

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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## **FINANCIAL SECTION**

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## 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, 2022, 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, 2022, 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 2022, the Rio Grande Council of Governments adopted new accounting guidance, GASB Statement No. 87, *Leases*. 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 14 and 63 through 69, 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 March 7, 2023, 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  
March 7, 2023

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

## **Management's 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, 2022. 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, 2022 by \$1,643,534 (net position). Of this amount, \$581,948 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The Council's total net position increased by \$291,625.
- As of the close of the current fiscal year, Rio Grande Council of Governments' governmental funds reported combined ending fund balances of \$707,917 an increase of \$86,258 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.

**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 E-1 and accompanying notes.

Information regarding Texas County and District Retirement System is located on Exhibits E-2 and E-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 F-1 and F-2, of this report and the other information on Exhibits G-1, G-2, and G-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 \$1,643,534 as of September 30, 2022.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 3,085,789	\$ 3,098,429	\$ 294,734	\$ 265,858	\$ 3,380,523	\$ 3,364,287
Capital assets	1,654,925	333,431	-	-	1,654,925	333,431
Net Pension Asset	300,921	-	-	-	300,921	-
Total Assets	5,041,635	3,431,860	294,734	265,858	5,336,369	3,697,718
Deferred outflows of resources	381,821	459,047	-	-	381,821	459,047
Total Deferred Outflows	381,821	459,047	-	-	381,821	459,047
Current liabilities	2,208,461	2,330,334	19,818	4,394	2,228,279	2,334,728
Due in more than one year	1,327,292	50,001	-	-	1,327,292	50,001
Total Liabilities	3,535,753	2,700,633	19,818	4,394	3,555,571	2,705,027
Deferred inflows of resources	519,085	99,829	-	-	519,085	99,829
Total Deferred Inflows	519,085	99,829	-	-	519,085	99,829
Net position:						
Investment in capital assets	234,475	333,431	-	-	234,475	333,431
Restricted	827,111	470,941	-	-	827,111	470,941
Unrestricted	307,032	286,073	274,916	261,464	581,948	547,357
Total Net Position	\$ 1,368,618	\$ 1,090,445	\$ 274,916	\$ 261,464	\$ 1,643,534	\$ 1,351,909

**Analysis of the Council's Operations** – The following table provides a summary of the Council's operations for the year ended September 30, 2022.

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2022	2021	2022	2021	2022	2021
Revenue:						
Program Revenues:						
Charges for services	\$ 502,720	\$ 430,840	\$ 138,547	\$ 99,480	\$ 641,267	\$ 530,320
Operating grants and						
Contributions	9,253,078	9,247,147	-	-	9,253,078	9,247,147
Capital grants and	31,193	-	-	-	31,193	-
Contributions						
Investment earnings	2,439	2,366	-	-	2,439	2,366
Total revenues	9,789,430	9,680,353	138,547	99,480	9,927,977	9,779,833
Expenses:						
General government	80,510	140,620	-	-	80,510	140,620
Emergency						
communications	980,632	882,450	-	-	980,632	882,450
Aging	6,178,506	7,063,873	-	-	6,178,506	7,063,873
Environmental						
quality	148,345	218,940	-	-	148,345	218,940
Water quality	1,110,515	410,922	-	-	1,110,515	410,922
Homeland security	273,983	201,330	-	-	273,983	201,330
Criminal justice	193,726	129,008	-	-	193,726	129,008
Economic dev.	257,776	267,695	-	-	257,776	267,695
Workforce	35,948	33,781	-	-	35,948	33,781
Mediation	231,552	171,226	-	-	231,552	171,226
Interest on debt	5,839	-	-	-	5,839	-
Business-type	-	-	120,791	96,335	96,335	96,335
Total expenses	9,497,332	9,519,845	120,791	96,335	9,618,123	9,616,180
Increase(decrease) in net						
position before transfers /						
special items	292,098	160,508	17,756	3,145	309,854	163,653
Transfer in (out)	4,304	-	(4,304)	-	-	-
Special item - loss on						
disposal of capital						
asset	(18,229)	(2,497)	-	-	(18,229)	(2,497)
Increase(decrease) in net position	278,173	158,011	13,452	3,145	291,625	161,156
Net position, beginning	1,090,445	932,434	261,464	258,319	1,351,909	1,190,753
Net position, ending	\$ 1,368,618	\$ 1,090,445	\$ 274,916	\$ 261,464	\$ 1,643,534	\$ 1,351,909

Governmental activities increased the Council's net position by \$278,173 primarily due to the fluctuations related to the net pension liability/asset. The business-type activities net position increased by \$13,452 for a total net position of \$261,464. The increase was mostly related to the AAA Expo event coming back in FY 2022. The Expo had been cancelled in the two previous fiscal years due to the COVID-19 pandemic.

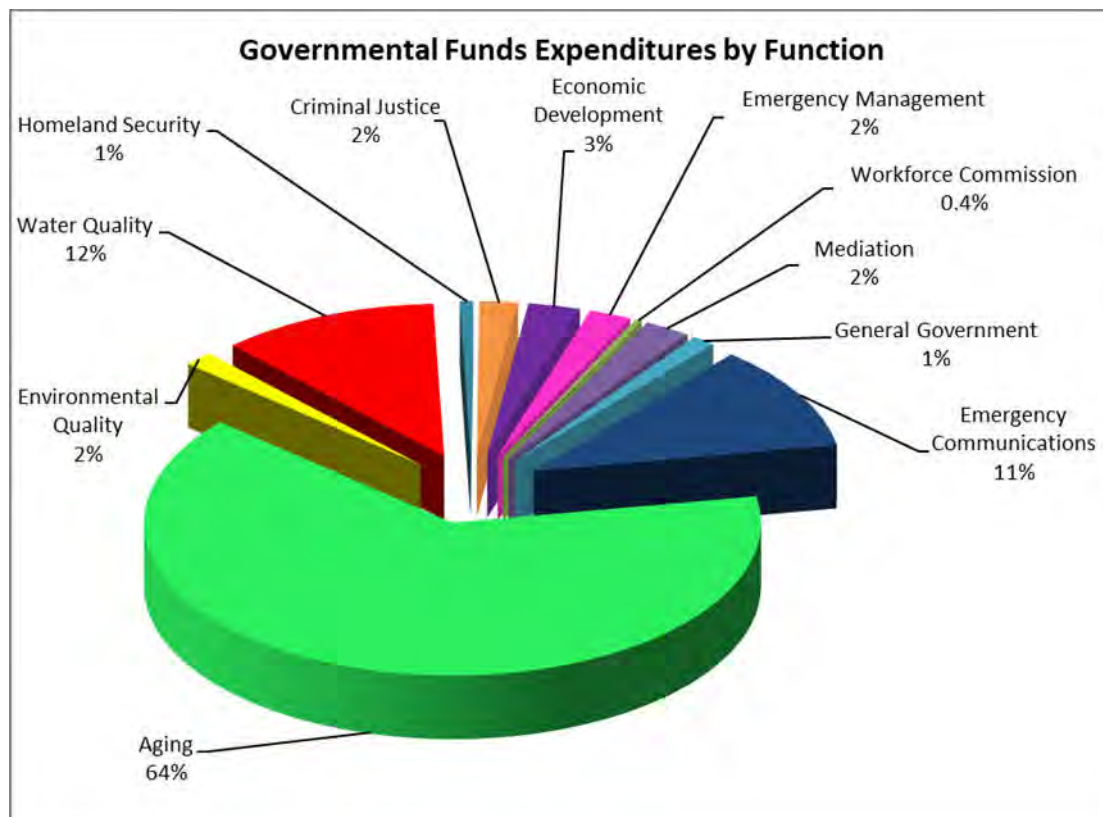
### Financial Analysis of Government's Funds

**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 \$707,917. (Exhibit C-1)

The General fund balance increased from \$332,210 to \$380,971 primarily due to less operating expenditures. In FY 2022, the HHSC grant funding decreased by \$840,223 and primarily related to no additional CARES Act monies received. The CSEC fund remained similar to the prior year. The TWDB grant funding increased by \$692,681 due to the timing of the Regional Flood Planning grant project.

