



CONCHO VALLEY
COUNCIL OF GOVERNMENTS

CONCHO VALLEY
COUNCIL OF GOVERNMENTS
San Angelo, Texas

ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2025

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Financial Section



March 9, 2026

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, 2025, 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, 2025, 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 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 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 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 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 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 Uniform Grant Management Standards* 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 the 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 9, 2026, 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, 2025

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, 2025.

FINANCIAL HIGHLIGHTS

- The Council's net position was \$16,908,677 and \$16,579,485 at September 30, 2025 and 2024, respectively.
- The Council's revenues totaled \$23,891,416 and \$27,560,993 for the years ended September 30, 2025 and 2024, respectively. Expenses totaled \$23,562,224 and \$24,701,981 for the years ended September 30, 2025 and 2024, respectively. Net position increased by \$329,192 and \$2,859,012 for the years ended September 30, 2025 and 2024, 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 and provide 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 and 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 significant 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 indicate whether its financial health is improving or deteriorating.
- 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 track specific funding sources 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 \$16,908,677 and \$16,579,485 at September 30, 2025 and 2024, respectively.

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

	<u>2025</u>	<u>2024</u>
Assets:		
Current assets	\$ 4,851,022	\$ 5,231,012
Net pension asset	2,193,662	1,490,637
Capital assets, net	<u>11,951,200</u>	<u>12,596,087</u>
Total assets	<u>\$ 18,995,884</u>	<u>\$ 19,317,736</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions	\$ <u>1,375,933</u>	\$ <u>1,853,499</u>
Total deferred outflows of resources	<u>\$ 1,375,933</u>	<u>\$ 1,853,499</u>
Liabilities:		
Current liabilities	\$ 2,660,420	\$ 3,220,836
Noncurrent liabilities	<u>77,091</u>	<u>385,293</u>
Total liabilities	<u>\$ 2,737,511</u>	<u>\$ 3,606,129</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions	\$ <u>725,629</u>	\$ <u>985,621</u>
Total deferred inflows of resources	<u>\$ 725,629</u>	<u>\$ 985,621</u>
Net position:		
Net investment in capital assets	\$ 11,781,471	\$ 12,013,594
Restricted for federal and state programs	23,850	23,850
Unrestricted	<u>5,103,356</u>	<u>4,542,041</u>
Total net position	<u>\$ 16,908,677</u>	<u>\$ 16,579,485</u>

Capital assets decreased from 2024 to 2025 primarily due to disposal of equipment and right-of-use assets. As of September 30, 2025, the net pension asset increased compared to September 30, 2024. Liabilities decreased due to the timing of payables.

OPERATING RESULTS AND CHANGES IN THE COUNCIL'S NET POSITION

The Council's total revenues were \$23,891,416 for the year ended September 30, 2025. In the 2025 fiscal year, approximately 60% of the Council's revenue came from federal grants or federal grants passed through the state, 18% from state grants, 9% 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

	<u>2025</u>	<u>2024</u>
Revenues:		
Federal grants	\$ 14,336,744	\$ 16,737,303
State grants	4,244,380	4,835,883
Matching / in-kind	2,060,757	2,359,068
Local funds:		
Member government contributions	804,586	819,209
Facility management allocation	3,862	436,367
Program income	245,962	370,559
Transit charter	21,168	32,550
Transit medical	397,483	478,727
Local contracts	173,674	190,168
Aging vendor	715,848	355,847
Membership dues	108,746	107,799
Toll credits	132,305	199,588
Other local revenues	620,886	624,183
Interest and miscellaneous	25,015	13,742
Total revenues	<u>23,891,416</u>	<u>27,560,993</u>
Expenses:		
General government	279,533	431,388
Family and children services	9,348,816	9,918,994
Aging services	2,919,018	3,488,918
Emergency communications	2,329,006	2,899,875
Emergency management	604,251	314,961
Criminal justice	92,259	279,839
Community and environmental	147,586	94,001
Information and referral	240,747	222,043
Economic development	16,668	14,551
Transportation	7,584,340	7,037,411
Total expenses	<u>23,562,224</u>	<u>24,701,981</u>
Increase in net position	329,192	2,859,012
Net position at beginning of year	<u>16,579,485</u>	<u>13,493,354</u>
Correction of an error	-	227,119
Net position at beginning of year (restated)	<u>16,579,485</u>	<u>13,720,473</u>
Net position end of year	\$ <u>16,908,677</u>	\$ <u>16,579,485</u>

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2025 and 2024, the Council had \$11,781,471 and \$12,013,594 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

At September 30, 2025 and 2024 respectively, the Council had \$169,729 and \$580,510 recorded in leases and subscription-based information technology agreements (SBITA's). 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, 2025

	Primary Government	Component Unit
	Governmental Activities	Concho Valley Economic Development District, Inc.
ASSETS		
Cash	\$ 2,352,069	\$ 367,624
Receivables:		
Grants	1,886,870	269,242
Other	446,439	10,492
Notes receivable - current		197,177
Prepaid expenses	165,644	
Notes receivable		39,720
Net pension asset	2,193,662	
Capital assets:		
Land	1,034,099	
Leasehold improvements	291,666	
Buildings and improvements	8,214,398	
Equipment and vehicles	10,535,948	
Right-of-use assets - leases	253,556	
Right-of-use assets - SBITAs	344,969	
Less: accumulated depreciation and amortization	(8,723,436)	
Total Assets	<u>18,995,884</u>	<u>884,255</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	1,375,933	
Total Deferred Outflows of Resources	<u>1,375,933</u>	<u>-</u>
LIABILITIES		
Accounts payable	931,937	75,058
Payroll payable	743,627	
Unearned revenue	605,920	19,277
Accrued liabilities	1,420	
Due to other local organizations	94,162	
Compensated absences	190,716	
Leases payable - due within one year	78,864	
SBITAs payable - due within one year	13,774	
Leases payable - due in more than one year	63,907	
SBITAs payable - due in more than one year	13,184	
Total Liabilities	<u>2,737,511</u>	<u>94,335</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	725,629	
Total Deferred Outflows of Resources	<u>725,629</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	11,781,471	
Restricted for federal and state programs	23,850	
Unrestricted	5,103,356	789,920
Total Net Position	<u>\$ 16,908,677</u>	<u>\$ 789,920</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, 2025

