



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

ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2023

CONCHO VALLEY COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2023

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Financial Section

March 8, 2024

Executive Committee
Concho Valley Council of Governments
5430 Link Rd.
San Angelo, Texas 76904

Independent Auditor's Report on Financial Statements

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major funds, and the discretely presented component unit of Concho Valley Council of Governments (the "Council") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the Concho Valley Council of Governments as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios - Pension Plan, and Schedule of Contributions - Pension Plan 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted to form 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and Schedule of Expenditures of Federal/State Awards is fairly stated, in all material respects, concerning 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 8, 2024, 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 the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Concho Valley Council of Government's internal control over financial reporting and compliance.

Condly and Company, L.L.P.

Certified Public Accountants

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

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, 2023.

FINANCIAL HIGHLIGHTS

- The Council's net position was \$13,493,354 and \$12,737,214 at September 30, 2023 and 2022, respectively.
- The Council's revenues totaled \$26,419,259 and \$22,003,893 for the years ended September 30, 2023 and 2022, respectively. Expenses totaled \$25,663,119 and \$20,858,603 for the years ended September 30, 2023 and 2022, respectively. Net position increased by \$756,140 and \$1,145,290 for the years ended September 30, 2023 and 2022, 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 presents 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, schedule of changes in net pension liability (asset), and schedule of contributions for the Council's pension plan. *Other supplementary information* includes the schedule of expenditures of federal/state awards, 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources, 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 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 \$13,493,354 and \$12,737,214 at September 30, 2023 and 2022, respectively.

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

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets	\$ 5,565,459	\$ 5,055,271
Net pension asset	548,187	2,512,853
Capital assets, net	<u>9,746,343</u>	<u>9,340,690</u>
Total assets	<u>\$ 15,859,989</u>	<u>\$ 16,908,814</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions	<u>\$ 2,410,382</u>	<u>\$ 1,094,578</u>
Total deferred outflows of resources	<u>\$ 2,410,382</u>	<u>\$ 1,094,578</u>
Liabilities:		
Current liabilities	\$ 3,598,884	\$ 3,438,643
Noncurrent liabilities	<u>88,187</u>	<u>174,418</u>
Total liabilities	<u>\$ 3,687,071</u>	<u>\$ 3,613,061</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions	<u>\$ 1,089,946</u>	<u>\$ 1,653,117</u>
Total deferred inflows of resources	<u>\$ 1,089,946</u>	<u>\$ 1,653,117</u>
Net position:		
Net investment in capital assets	\$ 9,486,821	\$ 8,982,218
Restricted for federal and state programs	23,850	23,850
Unrestricted	<u>3,982,683</u>	<u>3,731,146</u>
Total net position	<u>\$ 13,493,354</u>	<u>\$ 12,737,214</u>

Current assets increased from 2022 to 2023 primarily due to the timing of receivables. As of September 30, 2023, there was a decrease in the net pension asset as compared to September 30, 2022. Liabilities increased due to the timing of payables.

OPERATING RESULTS AND CHANGES IN THE COUNCIL'S NET POSITION

The Council's total revenues were \$26,419,259 for the year ended September 30, 2023. In the 2023 fiscal year, approximately 59% of the Council's revenue came from federal grants or federal grants passed through the state, 20% from state grants, 8% from matching and in-kind, 1% from a variety of local funds, 3% from member government contributions, 6% from transit medical, charter, aging and toll credits and the remainder 3% is from other miscellaneous sources.

Changes in Net Position

	2023	2022
Revenues:		
Federal grants	\$ 15,660,163	\$ 13,321,984
State grants	5,275,635	4,137,874
Matching / in-kind	2,203,301	1,768,507
Local funds:		
Member government contributions	818,477	845,258
Facility management allocation	428,132	266,606
Program income	290,595	234,904
Transit charter	26,076	18,409
Transit medical	556,304	494,260
Local contracts	168,046	256,469
Aging vendor	375,997	188,437
Membership dues	139,662	108,072
Toll credits	277,965	30,327
Other local revenues	188,937	330,179
Interest and miscellaneous	9,969	2,607
Sale of assets	-	-
Total revenues	<u>26,419,259</u>	<u>22,003,893</u>
Expenses:		
General government	305,572	156,894
Family and children services	9,649,363	8,692,363
Aging services	3,058,438	2,374,627
Emergency communications	3,747,420	2,592,563
Emergency management	235,996	76,875
Criminal justice	246,219	288,056
Community and environmental	174,151	70,705
Information and referral	197,090	189,707
Economic development	16,668	173,684
Transportation	8,032,202	6,243,129
Total expenses	<u>25,663,119</u>	<u>20,858,603</u>
Increase in net position	756,140	1,145,290
Net position at beginning of year	<u>12,737,214</u>	<u>11,591,924</u>
Net position end of year	<u>\$ 13,493,354</u>	<u>\$ 12,737,214</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, 2023 and 2022, the Council had \$9,486,821 and \$8,982,218 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 year ended September 30, 2023, the Council of Governments implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and recorded SBITA payables totaling \$85,104. See Note 6 to the financial statements for additional information regarding leases 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 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 at 5430 Link Road, San Angelo, Texas 76904 or 325-944-9666.

Basic Financial Statements

CONCHO VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Concho Valley Economic Development District, Inc.</u>
ASSETS		
Cash	\$ 2,332,308	\$ 450,052
Receivables:		
Grants	2,856,524	74,121
Other	373,128	10,492
Notes receivable - current		191,098
Prepaid expenses	3,499	
Notes receivable		111,810
Net pension asset	548,187	
Capital assets:		
Land	749,099	
Leasehold improvements	145,077	
Buildings and improvements	8,210,624	
Equipment and vehicles	6,646,812	
Right of use assets - leases	902,398	
Right of use assets - SBITAs	112,109	
Less: accumulated depreciation	<u>(7,019,776)</u>	
Total Assets	<u>15,859,989</u>	<u>837,573</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	<u>2,410,382</u>	
Total Deferred Outflows of Resources	<u>2,410,382</u>	<u>-</u>
LIABILITIES		
Accounts payable	2,307,145	25,616
Payroll payable	533,583	
Unearned revenue	327,303	460,968
Accrued liabilities	575	
Due to other local organizations	93,808	
Compensated absences	165,135	
Leases payable - due within one year	143,922	
SBITAs payable - due within one year	27,413	
Leases payable - due in more than one year	30,496	
SBITAs payable - due in more than one year	<u>57,691</u>	
Total Liabilities	<u>3,687,071</u>	<u>486,584</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>1,089,946</u>	
Total Deferred Outflows of Resources	<u>1,089,946</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	9,486,821	
Restricted for federal and state programs	23,850	460,968
Unrestricted	<u>3,982,683</u>	<u>333,859</u>
Total Net Position	<u>\$ 13,493,354</u>	<u>\$ 794,827</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, 2023

