

RIO GRANDE COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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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 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, 2025, 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 accompanying 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, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 2025, the Rio Grande Council of Governments adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and pension information on pages 7 through 16 and 73 through 79, 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 GAAS, 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 and state 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*, and the Texas Grant Management Standards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state 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 opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026 on our consideration of the Rio Grande Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rio Grande Council of Government's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rio Grande Council of Governments' internal control over financial reporting and compliance.

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC

El Paso, Texas

June 25, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management Discussion and Analysis

As management of the Rio Grande Council of Governments, we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended September 30, 2025. 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, 2025 by \$1,717,714 (net position). Of this amount, \$651,159 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The Council's total net position decreased by \$164,516.
- As of the close of the current fiscal year, Rio Grande Council of Governments' governmental funds reported combined ending fund balances of \$939,171 an increase of \$67,496 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 and Aging to Perfection Expo. 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 and Aging to Perfection Expo.

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

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

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

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

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

Government – wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Rio Grande Council of Governments, assets exceeded liabilities by \$1,717,714 as of September 30, 2025.

RIO GRANDE COUNCIL OF GOVERNMENTS' NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 3,015,349	\$ 3,130,735	\$ 344,592	\$ 342,218	\$ 3,359,941	\$ 3,472,953
Capital assets	1,439,429	1,864,990	-	-	1,439,429	1,864,990
Net Pension Asset	270,141	64,096	-	-	270,141	64,096
Total Assets	4,724,919	5,059,821	344,592	342,218	5,069,511	5,402,039
Deferred outflows of resources	253,681	313,336	-	-	253,681	313,336
Total Deferred Outflows	253,681	313,336	-	-	253,681	313,336
Current liabilities	2,470,101	2,503,672	29,276	41,233	2,499,377	2,544,905
Due in more than one year	1,035,935	1,232,106	-	-	1,035,935	1,232,106
Total Liabilities	3,506,036	3,735,778	29,276	41,233	3,535,312	3,777,011
Deferred inflows of resources	70,166	56,134	-	-	70,166	56,314
Total Deferred Inflows	70,166	56,134	-	-	70,166	56,134
Net position:						
Investment in capital assets	255,241	348,887	-	-	255,241	348,887
Restricted	811,314	545,650	-	-	811,314	545,650
Unrestricted	335,843	686,708	315,316	300,985	651,159	987,693
Total Net Position	\$ 1,402,398	\$ 1,581,245	\$ 315,316	\$ 300,985	\$ 1,717,714	\$ 1,882,230

Analysis of the Council's Operations – The following table provides a summary of the Council's operations for the year ended September 30, 2025.

RIO GRANDE COUNCIL OF GOVERNMENTS' CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue:						
Program Revenues:						
Charges for services	\$ 649,104	\$ 589,243	\$ 273,542	\$ 256,529	\$ 922,646	\$ 845,772
Operating grants and Contributions	9,363,831	10,640,502	-	7,913	9,363,831	10,648,415
Capital grants and Contributions	-	167,399	-	-	-	167,399
Investment earnings	1,946	4,687	-	-	1,946	4,687
Total revenues	<u>10,014,881</u>	<u>11,401,831</u>	<u>273,542</u>	<u>264,442</u>	<u>10,288,423</u>	<u>11,666,273</u>
Expenses:						
General government	153,515	118,951	-	-	153,515	118,951
Emergency communications	1,035,587	2,504,843	-	-	1,035,587	2,504,843
Aging	5,825,899	7,487,320	-	-	5,825,899	7,487,320
Environmental quality	168,815	169,129	-	-	168,815	169,129
Water quality	1,192,559	223,060	-	-	1,192,559	223,060
Homeland security	616,759	245,204	-	-	616,759	245,204
Criminal justice	212,262	137,479	-	-	212,262	137,479
Economic dev.	127,548	69,142	-	-	127,548	69,142
Workforce	58,346	81,355	-	-	58,346	81,355
Energy Conservation	54,542	13,235	-	-	54,542	13,235
Policing Services	309,338	-	-	-	309,338	-
Mediation	264,228	307,665	-	-	264,228	307,665
Interest on debt	55,029	59,852	-	-	55,029	59,852
Professional Services	-	-	206,525	187,699	206,525	187,699
Event Coordinator	-	-	48,198	49,813	48,198	49,813
Total expenses	<u>10,071,427</u>	<u>11,417,235</u>	<u>254,723</u>	<u>237,512</u>	<u>10,326,150</u>	<u>11,654,747</u>
Increase(decrease) in net position before transfers / special items	(56,546)	(15,404)	18,819	26,930	(37,727)	11,526
Transfer in (out)	4,488	4,429	(4,488)	(4,429)	-	-
Special item - loss on disposal of capital asset	-	(650,333)	-	-	-	(650,333)
Increase(decrease) in net position	<u>(52,058)</u>	<u>(661,308)</u>	<u>14,331</u>	<u>22,501</u>	<u>(37,727)</u>	<u>(638,807)</u>
Net position, beginning as previously reported	1,581,245	2,242,553	300,985	278,484	1,882,230	2,521,037
Restatements – changes in accounting principle	(126,789)	-	-	-	(126,789)	-
Net position – beginning as restated	<u>1,454,456</u>	<u>2,242,553</u>	<u>300,985</u>	<u>278,484</u>	<u>1,755,441</u>	<u>2,521,037</u>
Net position, ending	<u>\$ 1,402,398</u>	<u>\$ 1,581,245</u>	<u>\$ 315,316</u>	<u>\$ 300,985</u>	<u>\$ 1,717,714</u>	<u>\$ 1,882,230</u>

Governmental activities decreased the Council's net position by \$178,847 primarily due to the implementation of GASB No. 101 Compensated Absences, which required a restatement of \$126,789. Current year activity impact on net position was only a decrease of \$52,058. The business-type activities net position increased by \$14,331 for a total net position of \$315,316. The increase was mostly related to the continuation of new contract opportunities.

