

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>FINANCIAL SECTION</b> .....	1	
Independent Auditor's Report .....	3	
Management's Discussion and Analysis .....	7	
<b>Basic Financial Statements:</b> .....	17	
<u>Government-wide Financial Statements:</u>		
Statement of Net Position .....	19	A-1
Statement of Activities .....	20	B-1
<u>Governmental Fund Financial Statements:</u> .....	23	
Balance Sheet - Governmental Funds .....	25	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	26	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	27	C-3
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	28	C-4
<u>Proprietary Fund Financial Statements:</u> .....	29	
Statement of Net Position - Proprietary Funds .....	30	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds .....	31	D-2
Statement of Cash Flows - Proprietary Funds .....	32	D-3
<u>Fiduciary Fund Financial Statements:</u> .....	33	
Statement of Fiduciary Net Position - Fiduciary Funds .....	34	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	35	E-2
<u>Notes to the Basic Financial Statements:</u> .....	37	
<b>Required Supplementary Information:</b> .....	69	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	70	F-1
Notes to the Required Supplementary Information - Budget and Actual General Fund .....	71	
Schedule of Changes in Net Pension Liability and Related Ratios - TCDRS .....	72	F-2
Schedule of Council Contributions - TCDRS .....	74	F-3
Notes to the Required Supplementary Information - TCDRS .....	75	
<b>Supplementary Information:</b> .....	77	
<u>Nonmajor Governmental Funds:</u> .....	79	
Combining Balance Sheet .....	80	G-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	84	G-2

**RIO GRANDE COUNCIL OF GOVERNMENTS**

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>	<u>Exhibit</u>
<b>Other Information:</b> .....	87	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Texas Health and Human Services Commission .....	88	H-1
Schedule of Indirect Costs .....	89	H-2
Schedule of Fringe Benefits .....	90	H-3
<b>FEDERAL AND STATE AWARD SECTION</b> .....	91	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	93	
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, the State of Texas Uniform Grant Management Standards and the Texas Grant Managements Standards .....	95	
Schedule of Findings and Questioned Costs .....	98	
Schedule of Status of Prior Audit Findings .....	101	
Schedule of Expenditures of Federal and State Awards .....	102	I-1
Notes to the Schedule of Expenditures of Federal and State Awards .....	106	

## **FINANCIAL SECTION**

This page is left blank intentionally.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Rio Grande Council of Governments

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rio Grande Council of Governments, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Rio Grande Council of Governments' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rio Grande Council of Governments, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 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 Rio Grande Council of Governments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

##### *Change in Accounting Principle*

As described in Note I to the financial statements, in 2023, the Rio Grande Council of Governments adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 Rio Grande Council of Governments' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and pension information on pages 7 through 16 and 69 through 75, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Grande Council of Governments' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison for the Health and Human Services Commission, Schedule of Indirect Costs, and Schedule of Fringe Benefits, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, on our consideration of the Rio Grande Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rio Grande Council of Government's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rio Grande Council of Governments' internal control over financial reporting and compliance.

*Gibson Ruddock Patterson LLC*

Gibson Ruddock Patterson LLC  
El Paso, Texas  
June 24, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This page is left blank intentionally.

## Management Discussion and Analysis

As management of the Rio Grande Council of Governments, we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with all the information presented in the audit report.

### Financial Highlights

- The assets of Rio Grande Council of Governments exceeded its liabilities as of September 30, 2023 by \$2,521,037 (net position). Of this amount, \$1,052,781 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The Council's total net position increased by \$877,503.
- As of the close of the current fiscal year, Rio Grande Council of Governments' governmental funds reported combined ending fund balances of \$817,971 an increase of \$110,054 in comparison with prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves, as well as other information.

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Council's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the position of the Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused compensated absences).

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council maintains two types of governmental funds: general and special revenue. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The governmental fund financial statements include those found on Exhibits C-1 and C-3.

**Proprietary Funds** – The Council maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses enterprise funds to account for its contracts. The internal service fund is used as an accounting device to accumulate and allocate printing and related supplies costs.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the contracts.

The proprietary fund financial statements include those found on Exhibits D-1, D-2, and D-3.

**Fiduciary Funds** – The Council serves in a fiduciary role for certain funds and is responsible for ensuring that assets reported in these funds are used for the intended purpose. The fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The activities of the Local Government Corporation agreement are reported here. Fiduciary fund financial statements include those found on Exhibits E-1 and E-2.

**Notes to the Basic Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** – A comparison between budget and actual amounts is included for the COG’s adopted general fund budget, which is located on Exhibit F-1 and accompanying notes. Information regarding Texas County and District Retirement System is located on Exhibits F-2 and F-3 and accompanying notes.

**Supplementary and Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and other schedules that further support or add to the information in the financial statements. The combining fund statements for non-major funds are located on Exhibits G-1 and G-2, of this report and the other information on Exhibits H-1, H-2, and H-3.

**Government – wide financial analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Rio Grande Council of Governments, assets exceeded liabilities by \$2,521,037 as of September 30, 2023.

**RIO GRANDE COUNCIL OF GOVERNMENTS' NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 3,225,968	\$ 3,085,789	\$ 341,098	\$ 294,734	\$ 3,567,066	\$ 3,380,523
Capital assets	2,824,294	1,654,925	-	-	2,824,294	1,654,925
Net Pension Asset	-	300,921	-	-	-	300,921
<b>Total Assets</b>	<b>6,050,262</b>	<b>5,041,365</b>	<b>341,098</b>	<b>294,734</b>	<b>6,391,360</b>	<b>5,336,369</b>
Deferred outflows of resources	478,498	381,821	-	-	478,498	381,821
<b>Total Deferred Outflows</b>	<b>478,498</b>	<b>381,821</b>	<b>-</b>	<b>-</b>	<b>478,498</b>	<b>381,821</b>
Current liabilities	2,631,467	2,208,461	62,614	19,818	2,694,081	2,228,279
Due in more than one year	1,587,942	1,327,292	-	-	1,587,942	1,327,292
<b>Total Liabilities</b>	<b>4,219,409</b>	<b>3,535,753</b>	<b>62,614</b>	<b>19,818</b>	<b>4,282,023</b>	<b>3,555,571</b>
Deferred inflows of resources	66,798	519,085	-	-	66,798	519,085
<b>Total Deferred Inflows</b>	<b>66,798</b>	<b>519,085</b>	<b>-</b>	<b>-</b>	<b>66,798</b>	<b>519,085</b>
Net position:						
Investment in capital assets	1,027,307	234,475	-	-	1,027,307	234,475
Restricted for Grants	440,949	663,454	-	-	440,949	663,454
Unrestricted	774,297	470,689	278,484	274,916	1,052,781	745,605
<b>Total Net Position</b>	<b>\$ 2,242,553</b>	<b>\$ 1,368,618</b>	<b>\$ 278,484</b>	<b>\$ 274,916</b>	<b>\$ 2,521,037</b>	<b>\$ 1,643,534</b>

**Analysis of the Council’s Operations** – The following table provides a summary of the Council’s operations for the year ended September 30, 2023.

**RIO GRANDE COUNCIL OF GOVERNMENTS' CHANGES IN NET POSITION**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenue:						
Program Revenues:						
Charges for services	\$ 579,163	\$ 502,720	\$ 210,408	\$ 138,547	\$ 789,571	\$ 641,267
Operating grants and Contributions	8,480,170	9,253,078	-	-	8,480,170	9,253,078
Capital grants and Contributions	919,586	31,193	-	-	919,586	31,193
Investment earnings	2,003	2,366	-	-	2,003	2,439
Total revenues	9,980,922	9,789,430	210,408	138,547	10,191,330	9,927,977
Expenses:						
General government	131,646	80,510	-	-	131,646	80,510
Emergency communications	900,692	980,632	-	-	900,692	980,632
Aging	6,563,874	6,178,506	-	-	6,563,874	6,178,506
Environmental quality	147,328	148,345	-	-	147,328	148,345
Water quality	455,349	1,110,515	-	-	455,349	1,110,515
Homeland security	229,739	273,983	-	-	229,739	273,983
Criminal justice	181,187	193,726	-	-	181,187	193,726
Economic dev.	113,842	257,776	-	-	113,842	257,776
Workforce	70,575	35,948	-	-	70,575	35,948
Mediation	249,674	231,552	-	-	249,674	231,552
Interest on debt	67,512	5,839	-	-	67,512	5,839
Business-type	-	-	202,409	120,791	202,409	120,791
Total expenses	9,111,418	9,497,332	202,409	120,791	9,313,827	9,618,123
Increase(decrease) in net position before transfers / special items	869,504	292,098	7,999	17,756	877,503	309,854
Transfer in (out)	4,431	4,304	(4,431)	(4,304)	-	-
Special item - loss on disposal of capital asset	-	(18,229)	-	-	-	(18,229)
Increase(decrease) in net position	873,935	278,173	3,568	13,452	877,503	291,625
Net position, beginning	1,368,618	1,090,445	274,916	261,464	1,643,534	1,351,909
Net position, ending	\$ 2,242,553	\$ 1,368,618	\$ 278,484	\$ 274,916	\$ 2,521,037	\$ 1,643,534

Governmental activities increased the Council’s net position by \$873,935 primarily due to the capital asset acquisitions in FY 2023. The business-type activities net position increased by \$3,568 for a total net position of \$278,484. The increase was mostly related to new contract opportunities.

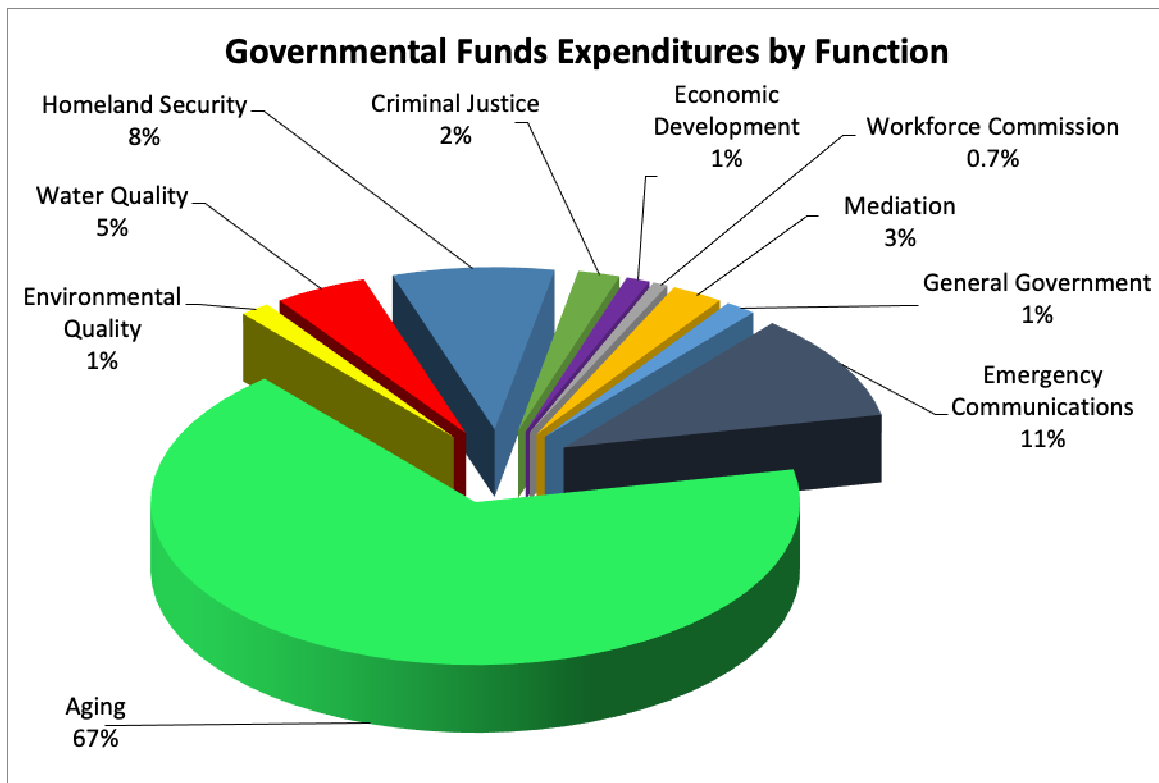
## Financial Analysis of Government's Funds

**Governmental funds** – The focus of Rio Grande Council of Governments' governmental fund statements is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Rio Grande Council of Governments' governmental funds reported a combined ending fund balance of \$817,971. (Exhibit C-1)

The General fund balance increased from \$380,971 to \$395,084 primarily due to less operating expenditures. In FY 2023, the HHSC grant funding increased by \$382,796 due to higher community participation. The CSEC fund remained similar to the prior year. The Homeland Security Fund increased by \$729,120 due to a new grant in FY 2023 for police equipment purchases.