In FY 2022, the Council experienced increases and decreases in funding in State and Federally funded programs, which almost netted out each other. As a result, intergovernmental revenues decreased by \$48,802 compared to prior year.



## Capital Assets

The Rio Grande Council of Governments' investment in capital assets for its governmental activities as of September 30, 2022, amounts to \$1,654,925 (net of accumulated depreciation and amortization). This investment in capital assets includes furniture, fixtures and equipment, and right-to-use lease assets. In FY 2022, the Council implemented GASB 87 Leases, which required the recognition of a right-to-use lease assets for facilities and equipment in the net amount of \$1,420,450 at September 30, 2022.

### RIO GRANDE COUNCIL OF GOVERNMENTS' CAPITAL ASSETS

	<b>Governmental Activities</b>	
	2022	2021
Furniture and fixtures	\$ 159,314	\$ 159,314
Equipment	1,500,882	1,574,175
Less: accumulated depreciation	(1,425,721)	(1,400,058)
Right-to-use Lease Assets	1,591,918	-
Less: accumulated amortization	(171,468)	-
Capital assets, net	<u>\$ 1,654,925</u>	<u>\$ 333,431</u>

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

## Debt

As mentioned earlier, the Council implemented GASB 87 Leases, which also required the recognition of a right-to-use lease liability. During the fiscal year ending September 30, 2022, total principal and interest paid by the Council was \$171,468 and \$5,839 respectively.

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

Year Ending September 30,	Principal	Interest	Total Requirements
2023	\$ 128,788	\$ 54,465	\$ 183,253
2024	132,701	49,251	181,952
2025	126,326	44,059	170,384
2026	130,157	38,919	169,076
2027	132,776	33,682	166,458
2028-2032	769,703	80,812	850,515
Total	<u>\$1,420,450</u>	<u>\$301,189</u>	<u>\$1,721,640</u>



## **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 E-1.

Over the course of the year, the Council amended its general fund budget to reflect an increase in budgeted expenditures by \$7,134, therefore decreasing the budgeted change in fund balance by an additional \$6,894.

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 under budgeted expenditures by \$35,096.

## **Economic Outlook**

Historically the Rio Grande Council of Governments (RGCOG) receives the majority of its funding from Federal and State programs. In fiscal year 2022, Federal funds accounted for 60% of total funding and the State funds accounted for 26% of total funding. It is anticipated that based on the RGCOG's fiscal year 2023 budget, the Federal funds will account for 66% of the total budget and the State funds will account for 21% of the total budget. The increase in federal funds from FY 2022 into FY 2023 is due to additional funding received in both Area Agency on Aging and Regional Services. The RGCOG expects minimal increases in funding for both federal and state in FY 2023. Finally, the RGCOG anticipates administering new programs in FY 2023, 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**

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RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 708,234	\$ -	\$ 708,234
Receivables	2,303,968	27,341	2,331,309
Prepaid Items	338,630	2,350	340,980
Noncurrent Internal Balances	(265,043)	265,043	-
Capital Assets:			
Furniture and Fixtures and Equipment, net	234,475	-	234,475
Right-to-Use Lease Assets, net	1,420,450	-	1,420,450
Net Pension Asset	300,921	-	300,921
Total Assets	5,041,635	294,734	5,336,369
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to TCDRS	381,821	-	381,821
Total Deferred Outflows of Resources	381,821	-	381,821
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	1,644,971	16,825	1,661,796
Salaries and Benefits Payable	187,657	2,993	190,650
Unearned Revenue	247,045	-	247,045
Leases Payable	128,788	-	128,788
Due in More Than One Year			
Leases	1,291,662	-	1,291,662
Compensated Absences	35,630	-	35,630
Total Liabilities	3,535,753	19,818	3,555,571
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow Related to TCDRS	519,085	-	519,085
Total Deferred Inflows of Resources	519,085	-	519,085
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	234,475	-	234,475
Restricted for Grants:			
Far West Texas Water Planning Group	55,676	-	55,676
El Paso County Dispute Resolution Center	271,270	-	271,270
Commission on State Emergency Communications	330,655	-	330,655
Other Grants	5,853	-	5,853
Restricted for Pension	163,657	-	163,657
Unrestricted	307,032	274,916	581,948
Total Net Position	\$ 1,368,618	\$ 274,916	\$ 1,643,534

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Primary Government:			
Governmental Activities:			
General Government	\$ 911,354	\$ (830,844)	\$ 80,510
Emergency Communication	959,556	21,076	980,632
Aging	5,661,266	517,240	6,178,506
Environmental Quality	114,099	34,246	148,345
Water Quality	1,076,848	33,667	1,110,515
Homeland Security	221,043	52,940	273,983
Criminal Justice	177,400	16,326	193,726
Economic Development	198,205	59,571	257,776
Workforce	27,314	8,634	35,948
Mediation	174,697	56,855	231,552
Interest on Debt	5,839	-	5,839
Total Governmental Activities	9,527,621	(30,289)	9,497,332
Business-Type Activities:			
Enterprise	90,502	30,289	120,791
Total Business-Type Activities	90,502	30,289	120,791
Total Primary Government	\$ 9,618,123	\$ -	\$ 9,618,123

General revenues:

Investment Earnings

Special item - Loss on Disposal of Capital Assets

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		
				Primary Government		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ 166,758	\$ -	\$ -	\$ 86,248	\$ -	\$ 86,248	
-	1,048,506	31,193	99,067	-	99,067	
-	6,228,363	-	49,857	-	49,857	
-	149,431	-	1,086	-	1,086	
65,464	1,049,870	-	4,819	-	4,819	
-	282,010	-	8,027	-	8,027	
-	195,092	-	1,366	-	1,366	
-	264,147	-	6,371	-	6,371	
-	35,659	-	(289)	-	(289)	
270,498	-	-	38,946	-	38,946	
-	-	-	-	-	-	
-	-	-	(5,839)	-	(5,839)	
502,720	9,253,078	31,193	289,659	-	289,659	
138,547	-	-	-	17,756	17,756	
138,547	-	-	-	17,756	17,756	
\$ 641,267	\$ 9,253,078	\$ 31,193	\$ 289,659	\$ 17,756	\$ 307,415	
			\$ 2,439	-	\$ 2,439	
			(18,229)	-	(18,229)	
			4,304	(4,304)	-	
			(11,486)	(4,304)	(15,790)	
			278,173	13,452	291,625	
			1,090,445	261,464	1,351,909	
			\$ 1,368,618	\$ 274,916	\$ 1,643,534	