Financial Analysis of Government's Funds

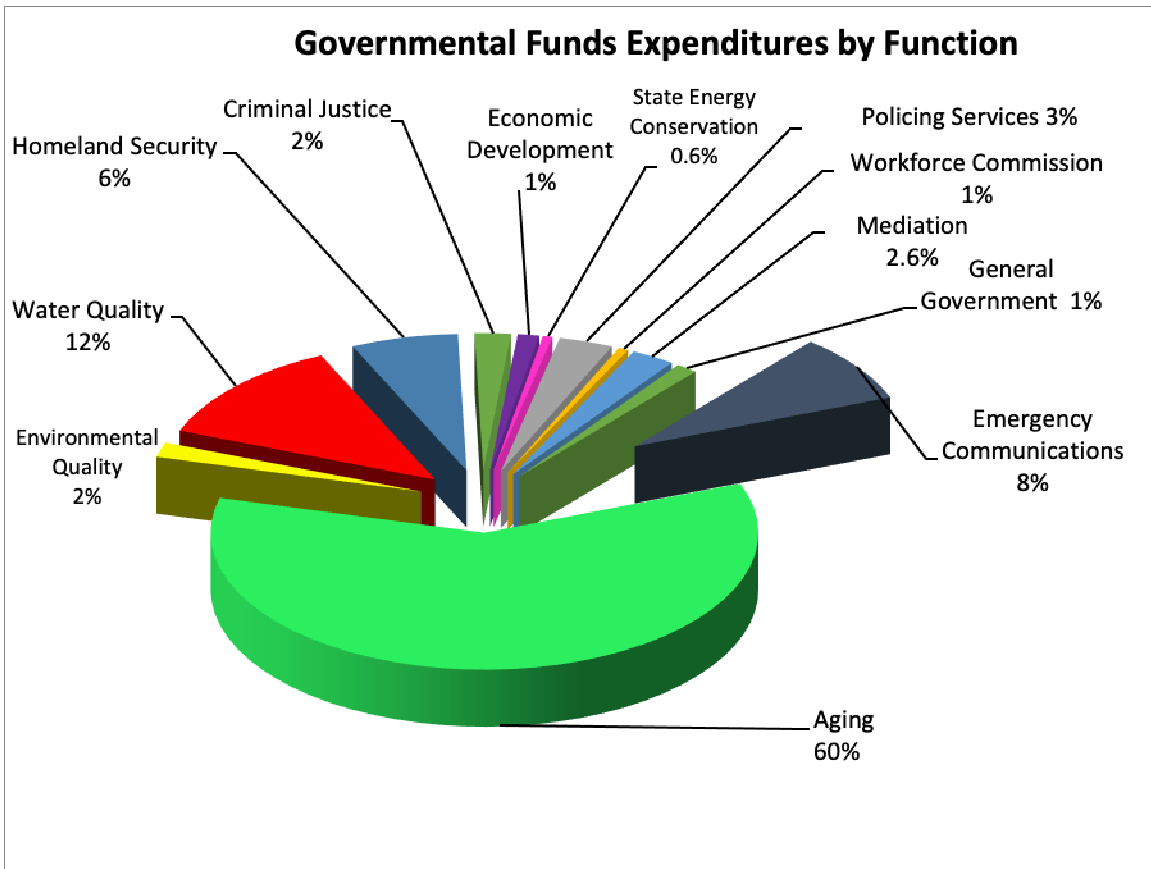
Governmental funds – The focus of Rio Grande Council of Governments' governmental fund statements is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund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

At the end of the current fiscal year, Rio Grande Council of Governments' governmental funds reported a combined ending fund balance of \$939,171. (Exhibit C-1)

The General fund balance increased from \$397,730 to \$414,332 primarily due to the increase in membership dues. In FY 2025, the HHSC grant funding decreased by \$1,656,005 due to the American Rescue Plan (COVID-19) funding ending in FY 2024. The CSEC grant funding decreased by \$1,444,050 due to the aerial map imaging project one-time purchased that was made in FY 2024. The Texas Water Development Board Fund increased by \$906,426 due to timing of the water project phase. The Dispute Resolution Center (DRC) fund balance increased from \$415,992 to \$524,113 due to the \$17k increased in the use of services by El Paso residents. Additionally, the DRC fund had \$42k less in expenditures primarily for indirect costs, travel and supplies. The use of travel and supplies is dependent on the needs of the fund, such as employees traveling for training and use of office supplies. Total expenditures decreasing for the fund would also drive down indirect costs.

In FY 2025, the Council experienced increases and decreases in funding in State and Federally funded programs. However, the increases and decreases netted to an overall decrease of intergovernmental revenues by \$1,203,912 compared to prior year. The most notable increases and decreases were discussed in the paragraph above for HHSC, CSEC and TWDB.

The graph on the subsequent page shows a pie chart of each function of the Rio Grande COG programs and their respective percentage.



Capital Assets

The Rio Grande Council of Governments' investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$1,439,429 (net of accumulated depreciation and amortization). This investment in capital assets includes furniture, fixtures and equipment, right-to-use lease assets and subscription based information technology arrangements.

RIO GRANDE COUNCIL OF GOVERNMENTS' CAPITAL ASSETS

	Governmental Activities	
	2025	2024
Furniture and fixtures	\$ 159,314	\$ 159,314
Equipment	1,758,080	1,758,080
Less: accumulated depreciation	(1,695,967)	(1,568,507)
Right-to-use Lease Assets	1,646,333	1,646,333
Less: accumulated amortization	(642,695)	(487,504)
Subscription based information technology arrangements	643,094	643,094
Less: accumulated amortization	(428,730)	(285,820)
Capital assets, net	<u>\$ 1,439,429</u>	<u>\$ 1,864,990</u>

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

Debt

During the fiscal year ending September 30, 2025, total principal and interest paid by the Council for leases was \$139,140 and \$45,692 respectively.

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

Year Ending September 30,	Principal	Interest	Total Requirements
2026	\$ 143,493	\$ 40,029	\$ 183,523
2027	139,322	34,383	173,705
2028	146,324	28,663	174,987
2029	157,199	23,222	180,421
2030	153,693	16,408	170,101
2031-2032	326,432	13,775	340,207
Total	\$1,066,463	\$156,480	\$1,222,943

During the fiscal year ending September 30, 2025, total principal and interest paid by the Council for SBITA was \$74,655 and \$6,336 respectively.

Future debt service requirements for SBITA is as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2026	\$ 77,697	\$ 3,295	\$ 80,992
2027	40,028	468	40,496
Total	\$117,725	\$3,763	\$121,488

Budgetary Highlights

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

Over the course of the year, the Council amended its general fund to reflect a decrease in budgeted expenditures by \$20,516. This amendment resulted in budgeted fund balance to increase \$5,593.

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 \$7,826. This was mainly a result of management carefully managing the budget for FY 2025. The general fund ended up with a \$16,602 increase in fund balance.

Economic Outlook

Historically, the Rio Grande Council of Governments has relied predominantly on federal and state funding sources. In fiscal year (FY) 2025, federal funds represented 61% of the total budget, while state funds accounted for 25%. For FY 2026, federal funding is projected to decline to 57% of the overall budget, with state funding increasing slightly to 27%. The FY 2026 budget reflects an overall 11% decrease compared to FY 2025, driven primarily by reductions in federal funding, consistent with broader state and national trends. Despite this decline, the Council remains positioned to pursue and administer additional programs throughout the year, contingent upon the availability of new funding opportunities.