In FY 2023, the Council experienced increases and decreases in funding in State and Federally funded programs. As a result, intergovernmental revenues increased by \$166,073 compared to prior year.





## Capital Assets

The Rio Grande Council of Governments' investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$1,027,307 (net of accumulated depreciation and amortization). This investment in capital assets includes furniture, fixtures and equipment, and right-to-use lease assets. Right-to-use lease assets for facilities and equipment amounts to a net amount of \$1,296,803 at September 30, 2023. Lastly, in FY 2023, the Council implemented GASB No. 96 SBITAs, which required the recognition of subscription based information technology arrangements in the net amount of at September 30, 2023.

### RIO GRANDE COUNCIL OF GOVERNMENTS' CAPITAL ASSETS

	Governmental Activities	
	2023	2022
Furniture and fixtures	\$ 159,314	\$ 159,314
Equipment	2,420,469	1,500,882
Less: accumulated depreciation	(1,552,476)	(1,425,721)
Right-to-use Lease Assets	1,625,509	1,613,149
Less: accumulated amortization	(328,706)	(171,468)
Subscription based information technology arrangements	643,094	-
Less: accumulated amortization	(142,910)	-
Capital assets, net	<u>\$ 2,824,294</u>	<u>\$ 1,676,156</u>

Additional information on the Council's capital assets can be found in the Notes to the Basic Financial Statements.

## Debt

During the fiscal year ending September 30, 2023, total principal and interest paid by the Council for leases was \$131,300 and \$55,444 respectively.

Future debt service requirements for Right-to-Use Lease are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2024	136,844	50,419	187,263
2025	130,638	45,058	175,696
2026	134,645	39,742	174,387
2027	137,447	34,323	171,769
2028	145,843	28,660	174,504
2029-2032	637,324	53,404	690,729
Total	\$1,322,741	\$251,607	\$1,574,348

As mentioned earlier, the Council implemented GASB No. 96 SBITAs, which also required the recognition of a SBITA liability. During the fiscal year ending September 30, 2023, total principal and interest paid by the Council for SBITAs was \$68,924 and \$12,067 respectively.

Future debt service requirements for SBITA is as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2024	71,733	9,259	80,992
2025	74,655	6,336	80,992
2026	77,697	3,295	80,992
2027	40,028	468	40,496
Total	\$264,113	\$19,358	\$283,471

## **Budgetary Highlights**

The Council's Board approves a financial plan for revenues and expenditures in all funds. Although the financial plans are reviewed and approved by the Council's Board, they are not considered legally adopted budgets or appropriations, except for the budget for the General Fund which is legally adopted. Accordingly, the comparative budget and actual results for the General Fund is included on Exhibit F-1.

Over the course of the year, the Council amended its general fund budget to reflect an decrease in budgeted expenditures by \$18,021, therefore increasing the budgeted change in fund balance to \$16,741.

The approved original budget of the Council lists fund expenditures and offsetting indirect costs as separate line items. However, in accordance with the financial statement presentation, these line items are combined in the budget to actual schedule showing net expenditures. The final variance shows actual expenditures over budgeted expenditures by \$5,823. This was a result to higher anticipated operations costs. However, the general fund ended up with a \$14,113 increase in fund balance.

## **Economic Outlook**

Historically the Rio Grande Council of Governments (RGCOG) receives the majority of its funding from Federal and State programs. In the fiscal year 2023, Federal funds accounted for 63% of total funding, and State funds accounted for 24% of total funding. It is anticipated that based on the RGCOG's fiscal year 2024 budget, Federal funds will account for 55% of the total budget, and State funds will account for 32% of the total budget. The decrease in federal funds from FY 2023 into FY 2024 is due primarily to the reduction of the American Rescue Plan funding for the Area Agency on Aging. The increase in State funds is due to additional funding from the Commission on State Emergency Communications for the Regional Services Division. Overall, the RGCOG expects less funding for the organization in FY 2024. Finally, the RGCOG anticipates administering new programs in FY 2024, should the funding materialize.

## **Request for information**

The financial report is designed to provide a general overview of the Rio Grande Council of Governments' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Finance Director, Rio Grande Council of Governments, 8037 Lockheed Dr., Suite 100, El Paso, Texas 79925-2400.

## **BASIC FINANCIAL STATEMENTS**

This page is left blank intentionally.

RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 1,056,624	\$ -	\$ 1,056,624
Receivables	2,419,828	54,110	2,473,938
Prepaid Items	19,290	17,214	36,504
Noncurrent Internal Balances	(269,774)	269,774	-
Capital Assets:			
Furniture and Fixtures and Equipment, net	1,027,307	-	1,027,307
Right-to-Use Lease Assets, net	1,296,803	-	1,296,803
SBITA, net	500,184	-	500,184
Total Assets	<u>6,050,262</u>	<u>341,098</u>	<u>6,391,360</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to TCDRS	478,498	-	478,498
Total Deferred Outflows of Resources	<u>478,498</u>	<u>-</u>	<u>478,498</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	2,040,178	7,569	2,047,747
Salaries and Benefits Payable	160,122	2,055	162,177
Unearned Revenue	8,968	52,990	61,958
Due to Custodial Fund	213,622	-	213,622
Leases Payable	136,844	-	136,844
SBITA Payable	71,733	-	71,733
Due in More Than One Year			
Leases	1,185,897	-	1,185,897
SBITA	192,380	-	192,380
Net Pension Liability	162,762	-	162,762
Compensated Absences	46,903	-	46,903
Total Liabilities	<u>4,219,409</u>	<u>62,614</u>	<u>4,282,023</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow Related to TCDRS	66,798	-	66,798
Total Deferred Inflows of Resources	<u>66,798</u>	<u>-</u>	<u>66,798</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,027,307	-	1,027,307
Restricted for Grants:			
Far West Texas Water Planning Group	55,668	-	55,668
El Paso County Dispute Resolution Center	367,219	-	367,219
Commission on State Emergency Communications	8,086	-	8,086
Other Grants	9,976	-	9,976
Unrestricted	774,297	278,484	1,052,781
Total Net Position	<u>\$ 2,242,553</u>	<u>\$ 278,484</u>	<u>\$ 2,521,037</u>

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Primary Government:			
Governmental Activities:			
General Government	\$ 917,643	\$ (785,997)	\$ 131,646
Emergency Communication	879,400	21,292	900,692
Aging	6,053,170	510,704	6,563,874
Environmental Quality	115,884	31,444	147,328
Water Quality	424,047	31,302	455,349
Homeland Security	187,967	41,772	229,739
Criminal Justice	165,331	15,856	181,187
Economic Development	93,399	20,443	113,842
Workforce	54,074	16,501	70,575
Mediation	194,382	55,292	249,674
Interest on Debt	67,512	-	67,512
Total Governmental Activities	<u>9,152,809</u>	<u>(41,391)</u>	<u>9,111,418</u>
Business-Type Activities:			
Enterprise	<u>161,018</u>	<u>41,391</u>	<u>202,409</u>
Total Business-Type Activities	<u>161,018</u>	<u>41,391</u>	<u>202,409</u>
Total Primary Government	<u>\$ 9,313,827</u>	<u>\$ -</u>	<u>\$ 9,313,827</u>

General revenues:

Investment Earnings

Transfer In (Out)

Total General Revenues and Special Items

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of this statement.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
			Governmental Activities	Business-Type Activities	
\$ 166,138	\$ -	\$ -	\$ 34,492	\$ -	\$ 34,492
-	751,509	299,631	150,448	-	150,448
-	6,611,159	-	47,285	-	47,285
-	148,647	-	1,319	-	1,319
61,793	396,742	-	3,186	-	3,186
-	207,059	589,785	567,105	-	567,105
-	175,814	30,170	24,797	-	24,797
-	116,861	-	3,019	-	3,019
-	72,379	-	1,804	-	1,804
351,232	-	-	101,558	-	101,558
-	-	-	(67,512)	-	(67,512)
579,163	8,480,170	919,586	867,501	-	867,501
210,408	-	-	-	7,999	7,999
210,408	-	-	-	7,999	7,999
\$ 789,571	\$ 8,480,170	\$ 919,586	\$ 867,501	\$ 7,999	\$ 875,500

\$ 2,003	\$ -	\$ 2,003
4,431	(4,431)	-
6,434	(4,431)	2,003
873,935	3,568	877,503
1,368,618	274,916	1,643,534
\$ 2,242,553	\$ 278,484	\$ 2,521,037



This page is left blank intentionally.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

This page is left blank intentionally.

RIO GRANDE COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	General Fund	Health and Human Services Commission	Commission on State Emergency Communications	Department of Homeland Security	Other Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 712,835	\$ 2,781	\$ 297,958	\$ -	\$ 43,050	\$ 1,056,624
Receivables	2,013	-	-	-	-	2,013
Intergovernmental Receivables	-	1,020,842	436,257	481,971	478,745	2,417,815
Due from Other Funds	730,467	-	-	-	395,361	1,125,828
Prepaid Items	1,209	-	20	-	-	1,229
<b>Total Assets</b>	<b>\$ 1,446,524</b>	<b>\$ 1,023,623</b>	<b>\$ 734,235</b>	<b>\$ 481,971</b>	<b>\$ 917,156</b>	<b>\$ 4,603,509</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	105,611	845,079	290,963	400,710	396,788	2,039,151
Salaries and Benefits Payable	36,304	37,884	13,320	1,616	8,303	97,427
Due to Other Funds	909,525	140,660	429,533	79,645	80,629	1,639,992
Unearned Revenue	-	-	419	-	8,549	8,968
<b>Total Liabilities</b>	<b>1,051,440</b>	<b>1,023,623</b>	<b>734,235</b>	<b>481,971</b>	<b>494,269</b>	<b>3,785,538</b>
<b>Fund Balances:</b>						
<b>Nonspendable Fund Balance</b>						
Prepaid items	1,209	-	-	-	-	1,209
<b>Restricted Fund Balance</b>						
Grant restricted	-	-	-	-	422,887	422,887
Unassigned Fund Balance	393,875	-	-	-	-	393,875
<b>Total Fund Balance</b>	<b>395,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>422,887</b>	<b>817,971</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,446,524</b>	<b>\$ 1,023,623</b>	<b>\$ 734,235</b>	<b>\$ 481,971</b>	<b>\$ 917,156</b>	<b>\$ 4,603,509</b>

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

<b>Total Fund Balances - Governmental Funds</b>	\$	817,971
<p>The Council uses an internal service fund to charge printing costs to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.</p>		
		29,742
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$1,660,197 and the accumulated depreciation was \$1,425,721. In addition, long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation and amortization) and long-term liabilities in the governmental activities is to increase net position.</p>		
		130,794
<p>Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements and dispositions should be shown as decreases in capital assets in the government-wide statements. The net effect of including the 2023 capital outlays decreases net position.</p>		
		1,429,868
<p>Included in the items related to debt is the recognition of the Council's net pension liability required by GASB 68 in the amount of \$162,762, Deferred Outflow of Resources related to TCDRS of \$478,498, and Deferred Inflow of Resources related to TCDRS of \$66,798. This amounted to an increase in net position in the amount of \$248,938.</p>		
		248,938
<p>The 2023 depreciation and amortization expense increases accumulated depreciation. The net effect of the current year's depreciation and amortization is to decrease net position.</p>		
		(426,904)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include eliminating interfund transactions and recognizing the liabilities associated with long-term obligations. The net effect of these reclassifications and recognitions is to increase net position.</p>		
		12,144
Net Position of Governmental Activities	\$	2,242,553