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## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**



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RIO GRANDE COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	General Fund	Health and Human Services Commission	Commission on State Emergency Communications	Texas Water Development Board	Other Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 400,507	\$ 2,719	\$ 294,437	-	\$ 10,571	\$ 708,234
Receivables	766	-	-	-	-	766
Intergovernmental Receivables	-	1,330,826	135,477	571,393	265,506	2,303,202
Due from Other Funds	880,652	-	-	-	474,549	1,355,201
Prepaid Items	2,043	-	79	-	-	2,122
Total Assets	\$ 1,283,968	\$ 1,333,545	\$ 429,993	\$ 571,393	\$ 750,626	\$ 4,369,525
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	86,548	897,567	68,548	532,730	58,046	1,643,439
Salaries and Benefits Payable	45,583	42,415	15,306	289	16,013	119,606
Due to Other Funds	770,866	393,563	246,212	38,374	202,503	1,651,518
Unearned Revenue	-	-	99,927	-	147,118	247,045
Total Liabilities	902,997	1,333,545	429,993	571,393	423,680	3,661,608
<b>Fund Balances:</b>						
<b>Nonspendable Fund Balance</b>						
Prepaid items	2,043	-	-	-	-	2,043
<b>Restricted Fund Balance</b>						
Grant restricted	-	-	-	-	326,946	326,946
Unassigned Fund Balance	378,928	-	-	-	-	378,928
Total Fund Balance	380,971	-	-	-	326,946	707,917
Total Liabilities and Fund Balances	\$ 1,283,968	\$ 1,333,545	\$ 429,993	\$ 571,393	\$ 750,626	\$ 4,369,525

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, 2022

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<b>Total Fund Balances - Governmental Funds</b>	\$	707,917
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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.

29,742

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 \$1,733,489 and the accumulated depreciation was \$1,400,058. 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 long-term liabilities in the governmental activities is to increase net position.

218,632

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 2022 capital outlays decreases net position.

184,432

Included in the items related to debt is the recognition of the Council's net pension asset required by GASB 68 in the amount of \$300,921, Deferred Outflow of Resources related to TCDRS of \$381,821, and Deferred Inflow of Resources related to TCDRS of \$519,085. This amounted to an increase in net position in the amount of \$163,657.

163,657

The 2022 depreciation and amortization expense increases accumulated depreciation. The net effect of the current year's depreciation and amortization is to decrease net position.

(283,388)

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.

347,626

Net Position of Governmental Activities

\$ 1,368,618

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, 2022

	General Fund	Health and Human Services Commission	Commission on State Emergency Communications	Texas Water Development Board	Other Funds	Total Governmental Funds
REVENUES:						
Membership Dues	\$ 166,758	\$ -	\$ -	\$ -	\$ -	\$ 166,758
Intergovernmental Revenue and Grants	-	5,489,279	1,079,699	1,049,870	844,839	8,463,687
Charges for Services	-	-	-	-	335,962	335,962
Investment Earnings	2,439	-	-	-	-	2,439
Program Income & In-kind	-	739,084	-	-	81,500	820,584
Total Revenues	169,197	6,228,363	1,079,699	1,049,870	1,262,301	9,789,430
EXPENDITURES:						
Current:						
General Government	77,398	-	-	-	-	77,398
Emergency Communication	-	-	1,026,616	-	-	1,026,616
Aging	-	6,166,842	-	-	-	6,166,842
Environmental Quality	-	-	-	-	147,207	147,207
Water Quality	-	-	-	1,048,696	60,727	1,109,423
Homeland Security	-	-	-	-	273,642	273,642
Criminal Justice	-	-	-	-	194,578	194,578
Economic Development	-	-	-	-	254,328	254,328
Workforce	-	-	-	-	32,658	32,658
Mediation	-	-	-	-	216,284	216,284
Capital Outlay	-	-	31,193	-	-	31,193
Principal on LT Liabilities	45,044	60,068	21,190	1,149	44,017	171,468
Interest on LT Liabilities	2,298	1,453	700	25	1,363	5,839
Total Expenditures	124,740	6,228,363	1,079,699	1,049,870	1,224,804	9,707,476
Revenues Over (Under) Expenditures	44,457	-	-	-	37,497	81,954
OTHER FINANCING SOURCES (USES)						
Transfers In	4,304	-	-	-	-	4,304
Net Change in Fund Balances	48,761				37,497	86,258
Fund Balance - October 1 (Beginning)	332,210	-	-	-	289,449	621,659
Fund Balance - September 30 (Ending)	\$ 380,971	\$ -	\$ -	\$ -	\$ 326,946	\$ 707,917

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, 2022

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 86,258
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 2022 capital outlays and debt principal payments is to increase net position.	184,432
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.	(283,388)
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.	166,134
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 12/31/2021 caused the change in the ending net position to increase in the amount of \$195,883. Contributions made before the measurement date but during the FY 2022 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 \$62,018. The Council recorded its pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY 2022 were \$133,164. The impact of all of these is to increase the change in net position by \$124,737.	124,737
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 278,173</u></u>

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, 2022

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contact Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
<b>ASSETS</b>				
Current Assets:				
Accounts Receivable	\$ 25,841	\$ 1,500	\$ 27,341	\$ -
Prepaid Items	-	2,350	2,350	-
Noncurrent Assets:				
Due from Other Funds	189,162	75,881	265,043	31,274
Total Assets	215,003	79,731	294,734	31,274
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	1,710	15,115	16,825	1,532
Salaries and Benefits Payable	2,720	273	2,993	-
Total Liabilities	4,430	15,388	19,818	1,532
<b>NET POSITION</b>				
Unrestricted Net Position	210,573	64,343	274,916	29,742
Total Net Position	\$ 210,573	\$ 64,343	\$ 274,916	\$ 29,742

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, 2022

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contact Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:				
Charges for Copier Use	\$ -	-	\$ -	\$ 12,924
Contract Service Fees	103,662	34,885	138,547	-
Total Operating Revenues	103,662	34,885	138,547	12,924
OPERATING EXPENSES:				
Salaries and Benefits	44,588	3,133	47,721	-
Purchased Property Services	-	-	-	12,924
Other Operating Expenses	38,691	27,372	66,063	-
Supplies	7,007	-	7,007	-
Total Operating Expenses	90,286	30,505	120,791	12,924
Operating Income Before Transfers	13,376	4,380	17,756	-
Transfers out (Use)	(4,110)	(194)	(4,304)	-
Change in Net Position	9,266	4,186	13,452	-
Total Net Position - October 1 (Beginning)	201,307	60,157	261,464	29,742
Total Net Position - September 30 (Ending)	\$ 210,573	\$ 64,343	\$ 274,916	\$ 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, 2022