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	\$ 213,731	\$ 65,802	\$ 279,533	\$	\$ 186,019	\$	(93,514)
Family and children services	8,945,394	403,422	9,348,816		9,878,349		529,533
Aging services	2,860,347	58,671	2,919,018	107,243	2,879,257		67,482
Emergency communications	2,289,124	39,882	2,329,006		2,473,202		144,196
Emergency management	598,196	6,055	604,251		468,826		(135,425)
Criminal justice	81,130	11,129	92,259	15,504	192,313		115,558
Community and environmental	144,758	2,828	147,586		152,154		4,568
Information and referral	227,591	13,156	240,747		239,335		(1,412)
Economic development	16,668		16,668				(16,668)
Transportation	7,584,340		7,584,340	1,257,714	5,907,739		(418,887)
Indirect costs	600,945	(600,945)	-				-
Total Governmental Activities	<u>23,562,224</u>	<u>-</u>	<u>23,562,224</u>	<u>1,380,461</u>	<u>22,377,194</u>	<u>195,431</u>	<u>-</u>
COMPONENT UNIT							
Concho Valley Economic Development District, Inc.	<u>865,343</u>	<u>-</u>	<u>865,343</u>	<u>50,066</u>	<u>792,356</u>	<u>-</u>	<u>(22,921)</u>
Total Component Unit	<u>865,343</u>	<u>-</u>	<u>865,343</u>	<u>50,066</u>	<u>792,356</u>	<u>-</u>	<u>(22,921)</u>
General Revenues:							
Membership dues						108,746	
Unrestricted investment earnings						25,015	
Total General Revenues						<u>133,761</u>	<u>-</u>
Change in Net Position						329,192	(22,921)
Net Position - Beginning						<u>16,352,366</u>	<u>812,841</u>
Correction of an error						227,119	
Net Position - Beginning (as restated)						16,579,485	
Net Position - Ending						<u>\$ 16,908,677</u>	<u>\$ 789,920</u>

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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 1,573,845	\$ 778,224	\$ 2,352,069
Receivables:			
Grants	793,787	1,093,083	1,886,870
Other	400,036	46,403	446,439
Prepaid expenses	<u>165,644</u>		<u>165,644</u>
 Total Assets	 <u>\$ 2,933,312</u>	 <u>\$ 1,917,710</u>	 <u>\$ 4,851,022</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 281,906	\$ 650,031	\$ 931,937
Payroll payable	743,627		743,627
Unearned revenue	605,920		605,920
Accrued liabilities		1,420	1,420
Due to other local organizations	<u>94,162</u>		<u>94,162</u>
 Total Liabilities	 <u>1,725,615</u>	 <u>651,451</u>	 <u>2,377,066</u>
Fund Balance:			
Nonspendable fund balance	165,644		165,644
Restricted fund balance for:			
Federal and state programs	23,850		23,850
Assigned fund balance for:			
Aging services	14,282		14,282
Emergency management	28,092		28,092
Criminal justice	360,422		360,422
Community and environmental	74,501		74,501
Information referral	34,638		34,638
Transportation		1,266,259	1,266,259
Unassigned fund balance	<u>506,268</u>		<u>506,268</u>
 Total Fund Balance	 <u>1,207,697</u>	 <u>1,266,259</u>	 <u>2,473,956</u>
 Total Liabilities and Fund Balance	 <u>\$ 2,933,312</u>	 <u>\$ 1,917,710</u>	 <u>\$ 4,851,022</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, 2025*

Total fund balances - governmental funds balance sheet	\$ 2,473,956
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred outflows of resources related to pensions are not reported in the funds.	1,375,933
Capital assets used in governmental activities are not reported in the funds.	11,951,200
Net pension asset is not reported in the funds.	2,193,662
Liabilities for leases are not reported in the funds.	(142,771)
Liabilities for SBITAs are not reported in the funds.	(26,958)
Liabilities for compensated absences are not reported in the funds.	(190,716)
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(725,629)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 16,908,677</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, 2025

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
Revenues			
Federal grants	\$ 10,401,838	\$ 3,934,906	\$ 14,336,744
State grants	3,385,974	858,406	4,244,380
Local funds:			
Member government contributions		804,586	804,586
Facility management allocation		3,862	3,862
Program income	122,747	123,215	245,962
Transit charter		21,168	21,168
Transit medical		397,483	397,483
Local contracts		173,674	173,674
Aging vendor		715,848	715,848
Membership dues	108,746		108,746
Toll credits		132,305	132,305
Other local revenues	620,886		620,886
Interest income	25,015		25,015
	<u>14,665,206</u>	<u>7,165,453</u>	<u>21,830,659</u>
Expenditures			
General government	180,063		180,063
Family and children services	9,878,349		9,878,349
Aging services	3,007,349		3,007,349
Emergency communications	2,432,649		2,432,649
Emergency management	460,509		460,509
Criminal justice	294,014		294,014
Community and environmental	152,056		152,056
Information and referral	247,774		247,774
Transportation		7,167,390	7,167,390
	<u>16,652,763</u>	<u>7,167,390</u>	<u>23,820,153</u>
Excell (Deficit) of revenues over expenditures	(1,987,557)	(1,937)	(1,989,494)
Other Sources			
Match / in-kind	2,060,757		2,060,757
	<u>2,060,757</u>	<u>-</u>	<u>2,060,757</u>
Excess (Deficit) of revenues and other sources over expenditures	<u>73,200</u>	<u>(1,937)</u>	<u>71,263</u>
Fund balances, October 1	<u>1,134,497</u>	<u>1,268,196</u>	<u>2,402,693</u>
Fund balances, September 30	<u>\$ 1,207,697</u>	<u>\$ 1,266,259</u>	<u>\$ 2,473,956</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, 2025*

Net change in fund balances - total governmental funds	\$ 71,263
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.	1,316,036
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.	266,424
Depreciation and amortization is not recognized as an expense in governmental funds since it does not require use of current financial resources.	(1,814,581)
Change in compensated absences is not recognized in the governmental funds since it does not require use of current financial resources.	4,600
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>485,450</u>
Change in net position of governmental activities - Statement of Activities	<u><u>\$ 329,192</u></u>

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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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, financial assistance provided by federal and state grants, and other local funds. The Council serves as a 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 through 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; the Council also has operational responsibility for CVTD.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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, 2025. 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, 2025 and August 31, 2025, 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 this geographic region's economic growth and development. The principal objectives of the District are to increase the employment opportunities for the unemployed and underemployed by expanding the business and industry base within the economy.

The Council appoints a voting majority of the district's governing body and can impose its will on the District by significantly influencing its programs, projects, activities, and level of service.

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, 2025. 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 are generally financed through memberships, federal, state, and local grants, and other miscellaneous transactions.

