



**CONCHO VALLEY
COUNCIL OF GOVERNMENTS
*San Angelo, Texas***

ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2020

CONCHO VALLEY COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2020

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Financial Section

March 2, 2021

Independent Auditors' Report on Financial Statements

Executive Committee
Concho Valley Council of Governments
2801 W. Loop 306, Suite A
San Angelo, Texas 76904

Members of the Executive Committee:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the discretely presented component unit of Concho Valley Council of Governments as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the discretely presented component unit of Concho Valley Council of Governments as of September 30, 2020, and the respective changes in financial position, for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios - Pension Plan and Schedule of Contributions - Pension Plan on pages 3-7 and 32-33 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The other supplementary information and Schedule of Expenditures of Federal/State Awards, as required by title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Single Audit Circular are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, and Schedule of Expenditures of Federal/State Awards, 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. Such 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 other supplementary information and Schedule of Expenditures of Federal/State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021 on our consideration of the Concho Valley Council of Government'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 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 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 Concho Valley Council of Government's internal control over financial reporting and compliance.

Condley & Company, LLP

Certified Public Accountants

**Management's Discussion and Analysis
Required Supplementary Information**

CONCHO VALLEY COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

Our discussion and analysis of **Concho Valley Council of Governments' (Council)** financial performance provides an overview of the Council's financial activities for the fiscal year ended September 30, 2020.

FINANCIAL HIGHLIGHTS

- The Council's net position was \$10,642,917 and \$7,588,563 at September 30, 2020 and 2019, respectively.
- The Council's revenues totaled \$21,445,320 and \$20,221,668 for the years ended September 30, 2020 and 2019, respectively. Expenses totaled \$18,390,966 and \$20,332,686 for the years ended September 30, 2020 and 2019, respectively. Net position increased (decreased) \$3,054,354 and (\$111,018) for the years ended September 30, 2020 and 2019, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Council's financial statements consist of four parts – management's discussion and analysis (this section), the basic financial statements, other required supplementary information, and other supplementary information that present expenditures by grant program, indirect costs, and fringe benefit schedules. These financial statements and related notes provide information about the activities of the Council, including resources held by the Council but restricted for specific purposes by grantors, contributors, or enabling legislation.

The basic financial statements include two kinds of statements that present different views of the Council:

- The first two statements are *government-wide statements* that provide both *long-term* and *short-term* information about the Council's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Council, reporting the Council's operations in *more* detail than the government-wide statements.
 - The *governmental* fund statements present how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. Required supplementary information includes management's discussion and analysis and schedule of funding progress for the Council's pension plan. *Other supplementary information* includes expenditures by grant program, indirect costs, and fringe benefit schedules. The following summarizes the major features of the Council's financial statements, including the portion of the Council's operations they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Type of Statement	Government-Wide	Governmental Funds
Scope	Entire Agency (except fiduciary funds)	The activities of the Council that are not proprietary or fiduciary
Required financial Statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic measurement focus	Modified accrual accounting and current measurement focus
Asset/liability Information	All assets and liabilities, both financial and capital – short-term and long-term	Only assets expected to be used up & liabilities that come due during the year or 60 days thereafter, no capital assets included
In flow/out flow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during year or 60 days after the end of year, expenditures when goods or services have been received and payment is due during the year or 60 days thereafter

Government-Wide Statements

The government-wide statements report information about the Council as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the entity's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Council's *net position* and how it has changed. *Net position*, the difference between the Council's assets and liabilities, is one way to measure the Council's financial health or *position*.

- Over time, increases or decreases in the Council's net position *could* be an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Council, you need to consider additional non-financial factors.

The government-wide financial statements of the Council include:

- *Governmental activities* – All of the Council's services are included here. Federal, state, and local grants finance the primary activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Council's most significant funds, not the Council as a whole. Funds are accounting devices that the Council uses to keep track of specific sources of funding and spending for particular purposes.

- *Governmental funds* – All of the Council's services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending.

Consequently, the governmental fund statements provide a *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs.

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE – GOVERNMENT WIDE FINANCIAL STATEMENTS

Net Position - The Council's net position is the difference between its assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources) reported in the Statement of Net Position. The Council's net position was \$10,642,917 and \$7,588,563 at September 30, 2020 and 2019, respectively.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position – Governmental Activities

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets	\$ 5,520,342	\$ 3,985,966
Net pension asset	705,565	-
Capital assets, net	<u>8,114,136</u>	<u>5,632,959</u>
Total assets	<u>\$ 14,340,043</u>	<u>\$ 9,618,925</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related	\$ <u>1,108,092</u>	\$ <u>1,145,437</u>
Total deferred outflows of resources	<u>\$ 1,108,092</u>	<u>\$ 1,145,437</u>
Liabilities:		
Net pension liability	\$ -	\$ 271,648
Current liabilities	<u>4,101,027</u>	<u>2,367,766</u>
Total liabilities	<u>\$ 4,101,027</u>	<u>\$ 2,639,414</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions	\$ <u>704,191</u>	\$ <u>536,385</u>
Total deferred inflows of resources	<u>\$ 704,191</u>	<u>\$ 536,385</u>
Net position:		
Net investment in capital assets	\$ 6,305,621	\$ 5,632,959
Restricted for federal and state programs	23,850	23,850
Restricted for debt service	1,800,000	-
Unrestricted	<u>2,513,446</u>	<u>1,931,754</u>
Total net position	<u>\$ 10,642,917</u>	<u>\$ 7,588,563</u>

Current assets increased from 2019 to 2020 primarily due to timing of grants receivable. As of September 30, 2020, the Council had a net pension asset compared to September 30, 2019 when it was a net pension liability. Capital assets increased with the purchase of the Link Road property in 2020 while liabilities increased due to the notes payable also associated with the property acquired.

OPERATING RESULTS AND CHANGES IN THE COUNCIL'S NET POSITION

The Council's total revenues were \$21,445,320 for the year ended September 30, 2020. In the 2020 fiscal year, approximately 66% of the Council's revenue came from federal grants or federal grants passed through the state, 17% from state grants, 7% from matching and in-kind, 2% from a variety of local funds, 4% from member government contributions, 3% from transit medical, charter, aging and toll credits and the remainder 1% is from other miscellaneous sources.

Changes in Net Position

	2020	2019
Revenues:		
Federal grants	\$ 14,235,022	\$ 10,930,383
State grants	3,575,326	5,025,292
Matching / in-kind	1,436,095	2,007,384
Local funds:		
Member government contributions	841,460	816,401
Program income	312,177	340,602
Transit charter	18,638	31,409
Transit medical	275,136	312,672
Local contracts	127,680	94,733
Aging vendor	176,963	202,758
Membership dues	107,918	79,797
Toll credits	120,903	22,403
Other local revenues	210,662	294,565
Interest and miscellaneous	511	9,157
Sale of assets	6,829	54,112
Total revenues	<u>21,445,320</u>	<u>20,221,668</u>
Expenses:		
General government	(96,376)	(31,850)
Family and children services	8,059,689	8,334,568
Aging services	2,393,059	2,081,433
Emergency communications	1,731,562	3,417,152
Emergency management	327,672	143,492
Criminal justice	250,797	252,683
Community and environmental	47,056	175,297
Information and referral	194,794	194,291
Transportation	5,482,713	5,765,670
Total expenses	<u>18,390,966</u>	<u>20,332,686</u>
Increase (decrease) in net position	3,054,354	(111,018)
Net position at beginning of year	<u>7,588,563</u>	<u>7,699,581</u>
Net position end of year	<u>\$ 10,642,917</u>	<u>\$ 7,588,563</u>

Programs experienced increases or decreases typical to cyclical funding which caused increases or decreases in expenses proportionately.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020 and 2019, the Council had \$6,305,621 and \$5,632,959 invested in capital assets net of accumulated depreciation and related debt, respectively. See Note 4 to the financial statements for additional information regarding capital assets.

Debt

During the current year, the Transit District entered into note payable agreements totaling \$1,800,000 for property on Link Road and at August 31, 2020, the Transit District's reporting date, the balances were the original amounts of the notes and were reported as current liabilities based on their maturity dates. See Note 6 to the financial statements for additional information regarding notes payable.

OTHER ECONOMIC FACTORS

Overall, the program funding environment for the Council's operations was relatively stable during the period covered by the annual financial report. Funding fluctuations as discussed above are a pattern typical of the Council funding over many years.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, granting agencies, suppliers, taxpayers, and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Council's Administrative Offices.

