



# CONCHO VALLEY

## COUNCIL OF GOVERNMENTS

CONCHO VALLEY  
COUNCIL OF GOVERNMENTS  
*San Angelo, Texas*

*ANNUAL FINANCIAL REPORT*  
SEPTEMBER 30, 2024

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2024**

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**CONCHO VALLEY COUNCIL OF GOVERNMENTS**

*ANNUAL FINANCIAL REPORT*

*SEPTEMBER 30, 2024*

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## **Financial Section**

March 10, 2025

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, 2024, 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, 2024, 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 Single Audit Circular* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and Schedule of Expenditures of Federal/State Awards is fairly stated, in all material respects, concerning the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2025, 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, 2024**

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, 2024.

**FINANCIAL HIGHLIGHTS**

- The Council’s net position was \$16,352,366 and \$13,493,354 at September 30, 2024 and 2023, respectively.
- The Council’s revenues totaled \$27,560,993 and \$26,419,259 for the years ended September 30, 2024 and 2023, respectively. Expenses totaled \$24,701,981 and \$25,663,119 for the years ended September 30, 2024 and 2023, respectively. Net position increased by \$2,859,012 and \$756,140 for the years ended September 30, 2024 and 2023, 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.

<b>Type of Statement</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>
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 \$16,352,366 and \$13,493,354 at September 30, 2024 and 2023, respectively.

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

	<u>2024</u>	<u>2023</u>
Assets:		
Current assets	\$ 5,231,012	\$ 5,565,459
Net pension asset	1,490,637	548,187
Capital assets, net	<u>12,368,968</u>	<u>9,746,343</u>
Total assets	<u>\$ 19,090,617</u>	<u>\$ 15,859,989</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions	\$ <u>1,853,499</u>	\$ <u>2,410,382</u>
Total deferred outflows of resources	<u>\$ 1,853,499</u>	<u>\$ 2,410,382</u>
Liabilities:		
Current liabilities	\$ 3,220,836	\$ 3,598,884
Noncurrent liabilities	<u>385,293</u>	<u>88,187</u>
Total liabilities	<u>\$ 3,606,129</u>	<u>\$ 3,687,071</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions	\$ <u>985,621</u>	\$ <u>1,089,946</u>
Total deferred inflows of resources	<u>\$ 985,621</u>	<u>\$ 1,089,946</u>
Net position:		
Net investment in capital assets	\$ 11,786,475	\$ 9,486,821
Restricted for federal and state programs	23,850	23,850
Unrestricted	<u>4,542,041</u>	<u>3,982,683</u>
Total net position	<u>\$ 16,352,366</u>	<u>\$ 13,493,354</u>

Capital assets increased from 2023 to 2024 primarily due to purchases of land, equipment, and vehicles. As of September 30, 2024, the net pension asset increased compared to September 30, 2023. Liabilities decreased due to the timing of payables.

**OPERATING RESULTS AND CHANGES IN THE COUNCIL'S NET POSITION**

The Council's total revenues were \$27,560,993 for the year ended September 30, 2024. In the 2024 fiscal year, approximately 59% of the Council's revenue came from federal grants or federal grants passed through the state, 20% from state grants, 8% from matching and in-kind, 1% from a variety of local funds, 3% from member government contributions, 6% from transit medical, charter, aging and toll credits and the remainder 3% is from other miscellaneous sources.

## Changes in Net Position

	2024	2023
Revenues:		
Federal grants	\$ 16,737,303	\$ 15,660,163
State grants	4,835,883	5,275,635
Matching / in-kind	2,359,068	2,203,301
Local funds:		
Member government contributions	819,209	818,477
Facility management allocation	436,367	428,132
Program income	370,559	290,595
Transit charter	32,550	26,076
Transit medical	478,727	556,304
Local contracts	190,168	168,046
Aging vendor	355,847	375,997
Membership dues	107,799	139,662
Toll credits	199,588	277,965
Other local revenues	624,183	188,937
Interest and miscellaneous	13,742	9,969
Total revenues	<u>27,560,993</u>	<u>26,419,259</u>
Expenses:		
General government	431,388	305,572
Family and children services	9,918,994	9,649,363
Aging services	3,488,918	3,058,438
Emergency communications	2,899,875	3,747,420
Emergency management	314,961	235,996
Criminal justice	279,839	246,219
Community and environmental	94,001	174,151
Information and referral	222,043	197,090
Economic development	14,551	16,668
Transportation	7,037,411	8,032,202
Total expenses	<u>24,701,981</u>	<u>25,663,119</u>
Increase in net position	2,859,012	756,140
Net position at beginning of year	<u>13,493,354</u>	<u>12,737,214</u>
Net position end of year	\$ <u>16,352,366</u>	\$ <u>13,493,354</u>

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2024 and 2023, the Council had \$11,786,475 and \$9,486,821 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, 2024 and 2023 respectively, the Council had \$580,510 and \$259,522 recorded in leases and 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, 2024**

	Primary Government	Component Unit
	Governmental Activities	Concho Valley Economic Development District, Inc.
<b>ASSETS</b>		
Cash	\$ 2,237,850	\$ 543,248
Receivables:		
Grants	2,559,312	40,833
Other	432,474	-
Notes receivable - current		195,265
Prepaid expenses	1,376	
Notes receivable		53,165
Net pension asset	1,490,637	
Capital assets:		
Land	1,034,099	
Leasehold improvements	291,666	
Buildings and improvements	8,210,624	
Equipment and vehicles	9,747,977	
Right of use assets - leases	776,620	
Right of use assets - SBITAs	344,969	
Less: accumulated depreciation and amortization	(8,036,987)	
	<u>19,090,617</u>	<u>832,511</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	<u>1,853,499</u>	
	<u>1,853,499</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable	1,347,149	
Payroll payable	732,022	
Unearned revenue	648,032	517,987
Accrued liabilities	7,304	
Due to other local organizations	93,812	
Compensated absences	195,317	
Leases payable - due within one year	99,514	
SBITAs payable - due within one year	95,703	
SBITAs interest payable - due within one year	1,983	
Leases payable - due in more than one year	358,335	
SBITAs payable - due in more than one year	26,958	
	<u>3,606,129</u>	<u>517,987</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	<u>985,621</u>	
	<u>985,621</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	11,788,458	
Restricted for federal and state programs	23,850	
Unrestricted	<u>4,540,058</u>	<u>812,841</u>
	<u>\$ 16,352,366</u>	<u>\$ 812,841</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, 2024**

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.
<b>GOVERNMENTAL ACTIVITIES</b>							
General government	\$ 369,800	\$ 61,588	\$ 431,388	\$	\$ 487,176	\$ 55,788	\$
Family and children services	9,514,394	404,600	9,918,994		10,250,320	331,326	
Aging services	3,428,625	60,293	3,488,918	121,655	3,385,660	18,397	
Emergency communications	2,863,219	36,656	2,899,875		2,971,353	71,478	
Emergency management	307,394	7,567	314,961		428,757	113,796	
Criminal justice	269,353	10,486	279,839	89,138	179,126	(11,575)	
Community and environmental	92,466	1,535	94,001		95,773	1,772	
Information and referral	211,468	10,575	222,043		226,094	4,051	
Economic development	14,551		14,551			(14,551)	
Transportation	7,037,411		7,037,411	1,026,890	8,177,510	2,166,989	
Indirect costs	593,300	(593,300)	-			-	
Total Governmental Activities	24,701,981	-	24,701,981	1,237,683	26,201,769	2,737,471	-
<b>COMPONENT UNIT</b>							
Concho Valley Economic Development District, Inc.	461,039		461,039	60,755	418,298		18,014
Total Component Unit	461,039	-	461,039	60,755	418,298	-	18,014
General Revenues:							
Membership dues						107,799	
Unrestricted investment earnings						13,742	
Total General Revenues						121,541	-
Change in Net Position						2,859,012	18,014
Net Position - Beginning						13,493,354	794,827
Net Position - Ending						\$ 16,352,366	\$ 812,841