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Program Revenues		Net (Expense) Revenues and Changes in Net Position	
				Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
						Governmental Activities	Concho Valley Economic Development District, Inc.
GOVERNMENTAL ACTIVITIES							
General government	\$ 250,029	\$ 51,743	\$ 301,772	\$	\$ 179,491	\$ (122,281)	\$
Family and children services	9,331,963	321,200	9,653,163		9,689,815	36,652	
Aging services	3,008,591	49,847	3,058,438	111,529	2,897,048	(49,861)	
Emergency communications	3,716,243	31,177	3,747,420		3,738,764	(8,656)	
Emergency management	229,526	6,470	235,996		146,099	(89,897)	
Criminal justice	237,287	8,932	246,219	37,443	162,858	(45,918)	
Community and environmental	171,438	2,713	174,151		173,174	(977)	
Information and referral	189,994	7,096	197,090		188,816	(8,274)	
Economic development	16,668		16,668			(16,668)	
Transportation	8,032,202		8,032,202	1,100,000	7,844,591	912,389	
Indirect costs	479,178	(479,178)	-			-	
Total Governmental Activities	<u>25,663,119</u>	<u>-</u>	<u>25,663,119</u>	<u>1,248,972</u>	<u>25,020,656</u>	<u>606,509</u>	<u>-</u>
COMPONENT UNIT							
Concho Valley Economic Development District, Inc.	<u>533,055</u>		<u>533,055</u>	<u>48,013</u>	<u>437,564</u>		<u>(47,478)</u>
Total Component Unit	<u>533,055</u>	<u>-</u>	<u>533,055</u>	<u>48,013</u>	<u>437,564</u>	<u>-</u>	<u>(47,478)</u>
General Revenues:							
Membership dues						139,662	
Unrestricted investment earnings						9,969	
Total General Revenues						<u>149,631</u>	<u>-</u>
Change in Net Position						756,140	(47,478)
Net Position - Beginning						<u>12,737,214</u>	<u>842,305</u>
Net Position - Ending						<u>\$ 13,493,354</u>	<u>\$ 794,827</u>

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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 1,189,765	\$ 1,142,543	\$ 2,332,308
Receivables:			
Grants	2,137,172	719,352	2,856,524
Other	328,446	44,682	373,128
Prepaid expenses	<u>3,499</u>	<u> </u>	<u>3,499</u>
 Total Assets	 <u>\$ 3,658,882</u>	 <u>\$ 1,906,577</u>	 <u>\$ 5,565,459</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,697,737	\$ 609,408	\$ 2,307,145
Payroll payable	533,583		533,583
Unearned revenue	327,303		327,303
Accrued liabilities		575	575
Due to other local organizations	<u>93,808</u>	<u> </u>	<u>93,808</u>
 Total Liabilities	 <u>2,652,431</u>	 <u>609,983</u>	 <u>3,262,414</u>
Fund Balance:			
Nonspendable fund balance	3,499		3,499
Restricted fund balance for:			
Federal and state programs	23,850		23,850
Assigned fund balance for:			
Aging services	31,979		31,979
Emergency management	26,137		26,137
Criminal justice	304,685		304,685
Community and environmental	74,501		74,501
Information referral	34,630		34,630
Transportation		1,296,594	1,296,594
Unassigned fund balance	<u>507,170</u>	<u> </u>	<u>507,170</u>
 Total Fund Balance	 <u>1,006,451</u>	 <u>1,296,594</u>	 <u>2,303,045</u>
 Total Liabilities and Fund Balance	 <u>\$ 3,658,882</u>	 <u>\$ 1,906,577</u>	 <u>\$ 5,565,459</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, 2023*

Total fund balances - governmental funds balance sheet	\$ 2,303,045
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.	2,410,382
Capital assets used in governmental activities are not reported in the funds.	9,746,343
Net pension asset is not reported in the funds.	548,187
Liabilities for leases are not reported in the funds.	(174,418)
Liabilities for SBITAs are not reported in the funds.	(85,104)
Liabilities for compensated absences are not reported in the funds.	(165,135)
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(1,089,946)</u>
Net position of governmental activities - Statement of Net Position	<u><u>\$ 13,493,354</u></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, 2023

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
Revenues			
Federal grants	\$ 10,371,030	\$ 5,289,133	\$ 15,660,163
State grants	4,412,797	862,838	5,275,635
Local funds:			
Member government contributions		818,477	818,477
Facility management allocation		428,132	428,132
Program income	148,972	141,623	290,595
Transit charter		26,076	26,076
Transit medical		556,304	556,304
Local contracts		168,046	168,046
Aging vendor		375,997	375,997
Membership dues	139,662		139,662
Toll credits		277,965	277,965
Other local revenues	188,937		188,937
Interest income	9,969		9,969
	<u>15,271,367</u>	<u>8,944,591</u>	<u>24,215,958</u>
Expenditures			
General government	291,652		291,652
Family and children services	9,689,815		9,689,815
Aging services	3,050,033		3,050,033
Emergency communications	3,737,038		3,737,038
Emergency management	144,082		144,082
Criminal justice	259,750		259,750
Community and environmental	173,174		173,174
Information and referral	196,559		196,559
Transportation		8,554,117	8,554,117
	<u>17,542,103</u>	<u>8,554,117</u>	<u>26,096,220</u>
Excell (Deficit) of revenues over expenditures	(2,270,736)	390,474	(1,880,262)
Other Sources			
Match / in-kind	2,203,301		2,203,301
	<u>2,203,301</u>	<u>-</u>	<u>2,203,301</u>
Excess (Deficit) of revenues and other sources over expenditures	<u>(67,435)</u>	<u>390,474</u>	<u>323,039</u>
Fund balances, October 1	<u>1,073,886</u>	<u>906,120</u>	<u>1,980,006</u>
Fund balances, September 30	<u>\$ 1,006,451</u>	<u>\$ 1,296,594</u>	<u>\$ 2,303,045</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, 2023*

Net change in fund balances - total governmental funds	\$	323,039
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures, but are reported as increases in capital assets in governmental activities.		1,301,638
Governmental funds report lease payments as expenditures, but lease payments are shown as decreases in lease liabilities and decreases in capital assets in governmental activities.		(893)
Depreciation is not recognized as an expense in governmental funds since it does not require use of current financial resources.		(796,142)
Change in compensated absences is not recognized in the governmental funds since it does not require use of current financial resources.		14,189
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.		<u>(85,691)</u>
Change in net position of governmental activities - Statement of Activities	\$	<u><u>756,140</u></u>

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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Concho Valley Council of Governments (the Council or CVCOG) have been prepared in conformity with the accounting principles applicable to governmental units that 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 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 Council of Governments.

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.

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

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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
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SEPTEMBER 30, 2023

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, 2023. This disparity in a 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 the activity of both the Council and CVTD as of and for the period ending September 30, 2023 and August 31, 2023, 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 for the unemployed and underemployed through the 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, 2023. 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.