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Health and Human Services Commission	Commission on State Emergency Communications	Department of Homeland Security	Other Funds	Total Governmental Funds
<b>REVENUES:</b>						
Membership Dues	\$ 166,138	\$ -	\$ -	\$ -	\$ -	\$ 166,138
Intergovernmental Revenue and Grants	-	5,858,352	1,051,140	796,844	923,424	8,629,760
Charges for Services	-	-	-	-	413,025	413,025
Investment Earnings	1,264	-	-	-	739	2,003
Program Income & In-kind	-	752,807	-	-	17,188	769,995
<b>Total Revenues</b>	<b>167,402</b>	<b>6,611,159</b>	<b>1,051,140</b>	<b>796,844</b>	<b>1,354,376</b>	<b>9,980,921</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General Government	108,179	-	-	-	-	108,179
Emergency Communication	-	-	647,388	-	-	647,388
Aging	-	6,545,677	-	-	-	6,545,677
Environmental Quality	-	-	-	-	147,097	147,097
Water Quality	-	-	-	-	455,263	455,263
Homeland Security	-	-	-	198,245	-	198,245
Criminal Justice	-	-	-	-	175,270	175,270
Economic Development	-	-	-	-	106,735	106,735
Workforce	-	-	-	-	69,377	69,377
Mediation	-	-	-	-	234,744	234,744
Capital Outlay	-	12,361	299,631	589,785	30,170	931,947
Principal on LT Liabilities	34,197	44,996	85,898	6,050	29,084	200,225
Interest on LT Liabilities	15,344	20,486	18,223	2,764	10,695	67,512
<b>Total Expenditures</b>	<b>157,720</b>	<b>6,623,520</b>	<b>1,051,140</b>	<b>796,844</b>	<b>1,258,435</b>	<b>9,887,659</b>
Revenues Over (Under) Expenditures	9,682	(12,361)	-	-	95,941	93,262
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	4,431	-	-	-	-	4,431
Proceeds of Leases	-	12,361	-	-	-	12,361
<b>Total Other Financing Sources (Uses)</b>	<b>4,431</b>	<b>12,361</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,792</b>
Net Change in Fund Balances	14,113	-	-	-	95,941	110,054
Fund Balance - October 1 (Beginning)	380,971	-	-	-	326,946	707,917
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 395,084</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 422,887</b>	<b>\$ 817,971</b>

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	110,054
Current year capital outlays and long-debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase net position.		1,429,868
Depreciation and amortization is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.		(426,904)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include eliminating interfund transactions and recognizing the liabilities associated with long-term obligations. The net effect of these reclassifications and recognitions is to increase net position.		(324,364)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. The contributions made after the measurement date of 12/31/2022 caused the change in the ending net position to increase in the amount of \$203,959. Contributions made before the measurement date but during the FY 2023 were also de-expended and recorded as a reduction in the net pension liability for the Council. This also caused an increase in the change in net position in the amount of \$61,982. The Council recorded its pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY 2023 were \$180,660. The impact of all of these is to increase the change in net position by \$85,281.		85,281
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>873,935</b>

The accompanying notes are an integral part of this statement.

**PROPRIETARY FUND FINANCIAL STATEMENTS**



RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2023

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contract Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
<b>ASSETS</b>				
Current Assets:				
Accounts Receivable	\$ 53,044	\$ 1,066	\$ 54,110	\$ -
Prepaid Items	17,214	-	17,214	-
Noncurrent Assets:				
Due from Other Funds	207,500	62,274	269,774	30,768
Total Assets	<u>277,758</u>	<u>63,340</u>	<u>341,098</u>	<u>30,768</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	7,569	-	7,569	1,026
Salaries and Benefits Payable	1,785	270	2,055	-
Unearned Revenue	52,990	-	52,990	-
Total Liabilities	<u>62,344</u>	<u>270</u>	<u>62,614</u>	<u>1,026</u>
<b>NET POSITION</b>				
Unrestricted Net Position	<u>215,414</u>	<u>63,070</u>	<u>278,484</u>	<u>29,742</u>
Total Net Position	<u>\$ 215,414</u>	<u>\$ 63,070</u>	<u>\$ 278,484</u>	<u>\$ 29,742</u>

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contract Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
<b>OPERATING REVENUES:</b>				
Charges for Copier Use	\$ -	-	\$ -	\$ 11,157
Contract Service Fees	172,455	37,953	210,408	-
Total Operating Revenues	172,455	37,953	210,408	11,157
<b>OPERATING EXPENSES:</b>				
Salaries and Benefits	65,376	2,790	68,166	-
Purchased Property Services	-	-	-	11,157
Other Operating Expenses	77,469	35,734	113,203	-
Supplies	20,543	497	21,040	-
Total Operating Expenses	163,388	39,021	202,409	11,157
Operating Income Before Transfers	9,067	(1,068)	7,999	-
Transfers out (Use)	(4,226)	(205)	(4,431)	-
Change in Net Position	4,841	(1,273)	3,568	
Total Net Position - October 1 (Beginning)	210,573	64,343	274,916	29,742
Total Net Position - September 30 (Ending)	\$ 215,414	\$ 63,070	\$ 278,484	\$ 29,742

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contract Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 162,690	\$ 54,344	\$ 217,034	\$ 11,663
Cash Payments to Employees for Services	(66,311)	(2,793)	(69,104)	-
Cash Payments for Suppliers	(96,379)	(51,551)	(147,930)	(11,663)
Net Cash Provided by Operating Activities	-	-	-	-
Net Increase in Cash	-	-	-	-
Cash at Beginning of the Year:	-	-	-	-
Cash at End of the Year:	\$ -	\$ -	\$ -	\$ -
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>				
Operating Income:	\$ 4,841	\$ (1,273)	\$ 3,568	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	(27,203)	434	(26,769)	-
Decrease (increase) in Prepaid Items	(17,214)	2,350	(14,864)	-
Decrease (increase) in Due from Other Funds	(18,338)	13,607	(4,731)	506
Increase (decrease) in Accounts Payable	5,859	(15,115)	(9,256)	(506)
Increase (decrease) in Accrued Payroll	(935)	(3)	(938)	-
Increase (decrease) in Unearned Revenue	52,990	-	52,990	-
Net Cash Provided by Operating Activities	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

**FIDUCIARY FUND FINANCIAL STATEMENTS**

RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2023

---

	Custodial Fund
<b>ASSETS</b>	
Due from Other Funds	\$ 213,622
Total Assets	<u>\$ 213,622</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	\$ 48,583
Total Liabilities	<u>\$ 48,583</u>
<b>NET POSITION</b>	
Restricted for Other Corporation	\$ 165,039
Total Net Position	<u>\$ 165,039</u>

RIO GRANDE COUNCIL OF GOVERNMENTS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Fund
<b>ADDITIONS</b>	
Contributions	\$ 213,622
Total Additions	213,622
<b>DEDUCTIONS</b>	
Purchased Services	48,583
Total Deductions	48,583
Change in Fiduciary Net Position	165,039
Fund Balance - October 1 (Beginning)	-
Fund Balance - September 30, (Ending)	\$ 165,039

This page is left blank intentionally.

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rio Grande Council of Governments (the Council) is a voluntary association of cities, counties, school districts and special districts within the seven-county upper Rio Grande region. The Council was established to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. The Rio Grande Council of Governments is a political subdivision of the State of Texas under Article 1011(m) of Vernon's (Texas) Annotated Revised Civil Statutes (subsequently revised to Chapter 391 of the Texas Local Government Code.) The Council prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and the requirements of contracts and grants of agencies from which it receives funds.

The basic operations of the Council are financed by membership dues. The Council also receives federal and state administered grant funds that permit the Council to undertake specific programs. These sources of revenue are reflected in the General Fund and Special Revenue Funds of the Statement of Revenues, Expenditures and Changes in Fund Balances.

#### A. Reporting Entity

The Rio Grande Council of Governments is governed by a general assembly comprised of voting representatives from each of the member governments. Any county, city, or special purpose district within the Upper Rio Grande State Planning Region may become a member of the independent association by passing a resolution to join the Council and paying annual dues. Each year the General Assembly votes and appoints the Executive Board Officers and certain Directors. In FY 2023, the Executive Board was comprised of nineteen (19) members. The Executive Board is the policy making and oversight body for the Council. The Council is not included in any other governmental "reporting entity" as defined by the Governmental Standards Board ("GASB").

In evaluating how to define the Council for financial reporting purposes, management has considered all potential component units. The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The most primary standard for including or excluding a potential component unit is whether it is financially dependent on the reporting entity. The fiscal dependency criterion also required that a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits the Council, or whether the activity is conducted within the geographic boundaries of the Council and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether the Council is able to exercise oversight responsibilities.



# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Based upon the application of these criteria, the Council has no component units.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Council. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which include programs supported primarily by grants and other intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement category represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until that time. For pensions, these deferred outflows result from pension plan contributions made after the measurement date of the net pension liability, differences between expected and actual experiences, changes in actuarial assumptions, and the net difference between projected and actual investment earnings. The deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized using a systematic and rational method over a closed period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For pensions, these deferred inflows result from differences between expected and actual experiences and changes in actuarial assumptions. These inflows will be amortized using a systematic and rational method over a closed period.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The fiduciary net position of the Texas County and District Retirement Systems (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability or net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. The Plan's fiduciary net position has been determined on the same basis as that used by the Plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The statement of activities demonstrates how other people or entities that participate in programs the Council operates have shared in the payment of the direct costs through program revenues. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the Council. A function is an assembly of similar activities and may include portions of a fund or more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. These revenues are subject to externally imposed restrictions to these programs. Other items not included among program revenue are reported as general revenue.

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements.

Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflow of resources, and fund balances are included in the balance sheet. Operating statements of these funds present net increase and decreases in current assets (i.e. revenues and other financing resources and expenditures and other financing uses.)

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, leases and subscription based information technology arrangements, which is recognized when due. The expenditures related to certain compensated absences and claim and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Council considers all revenues available if they are collectible within one year after year-end.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the Council to refund all or part of the unused amount. Grant revenue, membership dues and interest are susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Council.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. Within this measurement focus, assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into investment in capital assets net of related debt, restricted, and unrestricted.

Internal Service Fund revenue is recognized as expenditures are incurred and allocated to the various funds.

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting**

The Council reports the following major governmental funds:

**General Fund** - The *General Fund* is the general operating fund of the Council. It is used to account for all financial resources, except those required to be accounted for in another fund.

**Health and Human Services Commission Fund (Special Revenue fund)** - The *HHSC Fund* is used to account for federal and state grants awarded to the Council by the Texas Health and Human Services Commission, related program income, and in-kind matching contributions.

**Commission on State Emergency Communication Fund (Special Revenue fund)** - The *CSEC Fund* is used to account for all federal and state grants awarded to the Council by the Commission on State Emergency Communication.

**Department of Homeland Security Fund (Special Revenue Fund)** - The *Homeland Security Fund* is used to account for all state grants awarded to the Council by the Department of Homeland Security.

The Council reports the following major proprietary fund:

**Enterprise Fund - Contract Services** – The *Enterprise – Contract Services Fund* is used to account for vendor services provided to other governments under contract or interlocal agreements.

Additionally, the Council reports the following fund types:

**GOVERNMENTAL FUNDS:**

**Special Revenue Funds** – The *Special Revenue Funds* are used to account for resources restricted to specific purposes by a grantor or contributor. Most Federal and State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances are returned to the grantor at the close of specified project periods.

**Debt Service Funds** – These funds are used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a Debt Service Fund. The Council has no Debt Service Funds.

**Capital Projects Funds** – These funds are used to account for proceeds from long-term debt financing to be used to construct, renovate, acquire and equip buildings of the Council and pay any associated costs. The Council has no Capital Projects Funds.