Basic Financial Statements

CONCHO VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government	Component Unit
	Governmental Activities	Concho Valley Economic Development District, Inc.
ASSETS		
Cash	\$ 1,386,540	\$ 168,138
Investments	550,000	
Receivables:		
Grants	3,401,645	35,779
Other	176,866	
Notes receivable - current		119,040
Prepaid expenses	5,291	
Notes receivable		60,523
Net pension asset	705,565	
Capital assets:		
Land	789,099	
Construction in progress	8,515	
Leasehold improvements	75,000	
Buildings and improvements	6,332,393	
Equipment and vehicles	6,017,535	
Less: accumulated depreciation	<u>(5,108,406)</u>	
 Total Assets	 <u>14,340,043</u>	 <u>383,480</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	<u>1,108,092</u>	
 Total Deferred Outflows of Resources	 <u>1,108,092</u>	 <u>-</u>
LIABILITIES		
Accounts payable	1,234,312	
Payroll payable	487,270	
Notes payable - current	1,800,000	
Due to primary government		32,658
Unearned revenue	302,547	19,232
Accrued liabilities	20,366	
Due to other local organizations	93,896	
Compensated absences	<u>162,636</u>	
 Total Liabilities	 <u>4,101,027</u>	 <u>51,890</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>704,191</u>	
 Total Deferred Outflows of Resources	 <u>704,191</u>	 <u>-</u>
NET POSITION		
Net investment in capital assets	6,305,621	
Restricted for federal and state programs	23,850	113,682
Restricted for debt service	1,800,000	
Unrestricted	<u>2,513,446</u>	<u>217,908</u>
 Total Net Position	 <u>\$ 10,642,917</u>	 <u>\$ 331,590</u>

The accompanying notes are an integral part of the financial statements.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
GOVERNMENTAL ACTIVITIES			
General government	\$ (139,798)	\$ 43,422	\$ (96,376)
Family and children services	7,678,964	380,725	8,059,689
Aging services	2,343,436	49,623	2,393,059
Emergency communications	1,697,568	33,994	1,731,562
Emergency management	321,245	6,427	327,672
Criminal justice	241,238	9,559	250,797
Community and environmental	44,360	2,696	47,056
Information and referral	183,277	11,517	194,794
Transportation	5,482,713		5,482,713
Indirect costs	537,963	(537,963)	-
Total Governmental Activities	<u>18,390,966</u>	<u>-</u>	<u>18,390,966</u>
COMPONENT UNIT			
Concho Valley Economic Development District, Inc.	<u>373,126</u>		<u>373,126</u>
Total Component Unit	<u>373,126</u>	<u>-</u>	<u>373,126</u>

General Revenues:
 Membership dues
 Gain on sale of assets
 Unrestricted investment earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenues and Changes
in Net Position

Program Revenues		Primary Government	Component Unit
Charges for Services	Operating Grants and Contributions	Governmental Activities	Concho Valley Economic Development District, Inc.
\$	\$	\$	\$
	21,131	117,507	
228	8,409,485	350,024	
112,685	2,356,867	76,493	
	2,263,888	532,326	
	130,002	(197,670)	
41,636	174,308	(34,853)	
	49,039	1,983	
	202,955	8,161	
	7,567,838	2,085,125	
		-	
<u>154,549</u>	<u>21,175,513</u>	<u>2,939,096</u>	<u>-</u>
<u>48,253</u>	<u>290,469</u>		<u>(34,404)</u>
<u>48,253</u>	<u>290,469</u>	-	<u>(34,404)</u>
		107,918	
		6,829	
		511	
		<u>115,258</u>	<u>-</u>
		3,054,354	(34,404)
		<u>7,588,563</u>	<u>365,994</u>
		<u>\$ 10,642,917</u>	<u>\$ 331,590</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 944,313	\$ 442,227	\$ 1,386,540
Investments		550,000	550,000
Receivables:			
Grants	1,165,263	2,236,382	3,401,645
Other	144,369	32,497	176,866
Prepaid expenses	<u>5,291</u>		<u>5,291</u>
 Total Assets	 <u>\$ 2,259,236</u>	 <u>\$ 3,261,106</u>	 <u>\$ 5,520,342</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 465,107	\$ 769,205	\$ 1,234,312
Payroll payable	487,270		487,270
Unearned revenue	302,547		302,547
Accrued liabilities		20,366	20,366
Due to other local organizations	<u>93,896</u>		<u>93,896</u>
 Total Liabilities	 <u>1,348,820</u>	 <u>789,571</u>	 <u>2,138,391</u>
Fund Balance:			
Nonspendable fund balance	5,291		5,291
Restricted fund balance for:			
Federal and state programs	23,850		23,850
Debt service		1,800,000	1,800,000
Assigned fund balance for:			
Aging services	15,788		15,788
Emergency management	13,814		13,814
Criminal justice	262,746		262,746
Community and environmental	61,083		61,083
Information referral	42,239		42,239
Transportation		671,535	671,535
Unassigned fund balance	<u>485,605</u>		<u>485,605</u>
 Total Fund Balance	 <u>910,416</u>	 <u>2,471,535</u>	 <u>3,381,951</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,259,236</u>	 <u>\$ 3,261,106</u>	 <u>\$ 5,520,342</u>

The accompanying notes are an integral part of the financial statements.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total fund balances - governmental funds balance sheet	\$ 3,381,951
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred outflows of resources related to pensions are not reported in the funds.	1,108,092
Capital assets used in governmental activities are not reported in the funds.	8,114,136
Liabilities for compensated absences are not reported in the funds.	(162,636)
Debt used in governmental activities is not reported in the funds.	(1,800,000)
Net pension asset is not reported in the funds.	705,565
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(704,191)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 10,642,917</u>

The accompanying notes are an integral part of the financial statements.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
Revenues			
Federal grants	\$ 9,209,148	\$ 5,025,874	\$ 14,235,022
State grants	2,751,770	823,556	3,575,326
Local funds:			
Member government contributions		841,460	841,460
Program income	154,549	157,628	312,177
Transit charter		18,638	18,638
Transit medical		275,136	275,136
Local contracts		127,680	127,680
Aging vendor		176,963	176,963
Membership dues	107,918		107,918
Toll credits		120,903	120,903
Other local revenues	210,662		210,662
Interest income	511		511
	<u>12,434,558</u>	<u>7,567,838</u>	<u>20,002,396</u>
Expenditures			
General government	(99,820)		(99,820)
Family and children services	8,409,766		8,409,766
Aging services	2,497,820		2,497,820
Emergency communications	2,263,888		2,263,888
Emergency management	127,515		127,515
Criminal justice	261,582		261,582
Community and environmental	49,039		49,039
Information and referral	202,987		202,987
Transportation		7,901,713	7,901,713
	<u>13,712,777</u>	<u>7,901,713</u>	<u>21,614,490</u>
Deficit of revenues over expenditures	(1,278,219)	(333,875)	(1,612,094)
Other Sources			
Proceeds from debt		1,800,000	1,800,000
Match / in-kind	1,436,095		1,436,095
Sale of capital assets		8,488	8,488
	<u>1,436,095</u>	<u>1,808,488</u>	<u>3,244,583</u>
Excess of revenues and other sources over expenditures	<u>157,876</u>	<u>1,474,613</u>	<u>1,632,489</u>
Fund balances, October 1	<u>752,540</u>	<u>996,922</u>	<u>1,749,462</u>
Fund balances, September 30	<u>\$ 910,416</u>	<u>\$ 2,471,535</u>	<u>\$ 3,381,951</u>

The accompanying notes are an integral part of the financial statements.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2020*

Net change in fund balances - total governmental funds	\$ 1,632,489
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Governmental funds report capital outlays as expenditures, but shown as increases in capital assets in governmental activities.	3,318,476
Governmental funds report note proceeds as other sources, but shown in governmental activities as liabilities.	(1,800,000)
Depreciation is not recognized as an expense in governmental funds since it does not require use of current financial resources.	(972,642)
Gain on sale of capital assets recognized on government-wide but not recognized in the fund statements.	(1,659)
Change in compensated absences is not recognized in the governmental funds since it does not require use of current financial resources.	(31,374)
The change in net pension asset and the related deferred outflows and inflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds.	772,061
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>137,003</u>
Change in net assets of governmental activities - Statement of Activities	<u><u>\$ 3,054,354</u></u>

The accompanying notes are an integral part of the financial statements.

CONCHO VALLEY COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Concho Valley Council of Governments (the Council or CVCOG) have been prepared in conformity with the accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Concho Valley Council of Governments (the Council or CVCOG) is a voluntary association of cities, counties, school districts, and special districts within the thirteen county Concho Valley of Texas region. The Council was established to assist local government in planning common needs, cooperating for mutual benefit, and coordinating for sound regional development. CVCOG is a political subdivision of the State of Texas under Article 391 of the Texas Local Government Code. The basic operations of the Council are financed by membership dues and by financial assistance provided by federal and state grants, and other local funds. The Council serves as fiscal agent for the Concho Valley Transit District.