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 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 an 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,

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 the legal requirements of the individual grants. The amounts of such services are recorded at their estimated fair values at the 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 were 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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 \$302,908 at June 30, 2023, 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 rates ranging from 4% to 6%. 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, 2023. If amounts become uncollectible, they will be charged to operations when that determination is made. The notes mature in fiscal years 2024, 2025, 2026, and 2027 and beyond in the amounts of \$191,098, \$58,645, \$44,904, and \$8,261, 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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

Right-of-use assets resulting from public-private and/or public-public partnership (PPP) arrangements that qualify as leases are amortized over the shorter of the lease term or the useful life of the underlying asset.

Right-of-use subscription assets resulting from qualifying subscription-based information technology arrangements (SBITAs) are amortized over the subscription term.

f. Receivable and Unearned Revenue Balances

Grants receivable represents allowable expenditures above receipts for specific grants. Unearned revenue represents receipts above 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 \$2,410,382 as of September 30, 2023.

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 \$1,089,946 as of September 30, 2023.

h. Notes Payable / Debt / Leases

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 are reported as expenditures.

The Council recognizes a lease and/or a subscription-based information technology arrangement (SBITA) liability and a corresponding right-of-use asset at the commencement date of a lease/SBITA. The lease/SBITA liability is initially measured at the present value of the remaining payments that are not paid at the commencement date. If an implicit interest rate can readily be determined for a

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

lease/SBITA contract, this rate is used to discount the future payments. If this rate is not available, the Council uses the 3-month treasury bill rate as the discount rate.

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 a committed fund balance as of September 30, 2023. Restricted fund balance totaling \$23,850 is restricted for federal and state programs. The Council also has \$3,499 in nonspendable fund balance relating to prepaid items and \$1,768,526 in assigned fund balance relating to various programs.

Fund balance categories applicable to 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 is restricted first followed by assigned and 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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 \$23,850 is restricted for federal and state programs. Restricted net position for the District totaling \$460,968 is restricted for revolving loan fund 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 before 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 the 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 and may be paid instead 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 that 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 8, 2024, the day the financial statements were available to be issued.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

o. Recent Accounting Pronouncements

ADOPTED

In May 2021, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Council adopted this statement during the year ended September 30, 2023. An implementation adjustment to net position was not considered necessary due to the immaterial amount of the adjustment.

NOT ADOPTED

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements and accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Council is evaluating the impact, if any, upon its financial position and results of operations upon adoption of this statement.

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, the presentation of budget comparisons is 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) the 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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2: DEPOSITS AND INVESTMENTS

Cash Deposits

At September 30, 2023, the carrying amount of the Councils 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 \$2,332,308 and the bank balance was \$2,495,465. The Council's cash deposits at September 30, 2023, and during the year ended September 30, 2023, 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 daily 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 limit investments in public funds investment pools to those rated no lower than AAA 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 schedule, and financial institutions to reduce the 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, the 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 that guarantees a higher value. The term "short-term" refers to investments that have a remaining term of one year or less at the 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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3: DISAGGREGATION OF RECEIVABLES AND PAYABLES

Grants receivable at September 30, 2023, is summarized as follows:

Grant Number	Name	Amount
H04	Child Food Service Program FY 21-22	\$ 63,350
582	Community and Economic Development Assistance 21-22	8,746
J02	C.J. Purchase of Services FY 22-23	1,001
V02	VAWA Training Project 22-23	2,153
X01	Homeland Security Program – SHSP FY 21-22	15,736
A01/A02	Area Agency on Aging FY 20-21	349,401
T03	2-1-1 Operations	10,747
T02	2-1-1 Operations	51,614
T02	2-1-1 COVID-19	195
D02/D03	Aging and Disability Resource Centers 22-24	62,148
829/H03	Head Start FY 21-23	346,404
F05	Foster Grandparent Program FY 23-24	42,746
S06	Senior Companion Program FY 23-24	7,622
G04	Retired Senior Volunteer Program FY 20-23	11,711
C04/C07	C.J. Planning Services FY 22-23	6,595
027	AmeriCorps VISTA 22-22	3,766
Z03	9-1-1 Emergency Communications 22-23	316,858
Z04	9-1-1 Emergency Communications 23-24	210,759
Z02	9-1-1 Emergency Communications 23-24 ARP	617,193
X04/X09	Homeland Security Grants Division FY 22-23	2,343
W02	Solid Waste FY 23-24	4,912
U03/U04	Urban Transportation	198,837
R03/R04	Rural Transportation	503,035
P02	Regional Planning FY 22-23	5,056
M03/M04	Transportation for Elderly and Disabled FY 22-23	12,424
-	Other	1,172
	Total grants receivable	\$ <u>2,856,524</u>

Other receivables include amounts due from Concho Valley Transit District totaling \$322,859 with the remaining balance representing miscellaneous receivables.

Accounts payable include amounts due to Concho Valley Council of Governments totaling \$25,616 with the remaining balance representing trade payables.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

<u>Governmental activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 749,099	\$	\$	\$ 749,099
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>749,099</u>	<u>-</u>	<u>-</u>	<u>749,099</u>
Capital assets being depreciated:				
Buildings and improvements	8,109,766	100,858		8,210,624
Leasehold improvements	85,952	59,125		145,077
Equipment and vehicles	5,505,157	1,183,486	(41,831)	6,646,812
Right of use assets – leases	902,398			902,398
Right of use assets – SBITAs	-	112,109		112,109
Total capital assets being depreciated	<u>14,603,273</u>	<u>1,455,578</u>	<u>(41,831)</u>	<u>16,017,020</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,253,932)	(210,364)		(1,464,296)
Leasehold improvements	(13,290)	(35,320)		(48,610)
Equipment and vehicles	(4,199,431)	(550,458)	4,454	(4,745,435)
Right of use assets – leases	(545,029)	(188,570)		(733,599)
Right of use assets – SBITAs	-	(27,836)		(27,836)
Total accumulated depreciation	<u>(6,011,682)</u>	<u>(1,012,548)</u>	<u>4,454</u>	<u>(7,019,776)</u>
Total capital assets being depreciated, net	<u>8,591,591</u>	<u>443,030</u>	<u>(37,377)</u>	<u>8,997,244</u>
Governmental activities capital assets, net	<u>\$ 9,340,690</u>	<u>\$ 443,030</u>	<u>\$ (37,377)</u>	<u>\$ 9,746,343</u>

Depreciation was charged to functions as follows:

Family and children services	\$ 190,548
Emergency management	91,528
Criminal justice	4,482
Economic development	16,668
Transportation	647,516
General government	61,806
	<u>\$ 1,012,548</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5: UNEARNED REVENUE

Unearned revenue at September 30, 2023, is summarized as follows:

Name	Amount
9-1-1 Program	\$ 1,176
VISTA	92,882
C.J. Regional Law Academy	22,596
Head Start	28,527
Retired Senior Volunteer Program	100
Area of Aging	5,000
Regional Broadband Initiative	177,022
Total unearned revenue	<u>\$ 327,303</u>

Unearned revenue for the District relates to revolving loan fund grants that have not been funded to grant participants.