**Permanent Funds** – Account for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes of supporting the Council's programs. The Council has no Permanent Funds.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

PROPRIETARY FUNDS:

**Enterprise Funds** - The *Enterprise Funds* account for activities operated and financed in a manner similar to a private business enterprise for which periodic determination of revenue, expenses and net income is considered desirable.

**Internal Service Fund** - The *Internal Service Fund* is used to account for financing of goods or services provided by one department to other departments of the Council on a cost-reimbursement basis. Since internal service funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid “grossing up” the revenues and expenses of the Council as a whole.

FIDUCIARY FUNDS:

**Private Purpose Trust Funds** – This fund is used to report all fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds or investment trust funds and are held in a trust. The Council has no Private Purpose Trust Funds.

**Pension (and Other Employee Benefit) Trust Funds** – These funds are used to report fiduciary activities for pensions plans and OPEB plans that are administered through trusts and other employee benefit plans for which resources are held in a trust. The Council has no Pension Trust Funds.

**Investment Trust Funds** – This fund is used to report fiduciary activities from the external position of investments pools and individual investment accounts that are held in a trust. The Council has no Investment Trust Funds.

**Custodial Funds** – These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The Council’s custodial fund is for the Local Government Corporation (LGC) agreement and consists of funds that are the property of the LGC and cannot be used in the Council for operations.

**E. Other Accounting Policies**

**Cash**

The Council's cash consists of demand deposits and interest bearing savings accounts.

For purposes of the statement of cash flows for proprietary funds, the Council considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The funds of the Council must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the Council's agent bank in an amount sufficient to protect Council funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Council to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the Council to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the Council to have independent auditors perform test procedures related to investment practices as provided by the Act. However, because the Council did not have any investments during the year or at September 30, 2023, the requirement is not applicable for the fiscal year ended September 30, 2023.

Additional policies and contractual provisions governing deposits for the Council are specified below:

*Credit Risk:* The Council's deposits are not exposed to credit risk.

*Custodial Credit Risk:* State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the Council complies with this law, it has minimal custodial credit risk for deposits.

*Concentration of Credit Risk:* The Council's deposits are not exposed to concentration of credit risk.

*Interest Rate Risk:* The Council's deposits are not exposed to interest rate risk.

*Foreign Currency Risk:* The Council attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables**

Receivables in the General Fund are shown at gross value. Management believes an allowance for doubtful accounts is not necessary for fair presentation.

**Intergovernmental Receivables**

Intergovernmental receivables represent amounts due from federal and state agencies and pass-through entities for the various programs administered by the Council. The receivable includes amounts due on programs closed-out and those in progress as of September 30, 2023. Management believes that an allowance for doubtful accounts is not necessary for fair presentation.

**Prepaid Items**

Payments made to vendors for goods and services that will benefit periods beyond year-end are classified as prepaid items.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

**Capital Assets**

Capital assets, which include furniture, fixtures and equipment and right-to-use lease assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000, unless grant agreements specify otherwise, and an estimated useful life or lease / SBITA term in excess of one year. Furniture and fixtures and equipment are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date received.

Right-to-use assets are recorded at the present value of their future payments over the non-cancelable agreement. In a governmental fund, the full amount of the right-to-use asset is reported as an expenditure in the year the agreement is executed. The term of the lease must be the non-cancelable period during which the Council has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Capital assets of the Council are depreciated using the straight-line method over the following estimated useful lives. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. When a lease contains a purchase option the Council chooses to exercise, the lease asset is amortized over the useful life of the underlying asset. The amortization expense is combined with depreciation expense for financial reporting purposes.

Assets	Years
Equipment	3 – 10
Furniture and fixtures	3 – 10
Buildings	2 – 10

**Unearned Revenue**

Unearned revenue represents amounts received from grantors in excess of expenditures for programs in progress.

**Compensated Absences**

The Rio Grande Council of Governments' employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Unused sick leave may be accumulated and carried forward to subsequent years up to a maximum of 240 hours. Vacation days not used during the year may be accumulated and carried forward to subsequent years up to a maximum of 200 hours; however, management encourages their employees to take their vacation annually. Only unused vacation leave is paid upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, as it is payable within one year.



**RIO GRANDE COUNCIL OF GOVERNMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Debt and Right-to-Use Lease Liabilities**

In the government-wide financial statements, long-term debt, right-to-use lease liabilities, subscription based information technology arrangements and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. When applicable, premiums and discounts are presented as a component of liabilities while deferred losses on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable premium or discount. The right-to-use lease liability is reported in the government wide statements and in proprietary fund statements, if any. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. For subscription based information technology arrangements (SBITA), liability is reported in the government-wide statements and in proprietary fund statements, if any. The subscription liability is calculated as the present value of the subscription payments expected to be made during the subscription term of the arrangement and the interest included in the subscription payment is recorded as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, new right-to-use lease arrangements and new SBITAs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. For new right-to-use leases and SBITAs, the initial measurement is reported in governmental fund types as another financing source during the current period. Payments are reported as principal and interest payments during the reporting period in the fund level statements.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position**

Net Position on the Statement of Net Position includes the following:

*Net Investment in capital assets* - this component of net position consists of capital assets, net accumulated depreciation and amortization, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, leasing, or improvement of those assets or related debt will be included in this component of net position.

*Restricted for Grants* – this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by El Paso County, Texas, Far West Texas Water Planning Group, Commission on State Emergency Communications and other grants.

*Unrestricted net position* – this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Fund Balance**

The Council categorizes its fund balances into five classifications and in the hierarchy to which the government is bound to honor constraints on specific purposes for which amounts in those funds can be spent.

- **Non-Spendable Fund Balance** – Amounts that are not in a spendable form (such as prepaids) or are required to be maintained intact (principle of an endowment fund, for example).
- **Restricted Fund Balance** – Amounts that are restricted to specific purposes, with constraints placed on the use of resources by (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or (c) enabling legislation. Restrictions may be changed or lifted only with consent of the resource providers.
- **Committed Fund Balance** – Amounts that are restricted for purposes which the Board of Directors, the Council’s highest level of decision-making authority has designated their use. These amounts are committed through a formal resolution, requiring funds to be used only for specific purposes. Commitments may only be imposed, changed, or lifted by the Board of Directors thru adoption of a resolution.

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Assigned Fund Balance** – Amounts the Council intends to use for expendable or available for appropriation but has been tentatively earmarked for some specific purpose. Intent can be expressed by the Executive Director or the Finance Director as named in the fund balance policy approved by the Board on August 19, 2011 thru resolution.
- **Unassigned Fund Balance** – The residual classification for the general fund and includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of the fund balance which is not obligated or specifically designated and is available for any purpose. Positive amounts are reported only in the general fund.

#### Order of Use of Fund Balances

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed amounts, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes of which amounts in any of those unrestricted fund balance classifications could be used, unless the Board of Directors have provided otherwise in its commitment or assignment actions.

#### **Revenue**

Amounts reported as program revenue include 1) charges to customers or applicants for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

The major sources of revenue are membership dues, intergovernmental revenue and grants, charges for services, and program income and other revenue as discussed below:

- a. **Membership Dues** - All member governments are required to pay dues to the Council. Dues are determined annually and are recognized as revenue when assessed because they are measurable and are collectible within the current period.

Dues are reported in the General Fund and transferred to the Special Revenue Funds as needed to meet matching requirements of the grants.

- b. **Intergovernmental Revenue and Grants** - Federal and State Grant Revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods. State grant revenue for the Council includes receipt of surcharge fees, service fees, and wireless fees from the Commission on State Emergency Communications for use in providing 9-1-1 services within its jurisdiction.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. **Charges for Services** – Charges for services are recognized in the period in which they are earned.

d. **Program Income and Inkind**

*Local Contributed Cash* - Contributions to grant programs from local governments and other participants are recognized as revenue when grant expenditures are incurred in the case of cost reimbursement grants.

*In-kind Contributed Services* - Local contributions, which include contributed services provided by individuals, private organizations, and local governments, are used to match federal funding on various grants. Contributed services are therefore reflected as revenue and expenditures in accordance with legal requirements of the individual grants. Such services are recorded in the accompanying financial statements at their estimated fair value at date of receipt.

**Indirect Costs**

General and administrative costs are recorded in the General Fund as indirect costs in the Council's accounting system and allocated to programs based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget (OMB). The Council's indirect cost rate is based upon the total expenditure base and is documented by a cost allocation plan which is approved by a state cognizant agency.

**Use of Estimates**

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

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Risk Management**

Rio Grande Council of Governments is a member of the Texas Municipal League Intergovernmental Risk Pool (Pool). The Pool was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The RGCOG pays annual contributions to the Pool for liability, property, and workers' compensation coverages and all billed contributions have been paid. The RGCOG's agreement with the Pool provides that the Pool will be self-sustaining through member contributions and will provide reinsurance contracts through commercial companies. The Pool agrees to handle all eligible health, liability, property, and workers' compensation claims and provide any defense as necessary. The Pool makes available to the RGCOG loss control services to assist the RGCOG in following a plan of loss control that may result in reduced losses. The RGCOG agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool.

For the liability due to health claims and unpaid health claims, Rio Grande COG has transferred that risk and liability to TML Health Benefits and therefore is not required to do a separate filing or reporting in accordance with GASB. The COG has accomplished this transfer of risk by its active membership in the Pool and by paying the normal monthly contributions.

The Pool engages the services of an independent actuary to assist in developing loss reserve amounts and in setting rates. The Pool also engages the services of an independent auditor to conduct a financial audit after the close of each year on September 30. The audit is accepted by the Pool's Board of Trustees in January of the following year. The Pool's audited financial statements as of September 30, 2023, are available on the Texas Municipal League Intergovernmental Risk Pool's website.

#### **Commitments and Contingencies**

The Council participates in numerous state and federal grant programs that are subject to audit by various federal and/or state audit agencies. These programs have complex compliance requirements, and should state or federal auditors discover areas of material noncompliance, those Council funds may be subject to refund if so determined by administrative audit review. In the opinion of administration, 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 financial statements for such contingencies.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New GASB Statement Implemented**

The Council implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the governmental-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long term liabilities, including the Council's right-to-use lease liabilities and SBITA liabilities are not due and payable in the current period and are not reported as liabilities in the funds.

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balance and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position.

Another element of reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of reclassifying other resources, other uses and various other items. In addition, certain pension expenditures were de-expended and the Council recorded the pension expense of the plan.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

At September 30, 2023, the carrying amount of the Council’s general fund and major and nonmajor governmental funds’ deposits (cash and interest-bearing savings accounts) was \$1,056,624 and the total bank balance was \$1,115,330. FDIC insurance is applicable up to the current limit of \$250,000 per official custodian and the required collateral was \$0 at September 30, 2023. The Council’s cash deposits at September 30, 2023 were entirely covered by FDIC insurance.