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



**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 1,092,383	\$ 1,145,467	\$ 2,237,850
Receivables:			
Grants	1,693,310	866,002	2,559,312
Other	365,705	66,769	432,474
Prepaid expenses	<u>1,376</u>	<u>          </u>	<u>1,376</u>
 Total Assets	 <u>\$ 3,152,774</u>	 <u>\$ 2,078,238</u>	 <u>\$ 5,231,012</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 544,411	\$ 802,738	\$ 1,347,149
Payroll payable	732,022		732,022
Unearned revenue	648,032		648,032
Accrued liabilities		7,304	7,304
Due to other local organizations	<u>93,812</u>	<u>          </u>	<u>93,812</u>
 Total Liabilities	 <u>2,018,277</u>	 <u>810,042</u>	 <u>2,828,319</u>
Fund Balance:			
Nonspendable fund balance	1,376		1,376
Restricted fund balance for:			
Federal and state programs	23,850		23,850
Assigned fund balance for:			
Aging services	31,979		31,979
Emergency management	26,137		26,137
Criminal justice	304,685		304,685
Community and environmental	74,501		74,501
Information referral	34,630		34,630
Transportation		1,268,196	1,268,196
Unassigned fund balance	<u>637,339</u>	<u>          </u>	<u>637,339</u>
 Total Fund Balance	 <u>1,134,497</u>	 <u>1,268,196</u>	 <u>2,402,693</u>
 Total Liabilities and Fund Balance	 <u>\$ 3,152,774</u>	 <u>\$ 2,078,238</u>	 <u>\$ 5,231,012</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, 2024*

Total fund balances - governmental funds balance sheet	\$ 2,402,693
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.	1,853,499
Capital assets used in governmental activities are not reported in the funds.	12,368,968
Net pension asset is not reported in the funds.	1,490,637
Liabilities for leases are not reported in the funds.	(457,849)
Liabilities for SBITAs are not reported in the funds.	(122,661)
Liabilities for interest payable are not reported in the funds.	(1,983)
Liabilities for compensated absences are not reported in the funds.	(195,317)
Deferred inflows of resources related to pensions are not reported in the funds.	<u>(985,621)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 16,352,366</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, 2024**

	<u>General</u>	<u>Transit District</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Federal grants	\$ 11,089,810	\$ 5,647,493	\$ 16,737,303
State grants	3,951,198	884,685	4,835,883
Local funds:			
Member government contributions		819,209	819,209
Facility management allocation		436,367	436,367
Program income	210,793	159,766	370,559
Transit charter		32,550	32,550
Transit medical		478,727	478,727
Local contracts		190,168	190,168
Aging vendor		355,847	355,847
Membership dues	107,799		107,799
Toll credits		199,588	199,588
Other local revenues	624,183		624,183
Interest income	13,742		13,742
	<u>15,997,525</u>	<u>9,204,400</u>	<u>25,201,925</u>
Total revenues	<u>15,997,525</u>	<u>9,204,400</u>	<u>25,201,925</u>
<b>Expenditures</b>			
General government	423,561		423,561
Family and children services	10,250,320		10,250,320
Aging services	3,554,617		3,554,617
Emergency communications	2,954,738		2,954,738
Emergency management	443,418		443,418
Criminal justice	280,026		280,026
Community and environmental	95,773		95,773
Information and referral	226,094		226,094
Transportation		9,232,798	9,232,798
	<u>18,228,547</u>	<u>9,232,798</u>	<u>27,461,345</u>
Excell (Deficit) of revenues over expenditures	(2,231,022)	(28,398)	(2,259,420)
<b>Other Sources</b>			
Match / in-kind	2,359,068		2,359,068
	<u>2,359,068</u>	<u>-</u>	<u>2,359,068</u>
Total other sources	<u>2,359,068</u>	<u>-</u>	<u>2,359,068</u>
Excess (Deficit) of revenues and other sources over expenditures	<u>128,046</u>	<u>(28,398)</u>	<u>99,648</u>
Fund balances, October 1	<u>1,006,451</u>	<u>1,296,594</u>	<u>2,303,045</u>
Fund balances, September 30	<u>\$ 1,134,497</u>	<u>\$ 1,268,196</u>	<u>\$ 2,402,693</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, 2024*

Net change in fund balances - total governmental funds \$ 99,648

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. 3,532,756

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. 74,363

Depreciation is not recognized as an expense in governmental funds since it does not require use of current financial resources. (1,342,461)

Change in compensated absences is not recognized in the governmental funds since it does not require use of current financial resources. (30,182)

Governmental funds report lease receipts as income, but lease receipts are shown as decreases in lease receivables. 35,000

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. 489,888

Change in net position of governmental activities - Statement of Activities \$ 2,859,012

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

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2024*

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**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 by the operation of this rural public transportation project.

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

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2024*

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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, 2024. 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, 2024 and August 31, 2024, 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, 2024. This disparity in fiscal year within the reporting entity can cause differences between how balances and activities are reported between the primary government and the discretely presented component unit.

*Basis of Presentation, Basis of Accounting*

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities (if any). Eliminations have been made to minimize the double-counting of internal activities. Government activities generally are financed through memberships, federal, state, and local grants, as well as 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 emphasis of fund financial statements is on 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, 2024*

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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 contributed cash, contributed services, and other revenue as discussed below:

Federal and State Grant Revenues

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

Member Government Dues

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

Local Contributed Cash

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

In-Kind Contributed Services

Local contributions, 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, 2024*

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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, 2024**

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d. Notes Receivable (Discretely presented component unit)

The District reports notes receivable of \$248,430 at June 30, 2024, which represent notes made to various businesses from the EDA revolving loan fund. These notes are collateralized with real property and/or business equipment. The notes bear interest rates ranging from 4% to 6%. The District considers these notes to be fully collectible and/or secured adequately, and accordingly, no allowance for doubtful accounts is considered necessary at June 30, 2024. If amounts become uncollectible, they will be charged to operations when that determination is made. The notes mature in fiscal years 2025, 2026, and 2027 and beyond in the amounts of \$195,265, \$44,904, and \$8,261, respectively.

e. Capital Assets

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

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 \$1,853,499 as of September 30, 2024.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2024*

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an inflow of resources (revenue) until that time. The Council had deferred inflows of resources related to pensions of \$985,621 as of September 30, 2024.

h. Notes Payable / Debt / Leases

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

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

The Council recognizes a lease and/or a subscription-based information technology arrangement (SBITA) liability and a corresponding right of use asset at the commencement date of a lease/SBITA. The lease/SBITA liability is initially measured at the present value of the remaining payments that are not paid at the commencement date. If an implicit interest rate can readily be determined for a lease/SBITA contract, this rate is used to discount the future payments. If this rate is not available, the Council uses the 3-month treasury bill rate as the discount rate.

i. Fund Balance – Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different classifications of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires that fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Council's highest level of decision-making authority).
4. Assigned fund balance classification includes amounts intended to be used by the Council for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the Council's general fund and includes all spendable amounts not contained in the other classifications.