NOTE 6: LONG-TERM OBLIGATIONS

A summary of long-term liability activity for the year ended September 30, 2023, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
ROU Leases	\$ 358,472	\$ -	\$ (184,054)	\$ 174,418	\$ 143,922
ROU SBITAs	-	85,104	-	85,104	27,413
Total	<u>\$ 358,472</u>	<u>\$ 85,104</u>	<u>\$ (184,054)</u>	<u>\$ 259,522</u>	<u>\$ 171,335</u>

Lease obligations at September 30, 2023, are summarized as follows:

Leases Payable

Xerox lease for \$13,898 dated March 1, 2023 for a copier, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 0.32%, final payment due February 1, 2027. \$ 9,446

Office Solutions lease for \$31,953 dated March 1, 2023 for a copier, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 0.32%, final payment due February 1, 2027. 21,719

CTWP lease for \$68,593 dated September 1, 2019, for a copier, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 2.09%, final payment due August 1, 2024. 12,467

Pitney Bowes lease for \$19,403 dated September 1, 2019, for a postage machine, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 2.09%, final payment due August 1, 2024. 3,527

CONCHO VALLEY COUNCIL OF GOVERNMENTS
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Crockett ISD lease for \$15,600 dated July 1, 2019, for a building, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 0.05%, final payment due July 31, 2026. 8,834

San Angelo ISD lease for \$668,750 dated August 1, 2021 for a building, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 2.16%, final payment due June 30, 2024. 99,594

Our Lady of Guadalupe Catholic Church lease for \$31,900 dated August 1, 2021, for a building, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 2.04%, final payment due July 31, 2026. 4,374

Menard County Hospital lease for \$29,000 dated August 1, 2019, for a building, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 2.04%, final payment due May 31, 2024. 3,976

First Baptist Church of Eden lease for \$17,400 dated August 1, 2019, for a building, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 2.04%, final payment due May 31, 2024. 2,386

West Central Texas Council of Governments lease for \$27,000 dated April 1, 2020, for a building, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 0.09%, final payment due March 31, 2025. 8,095

Total leases payable \$ 174,418

Commitments under lease agreements for building and equipment provide for minimum future rental payments as of September 30, 2023, as follows:

Year Ending September 30,			
2024	\$	143,922	
2025		14,933	
2026		11,744	
2027		3,819	
2028+		-	
Total Minimum Rentals	\$	<u>174,418</u>	

Subscription-Based Information Technology Arrangements Payable

The Council entered into an arrangement with Urban Transportation associates for \$65,605 dated December 16, 2020 for an automated passenger counter, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 0.03%, final payment due March 1, 2026. \$ 16,139

The Council entered into an arrangement with Token Transit for \$25,000 dated March 8, 2021 for software, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 0.09%, final payment due November 1, 2025. 11,239

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

The Council entered into an arrangement with ADP for \$13,020 dated November 8, 2022 for payroll software, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 4.10%, final payment due October 1, 2027. 9,775

The Council entered into an arrangement with Abila for \$53,095 dated October 1, 2022 for general ledger software, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 3.34%, final payment due September 1, 2027. 39,709

The Council entered into an arrangement with Gigatrak for \$22,500 dated August 1, 2020 for equipment tracking software, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 0.10%, final payment due July 31, 2025. 8,242

Total SBITA payable \$ 85,104

Commitments under lease agreements for building and equipment provide for minimum future rental payments as of September 30, 2023, as follows:

Year Ending September 30,		
2024	\$	27,413
2025		27,088
2026		17,419
2027		12,968
2028+		216
Total Minimum Rentals	\$	<u>85,104</u>

NOTE 7: 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 2023, 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.

NOTE 8: 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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

multiple-employer public employee retirement system serving over 800 participating counties and districts throughout Texas. 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 have the flexibility and local control to adjust benefits annually and pay for those benefits based on their needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

Benefits Provided

At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit. Employees receive a month of service time for each month that they make a deposit into their account. Members can retire at ages 60 and above with ten or more years of service, 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 service 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. Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

As of the most recent measurement date which was December 31, 2022, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	380
Active employees	<u>233</u>
Total Participants	<u><u>655</u></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 2022 was 12.40%.

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, 2023, the annual pension cost for the TCDRS plan for its employees was \$963,014 and actual contributions were \$963,014.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Net Pension Asset

The net pension liability (asset) (NPA) 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, 2022, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$	17,508,104
Fiduciary net position		18,056,291
Net pension asset	\$	<u>(548,187)</u>

Actuarial Assumptions

The demographic assumptions used in the December 31, 2022 valuation were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Millman and adopted by the TCDRS Board of Trustees in 2021 and first used in the December 31, 2021 actuarial valuation. All economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included changes in the investment return, price inflation, salary increases, and maximum payroll growth assumptions. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Overall payroll growth	2.00%	
Investment rate of return	7.60%	This rate reflects the long-term rate of return funding valuation assumption of 7.50%, 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 - 135% of the PubG-2010 Employee amount-weighted mortality table for males and 120% of the PubG-2010 Employee amount-weighted mortality table for females, both projected from 2021 using 100% of the MP-2021 Ultimate Projection Scale; for service retirees, beneficiaries, and non-depositing members - 135% of the PubG-2010 Healthy Retiree amount-weighted mortality table for males and 120% of the PubG-2010 Healthy Retiree amount-weighted mortality table for females, both projected from 2010 using 100% of the MP-2021 Ultimate Projection Scale; for disabled retirees - 160% of the PubG-2010 Disabled Retiree amount-weighted mortality table for males and 125% of the PubG-2010 Disabled Retiree amount-weighted mortality table for females, both projected from 2010 using 100% of the MP-2014 Ultimate Projection Scale.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy regarding the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. 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 long-term time horizon. The most recent analysis was performed in March 2021. 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	11.50%	4.95%
Private equity	25.00%	7.95%
Global equities	2.50%	4.95%
International equities – developed	5.00%	4.95%
International equities - emerging	6.00%	4.95%
Investment grade bonds	3.00%	2.40%
Strategic credit	9.00%	3.39%
Direct lending	16.00%	6.95%
Distressed debt	4.00%	7.60%
REIT equities	2.00%	4.15%
Master limited partnerships	2.00%	5.30%
Private real estate partnerships	6.00%	5.70%
Hedge funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions would 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 currently 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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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, 2021	\$ 15,473,356	\$ 17,986,209	\$ (2,512,853)
Changes for the year:			
Service cost	1,373,348		1,373,348
Interest on total pension liability	1,261,496		1,261,496
Effect of economic/demographic gains or losses	(94,685)		(94,685)
Refund of contributions	(199,310)	(199,310)	-
Benefit payments	(306,101)	(306,101)	-
Administrative expenses		(10,581)	10,581
Member contributions		578,029	(578,029)
Net investment income		(1,144,868)	1,144,868
Employer contributions		988,431	(988,431)
Other		164,482	(164,482)
Balances as of December 31, 2022	\$ 17,508,104	\$ 18,056,291	\$ (548,187)

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 7.60% 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 (6.60%)	Current Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 20,257,245	\$ 17,508,104	\$ 15,238,460
Fiduciary net position	18,056,291	18,056,291	18,056,291
Net pension liability (asset)	\$ 2,200,954	\$ (548,187)	\$ (2,817,831)

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

For the year ended September 30, 2023, the Council recognized a total pension expense of \$85,690.