Reporting Entity

The Council's basic financial statements include the accounts of all its operations. The Council evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Council's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity", include whether:

- the organization is legally separate (can sue or be sued in its name)
- the Council holds the corporate powers of the organization
- the Council appoints a voting majority of the organization's board
- the Council is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Council
- there is fiscal dependency by the organization on the Council
- the exclusion of the organization would result in misleading or incomplete financial statements

Membership in the CVCOG is voluntary. Any county, city, or special purpose district within the Concho Valley of Texas region may become a member of the independent association by passing a resolution to join the Council and paying annual dues. Each member government is entitled to have one voting representative on the Council's Board of Directors which is the Council's governing board. Each year the Board of Directors elects a sixteen (16) member Executive Committee which is the policy making and oversight body of the Council.

Blended Component Unit

Concho Valley Transit District (CVTD) is a local governmental body and political subdivision of the State of Texas established under Chapters 458 of the Transportation Code and 791 of the Government Code of the State of Texas. CVTD offers fixed route transit services for the City of San Angelo and demand-response transit services in the rural Concho Valley region for the Counties of Coke, Concho, Crockett, Irion, Kimble, McCulloch, Menard, Reagan, Schleicher, Sutton, Sterling and Tom Green, and the Cities of Bronte, Robert Lee, Eden, Ozona, Mertzon, Junction, Brady, Menard, Big Lake, Eldorado, and Sterling City. CVTD has identified public transportation, particularly the transportation of its widely scattered rural population, as a high priority goal and has achieved this objective by the operation of this rural public transportation project.

The governing body of CVTD is substantively the same as the governing body of the Council and there is a financial benefit or burden relationship between CVTD and the Council, and the Council has operational responsibility for CVTD.

CVTD has an August 31 fiscal year end. Accordingly, the financial information included in this report for CVTD is as of and for the fiscal year ended August 31, 2020. This disparity in fiscal year within the reporting entity can cause differences between how balances and activities are reported in the financial statements. The government-wide financial statements include activity of both the Council and CVTD as of and for the period ending September 30, 2020 and August 31, 2020, respectively.

Discretely Presented Component Unit

The Concho Valley Economic Development District, Inc. (the District) is a nonprofit organization whose primary purpose and objectives are to further economic development and social welfare in the Concho Valley by promoting and assisting the economic growth and development of this geographic region. The principal objectives of the District are to increase the employment opportunities of the unemployed and underemployed through expansion of the business and industry base within the economy.

The Council appoints a voting majority of the governing body of the District and is able to impose its will on the District by significantly influencing the programs, projects, activities and level of service performed by the District.

The District has a June 30 fiscal year end. Accordingly, the financial information included in this report for the District is as of and for the fiscal year ended June 30, 2020. This disparity in fiscal year within the reporting entity can cause differences between how balances and activities are reported between the primary government and the discretely presented component unit. For example, in the Statement of Net Position, amounts reported for "Due from component unit" may not agree to amounts reported as "Due to primary government".

Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities (if any). Eliminations have been made to minimize the double-counting of internal activities. Government activities generally are financed through memberships, federal, state, and local grants and other miscellaneous transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's government activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Council's funds with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Council reports the following governmental funds:

General Fund: This fund is used to account for all activities of the primary government.

Transit District Fund: This fund is used to account for all activities of CVTD.

b. Measurement Focus, Basis of Accounting

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The major sources of revenue are federal and state grants, member government dues, local contributed cash, contributed services, and other revenue as discussed below:

Federal and State Grant Revenues

Recognized when program expenditures are incurred in accordance with program guidelines.

Member Government Dues

Recognized as revenue when assessed as they are measurable and are collectible within the current period. Dues may be used to meet the matching requirements of the grants, if necessary.

Local Contributed Cash

Contributions to grant programs from local governments and other participants are recognized when grant expenditures are incurred.

In-Kind Contributed Services

Local contributions, which include contributed services by individuals, private organizations and local governments, are used to match federal funding on various grants. Contributed services are therefore reflected as revenue and expenditures in accordance with legal requirements of the individual grants. The amounts of such services are recorded at their estimated fair values at date of receipt.

Other Revenues

Other revenues are composed primarily of interest and miscellaneous charges for services. Interest income is recorded as earned. Miscellaneous charges for services are recorded as revenue when received in cash because they are generally not measurable until actually received.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Council considered all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues received from Federal and State grants are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the Council incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Council's policy to use restricted resources first, then unrestricted resources.

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

a. Cash, Cash Equivalents

Highly liquid investments are considered to be cash equivalents if they have an original maturity of three months or less when purchased.

b. Investments and Fair Value

Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application (GASB Statement No. 72), establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

GASB Statement No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 - Inputs to the valuation methodology are unobservable.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

c. Inventories and Prepaid Items

The Council records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Notes Receivable (Discretely presented component unit)

The District reports notes receivable of \$179,563 at June 30, 2020, which represent notes made to various businesses from the EDA revolving loan fund. These notes are collateralized with real property and / or business equipment. The notes bear interest of rates ranging from 5% to 8%. The District considers these notes to be fully collectible and / or secured adequately and accordingly, no allowance for doubtful accounts is considered necessary at June 30, 2020. If amounts become uncollectible they will be charged to operations when that determination is made. The notes mature in fiscal years 2021, 2022, 2023, 2024, and 2025 and beyond in the amounts of \$119,040, \$14,551, \$16,562, \$11,206, and \$18,204, respectively.

e. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	7.5
Building and improvements	40
Vehicles	5
Office equipment	5
Computer equipment	5
Playground equipment	15

f. Receivable and Unearned Revenue Balances

Grants receivable represents allowable expenditures in excess of receipts for specific grants. Unearned revenue represents receipts in excess of corresponding eligible expenditures. Grants receivable and unearned revenue are summarized by source in Note 3 and Note 5, respectively. All receivable balances are considered fully collectible, and accordingly, no allowances have been recorded.

g. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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 a future period(s) and will not be recognized as an outflow of resources (expense / expenditure) until then. The Council had deferred outflows of resources related to pensions of \$1,108,092 as of September 30, 2020.

In addition to liabilities, the Statement of Net Position will sometimes report 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 a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Council had deferred inflows of resources related to pensions of \$704,191 as of September 30, 2020.

h. Notes Payable / Debt

All debt arising from cash basis transactions to be repaid from governmental resources is reported as a liability in the government-wide statements.

Debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

i. Fund Balance – Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different classifications of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires that fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

2. Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Council's highest level of decision-making authority).
4. Assigned fund balance classification includes amounts intended to be used by the Council for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the Council's general fund and includes all spendable amounts not contained in the other classifications.

The Council does not have committed fund balance as of September 30, 2020. Restricted fund balance totaling \$1,800,000 relates to funds to be used for debt service and \$23,850 is restricted for federal and state programs. The Council also has \$5,291 in nonspendable fund balance relating to prepaid items and \$1,067,205 in assigned fund balance relating to various programs.

Fund balance categories applicable for the Council are identified and described as such on the governmental funds balance sheet.

In the fund financial statements the Council considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and whether committed, assigned or unassigned amounts are considered 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. Designations of fund balance represent tentative management plans that are subject to change. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended are assigned first followed by unassigned.

The Council does not operate under a minimum fund balance policy.

j. Net Position – Government-Wide Financial Statements

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

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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 and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position totaling \$1,800,000 represents funds restricted for debt service and \$23,850 is restricted for federal and state programs.

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

It is the Council's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

k. Employee Benefits

The Council provides various benefits to regular employees including medical and dental insurance coverage, disability benefits, life insurance, retirement, vacation, personal leave, and other released times. In addition, the Council is covered under the Texas Municipal League Workforce Compensation Insurance program and Texas Unemployment Compensation Insurance program for which the Council pays the premiums.

Compensated Absences

It is the Council's policy to permit employees to accumulate a limited amount of earned, but unused, vacation leave, which will be paid upon separation from the Council's service which may be paid in lieu of vacation time with the approval of the Executive Director. Vested or accumulated vacation leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

l. Indirect Costs Allocation

General and administrative costs are allocated to grant programs based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget (OMB) Circular A87, Attachment "A" as costs "(a) incurred for a common or joint purpose benefitting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved." The Council's indirect cost rate is based upon prior cost experience, documented by a cost allocation plan, and is approved by a federal cognizant agency. It is the Council's policy to negotiate with the cognizant agency a provisional rate which is used for billing purposes during the fiscal year. Upon the completion of an independent audit at the end of each fiscal year, the indirect cost rate is finalized with the cognizant agency.

m. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

n. Subsequent Events

The Council has evaluated subsequent events through March 2, 2021, the day the financial statements were available to be issued.

o. Recent Accounting Pronouncements

ADOPTED

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, which improves accounting and financial reporting by clarifying which liabilities governments should include in their note disclosures related to debt. The requirements of this statement are effective for financial periods beginning after June 15, 2019. The impact of this adoption was not significant to the Council's debt disclosures.