**B. Receivables**

**Intergovernmental Receivables – Governmental Funds**

Intergovernmental Receivables consisted of the following at September 30, 2023:

El Paso County	\$ 2,123
El Paso County - Juvenile Probation Department	360
El Paso Water Utilities – Public Service Board	48,145
Presidio County	20
Terrell County	35
Texas Commission on Emergency Quality	5,077
Texas Commission on State Emergency Communication	436,257
Texas Health and Human Services Commission	1,020,842
Texas Office of the Governor - Criminal Justice Division	59,937
Texas Water Development Board	336,043
Town of Anthony	245
Town of Van Horn	107
U.S. Department of Commerce	5,108
U.S. Department of Homeland Security	481,971
Workforce Solutions Borderplex	21,545
	<hr/>
Total Intergovernmental Receivable	\$ 2,417,815
	<hr/> <hr/>



**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Receivable – Governmental Funds**

Accounts Receivables consisted of the following at September 30, 2023:

General Fund – Various Vendors (Carbyne & Aflac)	\$ 2,013
	<u>2,013</u>
Total Accounts Receivable	<u><u>\$ 2,013</u></u>

**Accounts Receivable – Enterprise Funds**

Accounts Receivable consisted of the following at September 30, 2023:

AARP- Senior Expo	\$ 1,066
El Paso Area Transportation Services, Local Government Corporation	12,500
El Paso Water Control & Improvement District #4	17,476
Texas Office of the Governor - Criminal Justice Division	9,066
Texas Office of the Governor – HSGD M&A	5,761
Texas Department of Agriculture	5,503
Van Horn	<u>2,738</u>
Total Accounts Receivable	<u><u>\$ 54,110</u></u>

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Interfund Balances and Transfers**

The composition of interfund balances as of September 30, 2023 was as follows:

	Due from Other Funds	Due to Other Funds
General Fund:		
Texas Health and Human Services Commission	\$ 140,660	\$ -
Commission on State Emergency Communication	429,533	-
Department of Homeland Security	79,645	
Enterprise Fund – Contract Services	-	207,500
Nonmajor Governmental Funds	80,629	395,361
Nonmajor Enterprise Fund	-	62,274
Internal Service Fund	-	30,768
Custodial Fund	-	213,622
Total General Fund	730,467	909,525
Texas Health and Human Services Commission:		
General Fund	-	140,660
Commission on State Emergency Communication:		
General Fund	-	429,533
Department of Homeland Security:		
General Fund	-	79,645
Enterprise Fund – Contract Services:		
General Fund	207,500	-
Nonmajor Governmental Funds:		
General Fund	395,361	80,629
Nonmajor Enterprise Fund:		
General Fund	62,274	-
Internal Service Fund:		
General Fund	30,768	-
Custodial Fund:		
General Fund	213,622	-
Total	\$ 1,639,992	\$ 1,639,992

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund balances resulted from loans between funds to establish working capital for various funds and are cleared out periodically. Management intends to pay out these balances within one year except as noted below.

Accumulated interfund receivable balances in the Enterprise Funds and the Internal Service Fund in the amounts of \$269,774 and \$30,768 respectively, due from the General fund are not expected to be repaid within one year, since the enterprise funds do not maintain separate bank accounts. Therefore, these interfund balances are reported as noncurrent assets in the Statement of Net Position for the proprietary funds and at the government-wide level.

During the year ended September 30, 2023, the enterprise funds (Contracted Services and Expo) transferred a total of \$4,431 to the general fund for payment of various leases for facilities and equipment.

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Primary government capital asset activity for the year ended September 30, 2023, is as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Depreciable assets:				
Furniture and fixtures	\$ 159,314	\$ -	\$ -	\$ 159,314
Equipment	1,500,883	919,586	-	2,420,469
Total depreciable assets	1,660,197	919,586	-	2,579,783
Right-to-Use Lease Assets:				
Buildings	1,593,319	-	-	1,593,319
Equipment	19,830	12,361	-	32,191
Total Right-to-Use Lease Assets	1,613,149	-	-	1,625,509
Subscription Based Information Technology Arrangements (SBITAs)	643,094	-	-	643,094
Less accumulated depreciation:				
Furniture and fixtures	103,230	14,583	-	117,813
Equipment	1,322,491	112,172	-	1,434,663
Total accumulated depreciation	1,425,721	126,755	-	1,552,476
Less accumulated amortization for:				
Right-to-Use Lease Assets:				
Buildings	166,289	151,582	-	317,871
Equipment	5,179	5,657	-	10,835
Subscription Based Information Technology Arrangements (SBITAs)	-	142,910	-	142,910
Total accumulated amortization	171,468	300,149	-	471,616
Total governmental activities capital assets, net	\$ 2,319,251	\$ 505,043	\$ -	\$ 2,824,294

**RIO GRANDE COUNCIL OF GOVERNMENTS**

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General Government	\$ 43,085
Emergency Communications	251,672
Aging	55,137
Environmental Quality	1,927
Water Quality	2,761
Homeland Security	36,075
Criminal Justice	7,896
Economic Development	8,528
Workforce	2,528
Mediation	17,294
	<hr/>
Total depreciation and amortization expense	<u><u>\$ 426,904</u></u>

**E. Unearned Revenue**

Unearned Revenue at September 30, 2023, resulting from program funds received in advance, was reported in the Special Revenue Funds as follows:

DRC Family Mediations	\$ 8,100
Upper Rio Grande Flood Planning Group	449
CSEC 9-1-1 Program	419
	<hr/>
Total Unearned Revenue	<u><u>\$ 8,968</u></u>

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Pension Plan

The Rio Grande Council of Governments contributed to only one pension plan in fiscal year 2023. This pension plan is a defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS).

TCDRS Defined Benefit Pension Plan

**Plan Description:** The Council provides a pension benefit for all of its full-time and part-time non-temporary employees (regardless of the number of hours they work in a year) through an agent multiple-employer defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). Employees in a temporary position are not eligible for membership. TCDRS is an agency created by the State of Texas and administered in accordance with the TCDRS Act, Title 8, Subtitle F, Texas Government Code (the TCDRS Act). The Board of Trustees of the TCDRS is responsible for the administration of the statewide agent multiple-employer public retirement system consisting of 848 employers. TCDRS in the aggregate issues an annual comprehensive financial report on a calendar year basis. The annual comprehensive financial report is available online at <https://www.tcdrs.org/globalassets/library/reports/2022-annual-report.pdf>.

**Benefits Provided:** TCDRS provides retirement, disability, and survivor benefits. The plan provisions are adopted by the governing body of the Rio Grande Council of Governments. They may be amended as of January 1 each year, but must remain in conformity and within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Council within the actuarial constraints imposed by the TCDRS Act so that resulting benefits are expected to be adequately financed by the Council's commitment to contribute. By law, the employee accounts earn 7% interest on beginning of year balances annually. At retirement, disability, or death, the account is matched at an employer set percentage (current match is 250%) and is then converted to an annuity.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

III. DETAILED NOTES ON ALL FUNDS (Continued)

The employees covered by the benefit terms at the December 31, 2022 valuation and measurement date were as follows:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>32</u>
Total covered employees	<u>74</u>

Members can retire at age sixty (60) and above with ten (10) or more years of service, with thirty (30) years of service regardless of age, or when the sum of their age and years of service equals eighty (80) years or more. Members are vested after ten (10) years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer. There are no automatic post-employment benefit changes, including automatic COLAs. Each year, the Council may elect an ad hoc COLA for its retirees.

**Contributions:** The contribution rates for employees are either 4%, 5%, 6%, or 7% of compensation, as adopted by the Council’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. The actuarially determined rate reflects the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Under the TCDRS Act, the employer is legally required to make 100% of the contribution specified in the funding policy on an annual basis. Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefits enhancements and/or buffer against future adverse experience.

The contribution rate payable by the employee members was seven percent (7%) for both calendar years 2022 and 2023, as adopted by the governing body of the Council. The Council contributed the required rate of fourteen-point fifty-eight percent (14.58%) for calendar year 2022 and an elected rate of fourteen-point seventy-five percent (14.75%) for calendar year 2023, as adopted by the governing body of the Council. The employer rate adopted for calendar year 2023 exceeds the actuarially determined rate. The employee contribution rate and the employer contribution rate may be amended by the governing body of the employer within the options available under the TCDRS Act. The Council’s contributions to TCDRS for the year ended September 30, 2023 were \$265,941 and were greater than the required contributions. This amount includes the contributions at the annually adopted rates and additional contributions of \$38,400.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

---

III. DETAILED NOTES ON ALL FUNDS (Continued)

**Net Pension Liability:** The Council’s Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:** The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years from January 1, 2017 to December 31, 2020. They were adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were adopted by the TCDRS Board of Trustees in March 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2022. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice. The total pension liability in the December 31, 2022 actuarial valuation was determined using the actuarial assumptions for inflation of 2.5% and investment rate of return of 7.5%. The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.0% (made up of 2.5% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee. Other assumptions include employer specific economic assumptions related to growth in membership and payroll growth of 0% each. The payroll growth assumption is for the aggregate covered payroll of the employer. The source of the mortality assumptions is as follows:

Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

**Changes Since the Prior Actuarial Valuation** – There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period. There were also no changes to benefit terms that affected measurement of the total pension liability during the measurement period.



# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

### III. DETAILED NOTES ON ALL FUNDS (Continued)

**Long-Term Expected Rate of Return:** The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumptions at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. The actuary relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Discount Rate:** 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 will be made at the rate specified in statute. Based on that assumption, the plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return and was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability / (Asset)	Changes in Net Pension Liability / (Asset)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2021	\$4,226,307	\$4,527,228	(\$300,921)
Changes for the year:			
Service cost	291,557	-	291,557
Interest on total pension liability <sup>(1)</sup>	340,537	-	340,537
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	(42,347)	-	(42,347)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(75,612)	(75,612)	-
Administrative expenses	-	(2,683)	2,683
Member contributions	-	115,938	(115,938)
Net investment income	-	(290,822)	290,822
Employer contributions	-	257,865	(257,865)
Other <sup>(3)</sup>	-	45,766	(45,766)
Balances as of December 31, 2022	\$4,740,442	\$4,577,680	\$162,762

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

**Sensitivity Analysis:** The following presents the net pension liability of the Rio Grande Council of Governments, calculated using the discount rate of 7.60%, as well as what the Council's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	Current		
	1% Decrease 6.60%	Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$5,441,055	\$4,740,442	\$4,155,247
Fiduciary net position	4,577,680	4,577,680	4,577,680
Net pension liability / (asset)	\$ 863,375	\$ 162,762	(\$422,433)

**RIO GRANDE COUNCIL OF GOVERNMENTS**

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Pension Plan Fiduciary Net Position:** Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TCDRS financial report as mentioned above in the Plan Description section.

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions:** For the year ended September 30, 2023, the Council recognized pension expense in the amount of \$180,660. At year end, the Council also reported the following deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 22,437	\$ 63,190
Changes of assumptions	99,430	3,608
Net difference between projected and actual earnings	152,672	-
Contributions made subsequent to the measurement date	203,959	-
<b>Total</b>	<b>\$478,498</b>	<b>\$66,798</b>

The \$203,959 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	Amount
2024	\$ 22,622
2025	51,493
2026	4,103
2027	129,523
2028	-0-
Thereafter	-0-
<b>Total</b>	<b>\$ 207,741</b>

**Payable to the Pension Plan:** At September 30, 2023, the Council reported a payable of \$72,418, including accruals, for the outstanding amount of contributions to the pension plan for the year ended September 30, 2023.

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**Changes in Net Pension Liability/Asset:**

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability/(Asset)	\$ (300,921)	\$ 763,895	\$ (300,212)	\$ 162,762

**G. MissionSquare Retirement 457 Deferred Compensation Plan**

The Council also has MissionSquare Retirement (formerly ICMA-RC) administer its 457 deferred compensation plan (the Plan). At September 30, 2023, there were seventeen (17) employees that participated in the 457 deferred compensation plan. Once an employee begins to contribute to the 457 deferred plan, contributions can be for any amount. An employee may stop and restart contributions at any time. Additionally, the Council does not contribute to this Plan and does not hold the assets in a trustee capacity. Management does not have control over the funds nor can they access the funds, and therefore believes the Council does not have fiduciary accountability for the Plan. As such, the Plan assets are not included in a fiduciary fund in the Council's financial statements. Total Plan assets at September 30, 2023 were \$1,787,704.

**H. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2023 was as follows:

Funded by:	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
<u>Right-to-Use Lease Arrangements:</u>					
Buildings	*Various \$ 1,427,029	\$ -	\$ 125,814	\$ 1,301,215	\$ 130,940
Equipment	*Various 14,651	12,361	5,486	21,526	5,904
Total Right-to-Use Lease Arrangements	1,441,680	12,361	131,300	1,322,741	136,844
Subscription Based Information Technology Arrangements (SBITAs)					
CSEC Fund	333,037	-	68,924	264,113	71,733
<u>Other liabilities:</u>					
Compensated absences	*Various 103,681	96,951	91,034	109,598	62,695
Total Other Liabilities	103,681	96,951	91,034	109,598	62,695
Total Governmental Long-Term Liabilities	\$ 1,878,398	\$ 109,312	\$ 291,258	\$ 1,696,452	\$ 271,272

The amount due within one year for compensated absences is reported in salaries and benefits payable in the Statement of Net Position. Compensated absences are generally liquidated by the program fund to which the employee is assigned.