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, 2025

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash	\$ 1,796,803	\$ -	\$ 1,796,803
Receivables	1,391,077	152,891	1,543,968
Prepaid Items	18,810	360	19,170
Noncurrent Internal Balances	(191,341)	191,341	-
Capital Assets:			
Furniture and Fixtures and Equipment, net	221,427	-	221,427
Right-to-Use Lease Assets, net	1,003,638	-	1,003,638
SBITA, net	214,364	-	214,364
Net Pension Asset	270,141	-	270,141
Total Assets	4,724,919	344,592	5,069,511
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to TCDRS	253,681	-	253,681
Total Deferred Outflows of Resources	253,681	-	253,681
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	1,239,523	2,956	1,242,479
Salaries and Benefits Payable	358,875	5,531	364,406
Unearned Revenue	316,400	20,789	337,189
Due to Custodial Fund	334,113	-	334,113
Leases Payable	143,493	-	143,493
SBITA Payable	77,697	-	77,697
Due in More Than One Year			
Leases	922,970	-	922,970
SBITA	40,028	-	40,028
Compensated Absences	72,937	-	72,937
Total Liabilities	3,506,036	29,276	3,535,312
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow Related to TCDRS	70,166	-	70,166
Total Deferred Inflows of Resources	70,166	-	70,166
NET POSITION			
Invested in Capital Assets, Net of Related Debt	255,241	-	255,241
Restricted for Pension	270,141	-	270,141
Restricted for Grants:			
Far West Texas Water Planning Group	726	-	726
El Paso County Dispute Resolution Center	524,113	-	524,113
Commission on State Emergency Communications	6,138	-	6,138
Other Grants	10,196	-	10,196
Unrestricted	335,843	315,316	651,159
Total Net Position	\$ 1,402,398	\$ 315,316	\$ 1,717,714

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Primary Government:			
Governmental Activities:			
General Government	\$ 928,821	\$ (775,306)	\$ 153,515
Emergency Communication	1,020,350	15,237	1,035,587
Aging	5,358,305	467,594	5,825,899
Environmental Quality	130,873	37,942	168,815
Water Quality	1,146,029	46,530	1,192,559
Homeland Security	581,809	34,950	616,759
Criminal Justice	196,027	16,235	212,262
Economic Development	99,808	27,740	127,548
Workforce	44,961	13,385	58,346
Energy Conservation	54,542	-	54,542
Policing Services	309,338	-	309,338
Mediation	205,914	58,314	264,228
Interest on Debt	52,029	-	52,029
Total Governmental Activities	<u>10,128,806</u>	<u>(57,379)</u>	<u>10,071,427</u>
Business-Type Activities:			
Professional Services	159,890	46,635	206,525
Event Coordinator	37,454	10,744	48,198
Total Business-Type Activities	<u>197,344</u>	<u>57,379</u>	<u>254,723</u>
Total Primary Government	<u>\$ 10,326,150</u>	<u>\$ -</u>	<u>\$ 10,326,150</u>

General revenues:

Investment Earnings

Transfer In (Out)

Total General Revenues and Special Items

Change in Net Position

Net Position - Beginning as Previously Reported

Restatements - Change in Accounting Principle

Net Position - Beginning as Restated

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	Governmental Activities	Business-Type Activities	Total
\$ 184,767	\$ -	\$ 31,252	\$ -	\$ 31,252
-	878,702	(156,885)	-	(156,885)
-	5,873,342	47,443	-	47,443
-	170,179	1,364	-	1,364
66,947	1,072,463	(53,149)	-	(53,149)
-	622,100	5,341	-	5,341
-	207,324	(4,938)	-	(4,938)
18,358	114,299	5,109	-	5,109
-	60,299	1,953	-	1,953
-	55,593	1,051	-	1,051
-	309,530	192	-	192
379,032	-	114,804	-	114,804
-	-	(52,029)	-	(52,029)
649,104	9,363,831	(58,492)	-	(58,492)
216,735	-	-	10,210	10,210
56,807	-	-	8,609	8,609
273,542	-	-	18,819	18,819
\$ 922,646	\$ 9,363,831	\$ (58,492)	\$ 18,819	\$ (39,673)

\$ 1,946	\$ -	\$ 1,946
4,488	(4,488)	-
6,434	(4,488)	1,946
(52,058)	14,331	(37,727)
1,581,245	300,985	1,882,230
(126,789)	-	(126,789)
1,454,456	300,985	1,755,441
\$ 1,402,398	\$ 315,316	\$ 1,717,714

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

RIO GRANDE COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Health and Human Services Commission	Commission on State Emergency Communications	Texas Water Development Board
ASSETS				
Cash	\$ 1,670,104	\$ 1,783	\$ 81,533	\$ -
Receivables	1,169	-	-	-
Intergovernmental Receivables	-	1,083,954	41,052	9,761
Due from Other Funds	480,309	-	93,357	379,769
Prepaid Items	1,805	200	471	-
Total Assets	\$ 2,153,387	\$ 1,085,937	\$ 216,413	\$ 389,530
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	57,704	714,935	40,002	267,757
Salaries and Benefits Payable	50,061	54,106	17,101	2,475
Due to Other Funds	1,631,290	316,896	-	-
Unearned Revenue	-	-	159,310	119,298
Total Liabilities	1,739,055	1,085,937	216,413	389,530
Fund Balances:				
Nonspendable Fund Balance				
Prepaid items	1,805	-	-	-
Restricted Fund Balance				
Grant restrictions	-	-	-	-
Unassigned Fund Balance	412,527	-	-	-
Total Fund Balance	414,332	-	-	-
Total Liabilities and Fund Balances	\$ 2,153,387	\$ 1,085,937	\$ 216,413	\$ 389,530

The accompanying notes are an integral part of this statement.

El Paso County Dispute Resolution Center Funds		Other Funds	Total Governmental Funds
\$	-	\$ 43,383	\$ 1,796,803
	-	-	1,169
	315	254,826	1,389,908
	537,809	64,361	1,555,605
	-	-	2,476
<u>\$</u>	<u>538,124</u>	<u>\$ 362,570</u>	<u>\$ 4,745,961</u>
	3,441	154,886	1,238,725
	6,920	9,403	140,066
	-	163,413	2,111,599
	3,650	34,142	316,400
	<u>14,011</u>	<u>361,844</u>	<u>3,806,790</u>
	-	-	1,805
	524,113	726	524,839
	-	-	412,527
	<u>524,113</u>	<u>726</u>	<u>939,171</u>
<u>\$</u>	<u>538,124</u>	<u>\$ 362,570</u>	<u>\$ 4,745,961</u>

The accompanying notes are an integral part of this statement.