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contact Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>				
Cash Received from User Charges	\$ 94,360	\$ 15,311	\$ 109,671	\$ 12,836
Cash Payments to Employees for Services	(44,137)	(2,860)	(46,997)	-
Cash Payments for Suppliers	(50,223)	(12,451)	(62,674)	(12,836)
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:	\$ 9,266	\$ 4,186	\$ 13,452	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	(401)	(1,500)	(1,901)	
Decrease (increase) in Due from Other Funds	(8,901)	(18,074)	(26,975)	(88)
Increase (decrease) in Accounts Payable	(415)	15,115	14,700	88
Increase (decrease) in Accrued Payroll	451	273	724	-
Net Cash Provided by Operating Activities	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

---

### 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 2022, the Executive Board was comprised of eighteen (18) members and one (1) vacant seat. 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, 2022

---

**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.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB.

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 or net pension asset, differences between expected and actual experiences, and changes in actuarial assumptions. 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 over 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, changes in actuarial assumptions, and the net difference between projected and actual investment earnings. These inflows will be amortized over a systematic and rational method over a closed period.

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

---

### 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, 2022

---

**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 and leases, 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, 2022

---

**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.

**Texas Water Development Board (Special Revenue fund)** - The *TWDB Fund* is used to account for all state grants awarded to the Council by the Texas Water Development Board.

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, 2022

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**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 has no Custodial Funds.

**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, 2022

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**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, 2022, the requirement is not applicable for the fiscal year ended September 30, 2022.

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, 2022

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**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, 2022. 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 in excess of one year. Such assets 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.

The right-to-use lease asset capitalization level is determined by management. 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 under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made. Note with existing contracts that were evaluated as leases for this year of implementation, the recording of the lease asset and liability would not be reported in governmental fund statements but would be reported in the government wide statements.

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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### 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. Lease 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.

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

In the government-wide financial statements, long-term debt, right-to-use lease liabilities, 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 Council implemented GASB 87 for reporting leases during this reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a

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

SEPTEMBER 30, 2022

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

lease, the lease must meet the definition of a “long-term” lease provided in GASB 87 and must meet the capitalization level. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, and new right-to-use lease arrangements, 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. The initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly 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.

**Restricted Net Position**

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Council's policy is to apply restricted resources first.

**Restricted Fund Balance**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.

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

SEPTEMBER 30, 2022

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**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.

*Restricted for Pension* – this component of net position consists of the TCDRS pension asset, related deferred inflows of resources and reduced by the related deferred inflows of resources.

*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, 2022

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**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, 2022

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**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 In-kind**

*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.

**Allocation of Employee Benefits**

The Rio Grande Council of Governments' employee benefits are charged to programs and projects on the basis of actual benefit cost.

**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.

**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

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

SEPTEMBER 30, 2022

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

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, 2022, 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.

**New GASB Statement Implemented**

The Council implemented GASB Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The standard introduces new terminology for lease arrangements, calling them a right-to-use lease and is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. See Note D and I for information regarding the Council's right-to-use lease assets and related liabilities.

# **RIO GRANDE COUNCIL OF GOVERNMENTS**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

SEPTEMBER 30, 2022

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### **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 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, 2022

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**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

At September 30, 2022, the carrying amount of the Council's general fund and major and nonmajor governmental funds' deposits (cash and interest-bearing savings accounts) was \$708,234 and the total bank balance was \$842,645. FDIC insurance is applicable up to the current limit of \$250,000 per official custodian and the required collateral was \$0 at September 30, 2022. The Council's cash deposits at September 30, 2022 were entirely covered by FDIC insurance.

**B. Receivables**

**Intergovernmental Receivables – Governmental Funds**

Intergovernmental Receivables consisted of the following at September 30, 2022:

El Paso County - Juvenile Probation Department	\$ 135
Texas Commission on State Emergency Communication	135,477
Texas Division of Emergency Management	153,990
Texas Health and Human Services Commission	1,330,826
Texas Office of the Governor - Criminal Justice Division	68,247
Texas Water Development Board	571,393
U.S. Department of Commerce	22,518
U.S. Department of Homeland Security	20,616
	<hr/>
Total Intergovernmental Receivable	<u><u>\$ 2,303,202</u></u>

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

SEPTEMBER 30, 2022

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

**Receivable – Governmental Funds**

Accounts Receivables consisted of the following at September 30, 2022:

General Fund – Sul Ross State University	\$ 250
Various Vendors (AT&T & Aflac)	<u>516</u>
Total Accounts Receivable	<u><u>\$ 766</u></u>

**Receivable – Enterprise Funds**

Accounts Receivable consisted of the following at September 30, 2022:

AARP- Senior Expo	\$ 1,250
Texas Health and Human Services Commission- Senior Expo	250
Texas Office of the Governor - Criminal Justice Division	11,970
Texas Office of the Governor – HSGD M&A	6,010
Texas Department of Agriculture	<u>7,861</u>
Total Accounts Receivable	<u><u>\$ 27,341</u></u>

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

SEPTEMBER 30, 2022

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

**C. Interfund Balances and Transfers**

The composition of interfund balances as of September 30, 2022 was as follows:

	Due from Other Funds	Due to Other Funds
General Fund:		
Texas Health and Human Services Commission	\$ 393,563	\$ -
Commission on State Emergency Communication	246,212	-
Texas Water Development Board	38,374	
Enterprise Fund – Contract Services	-	189,162
Nonmajor Governmental Funds	202,503	474,549
Nonmajor Enterprise Fund	-	75,881
Internal Service Fund	-	31,274
Total General Fund	<u>880,652</u>	<u>770,866</u>
 Texas Health and Human Services Commission:		
General Fund	<u>-</u>	<u>393,563</u>
 Commission on State Emergency Communication:		
General Fund	<u>-</u>	<u>246,212</u>
 Texas Water Development Board:		
General Fund	<u>-</u>	<u>38,374</u>
 Enterprise Fund – Contract Services:		
General Fund	<u>189,162</u>	<u>-</u>
 Nonmajor Governmental Funds:		
General Fund	<u>474,549</u>	<u>202,503</u>
 Nonmajor Enterprise Fund:		
General Fund	<u>75,881</u>	<u>-</u>
 Internal Service Fund:		
General Fund	<u>31,274</u>	<u>-</u>
Total	<u>\$ 1,651,518</u>	<u>\$ 1,651,518</u>

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

SEPTEMBER 30, 2022

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**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 \$265,043 and \$31,274 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, 2022, the enterprise funds (Contracted Services and Expo) transferred a total of \$4,304 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, 2022