NOT ADOPTED

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting by requiring reporting of certain lease liabilities that currently are not reported. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021. The Council is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to Statement 87 and implementation guide 2019-3 are effective upon issuance. The other requirements of the statement are effective for fiscal years beginning after June 15, 2021.

Stewardship, Compliance and Accountability

The Council's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending September 30. It is not a legally adopted budget, therefore presentation of budget comparisons are not required.

The Council's primary funding source is federal, state, and other local grants which have grant periods that may or may not coincide with the Council's fiscal year. These grants normally are for the twelve-month period however, they can be awarded for periods shorter or longer than twelve months.

Because of the Council's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the most available information as to potential sources of funding. The Council's annual budget differs from that of a local government in two respects: (1) the uncertain nature of grant awards from other entities; and (2) conversion of grant budgets to a fiscal year basis.

The resultant annual budget change within a fiscal year would be due to: (1) increases/decreases in actual grant awards from those estimated; (2) changes in grant periods; (3) unanticipated grant awards not included in the budget; and (4) expected grant awards fail to materialize.

The Board of Directors formally approves the annual budget, but greater emphasis is placed on complying with the budgets and terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances. All budget appropriations lapse at year end.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash Deposits

At September 30, 2020, the carrying amount of the Council's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash and short-term investments) all of which mature in less than three months was \$1,386,540 and the bank balance was \$1,295,637. The Council's cash deposits at September 30, 2020 and during the year ended September 30, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the Council's agent bank in the Council's name.

Custodial Credit Risk

The Council's funds are required to be deposited and invested under the terms of the depository contract. The depository bank deposits for safekeeping and trust with the Council's agent bank approved pledged securities in an amount sufficient to protect Council funds on a daily basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Interest Rate Risk

In accordance with its investment policy, the Council manages its exposure to declines in fair value by limiting the maximum allowable maturity to one year, unless otherwise provided in a specific investment strategy that complies with current law.

Credit Risk

State law and Council policy limits investments in public funds investment pools to those rated no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. Additional authorized investments are consistent with governing law (Government Code 2256).

Concentration of Credit Risk

The Council's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

The Public Funds Investment Act ("ACT") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Council adhered to the requirements of the ACT. Additionally, investment practices of the Council were in accordance with local policies.

Investment Accounting Policy

The Council's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

At year end, the Council's investment balances were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of Deposit	\$ <u>550,000</u>	1
	\$ <u>550,000</u>	

A summary of the Council's investments under the requirements of the fair value hierarchy follows:

Description	Fair Value Measurements at Reporting Date Using			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Certificates of Deposit	\$ <u>550,000</u>	\$ _____	\$ _____	\$ <u>550,000</u>
Total	\$ <u>550,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>550,000</u>

NOTE 3: GRANTS RECEIVABLE

Grants receivable at September 30, 2020, is summarized as follows:

<u>Grant Number</u>	<u>Name</u>	<u>Amount</u>
793	Child Food Service Program FY 19-20	\$ 40,448
787	C.J. Purchase of Services FY 19-20	6,299
784	Homeland Security Program – SHSP FY 19-20	21,694
792	Area Agency on Aging FY 19-20	390,761
788, 811	2-1-1 Operations	31,840
788, 811	2-1-1 Child Care Contract	3,110
798, 799	Head Start FY 20-21	350,728
775	Foster Grandparent Program FY 19-21	24,720
776, 803	Senior Companion Program FY 19-22	17,601
794	Retired Senior Volunteer Program 20-23	12,975
807	C.J. Planning Services FY 20-21	3,542
785	Law Enforcement Special Training FY 19-21	3,315
758	9-1-1 Emergency Communications 18-19	51,858
805	9-1-1 Emergency Communications 20-21	154,320
808	Homeland Security Grants Division FY 20-21	1,458
791	Aging and Disability Resource Centers 19-20	34,753
812	Aging and Disability Resource Centers 20-21	9,125
582	Community and Economic Development Assistance Fund	3,406
778, 800	Urban Transportation	397,689
801	Rural Transportation	329,153
789, 790	Transportation for Elderly and Disabled FY 18-19	59,528
019	Economic Adjustment Assistance	1,450,012
-	Other	<u>3,310</u>
	Total grants receivable	<u>\$ 3,401,645</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

Governmental activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 353,099	\$ 436,000	\$	\$ 789,099
Construction in progress	-	8,515		8,515
Total capital assets not being depreciated	353,099	444,515	-	797,614
Capital assets being depreciated:				
Buildings and improvements	4,502,963	1,829,430		6,332,393
Leasehold improvements	75,000			75,000
Equipment and vehicles	4,900,912	1,220,535	(103,912)	6,017,535
Total capital assets being depreciated	9,478,875	3,049,965	(103,912)	12,424,928
Less accumulated depreciation for:				
Buildings and improvements	(746,049)	(136,581)		(882,630)
Leasehold improvements	(75,000)			(75,000)
Equipment and vehicles	(3,377,966)	(836,061)	63,251	(4,150,776)
Total accumulated depreciation	(4,199,015)	(972,642)	63,251	(5,108,406)
Total capital assets being depreciated, net	5,279,860	2,077,323	(40,661)	7,316,522
Governmental activities capital assets, net	\$ 5,632,959	\$ 1,417,157	\$ (40,661)	\$ 8,114,136

Depreciation was charged to functions as follows:

Family and children services	\$ 64,611
Emergency communications	16,311
Emergency management	221,649
Transportation	662,478
General government	7,593
	\$ 972,642

NOTE 5: UNEARNED REVENUE

Unearned revenue at September 30, 2020 is summarized as follows:

Name	Amount
Membership dues FY 18-19	\$ 14,903
9-1-1 Program	73,460
VISTA	97,105
C.J. Regional Law Academy	47,125
C.J. Planning	2,589
HSGD contract	151
Solid waste program	64,009
Area of Aging	3,000
Senior Companion	205
Total unearned revenue	\$ 302,547

NOTE 6: NOTES PAYABLE AND CHANGES IN LONG-TERM OBLIGATIONS

In the governmental activities notes payable at September 30, 2020, are summarized as follows:

Notes Payable

First National Bank of Mertzon Note (2020) A direct borrowing in the amount of \$550,000 issued March 5, 2020 for the Link Road property purchase, payable in one year with principal and interest due March 5, 2021, with an interest rate of 2.00%, secured by a certificate of deposit of \$550,000.	\$ 550,000
First National Bank of Mertzon Note (2020) A direct borrowing in the amount of \$1,250,000 issued March 6, 2020 for the Link Road property purchase, payable in one year with interest due monthly beginning April 2020 and principal balance due March 6, 2021, with an interest rate of 4.25%, secured by the deed to the property.	<u>1,250,000</u>
Total notes payable	<u>\$ 1,800,000</u>

Long-Term Obligation Activity

A summary of long-term liability activity for the year ended September 30, 2020, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Net pension liability	\$ 271,648	\$ -	\$ (271,648)	\$ -	\$ -
Total	<u>\$ 271,648</u>	<u>\$ -</u>	<u>\$ (271,648)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7: COMMITMENTS UNDER NON-CAPITALIZED LEASES

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2020, as follows:

<u>Year Ending September 30,</u>	
2021	\$ 457,061
2022	243,569
2023	3,880
2024	3,234
2025+	-
Total Minimum Rentals	<u>\$ 707,744</u>
Rental Expenditures in 2020	<u>\$ 457,047</u>

NOTE 8: RISK MANAGEMENT AND UNCERTAINTIES

The Council is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020, the Council obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). TMLIRP is a self-funded pool operating as a common risk management and insurance program. The Council pays an annual premium to TMLIRP for insurance coverage. The agreement for the formation of TMLIRP provides that TMLIRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The Council continues to carry commercial insurance of other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and any settled claims have not exceeded coverage in any of the past three fiscal years.

The COVID-19 outbreak in the United States has created economic uncertainties that may impact future operations. The extent of the impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on the Council's grant sources, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Council's financial condition or results of operations is uncertain.

NOTE 9: PENSION PLAN

Retirement Pension Plan

Plan Description

The Council provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available on written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034, or by calling (800) 823-7782. TCDRS's CAFR is also available at www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with ten or more years of services, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after ten years of services but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdrew their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS.

As of the most recent measurement date which was December 31, 2019, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	32
Inactive employees entitled to but not yet receiving benefits	296
Active employees	<u>258</u>
Total participants	<u>586</u>

Funding Policy

The Council elected, effective January 1, 2000, the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employees, members, and employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. However, the governing body chose to contribute at an elected rate in 2000 that exceeded the actuarially determined rate as allowed by the provisions of the TCDRS Act. The rate contributed for 2020 was 11.50%.

The deposit rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer.