The Council does not have a committed fund balance as of September 30, 2024. Restricted fund balance totaling \$23,850 is restricted for federal and state programs. The Council also has \$1,376 in nonspendable fund balance relating to prepaid items and \$1,740,128 in assigned fund balance relating to various programs.

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

In the fund financial statements, the Council considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and whether committed, assigned or unassigned amounts are considered to have

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2024*

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

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
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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 10, 2025, when the financial statements were available to be issued.

o. Recent Accounting Pronouncements

*ADOPTED*

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, which enhances accounting and financial reporting requirements and accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Council adopted this standard in fiscal year 2024. Adoption of this standard did not have a material impact on the financial statements.

*NOT ADOPTED*

In June 2022, the GASB issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences by aligning it under a unified model and amending certain previous disclosures. This statement requirements are effective for fiscal year beginning after December 15, 2023, and all reporting periods thereafter.

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

*Stewardship, Compliance, and Accountability*

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

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

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

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

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
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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, 2024, the carrying amount of the Councils deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash and short-term investments) all of which mature in less than three months was \$2,237,850 and the bank balance was \$1,655,873. The Council's cash deposits at September 30, 2024, and during the year ended September 30, 2024, 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.

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

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
 SEPTEMBER 30, 2024

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, 2024, is summarized as follows:

Grant Number	Name	Amount
H04	Child Food Service Program FY 22-23	\$ 102,889
582	Community and Economic Development Assistance 22-23	9,025
J02	C.J. Purchase of Services FY 23-24	2,141
C05	C.J Training FY 23-24	4,729
V02	VAWA Training Project 23-24	1,705
X01	Homeland Security Program – SHSP FY 22-23	13,792
A01/A02	Area Agency on Aging FY 21-22	906,122
T02	2-1-1 Operations	57,981
D02/D03	Aging and Disability Resource Centers 22-24	45,458
829/H03	Head Start FY 21-23	308,464
F05	Foster Grandparent Program FY 24-25	34,060
S06	Senior Companion Program FY 24-25	18,024
G04	Retired Senior Volunteer Program FY 20-23	16,809
C04/C07	C.J. Planning Services FY 22-23	7,084
Z03	9-1-1 Emergency Communications 22-23	10,027
Z02	9-1-1 Emergency Communications 23-24 ARP	55,780
X09	Homeland Security Grants Division FY 22-23	2,917
X06	Kimble County Tower Project FY 24-25	18,068
X07	Communications Upgrade FY 24-25	45,126
U04	Urban Transportation	363,018
R04	Rural Transportation	195,769
U05	Emergency Relief FTA	66,931
B02/B04	Bus & Bus Facilities FTA	228,000
B03	Bus & Bus Facilities Transportation	10,731
M05/M06	Transportation for Elderly and Disabled FY 23-24	1,553
-	Other	33,109
	Total grants receivable	<u>\$ 2,559,312</u>

Other receivables include amounts due from Concho Valley Transit District totaling \$352,560 with the remaining balance representing miscellaneous receivables.

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
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**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2024, was as follows:

<u>Governmental activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 749,099	\$ 285,000	\$ _____	\$ 1,034,099
Total capital assets not being depreciated	<u>749,099</u>	<u>285,000</u>	<u>-</u>	<u>1,034,099</u>
Capital assets being depreciated:				
Buildings and improvements	8,210,624			8,210,624
Leasehold improvements	145,077	146,589		291,666
Equipment and vehicles	6,646,812	3,101,165		9,747,977
Right of use assets – leases	902,398	527,166	(652,944)	776,620
Right of use assets – SBITAs	112,109	255,244	(22,384)	344,969
Total capital assets being depreciated	<u>16,017,020</u>	<u>4,030,164</u>	<u>(675,328)</u>	<u>19,371,856</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,464,296)	(214,808)		(1,679,104)
Leasehold improvements	(48,610)	(22,633)		(71,243)
Equipment and vehicles	(4,745,435)	(1,105,020)		(5,850,455)
Right of use assets – leases	(733,599)	(245,060)	652,944	(325,715)
Right of use assets – SBITAs	(27,836)	(92,327)	9,693	(110,470)
Total accumulated depreciation	<u>(7,019,776)</u>	<u>(1,679,848)</u>	<u>662,637</u>	<u>(8,036,987)</u>
Total capital assets being depreciated, net	<u>8,997,244</u>	<u>2,350,316</u>	<u>(12,691)</u>	<u>11,334,869</u>
Governmental activities capital assets, net	<u>\$ 9,746,343</u>	<u>\$ 2,635,316</u>	<u>\$ (12,691)</u>	<u>\$ 12,368,968</u>

Depreciation and amortization was charged to functions as follows:

Family and children services	\$ 279,225
Emergency management	137,535
Criminal justice	4,882
Economic development	14,551
Transportation	1,182,589
General government	61,066
	<u>\$ 1,679,848</u>

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5: UNEARNED REVENUE**

Unearned revenue at September 30, 2024, is summarized as follows:

Name	Amount
9-1-1 Program	\$ 477,797
VISTA	2,500
General Fund	4,918
Community Outreach	7,622
C.J. Regional Law Academy	113
Head Start	18,980
Retired Senior Volunteer Program	100
Area of Aging	5,284
Solid Waste	130,718
Total unearned revenue	<u>\$ 648,032</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, 2024, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
ROU Leases	\$ 174,418	\$ 507,260	\$ (223,829)	\$ 457,849	\$ 99,514
ROU SBITAs	85,104	255,243	(217,686)	122,661	95,703
Total	<u>\$ 259,522</u>	<u>\$ 762,503</u>	<u>\$ (441,515)</u>	<u>\$ 580,510</u>	<u>\$ 195,217</u>

Lease obligations at September 30, 2024, 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 <sup>st</sup> , with interest rate of 0.32%, final payment due February 1, 2027.	\$ 6,692
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 <sup>st</sup> , with interest rate of 0.32%, final payment due February 1, 2027.	15,386
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 <sup>st</sup> , with interest rate of 0.05%, final payment due July 31, 2026.	5,718



**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

West Central Texas Council of Governments lease for \$27,000 dated April 1, 2020, for a building, payable in monthly principal and interest payments due monthly on the 1<sup>st</sup>, with interest rate of 0.09%, final payment due March 31, 2025. 2,700

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 1<sup>st</sup>, with interest rate of 4.35%, final payment due July 1, 2029. 410,142

Ptiney Bowes lease for \$17,735 dated September 1, 2024, for mailing equipment, payable in monthly principal and interest payments due monthly on the 1<sup>st</sup>, with interest rate of 4.35%, final payment due September 1, 2029. 17,211  
 Total leases payable \$ 457,849

Commitments under lease agreements for building and equipment provide for minimum future rental payments as of September 30, 2024, as follows:

Year Ending September 30,			
2025	\$	99,514	
2026		98,216	
2027		92,278	
2028		90,469	
2029+		<u>77,372</u>	
Total Minimum Rentals	\$	<u>457,849</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 1<sup>st</sup> with interest rate of 0.09%, final payment due November 1, 2025. 6,246