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

**D. Capital Assets**

Primary government capital asset activity for the year ended September 30, 2022, is as follows:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Depreciable assets:				
Furniture and fixtures	\$ 159,314	\$ -	\$ -	\$ 159,314
Equipment	1,574,175	31,193	104,486	1,500,882
Total depreciable assets	1,733,489	31,193	104,486	1,660,196
Right-to-Use Lease Assets:				
Buildings	204,171	1,367,917	-	1,572,088
Equipment	19,830	-	-	19,830
Total Right-to-Use Lease Assets	224,001	1,367,917	-	1,591,918
Less accumulated depreciation:				
Furniture and fixtures	88,647	14,583	-	103,230
Equipment	1,311,411	97,337	86,257	1,322,491
Total accumulated depreciation	1,400,058	111,920	86,257	1,425,721
Less accumulated amortization for:				
Right-to-Use Lease Assets:				
Buildings	-	166,289	-	166,289
Equipment	-	5,179	-	5,179
Total accumulated amortization	-	171,468	-	171,468
Total governmental activities capital assets, net	\$ 557,432	\$ 1,115,722	\$ 18,229	\$ 1,654,925

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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### 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	\$ 46,890
Emergency Communications	130,696
Aging	60,405
Environmental Quality	2,153
Water Quality	3,050
Homeland Security	8,234
Criminal Justice	538
Economic Development	9,474
Workforce	2,823
Mediation	19,125
	<hr/>
Total depreciation and amortization expense	\$ 283,388

### E. Unearned Revenue

Unearned Revenue at September 30, 2022, resulting from program funds received in advance, was reported in the Special Revenue Funds as follows:

DRC Family Mediations	\$ 1,500
Upper Rio Grande Flood Planning Group	1,456
U.S. Department of Commerce	592
CSEC 9-1-1 Program	99,927
TCEQ Program	143,570
	<hr/>
Total Unearned Revenue	\$ 247,045

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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### 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 2022. 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 830 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/2021-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.

The employees covered by the benefit terms at the December 31, 2021 valuation and measurement date were as follows:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	20
Active employees	36
Total covered employees	<u>68</u>

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

SEPTEMBER 30, 2022

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

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 2021 and 2022, as adopted by the governing body of the Council. The Council contributed using an elected rate of thirteen and a half percent (13.50%) for calendar year 2021 and the required rate of fourteen-point fifty-eight percent (14.58%) for calendar year 2022, as adopted by the governing body of the Council. The employer rate adopted for calendar year 2021 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, 2022 were \$257,901 and were greater than the required contributions. This amount includes the contributions at the annually adopted rates and additional contributions of \$16,384.

**Net Pension Asset:** The Council's Net Pension Asset (NPA) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.



# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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

**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, 2021. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice. The total pension liability in the December 31, 2021 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*** – The TCDRS Board adopted updated demographic assumptions first effective with this valuation to better reflect previously observed TCDRS member experience and expectations for the future. The assumption changes affected measurement of the total pension liability since the prior measurement period.

There were 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, 2022

### 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 2022 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%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
Int'l Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
Int'l Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U. S. Treasury	2.00%	-1.05%

(1) Target asset allocation adopted at the March 2022 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 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, 2022

**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, 2020	\$3,748,342	\$3,428,044	\$320,298
Changes for the year:			
Service cost	307,310	-	307,310
Interest on total pension liability <sup>(1)</sup>	305,382	-	305,382
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	(52,384)	-	(52,384)
Effect of assumptions changes or inputs	(6,012)	-	(6,012)
Refund of contributions	(20,488)	(20,488)	-
Benefit payments	(55,843)	(55,843)	-
Administrative expenses	-	(2,449)	2,449
Member contributions	-	119,154	(119,154)
Net investment income	-	787,931	(787,931)
Employer contributions	-	261,318	(261,318)
Other <sup>(3)</sup>	-	9,561	(9,561)
Balances as of December 31, 2021	\$4,226,307	\$4,527,228	(\$300,921)

<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.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$4,863,850	\$4,226,307	\$3,694,492
Fiduciary net position	4,527,228	4,527,228	4,527,228
Net pension liability / (asset)	\$336,622	(\$300,921)	(\$832,736)

# RIO GRANDE COUNCIL OF GOVERNMENTS

## NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

### 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, 2022, the Council recognized pension expense in the amount of \$133,164. 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,793	\$ 41,907
Changes of assumptions	149,145	4,810
Net difference between projected and actual earnings	-	472,368
Contributions made subsequent to the measurement date	195,883	-
Total	\$381,821	\$519,085

The \$195,883 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, 2023. 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
2023	\$ (54,550)
2024	(96,316)
2025	(67,445)
2026	(114,836)
2027	-0-
Thereafter	-0-

**Payable to the Pension Plan:** At September 30, 2022, the Council reported a payable of \$54,587, including accruals, for the outstanding amount of contributions to the pension plan for the year ended September 30, 2022.

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

SEPTEMBER 30, 2022

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

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

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability/(Asset)	\$ 320,298	\$ 214,284	\$ (835,503)	\$ (300,921)

**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, 2022, 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, 2022 were \$1,706,372.

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

Long-term liability activity for the year ended September 30, 2022 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	204,171	1,367,917	166,289	1,405,799
Equipment	*Various	19,830	-	5,179	14,651
Total Right-to-Use Lease Arrangements		224,001	1,367,917	171,468	1,420,450
<u>Other liabilities:</u>					
Compensated absences	*Various	\$ 114,799	\$ 96,936	\$ 108,054	\$ 103,681
Total Other Liabilities		\$ 114,799	\$ 96,936	\$ 108,054	\$ 103,681

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, 2022

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

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

Effective October 1, 2021, the Council implemented GASB 87 and recorded the right-to-use lease assets and the related lease liabilities for the remaining life of the existing leases. Management utilized a 4% interest rate to calculate the net present value and established a right-to-use lease liability of \$224,001 for existing leases at September 30, 2021. 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, 2022, total principal and interest paid by the Council was \$171,468 and \$5,839 respectively.

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

Year Ending September 30,	Principal	Interest	Total Requirements
2023	\$ 128,788	\$ 54,465	\$ 183,253
2024	132,701	49,251	181,952
2025	126,326	44,059	170,384
2026	130,157	38,919	169,076
2027	132,776	33,682	166,458
2028-2032	769,703	80,812	850,515
Total	\$1,420,450	\$301,189	\$1,721,640

**J. Fund Balance**

As of September 30, 2022, fund balances were composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid Items	\$ 2,043	\$ -	\$ 2,043
Restricted:			
Dispute Resolution	-	271,270	271,270
Water Planning	-	55,676	55,676
Unassigned	378,928	-	378,928
Total Fund Balances	\$ 380,971	\$ 326,946	\$ 707,917

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

SEPTEMBER 30, 2022

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

**K. 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 2021-2022 fiscal year.

**L. Economic Dependency**

During the year ended September 30, 2022, the Council earned revenue of \$5,489,279 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 \$739,084. The combined amount of \$6,228,363 constitutes approximately 63% of total revenue.

**M. Restatement**

As part of the Council's implementation of GASB 87, a restatement was necessary to establish the opening balances as of October 1, 2021 for the right-to-use lease asset and the lease liability in the amount of \$224,001. This restatement had no impact on net position.