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RIO GRANDE COUNCIL OF GOVERNMENTS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds	\$	939,171
<p>The Council uses an internal service fund to charge printing costs to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.</p>		
		29,742
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$4,206,821 and the accumulated depreciation and amortization was \$2,341,831. In addition, long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation and amortization) and long-term liabilities in the governmental activities is to increase net position.</p>		
		224,133
<p>Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements and dispositions should be shown as decreases in capital assets in the government-wide statements. The net effect of including the 2025 capital outlays decreases net position.</p>		
		213,794
<p>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 \$270,141, Deferred Outflow of Resources related to TCDRS of \$213,515, and Deferred Inflow of Resources related to TCDRS of \$30,000. This amounted to an increase in net position in the amount of \$453,656.</p>		
		453,656
<p>The 2025 depreciation and amortization expense increases accumulated depreciation. The net effect of the current year's depreciation and amortization is to decrease net position.</p>		
		(425,561)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include eliminating interfund transactions and recognizing the liabilities associated with long-term obligations. The net effect of these reclassifications and recognitions is to increase net position.</p>		
		(32,537)
Net Position of Governmental Activities	\$	1,402,398

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, 2025

	General Fund	Health and Human Services Commission	Commission on State Emergency Communications	Texas Water Development Board
REVENUES:				
Membership Dues	\$ 184,767	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	5,270,479	878,702	1,072,463
Charges for Services	-	-	-	-
Investment Earnings	1,195	-	-	-
Program Income & In-kind	-	602,864	-	-
Total Revenues	<u>185,962</u>	<u>5,873,343</u>	<u>878,702</u>	<u>1,072,463</u>
EXPENDITURES:				
Current:				
General Government	124,032	-	-	-
Emergency Communication	-	-	778,931	-
Aging	-	5,805,780	-	-
Environmental Quality	-	-	-	-
Water Quality	-	-	-	1,071,198
Homeland Security	-	-	-	-
Criminal Justice	-	-	-	-
Economic Development	-	-	-	-
Workforce	-	-	-	-
Energy Conservation	-	-	-	-
Policing Services	-	-	-	-
Mediation	-	-	-	-
Principal on LT Liabilities	37,189	50,469	88,600	937
Interest on LT Liabilities	12,627	17,094	11,171	328
Total Expenditures	<u>173,848</u>	<u>5,873,343</u>	<u>878,702</u>	<u>1,072,463</u>
Revenues Over (Under) Expenditures	<u>12,114</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	4,488	-	-	-
Total Other Financing Sources (Uses)	<u>4,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	16,602	-	-	-
Fund Balance - October 1 (Beginning)	397,730	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 414,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

El Paso County				Total	
Dispute				Governmental	
Resolution				Funds	
Center		Other Funds		Funds	
\$	-	\$	-	\$	184,767
	-		1,510,192		8,731,836
	379,032		85,305		464,337
	-		751		1,946
	-		29,132		631,996
	379,032		1,625,380		10,014,882
	-		-		124,032
	-		-		778,931
	-		-		5,805,780
	-		168,610		168,610
	-		122,159		1,193,357
	-		613,284		613,284
	-		206,782		206,782
	-		122,529		122,529
	-		57,297		57,297
	-		55,593		55,593
	-		309,530		309,530
	250,326		-		250,326
	15,217		21,382		213,794
	5,368		5,441		52,029
	270,911		1,682,607		9,951,874
	108,121		(57,227)		63,008
	-		-		4,488
	-		-		4,488
	108,121		(57,227)		67,496
	415,992		57,953		871,675
\$	524,113	\$	726	\$	939,171

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, 2025

Total Net Change in Fund Balances - Governmental Funds	\$	67,496
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 2025 capital outlays and debt principal payments is to increase net position.		213,794
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.		(425,561)
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.		(40,145)
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 12/31/2024 caused the change in the ending net position to increase in the amount of \$210,434. Contributions made before the measurement date but during the FY 2025 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 \$76,035. The Council recorded its pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY 2025 were \$154,111. The impact of all of these is to increase the change in net position by \$132,358.		132,358
Change in Net Position of Governmental Activities	\$	(52,058)

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, 2025

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contract Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current Assets:				
Accounts Receivable	\$ 152,191	\$ 700	\$ 152,891	\$ -
Prepaid Items	360	-	360	-
Noncurrent Assets:				
Due from Other Funds	106,839	84,502	191,341	30,540
Total Assets	<u>259,390</u>	<u>85,202</u>	<u>344,592</u>	<u>30,540</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	2,956	-	2,956	798
Salaries and Benefits Payable	5,176	355	5,531	-
Unearned Revenue	20,789	-	20,789	-
Total Liabilities	<u>28,921</u>	<u>355</u>	<u>29,276</u>	<u>798</u>
NET POSITION				
Unrestricted Net Position	<u>230,469</u>	<u>84,847</u>	<u>315,316</u>	<u>29,742</u>
Total Net Position	<u>\$ 230,469</u>	<u>\$ 84,847</u>	<u>\$ 315,316</u>	<u>\$ 29,742</u>

The accompanying notes are an integral part of this statement.

RIO GRANDE COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contract Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:				
Charges for Copier Use	\$ -	\$ -	\$ -	\$ 10,797
Booth Fees	-	56,807	56,807	-
Contract Service Fees	216,735	-	216,735	-
Total Operating Revenues	216,735	56,807	273,542	10,797
OPERATING EXPENSES:				
Salaries and Benefits	112,780	3,403	116,183	-
Purchased Property Services	-	-	-	10,797
Other Operating Expenses	85,809	44,365	130,174	-
Supplies	7,936	430	8,366	-
Total Operating Expenses	206,525	48,198	254,723	10,797
Operating Income Before Transfers	10,210	8,609	18,819	-
Transfers out (Use)	(4,283)	(205)	(4,488)	-
Change in Net Position	5,927	8,404	14,331	-
Total Net Position - October 1 (Beginning)	224,542	76,443	300,985	29,742
Total Net Position - September 30 (Ending)	\$ 230,469	\$ 84,847	\$ 315,316	\$ 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, 2025

	Business-Type Activities			Governmental Activities
	Major Enterprise Fund Contract Services	Nonmajor Enterprise Fund - EXPO	Total Enterprise Funds	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$ 207,904	\$ 65,591	\$ 273,495	\$ 11,237
Cash Payments to Employees for Services	(109,990)	(3,370)	(113,360)	-
Cash Payments for Suppliers	(97,914)	(62,221)	(160,135)	(11,237)
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:	\$ 5,927	\$ 8,404	\$ 14,331	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Receivables	(53,510)	412	(53,098)	-
Decrease (increase) in Prepaid Items	720	-	720	-
Decrease (increase) in Due from Other Funds	41,632	8,372	50,004	440
Increase (decrease) in Accounts Payable	114	(17,221)	(17,107)	(440)
Increase (decrease) in Accrued Payroll	2,790	33	2,823	-
Increase (decrease) in Unearned Revenue	2,327	-	2,327	-
Net Cash Provided by Operating Activities	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

RIO GRANDE COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Custodial Fund
ASSETS	
Accounts receivable - El Paso County member contribution	\$ 752,600
Due from Other Funds	334,113
Total Assets	1,086,713
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	122,693
Total Liabilities	122,693
NET POSITION	
Restricted for EPATS LGC	964,020
Total Net Position	\$ 964,020

RIO GRANDE COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Custodial Fund
ADDITIONS	
Contributions	\$ 975,700
Total Additions	975,700
DEDUCTIONS	
Purchased Services	284,981
Supplies	621
Other	1,640
Total Deductions	287,242
Change in Fiduciary Net Position	688,458
Fund Balance - October 1 (Beginning)	275,562
Fund Balance - September 30, (Ending)	\$ 964,020

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RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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 2025, the Executive Board was comprised of twenty-one (21) members. The Executive Board is the policy making and oversight body for the Council. The Council is not included in any other governmental "reporting entity" as defined by the Governmental Standards Board ("GASB").