As of September 30, 2023, the Council reported on the Statement of Net Position deferred outflows of resources related to pensions from the following sources:

Contributions subsequent to the measurement date	\$ 678,962
Difference between expected and actual experience	43,844
Change of assumptions	162,726
Difference between projected and actual investment earnings	1,524,850
Total	\$ 2,410,382

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

As of September 30, 2023, 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	\$	(60,800)
Change of assumptions		(14,888)
Difference between projected and actual investment earnings		<u>(1,014,258)</u>
Total	\$	<u><u>(1,089,946)</u></u>

Deferred outflows of resources related to contributions after the measurement date of \$678,962 will be recognized as an increase in the net pension asset for the year ending September 30, 2023. Remaining net deferred outflows of resources related to pensions totaling \$1,731,420 will be recognized in pension expense for the years ending September 30, 2024, 2025, 2026, and 2027 in the amounts of \$580,712, \$511,428, \$511,428, and \$127,852, respectively. Net deferred inflows of resources related to pensions totaling \$1,089,946 will be recognized in pension income for the years ending September 30, 2024, 2025, and 2026 in the amounts of (\$531,602), (\$449,724), and (\$108,620), respectively.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Contingencies

The Council participates in grant programs that 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.

Concentration of Credit Risk

The District's cash funds as of June 30, 2023 exceeded federally insured limits by approximately \$200,000.

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, 2023, these grants represented approximately 87% 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, 2023 *

	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020	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:									
Service cost	\$ 1,373,348	\$ 1,407,048	\$ 1,114,229	\$ 744,822	\$ 768,449	\$ 732,566	\$ 775,387	\$ 666,764	\$ 584,835
Interest on total pension liability	1,261,496	1,112,640	940,532	804,806	734,827	646,004	555,230	529,438	453,496
Effect of plan changes								(104,945)	
Effect of assumption or plan changes		(42,894)	873,250			49,589		93,517	
Effect of economic / demographic (gains) or losses	(94,685)	(33,134)	169,342	82,443	(319,710)	(106,837)	(326,593)	(754,257)	1,612
Benefit payments / refunds of contributions	(505,412)	(399,197)	(325,151)	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)	(147,292)
Net change in total pension liability	2,034,747	2,044,463	2,772,202	1,305,561	916,898	1,066,509	786,553	304,318	892,651
Total pension liability, beginning	15,473,356	13,428,893	10,656,691	9,351,130	8,434,232	7,367,723	6,581,170	6,276,852	5,384,201
Total pension liability, ending (a)	17,508,103	15,473,356	13,428,893	10,656,691	9,351,130	8,434,232	7,367,723	6,581,170	6,276,852
Fiduciary Net Position:									
Employer contributions	988,431	946,747	907,943	683,673	546,477	661,060	490,610	494,898	480,495
Member contributions	578,029	576,280	552,652	416,148	332,638	308,495	305,352	292,099	271,671
Investment income net of investment expenses	(1,144,868)	3,138,049	1,176,117	1,490,247	(153,540)	1,015,037	433,316	(182,116)	288,438
Benefit payments / refunds of contributions	(505,412)	(399,197)	(325,151)	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)	(147,292)
Administrative expenses	(10,581)	(9,731)	(10,023)	(8,658)	(7,293)	(5,725)	(4,711)	(4,040)	(3,781)
Other	164,482	35,611	34,656	27,874	19,079	9,524	69,325	2,296	2,800
Net change in fiduciary net position	70,081	4,287,759	2,336,194	2,282,774	470,693	1,733,578	1,076,421	476,938	892,331
Fiduciary net position, beginning	17,986,209	13,698,450	11,362,256	9,079,482	8,608,789	6,875,211	5,798,790	5,321,852	4,429,521
Fiduciary net position, ending (b)	18,056,290	17,986,209	13,698,450	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))	\$ (548,187)	\$ (2,512,853)	\$ (269,557)	\$ (705,565)	\$ 271,648	\$ (174,557)	\$ 492,512	\$ 782,380	\$ 955,000
Fiduciary net position as a % of total pension liability	103.13%	116.24%	102.01%	106.62%	97.10%	102.07%	93.32%	88.11%	84.79%
Pensionable covered payroll	\$ 8,257,563	\$ 7,895,024	\$ 5,944,972	\$ 4,751,973	\$ 4,407,065	\$ 4,362,170	\$ 4,172,841	\$ 3,881,021	\$ 3,802,846
Net pension liability (asset) as a % of covered payroll	-6.64%	-31.83%	-4.53%	-14.85%	6.16%	-4.00%	11.80%	20.16%	25.11%

* 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
2014	\$ 480,470	\$ 480,495	\$ (25)	\$ 3,802,846	12.64%
2015	\$ 494,898	\$ 494,898	\$ -	\$ 3,881,021	12.75%
2016	\$ 490,610	\$ 490,610	\$ -	\$ 4,172,841	11.76%
2017	\$ 535,899	\$ 661,060	\$ (125,161)	\$ 4,362,170	15.15%
2018	\$ 546,477	\$ 546,477	\$ -	\$ 4,407,065	12.40%
2019	\$ 655,730	\$ 683,673	\$ (27,943)	\$ 4,751,973	14.39%
2020	\$ 835,293	\$ 907,943	\$ (72,650)	\$ 5,944,972	15.27%
2021	\$ 823,258	\$ 946,747	\$ (123,489)	\$ 7,895,024	11.99%
2022	\$ 988,431	\$ 988,431	\$ -	\$ 8,257,563	11.97%
2023	\$ 963,014	\$ 963,014	\$ -	\$ 8,065,262	11.94%

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	18 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service with a 4.7% average over career including inflation
Investment Rate of Return	7.50%, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule

** 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, 2023

	Homeland Security SHSP	Head Start	Senior Companion	Foster Grandparent	Criminal Justice Academy	Criminal Justice Planning	Criminal Justice Other	Criminal Justice VAWA
Salaries	\$ 76,019	\$ 3,570,156	\$ 37,540	\$ 62,320	\$ 65,764	\$ 22,071	\$ 5,383	\$ 11,929
Fringe benefits	28,602	1,624,291	7,927	13,118	24,033	8,398	2,472	4,403
Total personnel	104,621	5,194,447	45,467	75,438	89,797	30,469	7,855	16,332
Indirect costs	6,470	321,200	2,811	4,664	5,558	1,883	486	1,005
Stipend			90,884	183,016				
Recognition	9,339	360,170	20,568	34,113	12,943		752	
Counseling services							14,299	
Contract services		108,466			18,354			1,575
HS policy council		306						
HS nutrition service		410,817						
HS parent service		1,863						
Head Start T & T A		66,610						
Congregate meals								
Home delivered meals								
Meals			3,381	6,997	593			
Travel	3,969	2,970	25,242	37,534	2,969	498		
Fuel		399			702			
Vehicle maintenance		18			231			
Rent		107,859						
Utilities		117,279						
Building maintenance	13,836	271,710	6,195	8,937	32,815			
Supplies	2,688	574,614	1,637	1,832	13,302			
Copier	130	29,519	235	330	2,487			
Insurance	1,023	9,176	423	739	2,915			
Printing / publications / ads		4,062	45	55				
HS capital playground		63,034						
Training								
Dues and fees	289	2,571	128	217	470	134		
Communications	1,712	21,187			1,212			
Postage / freight	2	838	159	170	114			
911 wireless service, network, and equipment maintenance								
Project equipment								
In-kind		1,991,195	22,033	29,193				
Other	3	29,505	156	786				
Total Expenditures	\$ 144,082	\$ 9,689,815	\$ 219,364	\$ 384,021	\$ 184,462	\$ 32,984	\$ 23,392	\$ 18,912