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

SEPTEMBER 30, 2022

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

**N. 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. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. GASB No. 91 requires issuers to disclose information about their conduit debt obligations.
- GASB No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, effective for periods beginning after June 15, 2022. GASB No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements as well as availability payment arrangements.
- GASB No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, effective for fiscal years beginning after June 15, 2022. GASB No. 96 defines subscription-based information technology, establishes that a SBITA results in a right-to-use subscription asset, and provided the capitalization criteria for outlays other than subscription payment.
- GASB No. 99, *Omnibus 2022*, effective for fiscal years beginning after June 15, 2022 and 2023, depending on the topic. GASB No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice uses and adding guidance on accounting and financial reporting for financial guarantees.



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## **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, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts (GAAP Basis)	Final Budget Positive or (Negative)
REVENUES:				
Membership Dues	\$ 166,518	\$ 166,758	\$ 166,758	\$ -
Investment Earnings	2,500	2,500	2,439	(61)
Total Revenues	169,018	169,258	169,197	(61)
EXPENDITURES:				
Current:				
General Government	152,702	159,836	124,740	35,096
Total Expenditures	152,702	159,836	124,740	35,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,316	9,422	44,457	35,035
OTHER FINANCING SOURCES:				
Transfer In	-	-	4,304	(4,304)
Total Other Financing Sources	-	-	4,304	(4,304)
Net Change in Fund Balances	16,316	9,422	48,761	30,731
Fund Balance - October 1 (Beginning)	332,210	332,210	332,210	-
Fund Balance - September 30 (Ending)	\$ 348,526	\$ 341,632	\$ 380,971	\$ 30,731

## **RIO GRANDE COUNCIL OF GOVERNMENTS**

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

#### **GENERAL FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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#### **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 17, 2021 the fiscal year 2022 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, 2022, the Council did not have any expenditures over appropriations on all required legally adopted budgets.

## 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, 2022

	Measurement Year		
	Year Ended December 2021	Year Ended December 2020	Year Ended December 2019
<b>Pension Liability</b>			
Service cost	\$ 307,310	\$ 240,388	\$ 233,111
Interest on total pension liability	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	(52,384)	40,627	30,925
Refunds of contributions	(20,488)	(5,629)	(13,350)
Benefit payments	(55,843)	(47,251)	(44,013)
Net change in total pension liability	477,965	737,925	432,119
Total pension liability, beginning	3,748,342	3,010,417	2,578,298
Total pension liability, ending (a)	\$ 4,226,307	\$ 3,748,342	\$ 3,010,417
<b>Fiduciary Net Position</b>			
Employer contributions	\$ 261,318	\$ 225,111	\$ 193,881
Member contributions	119,154	115,596	104,398
Investment income net of investment expenses	787,931	293,974	365,485
Refunds of contributions	(20,488)	(5,629)	(13,350)
Benefit payments	(55,843)	(47,251)	(44,013)
Administrative expenses	(2,449)	(2,508)	(2,164)
Other	9,561	8,799	8,644
Net change in fiduciary net position	1,099,184	588,092	612,881
Fiduciary net position, beginning	3,428,044	2,839,952	2,227,071
Fiduciary net position, ending (b)	\$ 4,527,228	\$ 3,428,044	\$ 2,839,952
Net pension liability / (asset), ending = (a) - (b)	\$ (300,921)	\$ 320,298	\$ 170,465
Fiduciary net position as a % of total pension Liability	107.12%	91.45%	94.34%
Covered payroll	\$ 1,702,194	\$ 1,651,374	\$ 1,491,394
Net pension liability as a % of covered payroll	-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, 2022

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, 2022

<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%

**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	12.3 years (based on contribution rate calculated in 12/31/2021 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
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 2021: 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, 2022

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**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, 2021 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.



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## **SUPPLEMENTARY INFORMATION**

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## **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 Division of Emergency Management**

**Department of Homeland Security**

**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, 2022

	TX Ofc of the Gov-Criminal Justice Div - Coronavirus Emergency Supplemental Funding	Workforce Solutions Borderplex	U.S. Dept. Of Commerce	Texas Division of Emergency Management- Pre-Disaster Mitigation Grant
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receivables	12,282	-	22,518	153,990
Due from Other Funds	-	451	-	-
Total Assets	<u>\$ 12,282</u>	<u>\$ 451</u>	<u>\$ 22,518</u>	<u>\$ 153,990</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	1,920	203	1,279	-
Salaries and Benefits Payable	-	248	3,174	4,338
Due to Other Funds	10,362	-	17,473	149,562
Unearned Revenue	-	-	592	-
Total Liabilities	<u>12,282</u>	<u>451</u>	<u>22,518</u>	<u>153,900</u>
Fund Balances:				
Restricted Fund Balance:				
Grant restricted	-	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 12,282</u>	<u>\$ 451</u>	<u>\$ 22,518</u>	<u>\$ 153,900</u>

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2022

	Department of Homeland Security	TX Ofc of the Gov-Criminal Justice Div - Law Enforcement Training Initiative	Texas Commission on Environmental Quality	Far West Texas Water Planning Group
<b>ASSETS</b>				
Cash	\$ -	\$ -	\$ 10,571	\$ -
Intergovernmental Receivables	20,616	55,965	-	-
Due from Other Funds	-	-	135,630	57,088
Total Assets	<u>\$ 20,616</u>	<u>\$ 55,965</u>	<u>\$ 146,201</u>	<u>\$ 57,088</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	7	49,046	697	1,065
Salaries and Benefits Payable	1,626	886	1,934	347
Due to Other Funds	18,983	6,033	-	-
Unearned Revenue	-	-	143,570	-
Total Liabilities	<u>20,616</u>	<u>55,965</u>	<u>146,201</u>	<u>1,412</u>
Fund Balances:				
Restricted Fund Balance:				
Grant restricted	-	-	-	55,676
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,676</u>
Total Liabilities and Fund Balances	<u>\$ 20,616</u>	<u>\$ 55,965</u>	<u>\$ 146,201</u>	<u>\$ 57,088</u>

RIO GRANDE COUNCIL OF GOVERNMENTS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	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	\$ -	\$ -	\$ 10,571	\$ 10,571
Intergovernmental Receivables	-	135	265,506	265,506
Due from Other Funds	1,456	279,924	474,549	474,549
Total Assets	<u>\$ 1,456</u>	<u>\$ 280,059</u>	<u>\$ 750,626</u>	<u>\$ 750,626</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	-	3,829	58,046	58,046
Salaries and Benefits Payable	-	3,460	16,013	16,013
Due to Other Funds	-	-	202,503	202,503
Unearned Revenue	1,456	1,500	147,118	147,118
Total Liabilities	<u>1,456</u>	<u>8,789</u>	<u>423,680</u>	<u>423,680</u>
Fund Balances:				
Restricted Fund Balance:				
Grant restricted	-	271,270	326,946	326,946
Total Fund Balance	<u>-</u>	<u>271,270</u>	<u>326,946</u>	<u>326,946</u>
Total Liabilities and Fund Balances	<u>\$ 1,456</u>	<u>\$ 280,059</u>	<u>\$ 750,626</u>	<u>\$ 750,626</u>