The Council entered into an arrangement with Optibus for \$42,354 for software dated June 1, 2024, payable in annual principal and interest payments due annually on June 1<sup>st</sup> with an interest rate of 5.26%, final payment due June 1<sup>st</sup>, 2025. 18,674

The Council entered into an arrangement with Spare Labs for \$212, 890 for software dated February 24, 2024, payable in annual principal and interest payment due annually on February 24 with an interest rate of 5.23%. final payment due February 25, 2025. 56,190

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 1<sup>st</sup>, with interest rate of 4.10%, final payment due October 1, 2027. 7,530

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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 1<sup>st</sup>, with interest rate of 3.34%, final payment due September 1, 2027. 30,273

The Council entered into an arrangement with Gigatrak for \$22,500 dated August 1, 2020 for equipment tracking software, payable in monthly principal and interest payments due monthly on the 1<sup>st</sup>, with interest rate of 0.10%, final payment due July 31, 2025. 3,748

Total SBITA payable \$ 122,661

Commitments under lease agreements for building and equipment provide for minimum future rental payments as of September 30, 2024, as follows:

Year Ending September 30,			
2025	\$	95,703	
2026		13,774	
2027		12,968	
2028		216	
2029+		-	
Total Minimum Rentals	\$	<u>122,661</u>	

**NOTE 7: RISK MANAGEMENT AND UNCERTAINTIES**

The Council is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, the Council obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). TMLIRP is a self-funded pool operating as a common risk management and insurance program. The Council pays an annual premium to TMLIRP for insurance coverage. The agreement for the formation of TMLIRP provides that TMLIRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level or reinsurance. The Council continues to carry commercial insurance of other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and any settled claims have not exceeded coverage in any of the past three fiscal years.

**NOTE 8: PENSION PLAN**

Retirement Pension Plan

*Plan Description*

The Council provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent 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](http://www.tcdrs.org).

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2024*

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The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members have the flexibility and local control to adjust benefits annually and pay for those benefits based on their needs and budgets.

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

*Benefits Provided*

At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit. Employees receive a month of service time for each month that they make a deposit into their account. Members can retire at ages 60 and above with ten or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after ten years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdrew their personal contributions in a lump sum are not entitled to any amounts contributed by their employer. Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

As of the most recent measurement date which was December 31, 2023, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	422
Active employees	<u>230</u>
Total Participants	<u><u>699</u></u>

*Funding Policy*

The Council elected, effective January 1, 2000, the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employees, members, and employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. However, the governing body chose to contribute at an elected rate in 2000 that exceeded the actuarially determined rate as allowed by the provisions of the TCDRS Act. The rate contributed for 2023 was 10.80%.

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, 2024, the annual pension cost for the TCDRS plan for its employees was \$982,364 and actual contributions were \$982,364.

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
 SEPTEMBER 30, 2024

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*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, 2023, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$	19,714,286
Fiduciary net position		<u>21,204,923</u>
Net pension asset	\$	<u><u>(1,490,637)</u></u>

*Actuarial Assumptions*

The demographic assumptions used in the December 31, 2023 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.

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Overall payroll growth	2.00%	
Investment rate of return	7.60%	This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB Statement No. 68

Salary increases were based on a service-related table. Regarding mortality rates, for depositing members - 135% of the PubG-2010 Employee amount-weighted mortality table for males and 120% of the PubG-2010 Employee amount-weighted mortality table for females, both projected from 2021 using 100% of the MP-2021 Ultimate Projection Scale; for service retirees, beneficiaries, and non-depositing members - 135% of the PubG-2010 Healthy Retiree amount-weighted mortality table for males and 120% of the PubG-2010 Healthy Retiree amount-weighted mortality table for females, both projected from 2010 using 100% of the MP-2021 Ultimate Projection Scale; for disabled retirees - 160% of the PubG-2010 Disabled Retiree amount-weighted mortality table for males and 125% of the PubG-2010 Disabled Retiree amount-weighted mortality table for females, both projected from 2010 using 100% of the MP-2014 Ultimate Projection Scale.

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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, 2024**

*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, 2022	\$ 17,508,104	\$ 18,056,290	\$ (548,187)
Changes for the year:			
Service cost	1,383,155		1,383,155
Interest on total pension liability	1,418,040		1,418,040
Effect of economic/demographic gains or losses	(120,660)		(120,660)
Refund of contributions	(105,139)	(105,139)	-
Benefit payments	(369,214)	(369,214)	-
Administrative expenses		(11,072)	11,072
Member contributions		619,187	(619,187)
Net investment income		1,995,310	(1,995,310)
Employer contributions		958,854	(958,854)
Other		60,707	(60,707)
Balances as of December 31, 2023	<u>\$ 19,714,286</u>	<u>\$ 21,204,923</u>	<u>\$ (1,490,637)</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	\$ 22,727,421	\$ 19,714,286	\$ 17,220,579
Fiduciary net position	<u>21,204,923</u>	<u>21,204,923</u>	<u>21,204,923</u>
Net pension liability (asset)	<u>\$ 1,522,498</u>	<u>\$ (1,490,637)</u>	<u>\$ (3,984,344)</u>

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

For the year ended September 30, 2024, the Council recognized a total pension income of \$489,890.

As of September 30, 2024, 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	\$ 702,786
Difference between projected and actual investment earnings	1,150,713
Total	<u>\$ 1,853,499</u>

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
*NOTES TO FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2024*

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As of September 30, 2024, 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	\$ (90,960)
Change of assumptions	(7,168)
Difference between projected and actual investment earnings	<u>(887,493)</u>
Total	<u>\$ (985,621)</u>

Deferred outflows of resources related to contributions after the measurement date of \$702,786 will be recognized as an increase in the net pension asset for the year ending September 30, 2024. Remaining net deferred outflows of resources related to pensions totaling \$1,150,713 will be recognized in pension expense for the years ending September 30, 2025, 2026, and 2027 in the amounts of \$511,428, \$511,428, and \$127,857, respectively. Net deferred inflows of resources related to pensions totaling \$985,621 will be recognized in pension income for the years ending September 30, 2025, 2026, 2027, and 2028 in the amounts of (\$605,944), (\$234,678), (\$28,998), and (\$116,001) respectively.

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

*Contingencies*

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

*Concentration of Credit Risk*

The District's cash funds as of June 30, 2024 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, 2024, these grants represented approximately 82% of total revenue.