Annual Pension Cost

For the employer’s accounting year ended September 30, 2020, the annual pension cost for the TCDRS plan for its employees was \$652,803 and actual contributions were \$652,803.

Net Pension Liability / (Asset)

The net pension liability (NPL) is the difference between the total pension liability (TPL) and the plan’s fiduciary net position. The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The fiduciary net position is determined on the same basis used by the pension plans. The Council’s NPA was measured as of December 31, 2019, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Total pension liability	\$ 10,656,691
Fiduciary net position	<u>11,362,256</u>
Net pension asset	<u><u>(705,565)</u></u>

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of actuarial experience studies. The experience study was for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB Statement No. 68.

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%	
Overall payroll growth	2.00%	
Investment rate of return	8.10%	This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB Statement No. 68

Salary increases were based on a service-related table. Regarding mortality rates, for depositing members - 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 100% of the MP-2014 Ultimate scale after 2014; for service retirees, beneficiaries, and non-depositing members – 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014; for disabled retirees – 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed based on expected long-term real returns and reflecting expected volatility and correlation. The valuation assumption for the long-term expected return is re-assessed at a minimum of every four years and is set based on a thirty-year time horizon. The most recent analysis was performed in 2019. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (expected minus inflation)
U.S. equities	14.50%	5.20%
Private equity	20.00%	8.20%
Global equities	2.50%	5.50%
International equities – developed	7.00%	5.20%
International equities - emerging	7.00%	5.70%
Investment grade bonds	3.00%	-0.20%
Strategic credit	12.00%	3.14%
Direct lending	11.00%	7.16%
Distressed debt	4.00%	6.90%
REIT equities	3.00%	4.50%
Master limited partnerships	2.00%	8.40%
Private real estate partnerships	6.00%	5.50%
Hedge funds	8.00%	2.30%

The discount rate used to measure the total pension liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Schedule of Changes in the Net Pension Liability (Asset)

Changes in the Council's net pension liability (asset) presented below is calculated on the same basis as the plan.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a)-(b)
Balances as of December 31, 2018	\$ 9,351,130	\$ 9,079,482	\$ 271,648
Changes for the year:			
Service cost	744,822		744,822
Interest on total pension liability	804,806		804,806
Effect of economic / demographic gains or losses	82,443		82,443
Refund of contributions	(139,093)	(139,093)	-
Benefit payments	(187,417)	(187,417)	-
Administrative expenses		(8,658)	8,658
Member contributions		416,148	(416,148)
Net investment income		1,490,247	(1,490,247)
Employer contributions		683,673	(683,673)
Other		27,874	(27,874)
Balances as of December 31, 2019	\$ 10,656,691	\$ 11,362,256	\$ (705,565)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension asset of the Council calculated using the discount rate of 8.10% as well as what the Council's net pension asset would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (7.10%)	Current Rate (8.10%)	1% Increase (9.10%)
Total pension liability	\$ 12,204,576	\$ 10,656,691	\$ 9,374,029
Fiduciary net position	11,362,256	11,362,256	11,362,256
Net pension liability (asset)	\$ 842,320	\$ (705,565)	\$ (1,988,227)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the Council recognized total pension benefit of \$772,062.

As of September 30, 2020, the Council reported on the Statement of Net Position deferred outflows of resources related to pensions from the following sources:

Contributions subsequent to measurement date	\$ 644,972
Difference between expected and actual experience	65,955
Change of assumptions	19,835
Difference between projected and actual investment earnings	<u>377,330</u>
Total	<u>\$ 1,108,092</u>

As of September 30, 2020, the Council reported on the Statement of Net Position deferred inflows of resources related to pensions from the following sources:

Difference between expected and actual experience	\$ (202,590)
Difference between projected and actual investment earnings	<u>(501,601)</u>
Total	<u>\$ (704,191)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$644,972 will be recognized as an increase of the net pension asset for the year ending September 30, 2020. Remaining net deferred outflows of resources related to pensions totaling \$463,120 will be recognized in pension expense for the years ending September 30, 2021, 2022, 2023, and 2024 in the amounts of \$53,480, \$201,534, \$191,619, and \$16,487, respectively. Remaining net deferred inflows of resources related to pensions totaling \$704,191 will be recognized in pension income for the years ending September 30, 2021, 2022, 2023, and 2024 in the amounts of \$82,970, \$331,885, \$144,668, and \$144,668, respectively.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Contingencies

The Council participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Council, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Federal and State Grants

In the normal course of operations, the Council receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

The Council's primary source of revenue is in the form of federal and state grants and for the year ended September 30, 2020, these grants represented approximately 83% of total revenue.

Required Supplementary Information

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET)
AND RELATED RATIOS - PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020 *

	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017	Measurement Date 12/31/2016	Measurement Date 12/31/2015	Measurement Date 12/31/2014
Total Pension Liability (Asset):						
Service cost	\$ 744,822	\$ 768,449	\$ 732,566	\$ 775,387	\$ 666,764	\$ 584,835
Interest on total pension liability	804,806	734,827	646,004	555,230	529,438	453,496
Effect of plan changes					(104,945)	
Effect of assumption or plan changes			49,589		93,517	
Effect of economic / demographic (gains) or losses	82,443	(319,710)	(106,837)	(326,593)	(754,257)	1,612
Benefit payments / refunds of contributions	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)	(147,292)
Net change in total pension liability	1,305,561	916,898	1,066,509	786,553	304,318	892,651
Total pension liability, beginning	9,351,130	8,434,232	7,367,723	6,581,170	6,276,852	5,384,201
Total pension liability, ending (a)	10,656,691	9,351,130	8,434,232	7,367,723	6,581,170	6,276,852
Fiduciary Net Position:						
Employer contributions	683,673	546,477	661,060	490,610	494,898	480,495
Member contributions	416,148	332,638	308,495	305,352	292,099	271,671
Investment income net of investment expenses	1,490,247	(153,540)	1,015,037	433,316	(182,116)	288,438
Benefit payments / refunds of contributions	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)	(147,292)
Administrative expenses	(8,658)	(7,293)	(5,725)	(4,711)	(4,040)	(3,781)
Other	27,874	19,079	9,524	69,325	2,296	2,800
Net change in fiduciary net position	2,282,774	470,693	1,733,578	1,076,421	476,938	892,331
Fiduciary net position, beginning	9,079,482	8,608,789	6,875,211	5,798,790	5,321,852	4,429,521
Fiduciary net position, ending (b)	11,362,256	9,079,482	8,608,789	6,875,211	5,798,790	5,321,852
Net pension liability (asset), ending ((a) - (b))	\$ (705,565)	\$ 271,648	\$ (174,557)	\$ 492,512	\$ 782,380	\$ 955,000
Fiduciary net position as a % of total pension liability	106.62%	97.10%	102.07%	93.32%	88.11%	84.79%
Pensionable covered payroll	\$ 5,944,972	\$ 4,751,973	\$ 4,407,065	\$ 4,362,170	\$ 4,172,841	\$ 3,881,021
Net pension liability (asset) as a % of covered payroll	-11.87%	5.72%	-3.96%	11.29%	18.75%	24.61%

* A full 10-year schedule will be displayed as it becomes available

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS - PENSION PLAN
 FOR THE LAST 10 FISCAL YEARS

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll**	Actual Contribution as a % of Covered Payroll
2010	\$ 508,025	\$ 508,025	\$ -	\$ 3,938,182	12.90%
2011	\$ 481,913	\$ 481,913	\$ -	\$ 3,737,934	12.89%
2012	\$ 501,617	\$ 501,617	\$ -	\$ 3,906,698	12.84%
2013	\$ 476,496	\$ 476,496	\$ -	\$ 3,802,846	12.53%
2014	\$ 480,470	\$ 480,495	\$ (25)	\$ 3,881,021	12.38%
2015	\$ 494,898	\$ 494,898	\$ -	\$ 4,172,841	11.86%
2016	\$ 490,610	\$ 490,610	\$ -	\$ 4,362,170	11.25%
2017	\$ 535,899	\$ 661,060	\$ (125,161)	\$ 4,407,065	15.00%
2018	\$ 546,477	\$ 546,477	\$ -	\$ 4,751,973	11.50%
2019	\$ 655,730	\$ 683,673	\$ (27,943)	\$ 5,944,972	11.50%

Notes to Schedule of Contributions:

Valuation date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	1.3 years (based on contribution rate calculated in 12/31/17 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service with a 4.9% average over career including inflation
Investment Rate of Return	8.0%, net of administrative investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Other information	New Annuity Purchase Rates were reflected for benefits earned after 2017.