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

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

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

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

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

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

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

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 TCERS'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.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, proprietary, and fiduciary funds. The Council considers some governmental funds as major and some enterprise funds as major and reports their financial conditions and results of operations in separate columns in the fund financial statements. Since the resources in the fiduciary funds cannot be used for Council operations, they are not included in the government-wide 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, 2025

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 and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The Proprietary Fund Types and Fiduciary 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, 2025

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.

El Paso County Dispute Resolution Center (Special Revenue Fund) - The *DRC Fund* is used to account all financial resources in respect to the Dispute Resolution Center. The Center promotes the resolution of disputes prior to, during, and in lieu of litigation for residents within El Paso County.

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.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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

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.

PROPRIETARY FUNDS:

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

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

FIDUCIARY FUNDS:

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

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

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

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

E. **Other Accounting Policies**

Cash

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

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

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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, 2025, the requirement is not applicable for the fiscal year ended September 30, 2025.

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

Credit Risk: Credit risk is not applicable to deposits.

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: Concentration of credit risk is not applicable to deposits.

Interest Rate Risk: Interest rate risk is not applicable to deposits.

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, 2025

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, 2025. 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 assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000, unless grant agreements specify otherwise, and an estimated useful life or lease / SBITA term in excess of one year. Furniture and fixtures and equipment are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date received.

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

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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.

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

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

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. Only unused vacation leave is paid upon termination.

Full time employees accrue vacation leave based on their years of service. First 5 years of service employees accrue eight hours per month (96 hours per year), after completion of five years of service, employees accrue 10 hours per month (120 hours per year) and after fifteen years of service employees accrue 14 hours per month (168 hours per year). Part time employees are not eligible for vacation leave. Further, full time employees earn 10 hours of sick leave per month (120 hours per year). Part time employees who work at least 20 hours a week earn a proportional amount of sick leave per month.

The Council implemented GASB Statement No. 101, *Compensated Absences*, during fiscal year 2025 and opted to use the First-in, First-out (FIFO) flow assumption. The above leave that meets the qualifications for GASB Statement No. 101 are included in the compensated absences calculation and liability. See Note III.I. for additional information.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A liability for certain types of leave, such as parental leave, military leave, and jury duty leave is not accrued in the financial statements until the leave commences as they depend on the occurrence of a sporadic event. Management has determined that any resulting obligation at the end of the fiscal year for these types of leave would be insignificant and immaterial to the financial statements. As such, a liability has not been accrued related to these types of leave in the financial statements.

Debt and Right-to-Use Lease Liabilities

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

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

Pensions

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

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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 net pension asset

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.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Council considers restricted resources to have been spent.

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.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.
- **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

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.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.
- 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.

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. Accordingly, actual results could differ from those estimates.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management

Rio Grande Council of Governments is a member of the Texas Municipal League Intergovernmental Risk Pool (Pool). The Pool was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The RIOCOG pays annual contributions to the Pool for liability, property, and workers' compensation coverages and all billed contributions have been paid. The RIOCOG's agreement with the Pool provides that the Pool will be self-sustaining through member contributions and will provide reinsurance contracts through commercial companies. The Pool agrees to handle all eligible health, liability, property, and workers' compensation claims and provide any defense as necessary. The Pool makes available to the RIOCOG loss control services to assist the RIOCOG in following a plan of loss control that may result in reduced losses. The RIOCOG 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, 2025, are available on the Texas Municipal League Intergovernmental Risk Pool's website.

Commitments and Contingencies

The Council participates in numerous state and federal grant programs that are subject to audit by various federal and/or state audit agencies. These programs have complex compliance requirements, and should state or federal auditors discover areas of material noncompliance, those Council funds may be subject to refund if so determined by administrative audit review. In the opinion of administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New GASB Statement Implemented

The Council implemented GASB Statement No. 101, *Compensated Absences*, as of October 1, 2024. The primary objective of this Statement is to improve the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. See Note III. O. for more details.

The Council implemented GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of governmental financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analysis for making decisions or assessing accountability. The implementation of this Statement did not have an impact on the disclosures for the Council.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

At September 30, 2025, the carrying amount of the Council’s general fund and major and nonmajor governmental funds’ deposits (cash and interest-bearing savings accounts) was \$1,796,803 and the total bank balance was \$1,909,228. FDIC insurance is applicable up to the current limit of \$250,000 per official custodian and for a total of \$1,250,000 at September 30, 2025. The Council’s cash deposits at September 30, 2025 were entirely covered by FDIC insurance and pledged collateral held by the Council’s agent bank in the Council’s name.

B. Receivables

Intergovernmental Receivables – Governmental Funds

Intergovernmental Receivables consisted of the following at September 30, 2025:

	Health and Human Services Commission	Commission on State Emergency Communications	Texas Water Development Board	El Paso County Dispute Resolution	Non-Major Governmental Funds	Total
Federal Grants	\$ 1,083,954	\$ 23,227	\$ -	\$ -	\$ 127,847	\$ 1,235,028
State Grants / Other	-	17,825	9,761	315	126,979	154,880
Total	\$ 1,083,954	\$ 41,052	\$ 9,761	\$ 315	\$ 254,826	\$ 1,389,908

Receivable – Governmental Funds

Accounts Receivables consisted of the following at September 30, 2025:

	General Fund
El Paso County Water Control & Improvement District #4	\$ 481
Various Vendors	688
Total Accounts Receivable	\$ 1,169

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable – Enterprise Funds

Accounts Receivable consisted of the following at September 30, 2025:

	Major Enterprise Fund Contract Services	Nonmajor Enterprise Fund - Expo	Total
Professional Services	\$ 152,191	\$ -	\$ 152,191
Vendor Registrations	-	700	700
Total	\$ 152,191	\$ 700	\$ 152,891

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Transfers

The composition of interfund balances as of September 30, 2025 was as follows:

	Due from Other Funds	Due to Other Funds
General Fund:		
Texas Health and Human Services Commission	\$ 316,896	\$ -
Commission on State Emergency Communication	-	93,357
Texas Water Development Board	-	379,769
El Paso County Dispute Resolution Center	-	537,809
Enterprise Fund – Contract Services	-	106,839
Nonmajor Governmental Funds	163,413	64,361
Nonmajor Enterprise Fund	-	84,502
Internal Service Fund	-	30,540
Custodial Fund	-	334,113
Total General Fund	480,309	1,631,290
Texas Health and Human Services Commission:		
General Fund	-	316,896
Commission on State Emergency Communication:		
General Fund	93,357	-
Texas Water Development Board:		
General Fund	379,769	-
El Paso County Dispute Resolution Center		
General Fund	537,809	-
Enterprise Fund – Contract Services:		
General Fund	106,839	-
Nonmajor Governmental Funds:		
General Fund	64,361	163,413
Nonmajor Enterprise Fund - EXPO:		
General Fund	84,502	-
Internal Service Fund:		
General Fund	30,540	-
Custodial Fund:		
General Fund	334,113	-
Total	\$ 2,111,599	\$ 2,111,599