**Required Supplementary Information**



**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET)**  
**AND RELATED RATIOS - PENSION PLAN**  
**FOR THE LAST 10 FISCAL YEARS**

	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	Measurement Date 12/31/2014
<b>Total Pension Liability:</b>										
Service cost	\$ 1,383,155	\$ 1,373,348	\$ 1,407,048	\$ 1,114,229	\$ 744,822	\$ 768,449	\$ 732,566	\$ 775,387	\$ 666,764	\$ 584,835
Interest on total pension liability	1,418,040	1,261,496	1,112,640	940,532	804,806	734,827	646,004	555,230	529,438	453,496
Effect of plan changes									(104,945)	
Effect of assumption or plan changes			(42,894)	873,250			49,589		93,517	
Effect of economic / demographic (gains) or losses	(120,660)	(94,685)	(33,134)	169,342	82,443	(319,710)	(106,837)	(326,593)	(754,257)	1,612
Benefit payments / refunds of contributions	(474,352)	(505,412)	(399,197)	(325,151)	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)	(147,292)
<b>Net change in total pension liability</b>	<b>2,206,183</b>	<b>2,034,747</b>	<b>2,044,463</b>	<b>2,772,202</b>	<b>1,305,561</b>	<b>916,898</b>	<b>1,066,509</b>	<b>786,553</b>	<b>304,318</b>	<b>892,851</b>
Total pension liability, beginning	17,508,103	15,473,356	13,428,893	10,656,691	9,351,130	8,434,232	7,367,723	6,581,170	6,276,852	5,384,201
Total pension liability, ending (a)	19,714,286	17,508,103	15,473,356	13,428,893	10,656,691	9,351,130	8,434,232	7,367,723	6,581,170	6,276,852
<b>Fiduciary Net Position:</b>										
Employer contributions	958,854	988,431	946,747	907,943	683,673	546,477	661,060	490,610	494,898	480,495
Member contributions	619,187	578,029	576,280	552,652	416,148	332,638	308,495	305,352	292,099	271,671
Investment income net of investment expenses	1,995,310	(1,144,868)	3,138,049	1,176,117	1,490,247	(153,540)	1,015,037	433,316	(182,116)	288,438
Benefit payments / refunds of contributions	(474,353)	(505,412)	(399,197)	(325,151)	(326,510)	(266,668)	(254,813)	(217,471)	(126,199)	(147,292)
Administrative expenses	(11,072)	(10,581)	(9,731)	(10,023)	(8,658)	(7,293)	(5,725)	(4,711)	(4,040)	(3,781)
Other	60,707	164,482	35,611	34,656	27,874	19,079	9,524	69,325	2,296	2,800
<b>Net change in fiduciary net position</b>	<b>3,148,633</b>	<b>70,081</b>	<b>4,287,759</b>	<b>2,336,194</b>	<b>2,282,774</b>	<b>470,693</b>	<b>1,733,578</b>	<b>1,076,421</b>	<b>476,938</b>	<b>892,331</b>
Fiduciary net position, beginning	18,056,290	17,986,209	13,698,450	11,362,256	9,079,482	8,608,789	6,875,211	5,798,790	5,321,852	4,429,521
Fiduciary net position, ending (b)	21,204,923	18,056,290	17,986,209	13,698,450	11,362,256	9,079,482	8,608,789	6,875,211	5,798,790	5,321,852
Net pension liability (asset), ending ((a) - (b))	\$ (1,490,637)	\$ (548,187)	\$ (2,512,853)	\$ (269,557)	\$ (705,565)	\$ 271,648	\$ (174,557)	\$ 492,512	\$ 782,380	\$ 955,000
Fiduciary net position as a % of total pension liability	107.56%	103.13%	116.24%	102.01%	106.62%	97.10%	102.07%	93.32%	88.11%	84.79%
Pensionable covered payroll	\$ 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	\$ 3,802,846
Net pension liability (asset) as a % of covered payroll	-16.85%	-6.64%	-31.83%	-4.53%	-14.85%	6.16%	-4.00%	11.80%	20.16%	25.11%

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

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll**	Actual Contribution as a % of Covered Payroll
2014	\$ 480,470	\$ 480,495	\$ (25)	\$ 3,802,846	12.64%
2015	\$ 494,898	\$ 494,898	\$ -	\$ 3,881,021	12.75%
2016	\$ 490,610	\$ 490,610	\$ -	\$ 4,172,841	11.76%
2017	\$ 535,899	\$ 661,060	\$ (125,161)	\$ 4,362,170	15.15%
2018	\$ 546,477	\$ 546,477	\$ -	\$ 4,407,065	12.40%
2019	\$ 655,730	\$ 683,673	\$ (27,943)	\$ 4,751,973	14.39%
2020	\$ 835,293	\$ 907,943	\$ (72,650)	\$ 5,944,972	15.27%
2021	\$ 823,258	\$ 946,747	\$ (123,489)	\$ 7,895,024	11.99%
2022	\$ 988,431	\$ 988,431	\$ -	\$ 8,257,563	11.97%
2023	\$ 958,854	\$ 958,854	\$ -	\$ 8,845,536	10.84%

**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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service with a 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of administrative investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule 2016: No changes in plan provisions were reflected in the Schedule 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017 2018: No changes in plan provisions were reflected in the Schedule 2019: No changes in plan provisions were reflected in the Schedule 2020: No changes in plan provisions were reflected in the Schedule 2021: No changes in plan provisions were reflected in the Schedule 2022: No changes in plan provisions were reflected in the Schedule 2023: 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, 2024**

	Homeland Security SHSP	Head Start	Senior Companion	Foster Grandparent	Criminal Justice Academy	Criminal Justice Planning	Criminal Justice Other	Criminal Justice VAWA
Salaries	\$ 74,253	\$ 3,805,625	\$ 44,397	\$ 67,440	\$ 64,192	\$ 22,392	\$ 5,376	\$ 12,650
Fringe benefits	30,707	1,813,802	9,399	14,217	23,315	10,147	2,521	5,008
Total personnel	104,960	5,619,427	53,796	81,657	87,507	32,539	7,897	17,658
Indirect costs	7,567	404,600	3,873	5,879	6,303	2,345	569	1,269
Stipend			101,860	186,129				
Uniforms			2,951	3,607				
Recognition	12,661	371,104	22,453	32,903	14,210		621	
Counseling services							15,080	
Contract services	147,843	245,639			27,640			1,360
HS policy council		140						
HS nutrition service		389,442						
HS parent service		4,740						
Head Start T & T A		91,628						
Congregate meals								
Home delivered meals								
Meals		20	3,552	5,926	306			
Travel	5,654	2,180	29,147	41,326	5,661			
Fuel		1,269			763			
Vehicle maintenance		480			1,371			
Rent		18,600						
Utilities		114,283						
Building maintenance	12,622	207,999	6,788	9,236	47,125			
Supplies	10,098	413,702	2,659	3,606				
HS Diapers and Wipes		21,563						
Internal Project Equipment		164,139						
Internal Computer/Software		33,498						
Country Project Equipment	135,546							
Copier	445	35,039	306	332	3,849			
Insurance	1,578	7,459	423	739	4,578			
Cell Phones	1,439				719			
Printing / publications / ads	183	2,492						
HS capital playground								
Training								
Dues and fees	923	2,332	147	263	307	327		
Communications		25,430						
Postage / freight	1,895	624	297	199	21			
911 wireless service, network, and equipment maintenance								
Project equipment								
In-kind		2,071,442	54,382	42,780				
Other	3	1,049	2,271	2,490				
Total Expenditures	\$ 443,417	\$ 10,250,320	\$ 284,905	\$ 417,072	\$ 200,360	\$ 35,211	\$ 24,167	\$ 20,287