The statement of activities compares direct expenses and program revenues for each function of the Council's government activities. Direct expenses are specifically associated with a program or function and, therefore, are identifiable to a particular function. Program revenues include grants and contributions restricted to meeting a particular program's operational or capital requirements. 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 for each fund category. The fund financial statements emphasize significant governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Council or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The Council reports the following governmental funds:

General Fund

The general fund is the primary operating fund of the Council and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Council. The following special revenue funds are reported as major funds:

Transit District Fund – established to account for the resources devoted to 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, member government dues, local contributions, 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, including 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 service charges are recorded as revenue when received in cash because they are generally not measurable until received.

Governmental Fund Financial Statements: Governmental funds are reported using the current focus on measuring financial resources 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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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 cash equivalents if they have an original maturity of three months or less when purchased.

b. Investments and Fair Value

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

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

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

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

Level 3 - Inputs to the valuation methodology are unobservable.

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

c. Inventories and Prepaid Items

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

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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

d. Notes Receivable (Discretely presented component unit)

The District reports notes receivable of \$236,897 at June 30, 2025, 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 credit losses is considered necessary at June 30, 2025. If amounts become uncollectible, they will be charged to operations when that determination is made. The notes mature in fiscal years 2026, 2027, and 2028 and beyond in the amounts of \$197,177, \$18,234, and \$21,486, 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 asset's value or materially extend its life is not capitalized. A capitalization threshold of \$5,000 is used.

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

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

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 \$1,375,933 as of September 30, 2025.

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*,

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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 \$725,629 as of September 30, 2025.

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 payments 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 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 the 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, 2025. Restricted fund balance totaling \$23,850 is restricted for federal and state programs. The Council also has \$165,644 in nonspendable fund balance relating to prepaid items and \$1,778,194 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

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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.

Restricted net position – Consists 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.

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, due to employee resignations and retirements.

l. Indirect Costs Allocation

General and administrative costs are allocated to grant programs based on 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. The Council’s policy is to negotiate with the cognizant agency a provisional rate used for billing purposes during the fiscal year.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Upon completing an independent audit at the end of each fiscal year, the indirect cost rate is finalized with the cognizant agency.

m. Use of Estimates

Preparing 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 disclose 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 9, 2026, when the financial statements were available to be issued.

o. Recent Accounting Pronouncements

ADOPTED

GASB Statement No. 102

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures, which provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Council adopted this standard in fiscal year 2025. Adoption of this standard did not have a material impact on the financial statements.

NOT ADOPTED

GASB Statement No. 104

In September 2024, the GASB issued Statement No. 104, Disclosures of Certain Capital Assets, which provides users of governmental financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal year beginning after June 15, 2025, 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 a 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.

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

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

Encumbrance Accounting

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

NOTE 2: DEPOSITS AND INVESTMENTS

Cash Deposits

At September 30, 2025, the carrying amount of the Council's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash and short-term investments), all of which mature in less than three months, was \$2,352,069 and the bank balance was \$1,958,585. The Council's cash deposits at September 30, 2025, and during the year ended September 30, 2025, 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 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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
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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 with 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.

NOTE 3: DISAGGREGATION OF RECEIVABLES AND PAYABLES

Grants receivable at September 30, 2025, is summarized as follows:

Grant Number	Name	Amount
H08	Child Food Service Program FY	\$ 61,229
Q03-Q04	Community and Economic Development Assistance	9,176
J04	C.J. Purchase of Services FY	900
C05	C.J Training FY	720
V04	VAWA Training Project	1,101
X11	Homeland Security Program – SHSP FY	20,938
A04	Area Agency on Aging	190,568
T04/T05	2-1-1 Operations	23,412
D04/D05	Aging and Disability Resource Centers	25,172
H07/H09	Head Start FY	330,458
F07/F09	Foster Grandparent Program	9,475
S08	Senior Companion Program	9,880
G06	Retired Senior Volunteer Program	65,872
C08/C12	C.J. Planning Services	3,542
Z05	9-1-1 Emergency Communications	26,624
X10	Homeland Security Grants Division	1,458
TV1	Texas Veterans Commission FVA	8,383
W03	Solid Waste	4,638
U05	Urban Transportation	419,704
R05	Rural Transportation	563,920
B04/B06	Bus & Bus Facilities FTA	2,076
M05/M06	Transportation for Elderly and Disabled	107,383
-	Other	241
	Total grants receivable	<u>\$ 1,886,870</u>

Other receivables include amounts due from Concho Valley Transit District totaling \$397,247 with the remaining balance representing miscellaneous receivables.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
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The Council's accounts payable totaled \$931,937, which includes \$376,974 owed to the Concho Valley Council of Governments by the District, with the remaining balance consisting of trade payables. Payroll payable of \$743,627 relates to payroll and associated employee benefits. Accrued liabilities are not material to the financial statements.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, 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	\$ 1,034,099	\$	\$	\$ 1,034,099
Total capital assets not being depreciated	<u>1,034,099</u>	<u>-</u>	<u>-</u>	<u>1,034,099</u>
Capital assets being depreciated:				
Buildings and improvements	8,210,624	3,774		8,214,398
Leasehold improvements	291,666	-		291,666
Equipment and vehicles	9,747,978	1,312,260	(524,290)	10,535,948
Right-of-use assets – leases	776,620	73,170	(596,234)	253,556
Right-of-use assets – SBITAs	344,969	-	-	344,969
Total capital assets being depreciated	<u>19,371,857</u>	<u>1,389,204</u>	<u>(1,120,524)</u>	<u>19,640,537</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,690,829)	(278,354)		(1,969,183)
Leasehold improvements	(71,244)	(25,154)		(96,398)
Equipment and vehicles	(5,611,610)	(1,236,637)	524,290	(6,323,957)
Right-of-use assets – leases	(325,715)	(125,924)	376,723	(74,916)
Right-of-use assets – SBITAs	(110,470)	(148,512)		(258,982)
Total accumulated depreciation	<u>(7,809,868)</u>	<u>(1,814,581)</u>	<u>901,013</u>	<u>(8,723,436)</u>
Total capital assets being depreciated, net	<u>11,561,989</u>	<u>(425,377)</u>	<u>(219,511)</u>	<u>10,917,101</u>
Governmental activities capital assets, net	<u>\$ 12,596,088</u>	<u>\$ (425,377)</u>	<u>\$ (219,511)</u>	<u>\$ 11,951,200</u>

Depreciation and amortization was charged to functions as follows:

Family and children services	\$ 183,207
Emergency communications	10,091
Emergency management	191,747
Criminal justice	4,794
Economic development	16,668
Transportation	1,350,004
General government	58,070
	<u>\$ 1,814,581</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 5: UNEARNED REVENUE