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY GRANT (CONT'D)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	911 Emergency Communications	Area Agency on Aging	211 Info and Referral	Solid Waste	CEDAF	Other	Total
Salaries	\$ 372,689	\$ 489,776	\$ 79,232	\$ 26,638	\$ 5,984	\$	\$ 4,825,501
Fringe benefits	131,493	195,173	35,750	9,162	2,055		2,086,877
Total personnel	504,182	684,949	114,982	35,800	8,039	-	6,912,378
Indirect costs	31,177	42,372	7,096	2,215	498	51,743	479,178
Stipend							273,900
Recognition	167,749	133,519	9,125	9,231			757,509
Counseling services							14,299
Contract services	3	266,594	5,500				400,492
HS policy council							306
HS nutrition service							410,817
HS parent service							1,863
Head Start T & T A							66,610
Congregate meals		504,319					504,319
Home delivered meals		493,712					493,712
Meals							10,971
Travel	19,396	24,342		1,756	209		118,885
Fuel							1,101
Vehicle maintenance							249
Rent		7,590					115,449
Utilities							117,279
Building maintenance	78,194	61,996	23,434	6,230			503,347
Supplies	9,422	53,079	34,123	7,497			698,194
Copier		2,757	70	184			35,712
Insurance		1,151					15,427
Printing / publications / ads	999	88		90			5,339
HS capital playground							63,034
Training	3,583						3,583
Dues and fees	301	4,435	1,269	775			10,589
Communications	8,414	1,765	960				35,250
Postage / freight	61	2,683					4,027
911 wireless service, network, and equipment maintenance	2,818,795						2,818,795
Project equipment	94,762			100,650			195,412
In-kind		160,880					2,203,301
Other		417				239,909	270,776
Total Expenditures	\$ 3,737,038	\$ 2,446,648	\$ 196,559	\$ 164,428	\$ 8,746	\$ 291,652	\$ 17,542,103

CONCHO VALLEY TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES BY GRANT
 FOR THE YEAR ENDED AUGUST 31, 2023

	U01, U03	800, U02	R01, R03	825	M03, M04	P02	B01, 815, 816	010	018	L01, L02, K01	
	Urban Operating	Urban CARES	Rural Operating	Rural CARES	Elderly & Disabled TXDOT	Reg Planning TXDOT	Bus & Bus Facilities TXDOT	ICB Program Local	Extended Medicaid Trips Local	General	Total
Salaries	\$ 1,429,658	\$	\$ 568,158	\$ 148,888	\$ 61,810	\$ 23,246	\$	\$ 17,708	\$ 70,589	\$ 60,886	\$ 2,380,943
Fringe benefits	657,279		265,868	70,737	25,115	8,927		3,706	30,004	30,535	1,092,171
Total personnel	2,086,937	-	834,026	219,625	86,925	32,173	-	21,414	100,593	91,421	3,473,114
Indirect costs	129,044		51,627	13,529	5,373	1,990		1,324	6,222	5,654	214,763
Audit and legal	10,789		8,477								19,266
Contract services	3,092		168,994				337,750			140,000	649,836
Uniforms	1,554		1,172	38						367	3,131
Human resource service center	57,027		44,807							1,592	103,426
Procurement service center	34,840		27,374							8,887	71,101
Information technology service center	44,163		34,700							3,237	82,100
Pass-thru								(676)			(676)
Travel	1,922		1,596			221					3,739
Fuel	329,480		161,680	33,279						346	524,785
Lubricant	18,984	243	7,480	1,432						1,344	29,483
Preventative maintenance	313,596		100,699	11,578							425,873
Tires	44,479	220	15,196	2,484							62,379
Shop and yard space	67,200		52,800								120,000
Utilities										50,888	50,888
Building maintenance	10,398		8,170							68,455	87,023
Capital facility improvements				100,579							100,579
Supplies	45,699	520	25,497	1,298		549		181		10,509	84,253
Capital technology	48,368		39,603		9,540						97,511
Capital equipment	48,227	615,280	9,400	265,079			754,250				1,692,236
Tools	5,058	37	3,869	134						872	9,970
Copier	522		338	77		48					985
Insurance	42,777		20,905	4,148						26,379	94,209
Communications - bus	55,684		24,495	578							80,757
Cell phones	1,087		656	72							1,815
Internet			84	31							115
Printing / ads and promotions	4,245		3,452	179							7,876
Publications											-
Capital construction											-
Capital construction planning											-
Capital construction administration											-
Dues and fees	12,324		4,029	173							16,526
Vehicle registration	282		172	24							478
Postage / freight	422		332	60							814
Other	606		511								1,117
Coffee	62		49								111
Physicals	2,953		1,220	310							4,483
Safety	6,538		3,406	11						3,554	13,509
Multi-modal terminal operations	53,837	100	38,777	3,556							96,270
Shop Christoval operations	5,206		4,048	12,636						30,417	52,307
Toll credits			33,313		19,257	6,995	218,400				277,965
Total Expenditures	\$ 3,487,402	\$ 616,400	\$ 1,732,954	\$ 670,910	\$ 121,095	\$ 41,976	\$ 1,310,400	\$ 22,243	\$ 106,815	\$ 443,922	\$ 8,554,117

CONCHO VALLEY COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Salaries	\$ 490,847	\$ 470,413	\$ 20,434
Fringe benefits	168,527	161,418	7,109
Subtotal indirect payroll costs	<u>659,374</u>	<u>631,831</u>	<u>27,543</u>
Audit and legal	42,542	38,243	4,299
Contract services	2,500	1,565	935
Human Resources Cost Allocation	10,594	11,229	(635)
Procurement Cost Allocation	9,292	9,633	(341)
Travel-in region	13,418	9,597	3,821
Travel-out of region	9,840	5,273	4,567
Facility cost allocation	38,302	37,966	336
Supplies	19,750	12,413	7,337
Network cost allocation	26,658	27,283	(625)
Copier	4,590	3,727	863
Insurance	2,111	3,469	(1,358)
Printing	3,850		3,850
Ads and promotions			-
Publications	1,279	360	919
Training	3,740	735	3,005
Dues and fees	14,009	12,565	1,444
Postage/freight	7,085	6,353	732
Other		172	(172)
Subtotal other indirect costs	<u>209,560</u>	<u>180,583</u>	<u>28,977</u>
Total indirect costs	<u>868,934</u>	<u>812,414</u>	<u>56,520</u>
Less: CVCOG membership dues/interest income		<u>(1,284)</u>	
Net indirect costs	<u>868,934</u>	<u>811,130</u>	
Less: Prior period over allocation of indirect costs	<u>(121,289)</u>	<u>(121,289)</u>	
Plus: Current year over recovery of indirect costs		<u>8,730</u>	
Net indirect costs recovered in 2023	<u>747,645</u>	<u>698,571</u>	