** Payroll is calculated based on contributions as reported to TCDRS

Other Supplementary Information

CONCHO VALLEY COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES BY GRANT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Homeland Security SHSP	Head Start	Senior Companion
Salaries	\$ 63,443	\$ 3,591,321	\$ 39,010
Fringe benefits	23,929	1,589,417	8,625
Total personnel	87,372	5,180,738	47,635
Indirect costs	6,427	380,725	3,503
Stipend	-	-	136,475
Recognition	3,874	323,292	22,177
Counseling services	-	-	-
Contract services	-	74,241	-
HS policy council	-	2,010	-
HS nutrition service	-	291,369	-
HS parent service	-	10	-
Head Start T & T A	-	72,760	-
Congregate meals	-	-	-
Home delivered meals	-	-	-
Meals	-	-	1,644
Travel	1,636	4,043	11,220
Fuel	-	-	-
Vehicle maintenance	-	-	-
Rent	-	158,850	-
Utilities	-	106,994	-
Building maintenance	23,708	233,292	6,116
Supplies	1,548	190,351	1,249
Copier	15	25,983	117
Insurance	931	9,502	391
Printing / publications / ads	-	3,187	166
Training	-	-	-
Dues and fees	166	11,453	350
Communications	1,831	20,612	-
Postage / freight	7	1,217	311
911 wireless service, network, and equipment maintenance	-	-	-
Project equipment	-	-	-
Passed through to delegate agency	-	-	-
Delegate agency in-kind	-	-	-
In-kind	-	1,319,137	10,762
Other	-	-	2,514
Total Expenditures	\$ 127,515	\$ 8,409,766	\$ 244,630

<u>Foster Grandparent</u>	<u>Criminal Justice Academy</u>	<u>Criminal Justice Planning</u>	<u>Criminal Justice Purchased Service</u>	<u>911 Emergency Communications</u>
\$ 57,823	\$ 65,929	\$ 21,573	\$ 7,528	\$ 343,369
12,792	23,354	8,411	3,132	118,798
<u>70,615</u>	<u>89,283</u>	<u>29,984</u>	<u>10,660</u>	<u>462,167</u>
5,192	6,569	2,206	784	33,994
219,016	-	-	-	-
37,821	7,299	-	-	65,981
-	-	-	21,275	-
-	20,602	-	-	3
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,165	178	-	-	-
19,742	2,594	-	-	10,166
-	941	-	-	-
-	6,770	-	-	-
-	-	-	-	2,187
-	-	-	-	-
9,886	41,954	4,088	-	105,996
2,004	10,229	364	-	11,889
263	75	-	-	-
444	2,537	-	-	-
56	-	-	-	4,328
-	-	-	-	5,114
500	1,783	615	-	286
-	658	-	-	4,708
361	135	-	-	211
-	-	-	-	-
-	-	-	-	1,222,173
-	-	-	-	324,956
-	-	-	-	-
-	-	-	-	-
21,046	-	-	-	-
2,720	-	-	-	9,729
<u>\$ 391,831</u>	<u>\$ 191,607</u>	<u>\$ 37,257</u>	<u>\$ 32,719</u>	<u>\$ 2,263,888</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY GRANT (CONT'D)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Area Agency on Aging</u>	<u>211 Info and Referral</u>	<u>Solid Waste</u>
Salaries	\$ 396,189	\$ 109,862	\$ 24,804
Fringe benefits	160,340	46,654	8,807
Total personnel	<u>556,529</u>	<u>156,516</u>	<u>33,611</u>
Indirect costs	40,928	11,517	2,473
Stipend	-	-	-
Recognition	61,622	10,129	3,837
Counseling services	-	-	-
Contract services	189,870	5,500	-
HS policy council	-	-	-
HS nutrition service	-	-	-
HS parent service	-	-	-
Head Start T & T A	-	-	-
Congregate meals	218,024	-	-
Home delivered meals	578,289	-	-
Meals	249	-	-
Travel	8,872	205	597
Fuel	-	-	-
Vehicle maintenance	-	-	-
Rent	5,160	-	-
Utilities	-	-	-
Building maintenance	68,745	14,721	4,124
Supplies	11,355	2,206	-
Copier	19,463	42	-
Insurance	1,038	-	-
Printing / publications / ads	2,992	733	592
Training	-	-	-
Dues and fees	4,889	1,178	231
Communications	4,909	240	-
Postage / freight	3,274	-	168
911 wireless service, network, and equipment maintenance	-	-	-
Project equipment	-	-	-
Passed through to delegate agency	-	-	-
Delegate agency in-kind	-	-	-
In-kind	85,150	-	-
Other	-	-	-
Total Expenditures	<u>\$ 1,861,358</u>	<u>\$ 202,987</u>	<u>\$ 45,633</u>

<u>CEDAF</u>	<u>Other</u>	<u>Total</u>
\$ 2,220	\$ -	\$ 4,723,071
798	-	2,005,057
<u>3,018</u>	<u>-</u>	<u>6,728,128</u>
223	43,422	537,963
-	-	355,491
-	-	536,032
-	-	21,275
-	-	290,216
-	-	2,010
-	-	291,369
-	-	10
-	-	72,760
-	-	218,024
-	-	578,289
-	-	4,236
-	-	59,075
-	-	941
-	-	6,770
-	-	166,197
-	-	106,994
-	-	512,630
-	-	231,195
-	-	45,958
-	-	14,843
165	-	12,219
-	-	5,114
-	-	21,451
-	-	32,958
-	-	5,684
-	-	-
-	-	1,222,173
-	-	324,956
-	-	-
-	-	-
-	-	1,436,095
-	(143,242)	(128,279)
<u>\$ 3,406</u>	<u>\$ (99,820)</u>	<u>\$ 13,712,777</u>

CONCHO VALLEY TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES BY GRANT
FOR THE YEAR ENDED AUGUST 31, 2020

	761,778	800	762,779	801
	<u>Urban Operating</u>	<u>Urban CARES</u>	<u>Rural Operating</u>	<u>Rural CARES</u>
Salaries	\$ 862,078	\$ 297,249	\$ 478,582	\$ 171,747
Fringe benefits	<u>372,757</u>	<u>129,483</u>	<u>235,829</u>	<u>83,073</u>
Total personnel	<u>1,234,835</u>	<u>426,732</u>	<u>714,411</u>	<u>254,820</u>
Indirect costs	103,967	31,476	60,199	18,781
Audit and legal	12,084	-	9,246	-
Contract services	9,183	-	7,100	-
Uniforms	459	7,479	357	5,876
Human resource service center	32,982	7,756	25,915	6,094
Procurement service center	25,305	5,904	19,882	3,892
Information technology service center	17,441	4,781	13,704	3,756
Pass-Thru	-	-	-	-
Management service fee	59,976	19,992	47,124	15,708
Travel	1,748	-	1,217	-
Fuel	152,200	41,743	101,410	23,370
Lubricant	9,758	3,113	5,731	1,715
Preventative maintenance	217,103	84,906	74,821	37,242
Tires	26,625	5,008	7,429	2,062
Rent	99	-	99	-
Shop and yard space	120,000	-	-	-
Utilities	-	-	-	-
Building maintenance	1,417	303	1,122	238
Supplies	11,778	17,176	7,702	15,252
Capital technology	3,035	18,327	-	14,400
Capital equipment	49,725	-	-	-
Tools	55	900	55	708
Copier	1,384	88	1,155	69
Insurance	47,175	9,272	25,128	5,049
Communications - bus	75,695	2,497	54,296	2,127
Cell phones	1,381	464	3,798	1,055
Internet	-	-	685	222
Printing / ads and promotions	2,090	471	58	570
Publications	53	98	42	77
Repeater rental	-	-	3,495	-
Capital land purchase	-	-	-	-
Capital construction planning	-	-	-	-
Capital building purchase	-	-	-	-
Training	680	-	534	-
Dues and fees	8,402	719	2,051	174
Vehicle registration	211	45	201	3
Postage / freight	1,317	443	1,286	438
Other	1,952	-	1,470	-
Coffee	317	-	249	-
Physicals	1,392	792	783	498
Safety	5,144	2,556	2,310	1,027
Multi-modal terminal operations	40,128	19,452	30,648	15,271
Toll credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,277,096</u>	<u>\$ 712,493</u>	<u>\$ 1,225,713</u>	<u>\$ 430,494</u>