Unearned revenue at September 30, 2025, is summarized as follows:

Name	Amount
9-1-1 Program	\$ 420,380
VISTA	2,500
General Fund	55,102
Senior Companion	6,791
C.J. Regional Law Academy	18,882
Head Start	33,464
Retired Senior Volunteer Program	48,708
Area of Aging	12,959
Foster Grandparent	5,316
CJ Planning	916
Homeland Security	902
Total unearned revenue	<u>\$ 605,920</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, 2025, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Leases payable	\$ 457,849	\$ 71,816	\$ (386,894)	\$ 142,771	\$ 78,864
SBITAs payable	122,661		(95,703)	26,958	13,774
Total	<u>\$ 580,510</u>	<u>\$ 71,817</u>	<u>\$ (482,597)</u>	<u>\$ 169,729</u>	<u>\$ 92,638</u>

Lease obligations at September 30, 2025, 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 1 st , with interest rate of 0.32%, final payment due February 1, 2027.	\$ 3,928
Office Solutions lease for \$31,953 dated March 1, 2023 for a copier, payable in monthly principal and interest payments due monthly on the 1 st , with interest rate of 0.32%, final payment due February 1, 2027.	9,034
Crockett ISD lease for \$15,600 dated July 1, 2019, for a building, payable in monthly principal and interest payments due monthly on the 1 st , with interest rate of 0.05%, final payment due July 31, 2026.	2,600

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

CTWP lease for \$71,817 dated January 5, 2025 , for a copier, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 4.31%, final payment due December 31, 2029. 62,946

San Angelo ISD lease for \$509,432 dated July 1, 2023 for a building, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 4.35%, final payment due July 1, 2029. 49,988

Ptiney Bowes lease for \$17,735 dated September 1, 2025, for mailing equipment, payable in monthly principal and interest payments due monthly on the 1st, with interest rate of 4.35%, final payment due September 1, 2029. 14,275
 Total leases payable \$ 142,771

Commitments under lease agreements for building and equipment provide for minimum future rental payments as of September 30, 2025, as follows:

Year Ending September 30,	
2026	\$ 78,864
2027	22,101
2028	18,913
2029	19,573
2030+	5,320
Total Minimum Rentals	\$ <u>142,771</u>

Subscription-Based Information Technology Arrangements Payable

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. 1,250

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. 5,191

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. 20,517
 Total SBITA payable \$ 26,958

Commitments under lease agreements for building and equipment provide for minimum future rental payments as of September 30, 2025, as follows:

Year Ending September 30,	
2026	\$ 13,774
2027	12,551
2028	633
Total Minimum Rentals	\$ <u>26,958</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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 2025, the Council obtained general liability coverage at a cost that is considered to be economically justifiable by joining 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 for 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 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.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

As of the most recent measurement date, which was December 31, 2024, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	443
Active employees	<u>243</u>
Total Participants	<u>737</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 the 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 2024 was 11.0%.

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, 2025, the annual pension cost for the TCDRS plan for its employees was \$1,022,842 and actual contributions were \$1,022,842.

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, 2024, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$	22,227,859
Fiduciary net position		<u>24,421,521</u>
Net pension asset	\$	<u>(2,193,662)</u>

Actuarial Assumptions

The demographic assumptions used in the December 31, 2024 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, 2023. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The total pension liability in the December 31, 2024 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.

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%	4.75%
Private equity	25.00%	7.75%
Global equities	2.50%	4.75%
International equities – developed	5.00%	4.75%
International equities - emerging	6.00%	4.75%
Investment grade bonds	3.00%	2.35%
Strategic credit	9.00%	3.65%
Direct lending	16.00%	7.25%
Distressed debt	4.00%	6.90%
REIT equities	2.00%	4.10%
Master limited partnerships	2.00%	5.20%
Private real estate partnerships	6.00%	5.70%
Hedge funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

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, 2025

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)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2023	\$ 19,714,287	\$ 21,204,924	\$ (1,490,637)
Changes for the year:			
Service cost	1,469,238		1,469,238
Interest on total pension liability	1,586,374		1,586,374
Effect of economic/demographic gains or losses	89,900		89,900
Refund of contributions	(206,893)	(206,893)	-
Benefit payments	(425,047)	(425,047)	-
Administrative expenses		(13,294)	13,294
Member contributions		629,576	(629,576)
Net investment income		2,182,385	(2,182,385)
Employer contributions		989,334	(989,334)
Other		60,536	(60,536)
Balances as of December 31, 2024	<u>\$ 22,227,859</u>	<u>\$ 24,421,521</u>	<u>\$ (2,193,662)</u>

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	\$ 25,646,910	\$ 22,227,859	\$ 19,403,019
Fiduciary net position	<u>24,421,521</u>	<u>24,421,521</u>	<u>24,421,521</u>
Net pension liability (asset)	<u>\$ 1,225,389</u>	<u>\$ (2,193,662)</u>	<u>\$ (5,018,502)</u>

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

For the year ended September 30, 2025, the Council recognized a total pension income of \$485,452.

As of September 30, 2025, 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	\$ 759,124
Difference between projected and actual investment earnings	616,809
Total	<u>\$ 1,375,933</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

As of September 30, 2025, 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	\$ (37,134)
Change of assumptions	-
Difference between projected and actual investment earnings	<u>(688,495)</u>
Total	<u>\$ (725,629)</u>

Deferred outflows of resources related to contributions after the measurement date of \$759,124 will be recognized as an increase in the net pension asset for the year ending September 30, 2025. Remaining net deferred outflows of resources related to pensions totaling \$616,809 will be recognized in pension expense for the years ending September 30, 2026 and 2027 in the amounts of \$541,395 and \$75,414, respectively. Net deferred inflows of resources related to pensions totaling \$725,629 will be recognized in pension income for the years ending September 30, 2026, 2027, 2028, and 2029 in the amounts of (\$341,124), (\$222,447), (\$106,446), and (\$55,612) 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 February 28, 2025 exceeded federally insured limits by approximately \$300,000.

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, 2025, these grants represented approximately 78% of total revenue.

CONCHO VALLEY COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 10: CORRECTION OF AN ERROR

The District completed a review of its capital assets and identified misstatements in certain capital asset costs and related accumulated depreciation from prior periods. Accordingly, an adjustment was recorded to correct the beginning net position.