CALCULATION OF INDIRECT COST RATE

Total salaries (less salaries billed to Fringe)	8,785,984	8,335,848
Net fringe benefits direct billed	4,008,668	3,590,783
Less: indirect personnel costs	<u>(659,374)</u>	<u>(631,831)</u>
Total program personnel costs	<u>\$ 12,135,278</u>	<u>\$ 11,294,800</u>
Actual net indirect costs / total program personnel costs	<u>7.16%</u>	<u>7.19%</u>
Net indirect costs recovered / total program personnel	<u>6.16%</u>	<u>6.18%</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Direct salaries	\$ 4,523,543	\$ 4,517,425	\$ 6,118
Indirect salaries	<u>489,393</u>	<u>470,413</u>	<u>18,980</u>
Total salaries	<u>5,012,936</u>	<u>4,987,838</u>	<u>25,098</u>
Payroll taxes associated with release time	4,083	3,931	152
Retirement contributions associated with release time	30,855	30,775	80
Employee life, disability, health premiums associated with release time	64,654	54,364	10,290
Worker's compensation associated with release time	4,957	4,384	573
Release time	<u>265,382</u>	<u>281,288</u>	<u>(15,906)</u>
Total release time fringe	<u>369,931</u>	<u>374,742</u>	<u>\$ (4,811)</u>
Plus: Payroll adjustments due to terminations and rounding		(3,877)	
Less: Prior period employer insurance adjustment			
Plus: Current year over recovery		<u>(2,749)</u>	
Net release time fringe recovered by CVCOG in FY 21-22	<u>\$ 369,931</u>	<u>\$ 368,116</u>	

CALCULATION OF RELEASE TIME FRINGE BENEFIT RATE

Total fringe benefits/total salaries	<u>7.38%</u>	<u>7.51%</u>
Net fringe benefits recovered in FY 20-21 total salaries	<u>7.38%</u>	<u>7.38%</u>

Note: Fringe is only calculated on Employee ID number series 1000 and 4000.

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

March 8, 2024

Executive Committee
Concho Valley Council of Governments
5430 Link Rd
San Angelo, Texas 76904

Independent Auditor's 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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the discretely presented component unit of Concho Valley Council of Governments as of and for the year ended September 30, 2023, 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 8, 2024.

Report on 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 as a basis for designing audit procedures that are appropriate in the circumstances to express our opinion on the financial statements, but not to express 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.

Report on 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 financial statements. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Condly and Company, L.L.P.

Certified Public Accountants

March 8, 2024

Executive Committee
Concho Valley Council of Governments
5430 Link Rd.
San Angelo, Texas 76904

Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Concho Valley Council of Governments' (the "Council") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Texas Grant Management Standards* (TxGMS) 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, 2023. 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.

In our opinion, the Council complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 audit requirements of TxGMS. Our responsibilities under those standards, the Uniform Guidance, and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, we;

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 or state 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that we have not identified.

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

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

Condley and Company, L.L.P.

Certified Public Accountants

CONCHO VALLEY COUNCIL OF GOVERNMENTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued? Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal/State Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X 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 X No

Identification of major programs:

Assistance Listing Number(s) Federal or State Program or Cluster

20.509
 93.600
 n/a – State
 Formula Grants for Rural Areas
 Head Start Cluster
 Commission on State Emergency
 Communications – 9-1-1

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

Auditee qualified as low-risk auditee? Yes X 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, 2023

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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing 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>				
H02 Child Food Service Program	10.558	02121CACFP	\$ _____	\$ 568,800
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	568,800
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed through Texas Department of Agriculture</i>				
<i>CDBG - Entitlement Grants Cluster</i>				
Q01 Community and Economic Development Assistance Fund	14.218	CEDAF21-04 (22)	_____	8,746
<i>CDBG - Entitlement Grants Cluster Total</i>				8,746
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	8,746
<u>U. S. DEPARTMENT OF COMMERCE</u>				
<i>Passed through the Economic Development Administration</i>				
<i>Economic Development Cluster</i>				
Economic Development District Planning for Regional Services	11.302	ED21AUS3020012	_____	71,651
<i>Economic Development Cluster Total</i>				71,651
TOTAL U.S. DEPARTMENT OF COMMERCE			-	71,651
<u>U. S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through the Office of the Governor - Criminal Justice Division</i>				
J02 Criminal Justice Juvenile Justice Purchase of Service	16.523	1484323		23,391
V02 VAWA Training Project	16.588	3973003		9,022
TOTAL U.S. DEPARTMENT OF JUSTICE			-	32,413
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Federal Transit Administration:</i>				
<i>Federal Transit Cluster (1)</i>				
<i>Direct Program</i>				
U01/U03 Section 5307 Urban Transportation	20.507	TX-2021-100-01 Y446		432,580
U02 Section 5307 Urban Transportation - ARP	20.507	TX-2021-073-00		1,108
800 Section 5307 Urban Transportation - CARES	20.507	TX-2020-096-00 Y364 CARES		615,279
U03/U04 Section 5307 Urban Transportation - ARP	20.507	TX-2023-005-00		1,360,157
<i>Passed through the Office of the Governor:</i>				
816 Section 5339 Bus and Bus Facilities	20.526	51003F30721		337,749
815 Section 5339 Bus and Bus Facilities	20.526	51003F20721		634,130
B01 Section 5339 Bus and Bus Facilities	20.526	51003020723		120,120
<i>Federal Transit Cluster Total</i>				3,501,123
<i>Passed through the Office of the Governor:</i>				
<i>Texas Department of Transportation (1)</i>				
R04 Section 5311 Rural Transportation RPT 2302(07) 051-22	20.509	51018030723		707,463
825 Section 5311 Rural Transportation - CAF 2102 (07) 072_20 (1)	20.509	51018020721		670,852
R03 Section 5311 Rural Transportation - RPT 2102(07)045_20	20.509	51018010321		278,422
<i>Transit Services Programs Cluster</i>				
M03/M04 Section 5310 Transp. For Elderly and Disabled ED 2102(07)074_19 (1)	20.513	5106020723		96,296
I01 Section 5310 Transp. For Elderly and Disabled ED 2203 (07)108_21	20.513	51016030722		1,072
Section 5310 Transp. For Elderly and Disabled ED 2021-50024	20.513	51016030722		56,351
Section 5310 Transp. For Elderly and Disabled ED 2022-00110	20.513	51016030722		247,682
<i>Transit Services Programs Cluster Total</i>				401,401
P02 Section 5304 State Planning and Research (1)	20.505	51008010723		34,977
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	5,594,238