767, 789, 790	777	769, 772, 780	019	010
Elderly & Disabled TXDOT	Reg Planning TXDOT	Bus & Bus Facilities TXDOT	Link Road Facility US Commerce	ICB Program Local
\$ 56,972	\$ 23,175	\$ -	\$ -	\$ 19,249
24,833	9,476	-	-	3,369
<u>81,805</u>	<u>32,651</u>	<u>-</u>	<u>-</u>	<u>22,618</u>
6,346	2,648	-	-	1,974
-	-	-	2,615	-
-	-	-	2,939	-
-	-	-	-	-
-	-	-	-	-
-	-	-	603	-
-	-	-	-	-
-	-	-	-	2,396
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	14,996	-
-	-	-	19,647	-
-	-	25,067	1,309	20
51,506	-	-	-	-
-	-	469,317	-	-
-	-	4,468	-	-
-	-	-	-	-
-	-	-	7,349	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	1,285	-
-	-	-	-	-
-	-	-	-	-
-	-	-	436,000	-
-	-	-	8,515	-
-	-	-	1,804,000	-
-	-	-	-	-
-	-	-	54,927	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	86
-	-	10,572	-	-
26,302	-	94,601	-	-
<u>\$ 165,959</u>	<u>\$ 35,299</u>	<u>\$ 604,025</u>	<u>\$ 2,354,185</u>	<u>\$ 27,094</u>

CONCHO VALLEY TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES BY GRANT (CONT'D)
FOR THE YEAR ENDED AUGUST 31, 2020

	015	018	013	
	Procurement Services <u>Local</u>	Extended Medicaid Trips <u>Local</u>	General	<u>Total</u>
Salaries	\$ 226	\$ 12,648	\$ -	\$ 1,921,926
Fringe benefits	<u>98</u>	<u>3,595</u>	-	<u>862,513</u>
Total personnel	<u>324</u>	<u>16,243</u>	-	<u>2,784,439</u>
Indirect costs	53	1,386	-	226,830
Audit and legal	-	-	-	23,945
Contract services	-	-	-	19,222
Uniforms	-	-	-	14,171
Human resource service center	-	-	-	72,747
Procurement service center	-	-	-	55,586
Information technology service center	-	-	-	39,682
Pass-Thru	-	-	-	2,396
Management service fee	-	-	-	142,800
Travel	-	-	-	2,965
Fuel	-	-	-	318,723
Lubricant	-	-	-	20,317
Preventative maintenance	-	-	-	414,072
Tires	-	-	-	41,124
Rent	-	-	-	198
Shop and yard space	-	-	-	120,000
Utilities	-	-	-	14,996
Building maintenance	-	-	-	22,727
Supplies	-	-	-	78,304
Capital technology	-	-	-	87,268
Capital equipment	-	-	-	519,042
Tools	-	-	-	6,186
Copier	-	-	-	2,696
Insurance	-	-	-	93,973
Communications - bus	-	-	-	134,615
Cell phones	-	-	-	6,698
Internet	-	-	-	907
Printing / ads and promotions	-	-	-	4,474
Publications	-	-	-	270
Repeater rental	-	-	-	3,495
Capital land purchase	-	-	-	436,000
Capital construction planning	-	-	-	8,515
Capital building purchase	-	-	-	1,804,000
Training	-	-	-	1,214
Dues and fees	-	-	-	66,273
Vehicle registration	-	-	-	460
Postage / freight	-	-	-	3,484
Other	-	-	-	3,422
Coffee	-	-	-	566
Physicals	-	-	-	3,465
Safety	-	-	-	11,123
Multi-modal terminal operations	-	-	51,349	167,420
Toll credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,903</u>
Total Expenditures	<u>\$ 377</u>	<u>\$ 17,629</u>	<u>\$ 51,349</u>	<u>\$ 7,901,713</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Salaries	\$ 369,845	\$ 360,758	\$ 9,087
Fringe benefits	135,071	122,940	12,131
Subtotal indirect payroll costs	<u>504,916</u>	<u>483,698</u>	<u>21,218</u>
Audit and legal	38,000	34,575	3,425
Contract services	-	897	(897)
Human Resources Cost Allocation	7,535	6,303	1,232
Procurement Cost Allocation	5,540	15,638	(10,098)
Travel-in region	10,776	5,061	5,715
Travel-out of region	10,365	2,659	7,706
Facility cost allocation	39,415	46,242	(6,827)
Supplies	8,600	25,065	(16,465)
Network cost allocation	21,445	10,971	10,474
Copier	(8,588)	(21,438)	12,850
Printing	2,316	992	1,324
Ads and promotions	-	90	(90)
Publications	2,186	790	1,396
Training	13,100	361	12,739
Dues and fees	15,256	23,275	(8,019)
Postage/freight	14,097	12,363	1,734
Subtotal other indirect costs	<u>180,043</u>	<u>163,844</u>	<u>16,199</u>
Total indirect costs	<u>684,959</u>	<u>647,542</u>	<u>37,417</u>
Less: Prior period over allocation of indirect costs	<u>-</u>	<u>(6,855)</u>	
Less: Current year under recovery of indirect costs	<u>-</u>	<u>112,795</u>	
Net indirect costs recovered in 2020	<u>684,959</u>	<u>753,482</u>	

CALCULATION OF INDIRECT COST RATE

Total salaries (less salaries billed to Fringe)	7,489,672	7,527,153
Net fringe benefits direct billed	3,474,554	3,204,728
Less: indirect personnel costs	<u>(504,916)</u>	<u>(483,698)</u>
Total program personnel costs	<u>\$ 10,459,310</u>	<u>\$ 10,248,183</u>
Actual net indirect costs / total program personnel costs	<u>6.55%</u>	<u>6.32%</u>
Net indirect costs recovered / total program personnel	<u>6.55%</u>	<u>7.35%</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Direct salaries	\$ 4,408,094	\$ 3,768,452	\$ 639,642
Indirect salaries	366,593	360,758	5,835
 Total salaries	 <u>4,774,687</u>	 <u>4,129,210</u>	 <u>645,477</u>
 Payroll taxes associated with release time	 3,116	 3,088	 28
Retirement contributions associated with release time	24,330	20,539	3,791
Employee life, disability, health premiums associated with release time	51,456	35,743	15,713
Worker's compensation associated with release time	3,520	2,887	633
Release time	<u>211,570</u>	<u>178,523</u>	<u>33,047</u>
 Total release time fringe	 <u>293,992</u>	 <u>240,780</u>	 <u>\$ 53,212</u>
 Less: Prior period over recovery of fringe benefits		 (6,353)	
Plus: November 2019 prior period employee insurance adjustment		49,581	
Plus: Current year over recovery of Release Time fringe		<u>19,506</u>	
 Net release time fringe recovered in 2020	 <u>\$ 293,992</u>	 <u>\$ 303,514</u>	

CALCULATION OF RELEASE TIME FRINGE BENEFIT RATE

Total fringe benefits/total salaries	<u>6.16%</u>	<u>5.83%</u>
Net fringe benefits recovered in 2020/total salaries	<u>6.16%</u>	<u>7.35%</u>

**Federal/State Awards Section
as Supplementary Information**

March 2, 2021

Independent Auditors' Report

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*

Executive Committee
Concho Valley Council of Governments
2801 W. Loop 306, Suite A
San Angelo, Texas 76904

Members of the Executive Committee:

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, the major funds, and the discretely presented component unit of Concho Valley Council of Governments as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Concho Valley Council of Governments' basic financial statements, and have issued our report thereon dated March 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Concho Valley Council of Governments' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Concho Valley Council of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Concho Valley Council of Government's internal control over financial reporting.

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.

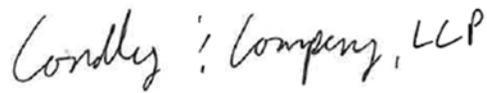
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Concho Valley Council of Governments' financial statements are free of 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 determination of financial statement amounts. 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*.

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.

A handwritten signature in black ink that reads "Condley & Company, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

March 2, 2021

Independent Auditors' Report

Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular

Executive Committee
Concho Valley Council of Governments
2801 W. Loop 306, Suite A
San Angelo, Texas 76904

Members of the Executive Committee:

Report on Compliance for Each Major Federal Program

We have audited Concho Valley Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Council's major federal and state programs for the year ended September 30, 2020. The Council's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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); and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance, and Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Concho Valley Council of Governments' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Concho Valley Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Concho Valley Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance, and the State of Texas Single Audit Circular but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Concho Valley Council of Governments' 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or state 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Condley & Company, LLP

Certified Public Accountants

CONCHO VALLEY COUNCIL OF GOVERNMENTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

A. Summary of Auditors' Results

1. Financial Statements

Type of auditor's report issued? Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One of more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal/State Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507, 20.526	Federal Transit Cluster
20.509	Formula Grants for Rural Areas
11.307	Economic Development Cluster
n/a – State	Commission on State Emergency Communications – 9-1-1

Dollar threshold used to distinguish between type A and type B programs: \$750,000 (Federal)
\$300,000 (State)

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

None

C. Federal/State Award Findings and Questioned Costs

None

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Findings/Recommendations	Current Status	Management's Explanation If Not Implemented
None		