The following table illustrates the impact of the error correction:

	Increase (Decrease)		
	Before Error Correction	After Error Correction	Impact of Error Correction
Net Position:			
Net investment in capital assets	\$ (11,786,475)	\$ (12,013,594)	\$ (227,119)

Required Supplementary Information

CONCHO VALLEY COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET)

AND RELATED RATIOS - PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

	Measurement Date 12/31/2024	Measurement Date 12/31/2023	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
Total Pension Liability:										
Service cost	\$ 1,469,238	\$ 1,383,155	\$ 1,373,348	\$ 1,407,048	\$ 1,114,229	\$ 744,822	\$ 768,449	\$ 732,566	\$ 775,387	\$ 666,764
Interest on total pension liability	1,586,374	1,418,040	1,261,496	1,112,640	940,532	804,806	734,827	646,004	555,230	529,438
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	89,900	(120,660)	(94,685)	(33,134)	169,342	82,443	(319,710)	(106,837)	(326,593)	(754,257)
Benefit payments / refunds of contributions	(631,940)	(474,352)	(505,412)	(399,197)	(325,151)	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)
Net change in total pension liability	<u>2,513,572</u>	<u>2,206,183</u>	<u>2,034,747</u>	<u>2,044,463</u>	<u>2,772,202</u>	<u>1,305,561</u>	<u>916,898</u>	<u>1,066,509</u>	<u>786,553</u>	<u>304,318</u>
Total pension liability, beginning	<u>19,714,287</u>	<u>17,508,104</u>	<u>15,473,357</u>	<u>13,428,894</u>	<u>10,656,692</u>	<u>9,351,131</u>	<u>8,434,233</u>	<u>7,367,724</u>	<u>6,581,171</u>	<u>6,276,852</u>
Total pension liability, ending (a)	<u>22,227,859</u>	<u>19,714,287</u>	<u>17,508,104</u>	<u>15,473,357</u>	<u>13,428,894</u>	<u>10,656,692</u>	<u>9,351,131</u>	<u>8,434,233</u>	<u>7,367,724</u>	<u>6,581,171</u>
Fiduciary Net Position:										
Employer contributions	989,334	958,854	988,431	946,747	907,943	683,673	546,477	661,060	490,610	494,898
Member contributions	629,576	619,187	578,029	576,280	552,652	416,148	332,638	308,495	305,352	292,099
Investment income net of investment expenses	2,182,385	1,995,310	(1,144,868)	3,138,049	1,176,117	1,490,247	(153,540)	1,015,037	433,316	(182,116)
Benefit payments / refunds of contributions	(631,940)	(474,353)	(505,412)	(399,197)	(325,151)	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)
Administrative expenses	(13,294)	(11,072)	(10,581)	(9,731)	(10,023)	(8,658)	(7,293)	(5,725)	(4,711)	(4,040)
Other	60,536	60,707	164,482	35,611	34,656	27,874	19,079	9,524	69,325	2,296
Net change in fiduciary net position	<u>3,216,597</u>	<u>3,148,633</u>	<u>70,081</u>	<u>4,287,759</u>	<u>2,336,194</u>	<u>2,282,774</u>	<u>470,693</u>	<u>1,733,578</u>	<u>1,076,421</u>	<u>476,938</u>
Fiduciary net position, beginning	<u>21,204,924</u>	<u>18,056,291</u>	<u>17,986,210</u>	<u>13,698,451</u>	<u>11,362,257</u>	<u>9,079,483</u>	<u>8,608,790</u>	<u>6,875,212</u>	<u>5,798,791</u>	<u>5,321,852</u>
Fiduciary net position, ending (b)	<u>24,421,521</u>	<u>21,204,924</u>	<u>18,056,291</u>	<u>17,986,210</u>	<u>13,698,451</u>	<u>11,362,257</u>	<u>9,079,483</u>	<u>8,608,790</u>	<u>6,875,212</u>	<u>5,798,791</u>
Net pension liability (asset), ending ((a) - (b))	<u>\$ (2,193,662)</u>	<u>\$ (1,490,637)</u>	<u>\$ (548,187)</u>	<u>\$ (2,512,853)</u>	<u>\$ (269,557)</u>	<u>\$ (705,565)</u>	<u>\$ 271,648</u>	<u>\$ (174,557)</u>	<u>\$ 492,512</u>	<u>\$ 782,380</u>
Fiduciary net position as a % of total pension liability	109.87%	107.56%	103.13%	116.24%	102.01%	106.62%	97.10%	102.07%	93.32%	88.11%
Pensionable covered payroll	\$ 8,993,947	\$ 8,845,536	\$ 8,257,563	\$ 7,895,024	\$ 5,944,972	\$ 4,751,973	\$ 4,407,065	\$ 4,362,170	\$ 4,172,841	\$ 3,881,021
Net pension liability (asset) as a % of covered payroll	-24.39%	-16.85%	-6.64%	-31.83%	-4.53%	-14.85%	6.16%	-4.00%	11.80%	20.16%

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
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	958,854	958,854	-	8,845,536	10.84%
2024	980,340	989,334	(8,994)	8,993,947	11.00%

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	10.7 years (based on contribution rate calculated in 12/31/2024 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	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 2023: No changes in plan provisions were reflected in the Schedule 2024: 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, 2025

	Homeland Security SHSP	Head Start	Senior Companion	Foster Grandparent	Criminal Justice Academy	Criminal Justice Planning	Criminal Justice Other	Criminal Justice VAWA
Salaries	\$ 58,866	\$ 3,814,453	\$ 35,797	\$ 54,167	\$ 71,144	\$ 21,277	\$ 6,441	\$ 13,849
Fringe benefits	25,228	1,788,634	8,906	15,040	25,404	8,635	2,576	5,241
Total personnel	84,094	5,603,087	44,703	69,207	96,548	29,912	9,017	19,090
Indirect costs	6,055	403,422	3,218	4,983	6,959	2,154	649	1,367
Stipend			92,481	159,824				
Uniforms			741	766				
Recognition	18,381	350,360	50,042	63,666	8,910		730	
Counseling services							15,509	
Contract services	134,393	56,761			32,938			6,240
HS policy council		180						
HS nutrition service		379,680						
HS parent service		9,969						
Head Start T & T A		103,616						
Congregate meals								
Home delivered meals								
Meals			2,899	4,129	143			
Travel	3,338	792	23,409	28,667	2,552			
Fuel and vehicle maintenance		1,810			2,196			
Rent		158,869						
Utilities		109,912						
Building maintenance	11,580	280,451	6,290	12,686	49,404			
Supplies	10,455	293,155		2,456		330		
HS diapers and wipes		13,064	1,343					
Internal computer/software		118,189						
Country project equipment	186,293							
Copier	429	34,136	2	9	2,377			
Insurance	1,135	6,724	467	824	5,363			
Cell phones	3,249				723			
Printing / publications / ads		3,341						
HS capital playground		236,098						
Training					776			
Dues and fees	1,106	2,403	41	92		127		
Communications		23,656						
Postage / freight		672	191	203				
911 wireless service maintenance								
In-kind		1,686,912	59,489	24,752				
Other		1,090	598	856				
Total Expenditures	\$ 460,508	\$ 9,878,349	\$ 285,914	\$ 373,120	\$ 208,889	\$ 32,523	\$ 25,905	\$ 26,697