\* Various – liabilities are paid out from where the expense is charged (i.e. General Fund, Special Revenue Fund, etc.)

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. Right-to-Use Leases**

The Council executed leases for buildings for terms ranging from 2 – 10 years and leases for copiers for terms ranging from 2 – 5 years. Management utilized a 4% interest rate to calculate the net present value and established a right-to-use lease liability. The Council added a copier lease in fiscal year 2023 with an interest rate of 4%. The right-to-use lease assets are being amortized over the remaining term of the leases using a straight-line method. Commitments under right-to-use lease agreement for facilities and equipment include lease terms from two to ten years. The Council is required to make monthly payments during the lease term. During the fiscal year ending September 30, 2023, total principal and interest paid by the Council was \$131,300 and \$55,444 respectively.

Future debt service requirements for Right-to-Use Lease are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2024	136,844	50,419	187,263
2025	130,638	45,058	175,696
2026	134,645	39,742	174,387
2027	137,447	34,323	171,769
2028	145,843	28,660	174,504
2029-2032	637,324	53,404	690,729
Total	\$1,322,741	\$251,607	\$1,574,348

**RIO GRANDE COUNCIL OF GOVERNMENTS**

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**J. Subscription Based Information Technology Arrangements (SBITA)**

The Council has executed an agreement for software in the CSEC program to be used until FY 2027. Effective October 1, 2022, the Council implemented GASB No. 96 and recorded a subscription based information technology arrangement asset and the related liability. Management utilized a 4% interest rate to calculate the net present value. The SBITA asset is being amortized over the remaining term of 4 years using the straight-line method. During the fiscal year ending September 30, 2023, total principal and interest paid by the Council was \$68,924 and \$12,067 respectively.

Future debt service requirements for SBITA is as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2024	71,733	9,259	80,992
2025	74,655	6,336	80,992
2026	77,697	3,295	80,992
2027	40,028	468	40,496
Total	\$264,113	\$19,358	\$283,471

**K. Fund Balance**

As of September 30, 2023, fund balances were composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid Items	\$ 1,209	\$ -	\$ 1,209
Restricted:			
Dispute Resolution	-	367,219	367,219
Water Planning	-	55,668	55,668
Unassigned	393,875	-	393,875
Total Fund Balances	\$ 395,084	\$ 422,887	\$ 817,971

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

---

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**L. Related Party Transactions**

From time to time, the Council may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the 2022-2023 fiscal year.

**M. Economic Dependency**

During the year ended September 30, 2023, the Council earned revenue of \$5,858,352 from the Texas Health & Human Services Commission in the form of Federal and State grants. In addition, related program income and in-kind services amounted to \$752,807. The combined amount of \$6,611,159 constitutes approximately 65% of total revenue.

**N. Restatement**

As part of the Council's implementation of GASB No. 96, a restatement was necessary to establish the opening balances as of October 1, 2022 for the SBITA asset and liability in the amount of \$643,094 and \$333,037, respectively. The difference between the asset and liability is due to a prepayment and equipment installation. Additionally, the Council had a right-to-use lease asset and liability in the amount of \$21,231 for the office storage, that should have been accounted for in the prior year. These restatements have no impact on net position.

**O. New Accounting Pronouncements**

The Council has not completed the process of evaluating the impact of its financial position that will result from adopting the following Governmental Accounting Standards Board (GASB) Statements:

- GASB No. 100, *Accounting Changes and Error Corrections - an amendment of GASB No. 62*, effective for fiscal years beginning after June 15, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections, to provide more understandable, reliable, relevant, consistent, and comparable information for making or assessing accountability.
- GASB No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**REQUIRED SUPPLEMENTARY INFORMATION**



RIO GRANDE COUNCIL OF GOVERNMENTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Membership Dues	\$ 166,138	\$ 166,138	\$ 166,138	\$ -
Investment Earnings	2,500	2,500	1,264	(1,236)
Total Revenues	168,638	168,638	167,402	(1,236)
EXPENDITURES:				
Current:				
General Government	169,918	151,897	157,720	(5,823)
Total Expenditures	169,918	151,897	157,720	(5,823)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,280)	16,741	9,682	(7,059)
OTHER FINANCING SOURCES:				
Transfer In	-	-	4,431	(4,431)
Total Other Financing Sources	-	-	4,431	(4,431)
Net Change in Fund Balances	(1,280)	16,741	14,113	(11,490)
Fund Balance - October 1 (Beginning)	380,971	380,971	380,971	-
Fund Balance - September 30 (Ending)	\$ 379,691	\$ 397,712	\$ 395,084	\$ (11,490)

## RIO GRANDE COUNCIL OF GOVERNMENTS

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL

#### GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

---

#### **Budgeting and Budgetary Control**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is prepared annually by fund and function and must be approved by the Board of Directors and general membership. The budget is appropriated based on expected revenue from the various federal and state grantor agencies, local governmental units' membership dues, cash investments, and other non-restricted revenue. Some revenue related to grants and contracts have funding and contract periods different than the budget year and are incorporated into the budget based on estimates of the portion that will be completed during the fiscal year. On September 16, 2022 the fiscal year 2023 budget was legally adopted by the Board.

The Council performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board must approve amendments to budget at the fund and function expenditure category or by revenue category. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Only two amendments were necessary during the year.

Although the Council goes through this budgeting process for all funds, only the general fund budget is considered legally adopted as the Council does not have budget authority over grant funds. As such, a budget to actual comparison is not presented as required supplementary information for the major special revenue funds.

Expenditures may not legally exceed budgeted appropriations, as amended. Unexpended appropriations lapse at year-end.

#### **Budgetary Basis of Accounting**

The Council's budget is prepared on a modified accrual basis of accounting.

#### **Excess Expenditures Over Appropriations**

During the fiscal year ended September 30, 2023, the Council had \$7,059 of expenditures over appropriations. This was a result of higher operating costs than anticipated.

## RIO GRANDE COUNCIL OF GOVERNMENTS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## TEXAS COUNTY &amp; DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Measurement Year			
	Year Ended December 2022	Year Ended December 2021	Year Ended December 2020	Year Ended December 2019
<b>Pension Liability</b>				
Service cost	\$ 291,557	\$ 307,310	\$ 240,388	\$ 233,111
Interest on total pension liability	340,537	305,382	261,215	225,446
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(6,012)	248,575	-
Effect of economic/demographic (gains) or losses	(42,347)	(52,384)	40,627	30,925
Refunds of contributions	-	(20,488)	(5,629)	(13,350)
Benefit payments	(75,612)	(55,843)	(47,251)	(44,013)
Net change in total pension liability	514,135	477,965	737,925	432,119
Total pension liability, beginning	4,226,307	3,748,342	3,010,417	2,578,298
Total pension liability, ending (a)	\$ 4,740,442	\$ 4,226,307	\$ 3,748,342	\$ 3,010,417
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 257,865	\$ 261,318	\$ 225,111	\$ 193,881
Member contributions	115,938	119,154	115,596	104,398
Investment income net of investment expenses	(290,822)	787,931	293,974	365,485
Refunds of contributions	-	(20,488)	(5,629)	(13,350)
Benefit payments	(75,612)	(55,843)	(47,251)	(44,013)
Administrative expenses	(2,683)	(2,449)	(2,508)	(2,164)
Other	45,766	9,561	8,799	8,644
Net change in fiduciary net position	50,452	1,099,184	588,092	612,881
Fiduciary net position, beginning	4,527,228	3,428,044	2,839,952	2,227,071
Fiduciary net position, ending (b)	\$ 4,577,680	\$ 4,527,228	\$ 3,428,044	\$ 2,839,952
Net pension liability / (asset), ending = (a) - (b)	\$ 162,762	\$ (300,921)	\$ 320,298	\$ 170,465
Fiduciary net position as a % of total pension Liability	96.57%	107.12%	91.45%	94.34%
Covered payroll	\$ 1,656,258	\$ 1,702,194	\$ 1,651,374	\$ 1,491,394
Net pension liability as a % of covered payroll	9.83%	-17.68%	19.40%	11.43%

Note: In accordance with GASB 68, paragraph 138, this schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

## RIO GRANDE COUNCIL OF GOVERNMENTS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## TEXAS COUNTY &amp; DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Year				
Year Ended December 2018	Year Ended December 2017	Year Ended December 2016	Year Ended December 2015	Year Ended December 2014
\$ 222,126	\$ 238,149	\$ 257,421	\$ 161,769	\$ 157,527
195,435	163,927	133,924	123,881	97,530
-	-	-	11,740	-
-	18,475	-	26,972	-
226	30,218	(110,272)	(216,342)	58,030
(27,228)	(11,766)	(7,054)	(6,774)	(4,756)
(31,913)	(21,112)	(5,673)	(4,433)	(1,783)
358,646	417,891	268,346	96,813	306,548
2,219,652	1,801,761	1,533,415	1,436,602	1,130,055
\$ 2,578,298	\$ 2,219,652	\$ 1,801,761	\$ 1,533,415	\$ 1,436,602
\$ 188,987	\$ 231,235	\$ 208,009	\$ 178,464	\$ 153,562
101,703	108,289	112,005	97,335	83,761
(35,146)	222,871	81,507	(26,164)	38,960
(27,228)	(11,767)	(7,054)	(6,774)	(4,756)
(31,913)	(21,112)	(5,673)	(4,433)	(1,783)
(1,789)	(1,347)	(887)	(706)	(552)
7,102	4,097	23,262	896	(59)
201,717	532,266	411,169	238,619	269,132
2,025,354	1,493,088	1,081,919	843,300	574,168
\$ 2,227,071	\$ 2,025,354	\$ 1,493,088	\$ 1,081,919	\$ 843,300
\$ 351,227	\$ 194,297	\$ 308,673	\$ 451,496	\$ 593,303
86.38%	91.25%	82.87%	70.56%	58.70%
\$ 1,452,901	\$ 1,546,985	\$ 1,600,069	\$ 1,622,258	\$ 1,396,013
24.17%	12.56%	19.29%	27.83%	42.50%

## RIO GRANDE COUNCIL OF GOVERNMENTS

## SCHEDULE OF COUNCIL CONTRIBUTIONS

## TEXAS COUNTY &amp; DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Fiscal Year Ending September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2015	159,199	172,323	(13,124)	1,566,572	11%
2016	166,671	206,524	(39,853)	1,655,255	12%
2017	187,017	205,042	(18,025)	1,577,249	13%
2018	210,970	219,775	(8,805)	1,690,576	13%
2019	187,508	193,542	(6,034)	1,488,784	13%
2020	199,303	211,020	(11,717)	1,551,540	13.6%
2021	219,371	258,247	(38,876)	1,687,679	15.3%
2022	239,358	257,901	(18,543)	1,690,524	15.3%
2023	215,531	265,941	(50,410)	1,547,549	17.2%

**Notes to Schedule**

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.3 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. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and 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-201 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: Employer contributions reflect that the member contribution rate was increased to 7%. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018 to 2022: No changes in plan provisions were reflected in the Schedule.

\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

RIO GRANDE COUNCIL OF GOVERNMENTS  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

---

**Actuarial Methods and Assumptions Used for GASB Calculations**

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2022 funding valuation, except as noted below.

The following are the key assumptions and methods used in this GASB analysis.

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry Age (level percent of pay) <sup>(1)</sup>
<b>Amortization Method</b>	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	Same as TCDRS system-wide funding valuation. Can be obtained at <a href="https://www.tcdrs.org">https://www.tcdrs.org</a>
<b>Salary Increases</b>	Same as TCDRS system-wide funding valuation. Can be obtained at <a href="https://www.tcdrs.org">https://www.tcdrs.org</a>
<b>Investment Rate of Return</b>	7.60% (Gross of administrative expenses)
<b>Cost-of-Living Adjustments</b>	Cost-of-Living Adjustments for Rio Grande Council of Governments are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	Same as TCDRS system-wide funding valuation. Can be obtained at <a href="https://www.tcdrs.org">https://www.tcdrs.org</a>
<b>Turnover</b>	Same as TCDRS system-wide funding valuation. Can be obtained at <a href="https://www.tcdrs.org">https://www.tcdrs.org</a>
<b>Mortality</b>	Same as TCDRS system-wide funding valuation. Can be obtained at <a href="https://www.tcdrs.org">https://www.tcdrs.org</a>

*(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for funding the actuarial valuation.*

This page is left blank intentionally.