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Transfers (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are periodically repaid. 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 \$191,341 and \$30,540 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, 2025, the enterprise funds (Contracted Services and Expo) transferred a total of \$4,488 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, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the Council for the year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Depreciable assets:				
Furniture and fixtures	\$ 159,314	\$ -	\$ -	\$ 159,314
Equipment	1,758,080	-	-	1,758,080
Total depreciable assets	1,917,394	-	-	1,917,394
Right-to-Use Lease Assets:				
Buildings	1,607,136	-	-	1,607,136
Equipment	39,197	-	-	39,197
Total Right-to-Use Lease Assets	1,646,333	-	-	1,646,333
Subscription Based Information Technology Arrangements (SBITAs)	643,094	-	-	643,094
Less accumulated depreciation:				
Furniture and fixtures	132,396	14,280	-	146,676
Equipment	1,436,111	113,180	-	1,549,291
Total accumulated depreciation	1,568,507	127,460	-	1,695,967
Less accumulated amortization for:				
Right-to-Use Lease Assets:				
Buildings	469,453	147,391	-	616,844
Equipment	18,051	7,800	-	25,851
Subscription Based Information Technology Arrangements (SBITAs)	285,820	142,910	-	428,730
Total accumulated amortization	773,324	298,101	-	1,071,425
Total governmental activities capital assets, net	\$ 1,864,990	(\$ 425,561)	-	\$ 1,439,429

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:

General Government	\$	53,492
Emergency Communications		267,109
Aging		56,728
Environmental Quality		1,948
Water Quality		2,753
Homeland Security		7,402
Criminal Justice		7,820
Economic Development		8,504
Workforce		2,521
Mediation		17,284
 Total depreciation and amortization expense	 \$	 425,561

E. Unearned Revenue

Unearned Revenue at September 30, 2025, resulting from program funds received in advance, was reported in the Special Revenue Funds and Enterprise Funds as follows:

	Commission on State Emergency Communications	Texas Water Development Board	El Paso County Dispute Resolution Center	Non-Major Governmental Funds	Total
Unearned Revenue	\$ 159,310	\$ 119,298	\$ 3,650	\$ 34,142	\$ 316,400
Total	\$ 159,310	\$ 119,298	\$ 3,650	\$ 34,142	\$ 316,400

<u>Enterprise Funds:</u>	<u>Major Enterprise Fund Contract Services</u>
Contract Services	\$ 20,789
Enterprise Funds - Total Unearned Revenue	\$ 20,789

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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 2025. 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 890 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/2024-annual-report/>.

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

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

The employees covered by the benefit terms at the December 31, 2024 valuation and measurement date were as follows:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	29
Active employees	<u>31</u>
Total covered employees	<u><u>79</u></u>

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

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

The contribution rate payable by the employee members was seven percent (7%) for both calendar years 2024 and 2025, as adopted by the governing body of the Council. The Council contributed the elected rate of fifteen percent (15%) for calendar years 2024 and 2025, as adopted by the governing body of the Council. The employer rate adopted for calendar year 2025 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, 2025 were \$286,469 and were greater than the required contributions. This amount includes the contributions at the annually adopted rates.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

Net Pension Asset: The Council’s Net Pension Asset (NPA) was measured as of December 31, 2024 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years from January 1, 2017 to December 31, 2020. They were adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were adopted by the TCDRS Board of Trustees in March 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice. The total pension liability in the December 31, 2023 actuarial valuation was determined using the actuarial assumptions for inflation of 2.5% and investment rate of return of 7.5%. The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.0% (made up of 2.5% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee. Other assumptions include employer specific economic assumptions related to growth in membership and payroll growth of 0% each. The payroll growth assumption is for the aggregate covered payroll of the employer. The source of the mortality assumptions is as follows:

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

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

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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 2025 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 ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
Int'l Equities – Developed Markets	MSCI World Ex USA (net) Index	6.00%	4.75%
Int'l Equities – Emerging Markets	MSCI Emerging Markets (net) Index	0.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.55%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	8.15%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U. S. Treasury	2.00%	1.10%

(1) Target asset allocation adopted at the March 2025 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater' s 2025 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, 2025

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, 2023	\$ 5,284,228	\$ 5,348,324	\$ (64,096)
Changes for the year:			
Service cost	279,773	-	279,773
Interest on total pension liability ⁽¹⁾	417,335	-	417,335
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	57,663	-	57,663
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(9,777)	(9,777)	-
Benefit payments	(138,440)	(138,440)	-
Administrative expenses	-	(3,354)	3,354
Member contributions	-	120,384	(120,384)
Net investment income	-	550,469	(550,469)
Employer contributions	-	277,965	(277,965)
Other ⁽³⁾	-	15,351	(15,351)
Balances as of December 31, 2024	\$ 5,890,781	\$ 6,160,922	\$ (270,141)

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

⁽²⁾ Reflects plan changes adopted effective in 2024.

⁽³⁾ Relates to allocation of system-wide items.

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

	Current		
	1% Decrease 6.60%	Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$6,724,643	\$5,890,781	\$5,191,642
Fiduciary net position	6,160,922	6,160,922	6,160,922
Net pension liability / (asset)	\$ 563,721	(\$270,141)	(\$969,280)

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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, 2025, the Council recognized pension expense in the amount of \$154,111. 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	\$ 43,247	\$ 28,796
Changes of assumptions	-	1,204
Net difference between projected and actual earnings	-	40,166
Contributions made subsequent to the measurement date	210,434	-
Total	\$253,681	\$70,166

The \$210,434 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, 2026. 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
2026	\$ (41,755)
2027	83,667
2028	(41,989)
2029	(26,842)
Total	\$ (26,919)

Payable to the Pension Plan: At September 30, 2025, the Council reported a payable of \$45,503, including accruals, for the outstanding amount of contributions to the pension plan for the year ended September 30, 2025.

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

Changes in Net Pension Liability/Asset:

	Beginning Balance	Additions	Reductions	Ending Balance
Net Pension Liability/(Asset)	\$ (64,096)	\$ 14,258	\$ (220,303)	\$ (270,141)

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, 2025, there were fifteen (15) 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, 2025 were \$2,017,745.

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2025 was as follows:

Funded by:	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
<u>Right-to-Use Lease Arrangements:</u>					
Buildings	*Various \$ 1,184,092	\$ -	\$ 131,263	\$ 1,052,829	\$ 136,611
Equipment	*Various 21,511	-	7,877	13,634	6,882
Total Right-to-Use Lease Arrangements	1,205,603	-	139,140	1,066,463	143,493
Subscription Based Information Technology Arrangements (SBITAs)	CSEC Fund 192,380	-	74,655	117,725	77,697
<u>Other liabilities:</u>					
**Compensated absences	242,874	48,871	-	291,746	218,809
Total Other Liabilities	242,874	48,871	-	291,746	218,809
Total Governmental Long-Term Liabilities	\$ 1,640,857	\$ 48,871	\$ 213,795	\$ 1,475,934	\$ 439,999

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.)