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RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	TX Ofc of the Gov-Criminal Justice Div - Coronavirus Emergency Supplemental Funding	Workforce Solutions Borderplex	U.S. Dept. Of Commerce	Texas Division of Emergency Management- Pre-Disaster Mitigation Grant
REVENUES:				
Intergovernmental Revenue and Grants	\$ 21,022	\$ 35,659	\$ 246,022	\$ 150,910
Charges for Services	-	-	-	-
Program Income & In-kind	-	-	18,125	63,375
Total Revenues	21,022	35,659	264,147	214,285
EXPENDITURES:				
Current:				
Aging	-	-	-	-
Environmental Quality	-	-	-	-
Water Quality	-	-	-	-
Homeland Security	-	-	-	208,244
Criminal Justice	21,022	-	-	-
Economic Development	-	-	254,328	-
Workforce	-	32,658	-	-
Mediation	-	-	-	-
Principal on LT Liabilities	-	2,823	9,447	5,882
Interest on LT Liabilities	-	178	372	159
Total Expenditures	21,022	35,659	264,147	214,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ -

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Department of Homeland Security	TX Ofc of the Gov-Criminal Justice Div - Law Enforcement Training Initiative	Texas Commission on Environmental Quality	Far West Texas Water Planning Group
REVENUES:				
Intergovernmental Revenue and Grants	\$ 67,725	\$ 174,070	\$ 149,431	\$ -
Charges for Services	-	-	-	64,420
Program Income & In-kind	-	-	-	-
Total Revenues	67,725	174,070	149,431	64,420
EXPENDITURES:				
Current:				
Aging	-	-	-	-
Environmental Quality	-	-	147,207	-
Water Quality	-	-	-	59,683
Homeland Security	65,398	-	-	-
Criminal Justice	-	173,556	-	-
Economic Development	-	-	-	-
Workforce	-	-	-	-
Mediation	-	-	-	-
Principal on LT Liabilities	2,270	503	2,123	1,889
Interest on LT Liabilities	57	11	101	44
Total Expenditures	67,725	174,070	149,431	61,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	2,804
Net Change in Fund Balances	-	-	-	2,804
Fund Balance - October 1 (Beginning)	-	-	-	52,872
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ 55,676

RIO GRANDE COUNCIL OF GOVERNMENTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Upper Rio Grande Flood Planning Group	El Paso County Dispute Resolution Center	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 844,839	\$ 844,839
Charges for Services	1,044	270,498	335,962	335,962
Program Income & In-kind	-	-	81,500	81,500
Total Revenues	1,044	270,498	1,262,301	1,262,301
EXPENDITURES:				
Current:				
Aging	-	-	-	-
Environmental Quality	-	-	147,207	147,207
Water Quality	1,044	-	60,727	60,727
Homeland Security	-	-	273,642	273,642
Criminal Justice	-	-	194,578	194,578
Economic Development	-	-	254,328	254,328
Workforce	-	-	32,658	32,658
Mediation	-	216,284	216,284	216,284
Principal on LT Liabilities	-	19,080	44,017	44,017
Interest on LT Liabilities	-	441	1,363	1,363
Total Expenditures	1,044	235,805	1,224,804	1,224,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	34,693	37,497	37,497
Net Change in Fund Balances	-	34,693	37,497	37,497
Fund Balance - October 1 (Beginning)	-	236,577	289,449	289,449
Fund Balance - September 30 (Ending)	\$ -	\$ 271,270	\$ 326,946	\$ 326,946

## **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, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ 5,227,498	\$ 5,795,665	\$ 5,489,279	\$ (306,386)
Program Income and Inkind	470,462	677,757	739,084	61,327
Total Revenues	5,697,960	6,473,422	6,228,363	(245,059)
EXPENDITURES:				
Current:				
Aging	5,697,960	6,473,422	6,228,363	245,059
Total Expenditures	5,697,960	6,473,422	6,228,363	245,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
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, 2022

<b>INDIRECT COST POOL</b>			
Administrative costs	\$	951,820	
Equipment depreciation		1,846	
Adjusted Indirect Cost Pool			\$ 953,126
<b>DIRECT BASE</b>			
Total expenditures			\$ 9,841,194
Less:			
Administrative costs		(951,820)	
Non-federal cost		(820,585)	
Excess cost on subgrants/subcontracts, stipends, medical services and other flow-thru funds		(4,972,445)	
Pass through capital outlay		(8,000)	
Unallowable costs		-	
Internal service fund		(12,924)	
Capital outlay		(31,193)	
			(6,796,427)
Adjusted Direct Base			\$ 3,044,767
<b>INDIRECT COST RATE CALCULATION</b>			
<u>Indirect cost pool</u>	\$	953,126	
Direct base		3,044,767	31.30%
<b>CALCULATION OF ROLL FORWARD AMOUNT</b>			
FY 2022 Fixed indirect cost rate			31.95%
FY 2022 Rate base	\$	3,044,767	
FY 2022 Allowed recovery		972,803	
FY 2024 Roll forward:			
a. FY 2022 Final indirect costs		953,126	
b. Less FY 2022 recovery		(972,803)	
Roll forward amount	\$	(19,677)	
<b>CALCULATION OF FIXED INDIRECT COST FOR FY 2024</b>			
FY 2022 Fixed indirect costs	\$	953,126	
Roll forward amount		(19,677)	
FY 2024 Fixed indirect costs		933,449	
<b>CALCULATION OF FY 2024 FIXED INDIRECT COST RATE</b>			
FY 2024 Fixed indirect cost	\$	933,449	
Rate base	\$	3,044,767	
FY 2024 Fixed indirect cost rate			30.66%

\*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, 2022

Benefits		
Payroll taxes		\$ 132,507
Group insurance		281,890
Retirement contribution		<u>255,400</u>
Total benefits		<u>669,797</u>
Benefits allocated		<u>\$ 669,797</u>
Employee Benefits Rate Computation		
Total benefits	\$ 669,797	
Divided by gross salaries	<u>1,721,634</u>	
		<u>39%</u>
Total Salaries and Benefits		
Gross salaries		\$ 1,721,634
Benefits		<u>669,797</u>
Total		<u><u>\$ 2,391,431</u></u>

## **FEDERAL AND STATE AWARD SECTION**



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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, 2022, 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 March 7, 2023.

**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  
March 7, 2023



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 TEXAS GRANTS 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*, the *State of Texas Uniform Grant Management Standards* and the *Texas Grants 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, 2022. 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, 2022.

***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), the *State of Texas Uniform Grant Management Standards* (UGMS) and the *Texas Grants Management Standards* (TxGMS). Our responsibilities under those standards, Uniform Guidance, UGMS 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, UGMS, 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, UGMS, 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, UGMS, 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, UGMS, and TxGMS. Accordingly, this report is not suitable for any other purpose.