**SUPPLEMENTARY INFORMATION**



This page is left blank intentionally.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

*Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditures for particular purposes:

**Texas Governor's Office, Criminal Justice Division**

**Workforce Solutions Borderplex**

**U.S. Department of Commerce**

**Texas Water Development Board**

**Texas Commission on Environmental Quality**

**Far West Texas Water Planning Group (FWTWPG)**

**Upper Rio Grande Flood Planning Group**

**El Paso County Dispute Resolution Center**

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2023

	TX Ofc of the Gov-Criminal Justice Div - Coronavirus Emergency Supplemental Funding	Workforce Solutions Borderplex	U.S. Dept. Of Commerce
<b>ASSETS</b>			
Cash	\$ -	\$ -	\$ -
Intergovernmental Receivables	-	21,545	5,108
Due from Other Funds	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 21,545</u>	<u>\$ 5,108</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	-	781	1,016
Salaries and Benefits Payable	-	2,028	441
Due to Other Funds	-	18,736	3,651
Unearned Revenue	-	-	-
Total Liabilities	<u>-</u>	<u>21,545</u>	<u>5,108</u>
Fund Balances:			
Restricted Fund Balance:			
Grant restricted	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 21,545</u>	<u>\$ 5,108</u>

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2023

	TX Ofc of the Gov-Criminal Justice Div - Law Enforcement Training Initiative	Texas Water Development Board	Texas Commission on Environmental Quality	Far West Texas Water Planning Group
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 43,050	\$ -
Intergovernmental Receivables	59,937	336,043	5,077	50,675
Due from Other Funds	-	-	-	6,654
<b>Total Assets</b>	<b>\$ 59,937</b>	<b>\$ 336,043</b>	<b>\$ 48,127</b>	<b>\$ 57,329</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	45,331	328,750	9,586	488
Salaries and Benefits Payable	674	194	1,330	1,173
Due to Other Funds	13,932	7,099	37,211	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>59,937</b>	<b>336,043</b>	<b>48,127</b>	<b>1,661</b>
Fund Balances:				
Restricted Fund Balance:				
Grant restricted	-	-	-	55,668
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,668</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 59,937</b>	<b>\$ 336,043</b>	<b>\$ 48,127</b>	<b>\$ 57,329</b>

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2023

	Upper Rio Grande Flood Planning Group	El Paso County Dispute Resolution Center	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 43,050	\$ 43,050
Intergovernmental Receivables	-	360	478,745	478,745
Due from Other Funds	449	388,258	395,361	395,361
<b>Total Assets</b>	<b>\$ 449</b>	<b>\$ 388,618</b>	<b>\$ 917,156</b>	<b>\$ 917,156</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	-	10,836	396,788	396,788
Salaries and Benefits Payable	-	2,463	8,303	8,303
Due to Other Funds	-	-	80,629	80,629
Unearned Revenue	449	8,100	8,549	8,549
<b>Total Liabilities</b>	<b>449</b>	<b>21,399</b>	<b>494,269</b>	<b>494,269</b>
Fund Balances:				
Restricted Fund Balance:				
Grant restricted	-	367,219	422,887	422,887
<b>Total Fund Balance</b>	<b>-</b>	<b>367,219</b>	<b>422,887</b>	<b>422,887</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 449</b>	<b>\$ 388,618</b>	<b>\$ 917,156</b>	<b>\$ 917,156</b>

This page is left blank intentionally.  
(G-2 Exhibit on following page)

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	TX Ofc of the Gov-Criminal Justice Div - Coronavirus Emergency Supplemental Funding	Workforce Solutions Borderplex	U.S. Dept. Of Commerce
<b>REVENUES:</b>			
Intergovernmental Revenue and Grants	\$ 30,170	\$ 72,379	\$ 99,673
Charges for Services	-	-	-
Investment Earnings	-	-	-
Program Income & In-kind	-	-	17,188
Total Revenues	<u>30,170</u>	<u>72,379</u>	<u>116,861</u>
<b>EXPENDITURES:</b>			
Current:			
Environmental Quality	-	-	-
Water Quality	-	-	-
Criminal Justice	-	-	-
Economic Development	-	-	106,735
Workforce	-	69,377	-
Mediation	-	-	-
Capital Outlay	30,170	-	-
Principal on LT Liabilities	-	2,814	7,987
Interest on LT Liabilities	-	188	2,139
Total Expenditures	<u>30,170</u>	<u>72,379</u>	<u>116,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Net Change in Fund Balances	-	-	-
Fund Balance - October 1 (Beginning)	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	TX Ofc of the Gov-Criminal Justice Div - Law Enforcement Training Initiative	Texas Water Development Board	Texas Commission on Environmental Quality	Far West Texas Water Planning Group
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ 175,813	\$ 396,742	\$ 148,647	\$ -
Charges for Services	-	-	-	60,786
Investment Earnings	-	-	739	-
Program Income & In-kind	-	-	-	-
Total Revenues	175,813	396,742	149,386	60,786
<b>EXPENDITURES:</b>				
Current:				
Environmental Quality	-	-	147,097	-
Water Quality	-	395,477	-	58,779
Criminal Justice	175,270	-	-	-
Economic Development	-	-	-	-
Workforce	-	-	-	-
Mediation	-	-	-	-
Capital Outlay	-	-	-	-
Principal on LT Liabilities	369	865	1,653	1,370
Interest on LT Liabilities	174	400	636	645
Total Expenditures	175,813	396,742	149,386	60,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(8)
Net Change in Fund Balances	-	-	-	(8)
Fund Balance - October 1 (Beginning)	-	-	-	55,676
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ 55,668



RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Upper Rio Grande Flood Planning Group	El Paso County Dispute Resolution Center	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 923,424	\$ 923,424
Charges for Services	1,007	351,232	413,025	413,025
Investment Earnings	-	-	739	739
Program Income & In-kind	-	-	17,188	17,188
Total Revenues	1,007	351,232	1,354,376	1,354,376
<b>EXPENDITURES:</b>				
Current:				
Environmental Quality	-	-	147,097	147,097
Water Quality	1,007	-	455,263	455,263
Criminal Justice	-	-	175,270	175,270
Economic Development	-	-	106,735	106,735
Workforce	-	-	69,377	69,377
Mediation	-	234,744	234,744	234,744
Capital Outlay	-	-	30,170	30,170
Principal on LT Liabilities	-	14,026	29,084	29,084
Interest on LT Liabilities	-	6,513	10,695	10,695
Total Expenditures	1,007	255,283	1,258,435	1,258,435
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	95,949	95,941	95,941
Net Change in Fund Balances	-	95,949	95,941	95,941
Fund Balance - October 1 (Beginning)	-	271,270	326,946	326,946
Fund Balance - September 30 (Ending)	\$ -	\$ 367,219	\$ 422,887	\$ 422,887

## **OTHER INFORMATION**

RIO GRANDE COUNCIL OF GOVERNMENTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - HHSC  
FO THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual GAAP BASIS (See Note)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ 6,263,153	\$ 5,969,891	\$ 5,858,352	\$ (111,539)
Program Income and Inkind	654,080	692,187	752,807	60,620
Total Revenues	6,917,233	6,662,078	6,611,159	(50,919)
<b>EXPENDITURES:</b>				
Current:				
Aging	6,917,233	6,662,078	6,545,677	116,401
Capital Outlay	-	-	12,361	(12,361)
Principal on LT Liabilities	-	-	44,996	(44,996)
Interest on LT Liabilities	-	-	20,486	(20,486)
Total Expenditures	6,917,233	6,662,078	6,623,520	38,558
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(12,361)	-
<b>OTHER FINANCING SOURCES:</b>				
Proceeds of Leases	-	-	12,361	-
Total Other Financing Sources	-	-	12,361	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ -

## RIO GRANDE COUNCIL OF GOVERNMENTS

## SCHEDULE OF INDIRECT COSTS

YEAR ENDED SEPTEMBER 30, 2023

<b>INDIRECT COST POOL</b>		
Administrative costs	\$ 939,288	
Equipment depreciation	1,371	
Adjusted Indirect Cost Pool	<u>                    </u>	\$ 940,659
<b>DIRECT BASE</b>		
Total expenditures		<u>\$ 10,088,860</u>
Less:		
Administrative costs	(939,288)	
Non-federal cost	(769,993)	
Excess cost on subgrants/subcontracts, stipends, medical services and other flow-thru funds	(4,277,809)	
Pass through capital outlay	(11,460)	
Unallowable costs	-	
Internal service fund	(11,157)	
Capital outlay	(919,586)	
	<u>                    </u>	<u>(6,929,293)</u>
Adjusted Direct Base		<u>\$ 3,159,567</u>
<b>INDIRECT COST RATE CALCULATION</b>		
<u>Indirect cost pool</u>	<u>\$ 940,659</u>	
Direct base	3,159,567	29.77%
<b>CALCULATION OF ROLL FORWARD AMOUNT</b>		
FY 2023 Fixed indirect cost rate		29.53%
FY 2023 Rate base	\$ 3,159,567	
FY 2023 Allowed recovery	933,020	
FY 2025 Roll forward:		
a. FY 2023 Final indirect costs	940,659	
b. Less FY 2023 recovery	(933,020)	
Roll forward amount	<u>\$ 7,639</u>	
<b>CALCULATION OF FIXED INDIRECT COST FOR FY 2025</b>		
FY 2023 Fixed indirect costs	\$ 940,659	
Roll forward amount	7,639	
FY 2025 Fixed indirect costs	<u>948,298</u>	
<b>CALCULATION OF FY 2025 FIXED INDIRECT COST RATE</b>		
FY 2025 Fixed indirect cost	\$ 948,298	
Rate base	\$ 3,159,567	
FY 2025 Fixed indirect cost rate		<u>30.01%</u>

\*Indirect Cost Rate is preliminary and subject to review and approval by the cognizant agency.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

SCHEDULE OF FRINGE BENEFITS

YEAR ENDED SEPTEMBER 30, 2023

Benefits		
Payroll taxes		\$ 122,062
Group insurance		267,899
Retirement contribution		<u>227,071</u>
Total benefits		<u>617,032</u>
Benefits allocated		<u>\$ 617,032</u>
Employee Benefits Rate Computation		
Total benefits	\$ 617,032	
Divided by gross salaries	<u>1,590,772</u>	
		<u>39%</u>
Total Salaries and Benefits		
Gross salaries		\$ 1,590,772
Benefits		<u>617,032</u>
Total		<u><u>\$ 2,207,804</u></u>

**FEDERAL AND STATE AWARD SECTION**

This page is left blank intentionally.

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

To the Board of Directors  
Rio Grande Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rio Grande Council of Governments, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Rio Grande Council of Government's basic financial statements, and have issued our report thereon dated June 24, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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



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

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

### **Purpose of this Report**

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

*Gibson Ruddock Patterson LLC*

Gibson Ruddock Patterson LLC

El Paso, Texas

June 24, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND TEXAS GRANT MANAGEMENT STANDARDS

To the Board of Directors  
Rio Grande Council of Governments

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

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

We have audited Rio Grande Council of Governments' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Texas Grant Management Standards* that could have a direct and material effect on each of the Rio Grande Council of Government's major federal and state programs for the year ended September 30, 2023. Rio Grande Council of Governments' 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 Rio Grande Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal and State Program***

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the Rio Grande Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Rio Grande Council of Governments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Rio Grande Council of Governments' 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 were not identified.