** The change in compensated absences is a net change for the year.

I. Compensated Absences

The Council implemented GASB Statement No. 101, Compensated Absences, during fiscal year 2025 utilizing the First-in, First-out (FIFO) flow assumption for estimating the compensated absences liability for amounts more likely than not to be used by active employees as leave. Under the FIFO flow assumption, as employees use leave for time off, the leave they earned "first" (earliest), will be reduced, and the most recently earned leave will carry forward. The leave more likely than not to be used is calculated based on an average of former employees' years of service upon separation and days used over the course of their employment. The liability amount is calculated by applying those results to the leave balances of active employees and valuing the leave balance that is more likely than not to be used at their payrate in effect at year-end. For accrued vacation, upon separation from employment, the Council pays the employee for days not used. As required by the new standard, the calculation includes salary related payments.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. Right-to-Use Leases

The Council executed leases for buildings for terms ranging from 2 – 10 years and leases for copiers for terms ranging from 2 – 5 years. Management utilized a 4% interest rate to calculate the net present value and established a right-to-use lease liability. The right-to-use lease assets are being amortized over the remaining term of the leases using a straight-line method. The Council is required to make monthly payments during the lease term. During the fiscal year ending September 30, 2025, total principal and interest paid by the Council was \$139,140 and \$45,692 respectively.

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

Year Ending September 30,	Principal	Interest	Total Requirements
2026	\$ 143,493	\$ 40,029	\$ 183,522
2027	139,322	34,383	173,705
2028	146,324	28,663	174,987
2029	157,199	23,222	180,421
2030	153,693	16,408	170,101
2031-2032	326,432	13,775	340,207
Total	\$ 1,066,463	\$ 156,480	\$ 1,222,943

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Subscription Based Information Technology Arrangements (SBITA)

The Council has executed an agreement for software in the CSEC program to be used until FY 2027. Effective October 1, 2022, the Council implemented GASB No. 96 and recorded a subscription based information technology arrangement asset and the related liability. Management utilized a 4% interest rate to calculate the net present value. The SBITA asset is being amortized over the remaining term of 4 years using the straight-line method. During the fiscal year ending September 30, 2025, total principal and interest paid by the Council was \$74,655 and \$6,336 respectively.

Future debt service requirements for SBITA is as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2026	\$ 77,697	\$ 3,295	\$ 80,992
2027	40,028	468	40,496
Total	\$ 117,725	\$ 3,763	\$ 121,488

L. Fund Balance

As of September 30, 2025, fund balances were composed of the following:

	General Fund	El Paso County Dispute Resolution Center	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$ 1,805	\$ -	\$ -	\$ 1,805
Restricted:				
Dispute Resolution	-	524,113	-	524,113
Water Planning	-	-	726	726
Unassigned	412,527	-	-	412,527
Total Fund Balances	\$ 414,332	524,113	\$ 726	\$ 939,171

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

M. 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 2024-2025 fiscal year.

N. Concentration Risk

The Rio Grande Council of Governments receives approximately 57%, of its total funding from the Health and Human Services Commission (HHSC) in the form of Federal and State grants. The loss of grant awards from the HHSC could have a material impact on the ability of the Council to continue to provide the current level of services.

Changes in the current political climate could impact available HHSC funding to governmental entities across the country. The Rio Grande Council of Governments is actively overseeing the budget and researching other grant opportunities to mitigate this concentration risk.

O. Restatement

As the result of implementing GASB Statement No. 101, Compensated Absences, in fiscal year 2025, the Council is reporting a change in accounting principles, applied retroactively by recording a compensated absences beginning balance, with amounts presented as due within one year and due in more than one year in the statement of net position. Accordingly, the beginning net position for governmental activities has been restated as follows:

	<u>Compensated Absence Liability</u>	<u>Total Net Position</u>
Beginning of Year as Previously Reported	\$ 116,085	\$ 1,581,245
Implementation of GASB 101: Compensated Absences	126,789	(126,789)
Beginning of Year as Restated	<u>\$ 242,874</u>	<u>\$ 1,454,456</u>

RIO GRANDE COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

III. DETAILED NOTES ON ALL FUNDS (Continued)

P. 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 Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025. GASBS No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for fiscal years beginning after June 15, 2025. GASBS No. 104 provides users of governmental financial statements with essential information about certain types of capital assets.
- GASB Statement No. 105, *Subsequent Events*, effective for fiscal years beginning after June 15, 2026. GASBS No. 105 improves the financial reporting requirements for subsequent events.

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, 2025

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Membership Dues	\$ 184,767	\$ 184,767	\$ 184,767	\$ -
Investment Earnings	2,500	2,500	1,195	(1,305)
Total Revenues	187,267	187,267	185,962	(1,305)
EXPENDITURES:				
Current:				
General Government	202,190	181,674	124,032	57,642
Principal on LT Liabilities	-	-	37,189	(37,189)
Interest on LT Liabilities	-	-	12,627	(12,627)
Total Expenditures	202,190	181,674	173,848	7,826
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,923)	5,593	12,114	6,521
OTHER FINANCING SOURCES:				
Transfer In	-	-	4,488	4,488
Total Other Financing Sources	-	-	4,488	4,488
Net Change in Fund Balances	(14,923)	5,593	16,602	11,009
Fund Balance - October 1 (Beginning)	397,730	397,730	397,730	-
Fund Balance - September 30 (Ending)	\$ 382,807	\$ 403,323	\$ 414,332	\$ 11,009

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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 August 30, 2024 the fiscal year 2025 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 one amendment was 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, 2025, the Council had expenditures over appropriations for principal and interest on long term liabilities for \$37,189 and \$12,627, respectively. This was mainly due to a reclassification of expenditures related to GASB No. 87 *Leases* and GASB No. 96 *Subscription-Based Information Technology Arrangements*. The net effect to the general fund was \$0. The budgeted amounts for principal and interest on long term liabilities are included in the general government function. The general fund had a \$16,602 increase in fund balance.