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>EXPENDITURES OF FEDERAL AWARDS</u>				
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Texas Department of Agriculture</i>				
793 Child Food Service Program	10.558	75-Q2020	\$ _____	\$ 343,504
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	343,504
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed through Texas Department of Agriculture</i>				
582 Community and Economic Development Assistance Fund	14.218	C717204	_____	3,406
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	3,406
<u>U. S. DEPARTMENT OF COMMERCE</u>				
<i>Passed through the Economic Development Administration</i>				
<i>Economic Development Cluster</i>				
019 Economic Adjustment Assistance-Title II, Section 209	11.307	EDA 08-79-05344	_____	1,443,200
<i>Economic Development Cluster Total</i>				1,443,200
Economic Development District Planning for Regional Services	11.302	ED18AUS3020017	_____	70,000
TOTAL U.S. DEPARTMENT OF COMMERCE			-	1,513,200
<u>U. S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through the Office of the Governor - Criminal Justice Division</i>				
787 Criminal Justice Juvenile Justice Purchase of Service	16.523	1484319	_____	32,719
TOTAL U.S. DEPARTMENT OF JUSTICE			-	32,719
<u>U. S. DEPARTMENT OF TRANSPORTATION (1)</u>				
<i>Federal Transit Administration:</i>				
<i>Federal Transit Cluster</i>				
<i>Direct Program</i>				
761 Section 5307 Urban Transportation	20.507	TX-2018-068-00 Y259		104,130
737/761/778 Section 5307 Urban Transportation	20.507	TX-90-Y221-00		29,242
778 Section 5307 Urban Transportation	20.507	TX-2019-109-00Y318		1,100,954
656/711/737/778 Section 5307 Urban Transportation	20.507	TX-90-Y123-00		2,210
800 Section 5307 Urban Transportation	20.507	TX-2020-096-00Y364 CARES		709,282
<i>Passed through the Office of the Governor.</i>				
769 Section 5339 Bus and Bus Facilities	20.526	51003020719		31,696
780 Section 5339 Bus and Bus Facilities	20.526	51003020719		43,306
772 Section 5339 Bus and Bus Facilities	20.526	51003F20719		398,000
<i>Federal Transit Cluster Total</i>				2,418,820
<i>Passed through the Office of the Governor.</i>				
<i>Texas Department of Transportation</i>				
762/779 Section 5311 Rural Transportation RPT 1902(07)39-19	20.509	51018020719		556,843
801 Section 5311 Rural Transportation - CARES	20.509	51018020720		430,489
789/790 Disabled ED 1907(07)059_18	20.513	51016070719		131,506
Section 5310 Transp. For Elderly and Disabled ED 1904(07)074_19	20.513	51016040719		140,633
Section 5310 Transp. For Elderly and Disabled 2017-2021-CVEDD-123	20.513	ED 1803(07)054_17		44,845
777 Section 5304 State Planning and Research	20.505	51R08010719	_____	35,000
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	3,758,136
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Texas Health and Human Services Commission</i>				
792 Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	539-16-00028-00001		2,001

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
792 Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care Ombudsman Services for Older Individuals	93.042	539-16-00028-00001		12,074
792 Special Programs for the Aging-Title III, Part D- Disease Prevention and Health Promotion Services	93.043	539-16-00028-00001		4,405
<u>Aging Cluster</u>				
792 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	93.044	539-16-00028-00001		330,712
792 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers - CARES Act	93.044	539-16-00028-00001		15,000
792 Special Programs for the Aging-Title III, Part C- Nutrition Services	93.045	539-16-00028-00001		452,846
792 Special Programs for the Aging-Title III, Part C- Nutrition Services - CARES Act	93.045	539-16-00028-00001		72,488
766 Nutrition Services Incentive Program	93.053	539-16-00028-00001		67,251
<u>Aging Cluster Total</u>				
776 CMS Access and Assistance Coord.	93.324	539-16-00028-00001		938,297
792 CMS Access and Assistance Coord.	93.324	539-16-00028-00001		52,476
792 Medicare Enrollment Assistance Program MIPPA	93.071	539-16-00028-00001		12,842
792 Title III - E	93.052	539-16-00028-00001		13,018
792 Title III - E	93.052	539-16-00028-00001		105,699
<u>Passed Through Texas Health and Human Services Commission</u>				
811 2-1-1 Operations	93.767	529-16-0006-00004G		2,014
811 2-1-1 Operations	10.561	529-16-0006-00004G		2,015
811 2-1-1 Operations	93.778	529-16-0006-00004G		2,015
811 2-1-1 Operations	93.558	529-16-0006-00004G		2,015
788 2-1-1 Operations	93.767	529-16-0006-00004H		23,327
788 2-1-1 Operations	10.561	529-16-0006-00004H		23,327
788 2-1-1 Operations	93.778	529-16-0006-00004H		23,327
788 2-1-1 Operations	93.558	529-16-0006-00004H		23,327
788 2-1-1 Child Care Contract	93.575	529-16-0006-00004H		4,365
811 2-1-1 Child Care Contract	93.575	529-16-0006-00004I		268
791 Aging and Disability Resource Centers (ADRC)	93.791	HHS000270200007		32,072
791 Aging and Disability Resource Centers (ADRC)	93.071	HHS000270200007		8,768
812 Aging and Disability Resource Centers (ADRC)	93.791	HHS000270200007		3,078
812 Aging and Disability Resource Centers (ADRC)	93.071	HHS000270200007		223
<u>Direct Program</u>				
798 Head Start - Administration for Children and Families	93.600	06CH010970-02-02		2,016,542
799 Head Start - Administration for Children and Families	93.600	06CH010970-02-01		358,390
774 Head Start - Administration for Children and Families	93.600	06CH010970-01		4,368,522
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	8,034,407
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>				
<u>Passed through the Office of the Governor - Criminal Justice Division</u>				
784 State Homeland Security Program (SHSP)	97.067	2952905		110,757
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	110,757
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
<u>Direct Program</u>				
<u>Foster Grandparent/Senior Companion Cluster</u>				
775 Foster Grandparent Program	94.011	19SFWTX002		365,785
755 Foster Grandparent Program	94.011	16SFWTX005		-
795 Foster Grandparent Program	94.011	20SFWTX001		5,000
794 Retired Senior Volunteer Program (RSVP)	94.002	20SRWTX024		79,682
756 Senior Companion Program	94.016	16SCWTX004		-
796 Senior Companion Program	94.016	20SCWTX002		6,475
776/803 Senior Companion Program	94.016	19SCWTX001		227,394
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			-	684,336
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 14,480,465

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>EXPENDITURES OF STATE AWARDS</u>				
<u>OFFICE OF THE GOVERNOR OF TEXAS</u>				
<i><u>Passed Through the Criminal Justice Division</u></i>				
807 Criminal Justice Planning	N/A	21-00089	\$	\$ 953
786 Criminal Justice Planning	N/A	30001920		36,304
785 Law Enforcement Special Training	N/A	1480416		58,110
<i><u>Passed Through the Homeland Security Division</u></i>				
808 Homeland Security Program	N/A	21-00089		1,308
783 Homeland Security Program	N/A	30001920		15,451
TOTAL OFFICE OF THE GOVERNOR OF TEXAS			-	112,126
<u>TEXAS DEPARTMENT OF TRANSPORTATION (1)</u>				
779 Rural Transportation RUR 1902(07)	N/A	51218020720		474,627
761/778 Urban Transportation URB 1901(07)	N/A	51309010719		15,028
778 Urban Transportation URB 1801(07)	N/A	51309010720		333,901
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			-	823,556
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>				
781 Solid Waste Coordination	N/A	582-20-10209		45,633
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			-	45,633
<u>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</u>				
805 Emergency Communications	N/A	FY 2021		154,320
782 Emergency Communications	N/A	FY 2020		1,642,424
758 Emergency Communications	N/A	FY 2019		467,144
TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS			-	2,263,888
<u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u>				
811 2-1-1 Operations	N/A	529-16-0006-00004I		7,705
788 2-1-1 Operations	N/A	529-16-0006-00004-H		89,250
791 Aging and Disability Resource Centers	N/A	HHS000270200007		112,486
812 Aging and Disability Resource Centers	N/A	HHS000270200007		5,824
792 Department of Aging and Disability	N/A	539-16-00028-00001		103,148
TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION			-	318,413
TOTAL EXPENDITURES OF STATE AWARDS			\$ -	\$ 3,563,616

(1) Federal and state expenditures of blended component unit CVTD
See notes to the schedule of expenditures of federal/state awards.

CONCHO VALLEY COUNCIL OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal/state awards includes the federal/state award activity of Concho Valley Council of Governments under programs of the federal/state government for the year ended September 30, 2020, and the Concho Valley Transit District, a blended component unit of the Council, for the year ended August 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; and the State of Texas Single Audit Circular. Because the Schedule presents only a selected portion of the operations of Concho Valley Council of Governments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Concho Valley Council of Governments.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

Since the Council has an approved Indirect Recovery Rate, it has elected not to use the 10% de minimis cost rate as permitted in the UG, Section 200.414.