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES BY GRANT (CONT'D)**  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	911 Emergency Communications	Area Agency on Aging	211 Info and Referral	Solid Waste	CEDAF	Other	Total
Salaries	\$ 381,271	\$ 516,815	\$ 102,242	\$ 15,157	\$ 805	\$	\$ 5,112,615
Fringe benefits	128,011	185,135	44,627	5,093	262		2,272,244
Total personnel	509,282	701,950	146,869	20,250	1,067	-	7,384,859
Indirect costs	36,656	50,541	10,575	1,458	77	61,588	593,300
Stipend							287,989
Uniforms							6,558
Recognition	91,195	119,122	13,634	1,762	57		679,722
Counseling services							15,080
Contract services	134	566,714	6,500				995,830
HS policy council							140
HS nutrition service							389,442
HS parent service							4,740
Head Start T & T A							91,628
Congregate meals		528,818					528,818
Home delivered meals		499,003					499,003
Meals							9,804
Travel	18,483	26,972	519	1,542	161		131,645
Fuel							2,032
Vehicle maintenance							1,851
Rent		2,400					21,000
Utilities							114,283
Building maintenance	78,194	84,184	16,317	1,167	41		463,673
Supplies	10,117	29,297	27,955				497,434
HS Diapers and Wipes							21,563
Internal Project Equipment							164,139
Internal Computer/Software		868					34,366
Country Project Equipment				67,800			203,346
Copier		4,700	35	47			44,753
Insurance		2,193					16,970
Cell Phones			1,179				3,337
Printing / publications / ads	865						3,540
HS capital playground							-
Training	2,388						2,388
Dues and fees	301	12,791	2,511	344			20,246
Communications	3,063						28,493
Postage / freight	11	3,230					6,277
911 wireless service, network, and equipment maintenance	2,204,049						2,204,049
Project equipment							-
In-kind		190,464					2,359,068
Other		29,395				361,973	397,181
Total Expenditures	\$ 2,954,738	\$ 2,852,642	\$ 226,094	\$ 94,370	\$ 1,403	\$ 423,561	\$ 18,228,547

**CONCHO VALLEY TRANSIT DISTRICT**  
**SCHEDULE OF EXPENDITURES BY GRANT**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	U04	U05	800	R04	M05, M06	P03	B02, B04	B03	010	018	L03, K02	Total
	Urban	Emerg Relief	Operating	Rural	Elderly &	Reg Planning	Bus & Bus	Bus & Bus	ICB Program	Medicaid Trips	General	Total
	Operating	FTA	Assistance	Operating	Disabled	TXDOT	Facilities	Facilities	Local	Local		
			CARES/ARP		TXDOT		FTA	TXDOT				
Salaries	\$ 1,517,829	\$	\$	\$ 776,619	\$ 57,055	\$ 26,546	\$	\$	\$ 19,889	\$ 50,937	\$ 60,771	\$ 2,509,646
Fringe benefits	745,673			398,402	26,100	11,809			6,291	21,165	33,428	1,242,868
Total personnel	2,263,502	-	-	1,175,021	83,155	38,355	-	-	26,180	72,102	94,199	3,752,514
Indirect costs	161,322			83,762	5,945	2,729			1,885	5,098	6,715	267,456
Audit and legal	11,071			8,699								19,770
Contract services	32,687			7,873							140,000	180,560
Uniforms	1,283	48		1,046							517	2,894
Human resource service center	45,383	4,035		38,829							1,417	89,664
Procurement service center	71,973	1,971		58,099							9,806	141,849
Information technology service center	51,449	3,918		43,503								98,870
Pass-thru									(2,211)			(2,211)
Travel	3,702			2,882		288						6,872
Fuel	261,857	51,220		181,223							201	494,501
Lubricant	18,466	2,443		10,771								31,680
Preventative maintenance	283,704			131,666								415,370
Tires	34,687	753		15,307							521	51,268
Shop and yard space	67,200			52,800								120,000
Utilities											41,474	41,474
Building maintenance	6,807	434		5,689							61,710	74,640
Capital facility improvements												-
Supplies	34,413	1,001		30,962		34					15,558	81,968
Capital Vehicle Improvements								10,732				10,732
Capital technology	16,938			14,511	13,500							44,949
Capital equipment	-		1,584,612				474,950	176,608				2,236,170
Tools	822			646							826	2,294
Copier	519	45		443								1,011
Insurance	66,656			27,961							29,778	124,395
Communications - bus	136,827			77,286	67,351							281,464
Cell phones	1,275			730								2,005
Internet												-
Printing / ads and promotions	8,556			3,259								11,815
Publications	271			244								515
Capital construction								285,000				285,000
Capital construction planning												-
Capital construction administration												-
Dues and fees	10,923			1,970								12,893
Vehicle registration	395	18		186								599
Postage / freight	301	27		325								653
Other	-											-
Coffee	613			482								1,095
Physicals	2,610			905								3,515
Safety	7,047	66		2,995							5,821	15,929
Multi-modal terminal operations	50,772	952		40,395							7	92,126
Shop Christoval operations	1,070			841								1,911
Link road amortization											35,000	35,000
Toll credits				4,577	32,700	8,000	116,843	37,468				199,588
Total Expenditures	\$ 3,655,101	\$ 66,931	\$ 1,584,612	\$ 2,025,888	\$ 202,651	\$ 49,410	\$ 876,793	\$ 224,808	\$ 25,854	\$ 77,200	\$ 443,550	\$ 9,232,798

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**

SCHEDULE OF INDIRECT COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Salaries	\$ 499,338	\$ 475,692	\$ 23,646
Fringe benefits	162,852	185,310	(22,458)
Subtotal indirect payroll costs	<u>662,190</u>	<u>661,002</u>	<u>1,188</u>
Audit and legal	42,542	40,227	2,315
Contract services	5,000	530	4,470
Human Resources Cost Allocation	11,121	9,577	1,544
Procurement Cost Allocation	6,730	5,441	1,289
Travel-in region	13,068	8,724	4,344
Travel-out of region	8,940	12,195	(3,255)
Facility cost allocation	48,823	40,275	8,548
Supplies	16,250	5,063	11,187
Network cost allocation	37,606	37,315	291
Copier	7,893	959	6,934
Insurance	2,533	3,826	(1,293)
Printing	3,850	1,097	2,753
Publications	1,107	360	747
Training	3,740	1,114	2,626
Dues and fees	11,499	15,379	(3,880)
Postage/freight	7,150	4,105	3,045
Other		553	(553)
Subtotal other indirect costs	<u>227,852</u>	<u>186,740</u>	<u>41,112</u>
Total indirect costs	<u>890,042</u>	<u>847,742</u>	<u>42,300</u>
Less: CVCOG membership dues/interest income	<u>-</u>	<u>-</u>	
Net indirect costs	<u>\$ 890,042</u>	<u>\$ 847,742</u>	
Less: Prior period over allocation of indirect costs	<u>\$ (8,730)</u>	<u>\$ (8,730)</u>	
Plus: Current year over recovery of indirect costs		<u>23,289</u>	
Net indirect costs recovered in 2023	<u>\$ 881,312</u>	<u>\$ 862,301</u>	

**CALCULATION OF INDIRECT COST RATE**

Total salaries (less salaries billed to Fringe)	7,527,059	8,769,282
Net fringe benefits direct billed	3,543,264	3,981,777
Less: indirect personnel costs	<u>(662,190)</u>	<u>(661,002)</u>
Total program personnel costs	<u>\$ 10,408,133</u>	<u>\$ 12,090,057</u>
Actual net indirect costs / total program personnel costs	<u>8.55%</u>	<u>7.01%</u>
Net indirect costs recovered / total program personnel	<u>8.47%</u>	<u>7.13%</u>