*Gibson Ruddock Patterson LLC*

Gibson Ruddock Patterson LLC  
El Paso, Texas  
March 7, 2023

**RIO GRANDE COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**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), UGMS or TxGMS?**

No

(Continued)

**RIO GRANDE COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**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 - Home  
Delivered Meal Rate Increase**

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

**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, 2022**

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**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, 2022**

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**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, 2022

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	ED19AUS3020004	\$ 52,817	\$ -
Economic Development Support for Planning Organizations	11.302	ED19AUS3020004	17,860	-
COVID-19 - Economic Adjustment Assistance**	11.307	ED20AUS3070059	175,345	-
Total Economic Development Cluster			175,345	-
Total Direct Programs			246,022	-
<b>Total U.S. Department of Commerce</b>			246,022	-
<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	103,288	-
American Rescue Plan - Administration*	93.044	HHS000874100022	2,802	-
Grants for Supportive Services and Senior Centers**	93.044	HHS000874100022	1,091,311	-
American Rescue Plan -Grants for Supportive Services and Senior Centers*	93.044	HHS000874100022	363,296	-
COVID-19 - Grants for Supportive Services and Senior Centers*	93.044	HHS000874100022	135,388	-
Total Assistance Listing Number 93.044			1,696,085	-
Special Programs for Aging - Title III Part C:				
Administration*	93.045	HHS000874100022	221,450	-
American Rescue Plan - Administration*	93.045	HHS000874100022	33,587	-
Nutrition Services*	93.045	HHS000874100022	1,505,903	-
American Rescue Plan - Nutrition Services*	93.045	HHS000874100022	541,997	-
Consolidated Appropriations Act*	93.045	HHS000874100022	220,466	-
Total Assistance Listing Number 93.045			2,523,403	-
NSIP - Nutrition Service Incentive Program*	93.053	HHS000874100022	239,961	-
Total Aging Cluster			4,459,449	-
Special Programs for Aging - Title III, Part D:				
Disease Prevention and Health Promotion Services	93.043	HHS000874100022	75,608	-
American Rescue Plan - Disease Prevention and Health Promotion Services	93.043	HHS000874100022	44,347	-
Total Assistance Listing Number 93.043			119,955	-
Special Programs for Aging - Title III, Part E:				
Administration	93.052	HHS000874100022	51,676	-
American Rescue Plan - Administration	93.052	HHS000874100022	8,467	-
National Family Caregiver Support Program	93.052	HHS000874100022	289,856	-
American Rescue Plan - National Family Caregiver Support	93.052	HHS000874100022	117,721	-
Total Assistance Listing Number 93.052			467,720	-
EAP - Title VII, Chapter 3				
Prevention of Elder Abuse, Neglect & Exploitation	93.041	HHS000874100022	12,267	-
OM - Title VII, Chapter 2				
Long Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100022	25,732	-
American Rescue Plan - Long Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100022	5,675	-
Total Assistance Listing Number 93.042			31,407	-

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, 2022

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	41,802	-
HICAP - Health Insurance Counseling Advocacy Program	93.324	HHS000874100022	<u>33,415</u>	<u>-</u>
Total Assistance Listing Number 93.324			<u>75,217</u>	<u>-</u>
ACL - Medicare Improvements for Patients and Providers	93.071	HHS000874100022	<u>47,068</u>	<u>-</u>
Total Passed through Texas Health and Human Services Commission:			<u>5,213,083</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>5,213,083</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through Texas Office of the Governor - Homeland Security Grants Division:				
FY22 Homeland Security Grant Program	97.067	2951207	63,456	-
FY23 Homeland Security Grant Program	97.067	2951208	<u>4,269</u>	<u>-</u>
Total CFDA Number 97.067			<u>67,725</u>	<u>-</u>
Total Passed through Office of the Governor - Homeland Security Grants Division			<u>67,725</u>	<u>-</u>
Passed through Texas Division of Emergency Management				
Pre-Disaster Mitigation Grant	97.047	EMT-2019-PC- 0002	150,910	-
Total Passed through Texas Division of Emergency Management			<u>150,910</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>218,635</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	<u>21,022</u>	<u>-</u>
Total Passed through Office of the Governor - Criminal Justice Division			<u>21,022</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u>21,022</u>	<u>-</u>
<b><u>U.S. Department of Labor</u></b>				
Passed through Texas Workforce Commission Workforce Solutions Borderplex***				
	17.207	N/A	<u>35,659</u>	<u>-</u>
Total Employment Services Cluster			<u>35,659</u>	<u>-</u>
Total Passed through Texas Workforce Commission			<u>35,659</u>	<u>-</u>
<b>Total U.S. Department of Labor</b>			<u>35,659</u>	<u>-</u>

RIO GRANDE COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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>				
Passed through Commission on State Emergency Communications				
COVID-19 Coronavirus State and Local Fiscal Recovery				
Funds	21.027	SB8 & HB2911	7,490	-
Total Passed Through Commission on State Emergency Communications			7,490	-
<b>Total Commission on State Emergency Communication</b>			7,490	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,741,911</u>	<u>\$ -</u>

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

RIO GRANDE COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	\$ 165,212	\$ 147,668
Regional Law Enforcement Training Academy	1428518	<u>8,858</u>	<u>5,017</u>
<b>Total Texas Office of the Governor - Criminal Justice Division</b>		<u>174,070</u>	<u>152,685</u>
<b><u>Commission on State Emergency Communications</u></b>			
FY 2020/2021 9-1-1 Program	N/A	449,138	-
FY 2022/2023 9-1-1 Program	N/A	<u>623,071</u>	<u>-</u>
<b>Total Commission on State Emergency Communication</b>		<u>1,072,209</u>	<u>-</u>
<b><u>Texas Health and Human Services Commission</u></b>			
Ombudsman Assisted Living Facility Services	HHS000874100022	28,139	-
State General Revenue			
Supportive Services and Senior Centers	HHS000874100022	74,591	-
Home Delivered Meal Rate Increase	HHS000874100022	6,601	-
National Family Caregiver Support Program	HHS000874100022	110,066	-
American Rescue Plan	HHS000874100022	<u>56,799</u>	<u>-</u>
<b>Total Texas Health and Human Services Commission</b>		<u>276,196</u>	<u>-</u>
<b><u>Texas Commission on Environmental Quality</u></b>			
FY 2022/2023 Regional Solid Waste Grant Contract	582-22-30125	<u>149,431</u>	<u>-</u>
<b>Total Texas Commission on Environmental Quality</b>		<u>149,431</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<u>1,671,906</u>	<u>152,685</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>		<u><u>\$ 7,413,817</u></u>	<u><u>\$ 152,685</u></u>

# RIO GRANDE COUNCIL OF GOVERNMENTS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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### 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, 2022. 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), *State of Texas Uniform Grant Management Standards* (UGMS) 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, 2022

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#### 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 – April 2022.

##### Matching

The Council reported \$739,084 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 \$18,125 in-kind matching to the U.S. Department of Commerce for the Economic Development District Partnership Planning program and \$63,375 to the Texas Division of Emergency Management for the Far West Texas Hazard Mitigation Plan Program.

##### Program Income

The Aging Cluster and National Family Caregiver Support generated program income in the amount of \$19,943 for the year ended September 30, 2022.

#### 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 H-1 can be reconciled to Exhibit C-3 as follows:

Total Federal and State Revenue per Exhibit H-1	\$ 7,413,817
Grants not subject to single audit:	
Texas Water Development:	
Regional Water Planning	22,123
Regional Flood Planning	1,027,747
Total Intergovernmental Revenue and Grants per Exhibit C-3	<u>\$ 8,463,687</u>