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

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

*Gibson Ruddock Patterson LLC*

Gibson Ruddock Patterson LLC

El Paso, Texas

June 24, 2024

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

**Type of Auditor's Report issued on whether the financial statements audited were prepared in accordance with GAAP:**

Unmodified

**Internal control over financial reporting:**

**Were significant deficiencies in internal control disclosed?**

None reported

**Were material weaknesses in internal control disclosed?**

No

**Was any noncompliance disclosed that is material to the financial statements of the auditee, which would be required to be reported in accordance with Government Auditing Standards?**

No

**Federal and State Awards**

**Internal control over major federal and state award programs:**

**Were significant deficiencies in internal control over major programs disclosed?**

None reported

**Were material weaknesses in internal control over major programs disclosed?**

No

**Type of auditor's report issued on compliance for the major federal and state programs:**

Unmodified

**Were there any audit findings that the auditor is required to disclose under Title 2 CFR 200.516 Audit findings paragraph (a) or TxGMS?**

No

(Continued)

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

**Major Federal Programs:**

**Texas Health and Human  
Services Commission; Aging  
Cluster:**

93.044 - OAA Title III, Part B -  
Supportive Services and Senior  
Centers;  
93.045 - OAA Title III, Part C -  
Nutrition Services;  
93.053 - OAA Title III - Nutrition  
Services Incentive Program (NSIP)

**Major State Programs:**

**Texas Health and Human  
Services Commission** - Supportive  
Services and Senior Centers

**Texas Health and Human  
Services Commission** - American  
Rescue Plan Act

**Far West Texas Embracing  
Interoperability and Integration** -  
Radio Infrastructure

**Commission on State Emergency  
Communication** -  
9-1-1 Program

**Dollar threshold used to distinguish between Type A and  
Type B Federal and State Programs:**

\$750,000 - Federal Programs  
\$750,000 - State Programs

**Did auditee qualify as low-risk auditee under 2 CFR  
200.520 Criteria for a low-risk auditee?**

Yes

(Continued)

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**FINANCIAL STATEMENT FINDINGS**

**There were no current year findings.**

**FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

**There were no current year findings or questioned costs.**

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
SCHEDULE OF STATUS OF **PRIOR** AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

---

**FINANCIAL STATEMENT FINDINGS**

**There were no prior year findings.**

**FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

**There were no prior year findings or questioned costs.**



RIO GRANDE COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Passthrough Grantor Grant Description	Federal Assistance Listing No.	Grantor's Number	Total Federal Expenditures	Passthrough to Sub-Recipients
<b>FEDERAL AWARDS</b>				
<b><u>U.S. Department of Commerce</u></b>				
Direct Programs:				
EDA - Title II Section 203 Planning Assistance:				
Economic Development Support for Planning Organizations	11.302	ED22AUS3020014	\$ 62,715	\$ -
COVID-19 - Economic Adjustment Assistance**	11.307	ED20AUS3070059	36,958	-
Total Economic Development Cluster			36,958	-
Total Direct Programs			99,673	-
<b>Total U.S. Department of Commerce</b>			<b>99,673</b>	<b>-</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Passed through Texas Health and Human Services Commission				
Special Programs for Aging - Title III, Part B:				
Administration*	93.044	HHS000874100022	76,940	-
American Rescue Plan - Administration*	93.044	HHS000874100022	4,487	-
Grants for Supportive Services and Senior Centers*	93.044	HHS000874100022	1,188,887	-
American Rescue Plan -Grants for Supportive Services and Senior Centers*	93.044	HHS000874100022	411,868	-
COVID-19 - Grants for Supportive Services and Senior Centers*	93.044	HHS000874100022	22,600	-
Total Assistance Listing Number 93.044			1,704,782	-
Special Programs for Aging - Title III Part C:				
Administration*	93.045	HHS000874100022	248,478	-
American Rescue Plan - Administration*	93.045	HHS000874100022	46,093	-
Nutrition Services*	93.045	HHS000874100022	1,697,197	-
American Rescue Plan - Nutrition Services*	93.045	HHS000874100022	711,514	-
Consolidated Appropriations Act*	93.045	HHS000874100022	2	-
Total Assistance Listing Number 93.045			2,703,284	-
NSIP - Nutrition Service Incentive Program*	93.053	HHS000874100022	241,165	-
Total Aging Cluster			4,649,231	-
Special Programs for Aging - Title III, Part D:				
Grants for Supportive Services and Senior Centers	93.043	HHS000874100022	33,072	-
Disease Prevention and Health Promotion Services	93.043	HHS000874100022	31,178	-
American Rescue Plan - Disease Prevention and Health Promotion Services	93.043	HHS000874100022	20,334	-
Total Assistance Listing Number 93.043			84,584	-
Special Programs for Aging - Title III, Part E:				
Administration	93.052	HHS000874100022	52,251	-
American Rescue Plan - Administration	93.052	HHS000874100022	8,480	-
National Family Caregiver Support Program	93.052	HHS000874100022	478,525	-
American Rescue Plan - National Family Caregiver Support	93.052	HHS000874100022	119,853	-
Total Assistance Listing Number 93.052			659,109	-
EAP - Title VII, Chapter 3				
Prevention of Elder Abuse, Neglect & Exploitation	93.041	HHS000874100022	12,200	-
OM - Title VII, Chapter 2				
Long Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100022	27,659	-
American Rescue Plan - Long Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100022	5,484	-
Total Assistance Listing Number 93.042			33,143	-

See accompanying notes to the Schedule of Expenditures of Federal and State Awards.

RIO GRANDE COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Passthrough Grantor Grant Description	Federal Assistance Listing No.	Grantor's Number	Total Federal Expenditures	Passthrough to Sub-Recipients
<b>FEDERAL AWARDS (Continued)</b>				
HICAP - Health Insurance Counseling Advocacy Program	93.324	HHS000874100022	42,759	-
HICAP - Health Insurance Counseling Advocacy Program	93.324	HHS000874100022	<u>37,331</u>	<u>-</u>
Total Assistance Listing Number 93.324			<u>80,090</u>	<u>-</u>
American Rescue Plan - Elder Justice Act	93.747	HHS000874100022	20,078	-
ACL - Medicare Improvements for Patients and Providers	93.071	HHS000874100022	46,016	-
Total Passed through Texas Health and Human Services Commission:			<u>5,584,451</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>5,584,451</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through Texas Office of the Governor - Homeland Security Grants Division:				
Enhancing Cybersecurity - Far West Texas Cyber Security Maturity Assessment	97.067	4434201	113,995	-
Community Preparedness and Resilience - Far West Texas Regional Community Preparedness	97.067	4780301	187	-
FY23 Homeland Security Grant Program	97.067	2951208	62,456	-
FY24 Homeland Security Grant Program	97.067	2951209	4,662	-
Total CFDA Number 97.067			<u>181,300</u>	<u>-</u>
Total Passed through Office of the Governor - Homeland Security Grants Division			<u>181,300</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>181,300</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>				
Passed through Texas Office of the Governor - Criminal Justice COVID-19 Coronavirus Emergency Supplemental Funding				
	16.034	4352301	30,170	-
Total Passed through Office of the Governor - Criminal Justice Division			<u>30,170</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u>30,170</u>	<u>-</u>
<b><u>U.S. Department of Labor</u></b>				
Passed through Texas Workforce Commission				
Workforce Solutions Borderplex***	17.207	N/A	72,379	-
Total Employment Services Cluster			<u>72,379</u>	<u>-</u>
Total Passed through Texas Workforce Commission			<u>72,379</u>	<u>-</u>
<b>Total U.S. Department of Labor</b>			<u>72,379</u>	<u>-</u>

RIO GRANDE COUNCIL OF GOVERNMENTS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Passthrough Grantor Grant Description	Federal Assistance Listing No.	Grantor's Number	Total Federal Expenditures	Passthrough to Sub-Recipients
<b>FEDERAL AWARDS (Continued)</b>				
<b><u>Commission on State Emergency Communication</u></b>				
Direct Programs:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SB8 & HB2911	89,885	-
Total Direct Programs			89,885	-
<b>Total Commission on State Emergency Communication</b>			89,885	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 6,057,858</b>	<b>\$ -</b>

\*, \*\*, \*\*\* Clustered Programs

RIO GRANDE COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

State Grantor/Passthrough Grantor Grant Description	Grantor's Number	Total State Expenditures	Passthrough to Sub-Recipients
<b>STATE AWARDS</b>			
<b><u>Texas Office of the Governor - Criminal Justice Division</u></b>			
Regional Law Enforcement Training Academy	1428518	\$ 166,326	\$ 126,262
Regional Law Enforcement Training Academy	1428519	9,487	5,932
<b>Total Texas Office of the Governor - Criminal Justice Division</b>		<b>175,813</b>	<b>132,194</b>
<b><u>Texas Office of the Governor - Homeland Security</u></b>			
Far West Texas: Embracing Interoperability and Integration	4544501	615,545	-
<b>Total Texas Office of the Governor - Homeland Security</b>		<b>615,545</b>	<b>-</b>
<b><u>Commission on State Emergency Communications</u></b>			
FY 2022/2023 9-1-1 Program	N/A	737,741	-
FY 2024/2025 9-1-1 Program	N/A	223,514	-
<b>Total Commission on State Emergency Communication</b>		<b>961,255</b>	<b>-</b>
<b><u>Texas Health and Human Services Commission</u></b>			
Ombudsman Assisted Living Facility Services	HHS000874100022	26,367	-
State General Revenue			
Supportive Services and Senior Centers	HHS000874100022	75,662	-
National Family Caregiver Support Program	HHS000874100022	115,066	-
American Rescue Plan	HHS000874100022	56,806	-
<b>Total Texas Health and Human Services Commission</b>		<b>273,901</b>	<b>-</b>
<b><u>Texas Commission on Environmental Quality</u></b>			
FY 2022/2023 Regional Solid Waste Grant Contract	582-22-30125	143,570	-
FY 2024/2025 Regional Solid Waste Grant Contract	582-24-50096	5,077	-
<b>Total Texas Commission on Environmental Quality</b>		<b>148,647</b>	<b>-</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<b>2,175,161</b>	<b>132,194</b>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>		<b>\$ 8,233,019</b>	<b>\$ 132,194</b>

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

---

### 1. BASIS OF ACCOUNTING

The Council accounts for all federal and state awards in special revenue funds. Special revenue funds are used to account for resources restricted to or committed for specific purpose by a grantor. If balances have not been expended by the end of the project period, grantors sometimes require the Council to refund all or part of the unused amount.

These programs are accounted for using a current financial measurement focus. With this measurement focus, only current assets, deferred outflow of resources, current liabilities, and deferred inflow of resources generally are included on the balance sheet. Operating statements of these funds present increase (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long term-debt, which is recognized when due, and certain compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grants. When grant funds are received before expenditures are made, they are recorded as unearned revenues until earned.

### 2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state activity of the Council under programs of the federal and state government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Texas Grants Management Standards* (TxGMS). Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

**RIO GRANDE COUNCIL OF GOVERNMENTS**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

---

**2. BASIS OF PRESENTATION (continued)**

Period of Performance

The period of performance for federal and state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal or state project period extended 90 days beyond the federal or state project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, OMB Compliance Supplement – May 2023.

Matching

The Council reported \$727,365 in-kind matching to the U.S. Department of Health and Human Services for the Aging Cluster and National Family Caregiver programs. Additionally, the Council reported \$17,188 in-kind matching to the U.S. Department of Commerce for the Economic Development District Partnership Planning Program.

Program Income

The Aging Cluster and National Family Caregiver Support generated program income in the amount of \$25,442 for the year ended September 30, 2023.

**3. INDIRECT COST RATE**

The Council did not elect to use the 10% de minimis indirect cost rate but used the indirect cost rate assigned by the Texas Health and Human Services Commission.

The Council accounted for federal and state funded indirect costs in the respective funds.

**4. COMMISSION ON STATE EMERGENCY COMMUNICATIONS**

The Council maintains a separate interest bearing account for CSEC funds.

**5. RECONCILIATION**

Total federal and state revenue presented on Exhibit I-1 can be reconcile to Exhibit C-3 as follows:

Total Federal and State Revenue per Exhibit I-1	\$ 8,233,019
Grants not subject to single audit:	
Texas Water Development:	
Regional Water Planning	88,207
Regional Flood Planning	308,534
Total Intergovernmental Revenue and Grants per Exhibit C-3	<u>\$ 8,629,760</u>