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF FRINGE BENEFITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budget</u>	<u>Expenditures</u>	<u>Variance</u>
Direct salaries	\$ 4,784,982	\$ 4,932,754	\$ (147,772)
Indirect salaries	<u>463,453</u>	<u>475,689</u>	<u>(12,236)</u>
Total salaries	<u>5,248,435</u>	<u>5,408,443</u>	<u>(160,008)</u>
Payroll taxes associated with release time	4,069	3,646	423
Retirement contributions associated with release time	30,358	27,568	2,790
Employee life, disability, health premiums associated with release time	68,088	50,185	17,903
Worker's compensation associated with release time	8,948	8,964	(16)
Release time	<u>269,275</u>	<u>252,164</u>	<u>17,111</u>
Total release time fringe	<u>380,738</u>	<u>342,527</u>	<u>\$ 38,211</u>
Plus: Payroll adjustments due to terminations and rounding		1,128	
Less: Prior period employer insurance adjustment			
Plus: Current year over recovery		<u>37,004</u>	
Net release time fringe recovered by CVCOG in FY 21-22	<u>\$ 380,738</u>	<u>\$ 380,659</u>	

**CALCULATION OF RELEASE TIME FRINGE BENEFIT RATE**

Total fringe benefits/total salaries	<u>7.25%</u>	<u>6.33%</u>
Net fringe benefits recovered in FY 22-23 total salaries	<u>7.25%</u>	<u>7.04%</u>

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



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

March 10, 2025

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, 2024, 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 10, 2025.

#### **Report on Internal Control Over Financial Reporting**

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

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

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

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Concho Valley Council of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or 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.

*Condley and Company, L.L.P.*

Certified Public Accountants

March 10, 2025

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

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal and State Program**

##### **Opinion on Each Major Federal and State Program**

We have audited Concho Valley Council of Governments' (the "Council") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Texas Grant Management Standards* (TxGMS) that could have a direct and material effect on each of the Council's major federal and state programs for the year ended September 30, 2024. 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, 2024.

##### **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.

*Condley and Company, L.L.P.*

Certified Public Accountants

CONCHO VALLEY COUNCIL OF GOVERNMENTS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

**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  
 93.044, 93.045, 93.053  
 n/a – State  
 Federal Transit Cluster  
 Aging Cluster  
 Commission on State Emergency Communications

Dollar threshold used to distinguish between type A and type B programs: \$750,000 (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, 2024

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



**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<b><u>EXPENDITURES OF FEDERAL AWARDS</u></b>				
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed through Texas Department of Agriculture</i>				
H06 Child Food Service Program	10.558	02121CACFP	\$ _____	\$ 585,257
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>-</b>	<b>585,257</b>
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>Passed through Texas Department of Agriculture</i>				
<i>CDBG - Entitlement Grants Cluster</i>				
Q02 Community and Economic Development Assistance Fund	14.218	CEDAF23-04		1,305
Q03 Community and Economic Development Assistance Fund	14.218	CEDAF23-04		98
<i>CDBG - Entitlement Grants Cluster Total</i>				1,403
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>-</b>	<b>1,403</b>
<b><u>U. S. DEPARTMENT OF COMMERCE</u></b>				
<i>Passed through the Economic Development Administration</i>				
<i>Economic Development Cluster</i>				
040 Economic Development District Planning for Regional Services	11.302	ED21AUS3020012		70,000
052 Economic Development District Planning for Regional Services	11.302	ED24AUS0G0256		40,406
<i>Economic Development Cluster Total</i>				110,406
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<b>-</b>	<b>110,406</b>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>				
<i>Passed through the Office of the Governor - Criminal Justice Division</i>				
J03 Criminal Justice Juvenile Justice Purchase of Service	16.523	1484324		24,168
C06 Edward Byrne Memorial Justice Assistance Grant	16738	4720701		21,775
V03 VAWA Training Project	16.588	3973004		10,317
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>-</b>	<b>56,260</b>
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>Federal Transit Administration:</i>				
<i>Federal Transit Cluster (1)</i>				
<i>Direct Program</i>				
U03/U04 Section 5307 Urban Transportation	20.507	TX-2021-100-01 Y446		8,742
U06 Section 53324 Urban Transportation- CARES	20.507	TX-2024-175-00		66,931
800 Section 5307 Urban Transportation - CARES	20.507	TX-2020-096-00 Y364 CARES		1,584,611
U03/U04 Section 5307 Urban Transportation	20.507	TX-2023-005-00		598,676
U04 Section 5307 Urban Transportation	20.507	TX-2024-023-00		1,091,560
U04 Section 5307 Urban Transportation	20.507	TX-2024-066-00		171,942
B02 Section 5339 Bus & Bus Facilities	20.526	TX-2022-053-00		474,950
B04 Section 5339 Bus & Bus Facilities	20.526	TX-2024-072-00		228,000
<i>Federal Transit Cluster Total</i>				4,225,412
<i>Passed through the Office of the Governor:</i>				
<i>Texas Department of Transportation (1)</i>				
B03 Section 5339 Bus and Bus Facilities	20.509	51003F30723		187,339
R03/R04 Section 5311 Rural Transportation RPT 2302 (07) 051_022	20.509	51018030723		180,732
R04 Section 5311 Rural Transportation - RPT 2302(07)051_	20.509	51018020724		850,511
<i>Transit Services Programs Cluster</i>				
M05 Section 5310 Transp. For Elderly and Disabled ED 2102(07)074_19 (1)	20.513	51016080724		97,499
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		40,816
I05 Section 5310 Transp. For Elderly and Disabled ED 2023-00063	20.513	51016060724		210,000
<i>Transit Services Programs Cluster Total</i>				414,315
P03 Section 5304 State Planning and Research (1)	20.505	51008010724		40,000
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>-</b>	<b>5,898,309</b>