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY GRANT (CONT'D)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	911 Emergency Communications	Area Agency on Aging	211 Info and Referral	Solid Waste	CEDAF	Other	Total
Salaries	\$ 416,842	\$ 505,275	\$ 126,481	\$ 22,677	\$ 6,027	\$	\$ 5,153,296
Fringe benefits	137,070	195,693	56,241	8,248	2,308		2,279,224
Total personnel	553,912	700,968	182,722	30,925	8,335	-	7,432,520
Indirect costs	39,882	50,470	13,156	2,228	600	65,802	600,945
Stipend							252,305
Uniforms							1,507
Recognition	93,467	72,959	14,092	4,631	627		677,865
Counseling services							15,509
Contract services	18,519	239,706	13,340		1,149		503,046
HS policy council							180
HS nutrition service							379,680
HS parent service							9,969
Head Start T & T A							103,616
Congregate meals		397,120					397,120
Home delivered meals		594,305					594,305
Meals							7,171
Travel	10,976	15,192	953	1,466	3,865		91,210
Fuel and vehicle maintenance							4,006
Rent		1,000					159,869
Utilities							109,912
Building maintenance	89,305	69,089	10,972	5,002	282		535,061
Supplies	48,277	13,147	3,711	346	1,342		373,219
HS diapers and wipes							14,407
Internal computer/software		800					118,989
Country project equipment	74,687			90,200			351,180
Copier	438	3,901	112	62			41,466
Insurance		1,285					15,798
Cell phones		172	1,635				5,779
Printing / publications / ads	(16)						3,325
HS capital playground							236,098
Training	4,375				500		5,651
Dues and fees	202	5,226	7,081	495			16,773
Communications	3,014						26,670
Postage / freight	98	3,429					4,593
911 wireless service maintenance	1,495,513						1,495,513
In-kind		179,548					1,950,701
Other						114,261	116,805
Total Expenditures	\$ 2,432,649	\$ 2,348,317	\$ 247,774	\$ 135,355	\$ 16,700	\$ 180,063	\$ 16,652,763

CONCHO VALLEY TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES BY GRANT
FOR THE YEAR ENDED AUGUST 31, 2025

	U04	800	R04	M05, M06	P03	B02, B04	B03	010	018	L03, K02	
	Urban	Operating	Rural	Elderly &	Reg	Bus &	Bus &	ICB	Extended	General	Total
	Operating	Assistance	Operating	Disabled	Planning	Facilities	Facilities	Program	Medicaid		
		CARES/ARP		TXDOT	TXDOT	FTA	TXDOT	Local	Trips		
									Local		
Salaries	\$ 1,416,537	\$	\$ 929,513	\$ 146,794	\$ 26,052	\$	\$	\$ 13,782	\$ 43,588	\$	\$ 2,576,266
Fringe benefits	703,444		487,074	69,810	10,945			8,722	18,807		1,298,802
Total personnel	<u>2,119,981</u>	<u>-</u>	<u>1,416,587</u>	<u>216,604</u>	<u>36,997</u>	<u>-</u>	<u>-</u>	<u>22,504</u>	<u>62,395</u>	<u>-</u>	<u>3,875,068</u>
Indirect costs	152,686		101,994	15,548	2,664			1,620	4,492		279,004
Audit and legal	11,829		10,077								21,906
Contract services	112,677		16,388								129,065
Uniforms	2,154		1,811								3,965
Human resource service center	51,790		44,117								95,907
Procurement service center	71,757		61,126								132,883
Information technology service	57,699		49,151								106,850
Pass-thru								20,256			20,256
Travel	5,628		4,756	1,310	468						12,162
Fuel	208,733	49,912	183,680	15,709							458,034
Lubricant	24,903	278	15,114	1,111							41,406
Preventative maintenance	402,163		184,030	20,653							606,846
Tires	31,755		20,520	1,229							53,504
Utilities			10							2,563	2,573
Building maintenance	4,999		4,259							74	9,332
Capital facility improvements	2,400										2,400
Capital bus > 30 ft						454,680					454,680
Supplies		3,250	81,596	18			656			45	85,565
Capital vehicle improvements	20,432						11,681				32,113
Capital technology		7,463	15,653								23,116
Capital equipment	10,746										10,746
Tools and Copier	75,473		963								76,436
Insurance	572		38,485	2,520							41,577
Communications - bus	80,605		69,594	36,395							186,594
Cell phones	104,382		479								104,861
Internet	1,033										1,033
Printing / ads and promotions			1,880					1,940			3,820
Publications	14,866		308								15,174
Capital construction	576										576
Dues and fees		123	1,560								1,683
Vehicle registration	7,617		189								7,806
Postage / freight	328		531								859
Other	541		127								668
Physicals	150		1,530								1,680
Safety	3,590		4,210								7,800
Multi-modal terminal operations	10,404	950	52,002								63,356
Shop Christoval operations	60,987		1,286								62,273
Link road amortization	1,508										1,508
Toll credits			8,799	33,328	8,001	79,841	2,336				132,305
Total Expenditures	<u>\$ 3,654,964</u>	<u>\$ 61,976</u>	<u>\$ 2,392,812</u>	<u>\$ 344,425</u>	<u>\$ 48,130</u>	<u>\$ 534,521</u>	<u>\$ 16,613</u>	<u>\$ 44,380</u>	<u>\$ 66,887</u>	<u>\$ 2,682</u>	<u>\$ 7,167,390</u>