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>Passed Through Texas Health and Human Services Commission</u>				
A02 Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	HHS000874100008		1,795
A02 Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100008		16,402
A02 Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care Ombudsman Services for Older Individuals - ARP	93.042	HHS000874100008		6,350
A02 Special Programs for the Aging-Title III, Part D- Disease Prevention and Health Promotion Services	93.043	HHS000874100008		24,922
<u>Aging Cluster</u>				
A02 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	93.044	HHS000874100008		330,000
A02 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers - ARP	93.044	HHS000874100008		115,206
A02 Special Programs for the Aging-Title III, Part C- Nutrition Services	93.045	HHS000874100008		709,721
A02 Special Programs for the Aging-Title III, Part C- Nutrition Services - ARP	93.045	HHS000874100008		193,681
A02 Nutrition Services Incentive Program	93.053	HHS000874100008		106,951
<u>Aging Cluster Total</u>				1,455,559
<u>Health Center Program Cluster</u>				
A01 Access and Assistance Coord. - HICAP	93.324	HHS000874100008		67,950
<u>Health Center Program Cluster Total</u>				67,950
A02 Medicare Enrollment Assistance Program MIPPA	93.071	HHS000874100008		13,385
A02 Title III - E	93.052	HHS000874100008		62,194
A02 Title III - E - ARP	93.052	HHS000874100008		29,789
<u>Passed Through Texas Health and Human Services Commission</u>				
T02 2-1-1 Operations	93.767	HHS000979200003		6,239
<u>SNAP Cluster</u>				
T02 2-1-1 Operations	10.561	HHS000979200003		39,580
<u>SNAP Cluster Total</u>				39,580
<u>Medicaid Cluster</u>				
T02 2-1-1 Operations	93.778	HHS000979200003		41,232
<u>Medicaid Cluster Total</u>				41,232
<u>477 Cluster</u>				
T02 2-1-1 Child Care Contract	93.558	HHS000979200003		1,032
T02 2-1-1 Child Care Contract (CCDF Cluster)	93.575	HHS000979200003		2,315
T03 2-1-1 Operations	93.558	HHS000979200003		5,356
<u>477 Cluster Total</u>				8,703
D03 Aging and Disability Resource Centers (ADRC)	93.791	HHS000270200007		1,161
D03 Aging and Disability Resource Centers (ADRC)	93.071	HHS000270200007		1,343
D02 Aging and Disability Resource Centers (ADRC)	93.791	HHS000270200007		24,043
D02 Aging and Disability Resource Centers (ADRC)	93.071	HHS000270200007		9,389
D02 Aging and Disability Resource Centers (ADRC)	93.072	HHS000270200007		1,295
<u>Direct Program</u>				
<u>Head Start Cluster</u>				
H05 Head Start - Administration for Children and Families	93.600	06CH010970-05		2,266,374
H03 Head Start - Administration for Children and Families	93.600	06CH010970-04		4,445,895
829 Head Start - Administration for Children and Families	93.600	06HE00100001		401,996
<u>Head Start Cluster Total</u>				7,114,265
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	8,925,596

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through the Office of the Governor - Criminal Justice Division</i>				
X05 State Homeland Security Program (SHSP)	97.067	2952908	_____	113,942
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			_____	113,942
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
<i>Direct Program</i>				
<i>Foster Grandparent/Senior Companion Cluster</i>				
F03 Foster Grandparent Program	94.011	22SFGTX003		270,813
F05 Foster Grandparent Program	94.011	22SFGTX003		78,699
S06 Senior Companion Program	94.016	22SCGTX003		48,308
S03 Senior Companion Program	94.016	22SCGTX003		140,564
<i>Foster Grandparent/Senior Companion Cluster Total</i>				538,384
G02 Retired Senior Volunteer Program (RSVP)	94.002	20SRWTX024		100,361
G04 Retired Senior Volunteer Program (RSVP)	94.002	23SRGTX015		35,286
027 AmeriCorps VISTA	94.013	23VS252124		34,323
025 AmeriCorps VISTA	94.023	20VSWTX021	_____	13,179
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			_____	721,533
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ _____	\$ 16,036,919

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing 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>Passed Through the Criminal Justice Division</i>				
C01 Law Enforcement Special Training	N/A	1480417	\$	\$ 52,435
C04 Criminal Justice Equipment	N/A	22-00519		36,942
C07 Criminal Justice Equipment	N/A	22-00519		3,053
<i>Passed Through the Homeland Security Division</i>				
X04 Homeland Security Program	N/A	22-00519		15,425
X07 Homeland Security Program	N/A	4467201		16,732
X09 Homeland Security Program	N/A	22-00519		885
TOTAL OFFICE OF THE GOVERNOR OF TEXAS			-	125,472
<u>TEXAS DEPARTMENT OF TRANSPORTATION (1)</u>				
R03 Rural Transportation RUR 2302(07)	N/A	51218020723		489,202
U03 Urban Transportation URB 2301(07)	N/A	51309010723		373,636
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			-	862,838
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>				
W02 Solid Waste Coordination	N/A	582-24-50084		4,912
W01 Solid Waste Coordination	N/A	582-22-30113		159,516
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			-	164,428
<u>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</u>				
805/806 Emergency Communications	N/A	MOF FY20-21		94,762
Z01 Emergency Communications	N/A	MOF FY21-22		845
Z03 Emergency Communications	N/A	MOF FY22-23		2,485,438
Z04 Emergency Communications	N/A	MOF FY24-25		210,759
Z02 Emergency Communications - ARP	N/A	SB8HB2911		946,074
TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS			-	3,737,878
<u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u>				
T03 2-1-1 Operations	N/A	HHS000979200003		5,391
T02 2-1-1 Operations	N/A	HHS000979200003		85,055
T02 2-1-1 SGR COVID-19	N/A	HHS000979200003		2,616
809/F02/F04 Foster Grandparent	N/A	HHS000871100029		5,317
810/S02/S04 Senior Companion	N/A	HHS000871100039		6,792
G01/G02 Retired Senior Volunteer Program	N/A	HHS000871100009		48,542
D02 Aging and Disability Resource Centers	N/A	HHS000270200007		104,733
D03 Aging and Disability Resource Centers	N/A	HHS000270200007		11,402
A02 Department of Aging and Disability - State Ombudsman ALF	N/A	HHS000874100008		8,331
A02 Department of Aging and Disability - ARP	N/A	HHS000874100008		59,530
A02 Department of Aging and Disability	N/A	HHS000874100008		30,144
A02 Department of Aging and Disability	N/A	HHS000874100008		17,166
TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION			-	385,019
TOTAL EXPENDITURES OF STATE AWARDS			\$ -	\$ 5,275,635

(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, 2023

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, 2023, and the Concho Valley Transit District, a blended component unit of the Council, for the year ended August 31, 2023. 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 position, 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 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.