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<u>Passed Through Texas Health and Human Services Commission</u>				
A03 Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	HHS000874100008		1,798
A03 Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100008		16,549
A03 Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care Ombudsman Services for Older Individuals - ARP	93.042	HHS000874100008		4,350
<u>Aging Cluster</u>				
A03 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	93.044	HHS000874100008		369,739
A03 Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers - ARP	93.044	HHS000874100008		340,471
A03 Special Programs for the Aging-Title III, Part C- Nutrition Services	93.045	HHS000874100008		536,007
A03 Special Programs for the Aging-Title III, Part C- Nutrition Services - ARP	93.045	HHS000874100008		275,689
A03 Nutrition Services Incentive Program	93.053	HHS000874100008		86,181
<u>Aging Cluster Total</u>				<u>1,608,087</u>
<u>Health Center Program Cluster</u>				
A03 Access and Assistance Coord. - HICAP	93.224	HHS000874100008		79,898
<u>Health Center Program Cluster Total</u>				<u>79,898</u>
A03 Medicare Enrollment Assistance Program MIPPA	93.071	HHS000874100008		34,978
A03 Title III - E	93.052	HHS000874100008		98,370
A03 Title III - E - ARP	93.052	HHS000874100008		51,248
A03 Elder Abuse Prevention Intervention Program	93.747	HHS000874100008		3,327
<u>Passed Through Texas Health and Human Services Commission</u>				
T03 2-1-1 Operations	93.767	HHS000979200003		1,776
T03 2-1-1 Rider 28 HB 1	93.767	HHS000979200003		266
T04 2-1-1 Operations	93.767	HHS000979200003		82
T04 2-1-1 Rider 28 HB 1	93.767	HHS000979200003		25
<u>SNAP Cluster</u>				
T03 2-1-1 Operations	10.561	HHS000979200003		34,507
T03 2-1-1 Rider 28 HB 1	10.561	HHS000979200003		5,276
T04 2-1-1 Operations	10.561	HHS000979200003		1,623
T04 2-1-1 Rider 28 HB 1	10.561	HHS000979200003		491
<u>SNAP Cluster Total</u>				<u>41,897</u>
<u>Medicaid Cluster</u>				
T03 2-1-1 Operations	93.778	HHS000979200003		55,938
T03 2-1-1 Rider 28 HB 1	93.778	HHS000979200003		8,552
T04 2-1-1 Operations	93.778	HHS000979200003		2,631
T04 2-1-1 Rider 28 HB 1	93.778	HHS000979200003		796
<u>Medicaid Cluster Total</u>				<u>67,917</u>
<u>CCDF Cluster</u>				
T03 2-1-1 Child Care Contract (CCDF Cluster)	93.575	HHS000979200003		2,538
<u>CCDF Cluster Total</u>				<u>2,538</u>
T03 2-1-1 Operations	93.558	HHS000979200003		404
T03 2-1-1 Rider 28 HB 1	93.558	HHS000979200003		62
T04 2-1-1 Operations	93.558	HHS000979200003		19
T04 2-1-1 Rider 28 HB 1	93.558	HHS000979200003		6
D03 Aging and Disability Resource Centers (ADRC)	93.791	HHS000270200007		42,439
D03 Aging and Disability Resource Centers (ADRC)	93.071	HHS000270200007		5,359
D04 Aging and Disability Resource Centers (ADRC)	93.791	HHS000270200007		1,214

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<b>Direct Program</b>				
<b>Head Start Cluster</b>				
H05 Head Start - Administration for Children and Families	93.600	06CH010970-05		5,128,572
H07 Head Start - Administration for Children and Families	93.600	06CH010970-06		2,376,859
829 Head Start - Administration for Children and Families	93.600	06HE00100001		61,563
<b>Head Start Cluster Total</b>				<b>7,566,994</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>-</b>	<b>9,629,603</b>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed through the Office of the Governor - Criminal Justice Division</i>				
X08 State Homeland Security Program (SHSP)	97.067	2952908		88,299
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>-</b>	<b>88,299</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
<i>Direct Program</i>				
<i>Foster Grandparent/Senior Companion Cluster</i>				
F05 Foster Grandparent Program	94.011	22SFGTX003		284,990
F07 Foster Grandparent Program	94.011	22SFGTX003		83,986
S06 Senior Companion Program	94.016	22SCGTX003		171,402
S08 Senior Companion Program	94.016	22SCGTX003		52,329
<b>Foster Grandparent/Senior Companion Cluster Total</b>				<b>592,707</b>
G04 Retired Senior Volunteer Program (RSVP)	94.002	20SRWTX024		61,984
G06 Retired Senior Volunteer Program (RSVP)	94.002	23SRGTX015		70,629
027 AmeriCorps VISTA	94.013	23VS252124		3,667
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<b>-</b>	<b>728,987</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ -</b>	<b>\$ 17,098,524</b>
<b>EXPENDITURES OF STATE AWARDS</b>				
<b>OFFICE OF THE GOVERNOR OF TEXAS</b>				
<i>Passed Through the Criminal Justice Division</i>				
C05 Law Enforcement Special Training	N/A	1480418	\$	\$ 64,146
C07 Criminal Justice Equipment	N/A	22-00519		39,449
C08 Criminal Justice Equipment	N/A	22-00519		3,542
<i>Passed Through the Homeland Security Division</i>				
X06 Radio Infrastructure	N/A	4556601		210,477
X07 Homeland Security Program	N/A	4467201		128,523
X09 Homeland Security Program	N/A	22-00519		16,615
X10 Homeland Security Program	N/A	25-00026		1,458
<b>TOTAL OFFICE OF THE GOVERNOR OF TEXAS</b>			<b>-</b>	<b>464,210</b>
<b>TEXAS DEPARTMENT OF TRANSPORTATION (1)</b>				
R03 Rural Transportation RUR 2302(07)	N/A	51218020723		13,955
R04 Rural Transportation RUR 2402 (07)	N/A	51218020724		485,608
R04 Rural Transportation SEP 2401 (07)	N/A	51418010724		8,813
U04 Urban Transportation URB 2402 (07)	N/A	51309020724		376,309
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>			<b>-</b>	<b>884,685</b>
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>				
W02 Solid Waste Coordination	N/A	582-24-50084		80,088
W03 Solid Waste Coordination	N/A	582-24-50084		14,281
<b>TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>			<b>-</b>	<b>94,369</b>
<b>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>				
Z02 Emergency Communications - ARP	N/A	SB8HB2911		334,681
Z03 Emergency Communications	N/A	MOF FY22-23		141,394
Z04 Emergency Communications	N/A	MOF FY24-25		2,281,734
Z05 Emergency Communications	N/A	SB8HB2911		196,934
<b>TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>			<b>-</b>	<b>2,954,743</b>
<b>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</b>				
T03 2-1-1 Operations	N/A	HHS000979200003		91,253
T03 2-1-1 Rider 28 HB1	N/A	HHS000979200003		13,962
T04 2-1-1 Operations	N/A	HHS000979200003		4,295

**CONCHO VALLEY COUNCIL OF GOVERNMENTS**  
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT'D)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal/State Grantor/Pass-Through Grantor/ CVCOG Grant Number / Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
T04 2-1-1 Rider 28 HB1	N/A	HHS000979200003		1,300
F06/F08 Foster Grandparent	N/A	HHS000871100029		5,316
S07/S09 Senior Companion	N/A	HHS000871100038		6,791
G05/G07 Retired Senior Volunteer Program	N/A	HHS000871100009		48,542
D03 Aging and Disability Resource Centers	N/A	HHS000270200007		102,039
D04 Aging and Disability Resource Centers	N/A	HHS000270200007		7,452
A03 Department of Aging and Disability - State Ombudsman ALF	N/A	HHS000874100008		7,615
A03 Department of Aging and Disability - SGR Title II-E Match	N/A	HHS000874100008		15,000
A03 Department of Aging and Disability - SGR Other	N/A	HHS000874100008		63,155
A03 Department of Aging and Disability - SGR Housing Bond	N/A	HHS000874100008		7,893
A03 Department of Aging and Disability - SGR HDM Rate Increase	N/A	HHS000874100008		3,731
A03 Department of Aging and Disability - ARP	N/A	HHS000874100008		59,534
<b>TOTAL TEXAS HEALTH AND HUMAN SERVICES COMMISSION</b>			-	<b>437,878</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ -</b>	<b>\$ 4,835,885</b>

(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, 2024*

**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, 2024, and the Concho Valley Transit District, a blended component unit of the Council, for the year ended August 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; and the State of Texas Single Audit Circular. Because the Schedule presents only a selected portion of the operations of Concho Valley Council of Governments, it is not intended to and does not present the financial position, changes in net position, or cash flows of Concho Valley Council of Governments.

**2. Summary of Significant Accounting Policies**

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

**3. Indirect Cost Rate**

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