U.S Environmental Protection Agency		
Passed through the New Mexico Environment Department		
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 085
Total U.S. Environmental Protection Agency		
U.S. Department of Treasury		
Passed through the New Mexico Office of the State Engineer		
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	21.027	5500-030-ZH5104-SA030
Total U.S. Department of Treasury		
U.S. Department of Agriculture		
Passed through the Natural Resources Conservation Services		
Watershed Protection and Flood Prevention	10.904	2504.18.067387
Total U.S. Department of Agriculture		
Total Federal Finanical Assistance		

Federal	Pro	ogram/Cluster	Funds Provided	
Expenditures		Subtotal	to Subrecipient	S
\$ 48,804	\$	-	\$.	-
1,419,999		-		
1,468,803		-		-
126,501		-		-
126,501		-		-
734,774		-		-
734,774		-		-
206,574				
206,574		-		_
\$ 2,536,652	\$	_	\$.	_

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State of New Mexico Middle Rio Grande Conservancy District Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Middle Rio Grande Conservancy District (the "District") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not represent the financial position of the District.

2. Indirect Cost Rate

The Uniform Guidance allows an organization to elect a 10% de minimums indirect cost rate. For the year ended June 30, 2024, the District did not elect to use this rate.

3 Loan / Loan Guarantee Outstanding Balances

The District did not have any federal loans or loan guarantees outstanding during the year ended June 30, 2024.

4. Sub-Recipients

During the year ended June 30, 2024, the District had no sub-recipients.

5. Noncash Assistance and Other

The District did not receive any noncash assistance or federally funded insurance during the year ended June 30, 2024.

6. **Contingencies**

Grant monies received and disbursed by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

7. Noncash Assistance and Other

The District did not receive any noncash assistance or federally funded insurance during the year ended June 30, 2024.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per schedule of expenditures of federal awards	\$ 2,536,652
Total expenditures funded by other sources	39,680,330
Total expenditures	\$ 42,216,982

State of New Mexico Middle Rio Grande Conservancy District Schedule of Findings and Questioned Costs June 30, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

6. Auditee qualified as low-risk auditee?

Financ	ial S	tatements:				
1.	Ту	pe of auditor's report issue	Unmodified			
2.	Int	ernal control over financia	ting:			
	a.	Material weaknesses ide	? No			
	b.	Significant deficiencies id material weaknesses?	d not considered to be Yes			
	c.	Noncompliance material	financial statements? No			
Federa	ıl Av	vards:				
1.	Ту	pe of auditor's report issue	ompliance for major programs Unmodified			
2.	Int	ernal control over major p	ns:			
	a.	Material weaknesses ide	? No			
	b. Significant deficiencies identified not considered to be material weaknesses? None noted					
3.	 Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? 					
4.	Ide	entification of major progra				
		Assistance List Number	Federal Program			
		21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds			
5.	Do	llar threshold used to disti	between type A and type B programs: \$750,000			

Yes

State of New Mexico Middle Rio Grande Conservancy District Schedule of Findings and Questioned Costs June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 – Capital Assets – Significant Deficiency

Condition: The District had an adjustment in the amount of \$433,000 related to construction in progress (CIP) assets that should have been capitalized.

Criteria: Monthly maintenance of the trial balance and preparation of annual financial statements and related note disclosures in accordance with generally accepted accounting principles (GAAP) helps ensure that timely, accurate and useful information is available to management and those charged with governance.

Cause: The District recorded an accounts payable close to year-end and missed the capitalization of the asset.

Effect: The activity and balance required adjustments in order to report in accordance with all applicable GASB pronouncements.

Auditor's Recommendation: Management should implement an annual financial closing process to ensure that all significant matters impacting the financial statements are evaluated for reporting.

Views of Responsible Officials and Planned Corrective Action: The District acknowledges the finding and appreciates the opportunity to enhance its processes. The District identified the error during its search for capital assets process. The invoice in question was paid after the fiscal year-end and was appropriately accrued; however, it was inadvertently excluded due to the timing of the initial search for capital assets. To address this, the District has implemented an additional review step in the search for capital assets process to ensure completeness before the final trial balance is submitted to the auditors. This enhancement strengthens our internal controls and aligns with our commitment to continuous improvement.

Responsible Official: Chief Financial Officer and Controller

Timeline and Estimated Completion Date: The corrective action has been implemented and was completed as of fiscal year 2024.

State of New Mexico Middle Rio Grande Conservancy District Schedule of Findings and Questioned Costs June 30, 2024

None noted.
SECTION IV — SECTION 12-6-5 NMSA 1978 FINDINGS
None noted.
SECTION V – SUMMARY OF PRIOR YEAR FINDINGS

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

State of New Mexico Middle Rio Grande Conservancy District Other Disclosures June 30, 2024

EXIT CONFERENCE

The contents of this report were discussed on December 11, 2024. The following individuals were in attendance:

Representing Middle Rio Grande Conservancy District

Stephanie Russo-Baca Director

Jason Casuga Chief Executive Officer
Pamela Fanelli Chief Financial Officer

Joshua Gamboa Controller

Representing Carr, Riggs & Ingram, LLC

Alan D. "A.J." Bowers, Jr., CPA, CITP Partner

Sara Specht, CPA, CFE, CGFM Senior Manager Bridgette Ehrmann Senior Accountant

AUDITOR PREPARED FINANCIALS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the District from the original books and records provide to them by the management of the District. The responsibility for the financial statements remains with the District.