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Salaries	\$ 489,368	\$ 550,680	\$ (61,312)
Fringe benefits	161,445	183,739	(22,294)
Subtotal indirect payroll costs	<u>650,813</u>	<u>734,419</u>	<u>(83,606)</u>
Audit and legal	46,297	44,718	1,579
Contract services	5,000	458	4,542
Human resources cost allocation	9,249	10,266	(1,017)
Procurement cost allocation	8,546	4,503	4,043
Travel-in region	13,068	8,994	4,074
Travel-out of region	11,940	15,018	(3,078)
Facility cost allocation	50,385	52,073	(1,688)
Supplies	13,250	3,177	10,073
Network cost allocation	20,596	86,079	(65,483)
Copier	19,265	9,051	10,214
Insurance	3,040	4,195	(1,155)
Printing	3,950	1,034	2,916
Publications	1,146	360	786
Training	3,980	365	3,615
Dues and fees	11,499	14,469	(2,970)
Postage/freight	7,150	7,680	(530)
Other	-	-	-
Subtotal other indirect costs	<u>228,361</u>	<u>262,439</u>	<u>(34,078)</u>
Total indirect costs	<u>879,174</u>	<u>996,858</u>	<u>(117,684)</u>
Less: CVCOG membership dues/interest income	<u>-</u>	<u>-</u>	
Net indirect costs	<u>\$ 879,174</u>	<u>\$ 996,858</u>	
Less: Prior period over allocation of indirect costs	<u>\$ -</u>	<u>\$ (133,748)</u>	
Plus: Current year over recovery of indirect costs		<u>1,188</u>	
Net indirect costs recovered in 2023	<u>879,174</u>	<u>864,298</u>	
<u>CALCULATION OF INDIRECT COST RATE</u>			
Total salaries (less salaries billed to Fringe)	9,004,454	9,007,777	
Net fringe benefits direct billed	4,178,404	4,049,169	
Less: indirect personnel costs	<u>(650,813)</u>	<u>(734,419)</u>	
Total program personnel costs	<u>\$ 12,532,045</u>	<u>\$ 12,322,527</u>	
Actual net indirect costs / total program personnel costs	<u>7.02%</u>	<u>8.09%</u>	
Net indirect costs recovered / total program personnel	<u>7.02%</u>	<u>7.01%</u>	

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Direct salaries	\$ 5,075,314	\$ 5,117,531	\$ (42,217)
Indirect salaries	<u>401,365</u>	<u>555,535</u>	<u>(154,170)</u>
Total salaries	<u>5,476,679</u>	<u>5,673,066</u>	<u>(196,387)</u>
Payroll taxes associated with release time	4,867	4,563	304
Retirement contributions associated with release time	31,735	32,082	(347)
Employee life, disability, health premiums associated with release time	67,545	56,312	11,233
Worker's compensation associated with release time	9,468	9,298	170
Release time	<u>287,749</u>	<u>291,663</u>	<u>(3,914)</u>
Total release time fringe	<u>401,364</u>	<u>393,918</u>	<u>\$ 7,446</u>
Plus: Payroll adjustments due to terminations and		-	
Less: Prior period recovery		37,004	
Plus: Current year over recovery		<u>2,860</u>	
Net release time fringe recovered by CVCOG in FY 24-25	\$ <u>401,364</u>	\$ <u>433,782</u>	

CALCULATION OF RELEASE TIME FRINGE BENEFIT

Total fringe benefits/total salaries	<u>7.33%</u>	<u>6.94%</u>
Net fringe benefits recovered in FY 24-25 total salaries	<u>7.33%</u>	<u>7.65%</u>

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

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



March 9, 2026

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, 2025, 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 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 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 9, 2026

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 Uniform Grant Management Standards

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 *State of Texas Uniform 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, 2025. 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, 2025.

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 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.

Condly 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, 2025

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

20.507, 20.526
93.600
n/a – State
Federal Transit Cluster
Head Start Cluster
Commission on State Emergency Communications

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000 (Federal and State)

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

None

C. Federal/State Award Findings and Questioned Costs

None

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<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, 2025

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>				
H08 Child Food Service Program	10.558	02121CACFP	\$ _____	\$ 552,692
TOTAL U.S. DEPARTMENT OF AGRICULTURE			_____	552,692
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed through Texas Department of Agriculture</i>				
<i>CDBG - Entitlement Cluster</i>				
Q03/Q04 Community and Economic Development Assistance Fund	14.218	CEDAF23-04	_____	9,078
<i>CDBG - Entitlement Cluster Total</i>			_____	9,078
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			_____	9,078
<u>U. S. DEPARTMENT OF COMMERCE</u>				
<i>Passed through the Economic Development Administration</i>				
<i>Economic Development Cluster</i>				
052 Economic Development District Planning for Regional Services	11.302	ED24AUS0G0256	_____	94,503
<i>Economic Development Cluster Total</i>			_____	94,503
TOTAL U.S. DEPARTMENT OF COMMERCE			_____	94,503
<u>U. S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through the Office of the Governor - Criminal Justice Division</i>				
J04 Criminal Justice Juvenile Justice Purchase of Service	16.523	1484325	_____	25,904
C09 Edward Byrne Memorial Justice Assistance Grant	16.738	4720702	_____	21,180
V04 VAWA Training Project	16.588	3973005	_____	16,616
TOTAL U.S. DEPARTMENT OF JUSTICE			_____	63,700
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Federal Transit Administration:</i>				
<i>Federal Transit Cluster (1)</i>				
<i>Direct Program</i>				
U05 Section 5307 Urban Transportation	20.507	TX-2021-100-01 Y446	_____	39,481
800 Section 5307 Urban Transportation	20.507	TX-2020-096-00 Y364 CARES	_____	61,975
U05 Section 5307 Urban Transportation	20.507	TX-2025-045	_____	584,962
U05 Section 5307 Urban Transportation	20.507	TX-2020-175	_____	74,736
U05 Section 5307 Urban Transportation	20.507	TX-2023-005	_____	15,194
U05 Section 5307 Urban Transportation	20.507	TX-2024-023	_____	973,861
797 Section 5339 Bus & Bus Facilities	20.526	TX-2020-068	_____	399,202
B03 Section 5339 Bus and Bus Facilities	20.526	51003F30723	_____	11,680
P03 Section 5304 State Planning and Research (1)	20.505	51008010724	_____	40,000
<i>Federal Transit Cluster Total</i>			_____	2,201,091
<i>Passed through the Office of the Governor:</i>				
<i>Texas Department of Transportation (1)</i>				
R03/R04/R05 Section 5311 Rural Transportation RPT 2302 (07) 05102	20.509	51018030723	_____	43,997
R04 Section 5311 Rural Transportation - RPT 2302(07)051_	20.509	51018020724	_____	25,482
R05/B06 Section 5311 Rural Transportation - RPT 2502(07)076_25	20.509	51018030725	_____	1,153,746
<i>Transit Services Programs Cluster</i>				
M05 Section 5310 Transp. For Elderly and Disabled ED 2102(07)074_19 (1)	20.513	51016080724	_____	227,307
M06 Section 5310 Transp. For Elderly and Disabled ED 2102(07)074_19 (1)	20.513	51016070724	_____	66,000
I04 Section 5310 Transp. For Elderly and Disabled ED 2023-00116	20.513	51016060724	_____	432,404
I05 Section 5310 Transp. For Elderly and Disabled ED 2023-00063	20.513	51016060724	_____	174,422
<i>Transit Services Programs Cluster Total</i>			_____	900,133
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			_____	4,324,449

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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>				
A04 Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	HHS000874100008		1,806
A04 Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100008		14,094
<u>Aging Cluster</u>				
A04 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	93.044	HHS000874100008		23,942
A04 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers - ARP	93.044	HHS000874100008		382,093
A04 Special Programs for the Aging-Title III, Part C- Nutrition Services	93.045	HHS000874100008		471,839
A04 Nutrition Services Incentive Program	93.053	HHS000874100008		51,151
<u>Aging Cluster Total</u>				929,025
<u>Health Center Program Cluster</u>				
A04 Access and Assistance Coord. - HICAP	93.224	HHS000874100008		55,700
<u>Health Center Program Cluster Total</u>				55,700
A04 Medicare Enrollment Assistance Program MIPPA	93.071	HHS000874100008		31,934
A04 Title III - E	93.052	HHS000874100008		115,896
<u>Passed Through Texas Health and Human Services Commission</u>				
T04/T05 2-1-1 Operations	93.767	HHS000979200003		452
T04/T05 2-1-1 Rider 28 HB1	93.767	HHS000979200003		65
T04/T05 2-1-1 Operations	10.561	HHS000979200003		38,530
T04/T05 2-1-1 Rider 28 HB 1	10.561	HHS000979200003		5,604
<u>Medicaid Cluster</u>				
T04 2-1-1 Operations	93.778	HHS000979200003		62,458
T04 2-1-1 Rider 28 HB 1	93.778	HHS000979200003		9,084
<u>Medicaid Cluster Total</u>				71,542
<u>CCDF Cluster</u>				
T04/T05 2-1-1 Child Care Contract	93.575	HHS000979200003		2,496
<u>CCDF Cluster Total</u>				2,496
T04/T05 2-1-1 Operations	93.558	HHS000979200003		1,942
T04/T05 2-1-1 Rider 28 HB1	93.558	HHS000979200003		283
D04/D05 Aging and Disability Resource Centers (ADRC)	93.791	HHS000270200007		59,708
D04/D05 Aging and Disability Resource Centers (ADRC)	93.071	HHS000270200007		17,866
<u>Direct Program</u>				
<u>Head Start Cluster</u>				
H07/H09 Head Start - Administration for Children and Families	93.600	06CH010970-06/06CH013199-01		7,637,468
<u>Head Start Cluster Total</u>				7,637,468
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	8,984,411
U. S. DEPARTMENT OF HOMELAND SECURITY				
<u>Passed through the Office of the Governor - Criminal Justice Division</u>				
X11 State Homeland Security Program (SHSP)	97.067	2952910		127,869
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	127,869

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
Direct Program

CONCHO VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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>Foster Grandparent/Senior Companion Cluster</u>				
F07/F09 Foster Grandparent Program	94.011	22SFGTX003/25SFGTX003		343,039
S08/S10 Senior Companion Program	94.016	22SCGTX003/25SCGTX003		209,105
<u>Foster Grandparent/Senior Companion Cluster Total</u>				552,144
G06/G08 Retired Senior Volunteer Program (RSVP)	94.002	23SRGTX015		103,704
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 14,812,550
<u>EXPENDITURES OF STATE AWARDS</u>				
<u>OFFICE OF THE GOVERNOR OF TEXAS</u>				
<u>Passed Through the Criminal Justice Division</u>				
C05/C10 Law Enforcement Special Training	N/A	1480418/1480419	\$	\$ 55,824
C08/C12 Criminal Justice Planning	N/A	25-00026/26-00052		42,501
<u>Passed Through the Homeland Security Division</u>				
X12 Radio Infrastructure	N/A	5201501		217,527
X07 Communications Upgrade	N/A	4467201		106,832
X10/X14 Homeland Security Grants	N/A	25-00026/26-00052		17,500
TOTAL OFFICE OF THE GOVERNOR OF TEXAS			-	440,184
<u>TEXAS DEPARTMENT OF TRANSPORTATION (1)</u>				
R05 Rural Transportation RUR 2502 (07)	N/A	51218020725		460,542
R06 Rural Transportation SEP 2502 (07)	N/A	51418020725		148,224
R06 Rural Transportation SEP 2401 (07)	N/A	51418010724		69,514
U05 Urban Transportation URB 2502 (07)	N/A	51309020725		397,864
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			-	1,076,144
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>				
W03/W04 Solid Waste Coordination	N/A	582-24-50084/582-26-00076		135,356
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			-	135,356
<u>TEXAS VETERANS COMMISSION</u>				
TV1 Fund for Veterans Assistance	N/A	GEN25-T-005		8,383
TOTAL TEXAS VETERANS COMMISSION			-	8,383
<u>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</u>				
Z05/Z06 Emergency Communications	N/A	FY 2025/FY 2026		2,140,222
Z02 Emergency Communications ARP	N/A	SB8HB2911		275,659
TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS			-	2,415,881
<u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u>				
T04/T05 2-1-1 Operations	N/A	HHS000979200003		101,965
T04/T05 2-1-1 Rider 28 HB1	N/A	HHS000979200003		14,829
F08 Foster Grandparent	N/A	HHS000871100029		5,316
S09 Senior Companion	N/A	HHS000871100039		6,791
G07 Retired Senior Volunteer Program	N/A	HHS000871100009		48,542
D04/D05 Aging and Disability Resource Centers (ADRC)	N/A	HHS000270200007		110,369
A04 Department of Aging and Disability - State Ombudsman	N/A	HHS000874100008		10,943
A04 Department of Aging and Disability - SGR Title III-E Match	N/A	HHS000874100008		15,000
A04 Department of Aging and Disability - SGR Other	N/A	HHS000874100008		61,780
A04 Department of Aging and Disability - SGR Housing Bond	N/A	HHS000874100008		14,522
A04 Department of Aging and Disability - SGR HDM Rate Increase	N/A	HHS000874100008		2,576
TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION			-	392,633
TOTAL EXPENDITURES OF STATE AWARDS			\$ -	\$ 4,468,581

(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, 2025*

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, 2025, and the Concho Valley Transit District, a blended component unit of the Council, for the year ended August 31, 2025. 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 Uniform Grant Management Standards. 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.