RIO GRANDE COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Measurement Year			
	Year Ended December 2024	Year Ended December 2023	Year Ended December 2022	Year Ended December 2021
Pension Liability				
Service cost	\$ 279,733	\$ 274,000	\$ 291,557	\$ 307,310
Interest on total pension liability	417,335	376,521	340,537	305,382
Effect of plan changes	-	31,423	-	-
Effect of assumption changes or inputs	-	-	-	(6,012)
Effect of economic/demographic (gains) or losses	57,663	(15,470)	(42,347)	(52,384)
Refunds of contributions	(9,777)	(28,085)	-	(20,488)
Benefit payments	(138,440)	(94,603)	(75,612)	(55,843)
Net change in total pension liability	606,553	543,786	514,135	477,965
Total pension liability, beginning	5,284,228	4,740,442	4,226,307	3,748,342
Total pension liability, ending (a)	\$ 5,890,781	\$ 5,284,228	\$ 4,740,442	\$ 4,226,307
Fiduciary Net Position				
Employer contributions	\$ 277,965	\$ 267,353	\$ 257,865	\$ 261,318
Member contributions	120,384	108,656	115,938	119,154
Investment income net of investment expenses	550,469	505,599	(290,822)	787,931
Refunds of contributions	(9,777)	-	-	(20,488)
Benefit payments	(138,440)	(122,688)	(75,612)	(55,843)
Administrative expenses	(3,3354)	(2,793)	(2,683)	(2,449)
Other	15,351	14,518	45,766	9,561
Net change in fiduciary net position	812,598	770,644	50,452	1,099,184
Fiduciary net position, beginning	5,348,324	4,577,680	4,527,228	3,428,044
Fiduciary net position, ending (b)	\$ 6,160,922	\$ 5,348,324	\$ 4,577,680	\$ 4,527,228
Net pension liability / (asset), ending = (a) - (b)	\$ (270,141)	\$ (64,096)	\$ 162,762	\$ (300,921)
Fiduciary net position as a % of total pension Liability	104.59%	101.21%	96.57%	107.12%
Covered payroll	\$ 1,719,773	\$ 1,552,224	\$ 1,656,258	\$ 1,702,194
Net pension liability as a % of covered payroll	-15.71%	-4.13%	9.83%	-17.68%

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 & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Measurement Year						
Year Ended December 2020	Year Ended December 2019	Year Ended December 2018	Year Ended December 2017	Year Ended December 2016	Year Ended December 2015	Year Ended December 2014
\$ 240,388	\$ 233,111	\$ 222,126	\$ 238,149	\$ 257,421	\$ 161,769	\$ 157,527
261,215	225,446	195,435	163,927	133,924	123,881	97,530
-	-	-	-	-	11,740	-
248,575	-	-	18,475	-	26,972	-
40,627	30,925	226	30,218	(110,272)	(216,342)	58,030
(5,629)	(13,350)	(27,228)	(11,766)	(7,054)	(6,774)	(4,756)
(47,251)	(44,013)	(31,913)	(21,112)	(5,673)	(4,433)	(1,783)
737,925	432,119	358,646	417,891	268,346	96,813	306,548
3,010,417	2,578,298	2,219,652	1,801,761	1,533,415	1,436,602	1,130,055
\$ 3,748,342	\$ 3,010,417	\$ 2,578,298	\$ 2,219,652	\$ 1,801,761	\$ 1,533,415	\$ 1,436,602
\$ 225,111	\$ 193,881	\$ 188,987	\$ 231,235	\$ 208,009	\$ 178,464	\$ 153,562
115,596	104,398	101,703	108,289	112,005	97,335	83,761
293,974	365,485	(35,146)	222,871	81,507	(26,164)	38,960
(5,629)	(13,350)	(27,228)	(11,767)	(7,054)	(6,774)	(4,756)
(47,251)	(44,013)	(31,913)	(21,112)	(5,673)	(4,433)	(1,783)
(2,508)	(2,164)	(1,789)	(1,347)	(887)	(706)	(552)
8,799	8,644	7,102	4,097	23,262	896	(59)
588,092	612,881	201,717	532,266	411,169	238,619	269,132
2,839,952	2,227,071	2,025,354	1,493,088	1,081,919	843,300	574,168
\$ 3,428,044	\$ 2,839,952	\$ 2,227,071	\$ 2,025,354	\$ 1,493,088	\$ 1,081,919	\$ 843,300
\$ 320,298	\$ 170,465	\$ 351,227	\$ 194,297	\$ 308,673	\$ 451,496	\$ 593,303
91.45%	94.34%	86.38%	91.25%	82.87%	70.56%	58.70%
\$ 1,651,374	\$ 1,491,394	\$ 1,452,901	\$ 1,546,985	\$ 1,600,069	\$ 1,622,258	\$ 1,396,013
19.40%	11.43%	24.17%	12.56%	19.29%	27.83%	42.50%

RIO GRANDE COUNCIL OF GOVERNMENTS

SCHEDULE OF COUNCIL CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	159,199	172,323	(13,124)	1,566,572	11%
2016	166,671	206,524	(39,853)	1,655,255	12%
2017	187,017	205,042	(18,025)	1,577,249	13%
2018	210,970	219,775	(8,805)	1,690,576	13%
2019	187,508	193,542	(6,034)	1,488,784	13%
2020	199,303	211,020	(11,717)	1,551,540	13.6%
2021	219,371	258,247	(38,876)	1,687,679	15.3%
2022	239,358	257,901	(18,543)	1,690,524	15.3%
2023	215,531	265,941	(50,410)	1,547,549	17.2%
2024	208,044	265,324	(57,280)	1,519,990	17.5%
2025	218,949	286,469	(67,519)	1,653,793	17.3%

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 (Dec. 31, 2022 valuation for 2024 contributions):

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	6.3 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 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-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected 2019: New inflation, mortality and other assumptions were reflected 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: 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 2023: No changes in plan provisions were reflected in the Schedule. 2024: Employer contributions reflect that a 4% flat COLA was adopted.

*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, 2025

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, 2025 funding valuation, except as noted below.

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

Valuation Timing	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.
Actuarial Cost Method	Entry Age (level percent of pay) ⁽¹⁾
Amortization Method	
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
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Salary Increases	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	
	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.
Retirement Age	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Turnover	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Mortality	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org
Adjustment for Plan with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	Same as TCDRS system-wide funding valuation. Can be obtained at https://www.tcdrs.org . For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimate monthly benefit for future retirees.

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that the replacement life entry age cost method is used for the funding actuarial valuation, which differs from the GASB-required approach in that it assumes that the current benefit provisions always applied.

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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:

Workforce Solutions Borderplex

U.S. Department of Commerce

Department of Homeland Security

State Energy Conservation Office

US Department of Justice

Texas Governor's Office, Criminal Justice Division

Texas Commission on Environmental Quality

Far West Texas Water Planning Group (FWTWPG)

Ysleta del Sur Pueblo - Tigua

RIO GRANDE COUNCIL OF GOVERNMENTS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	Workforce Solutions Borderplex	U.S. Dept. Of Commerce	Department of Homeland Security	State Energy Conservation Office
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receivables	15,000	73,433	34,148	4,748
Due from Other Funds	-	-	-	-
Total Assets	\$ 15,000	\$ 73,433	\$ 34,148	\$ 4,748
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,213	\$ 145	\$ 3,875	\$ 2,631
Salaries and Benefits Payable	1,728	2,906	336	36
Due to Other Funds	12,059	70,382	29,937	2,081
Unearned Revenue	-	-	-	-
Total Liabilities	15,000	73,433	34,148	4,748
Fund Balances:				
Restricted Fund Balance:				
Grant restrictions	-	-	-	-
Total Fund Balance	-	-	-	-
Total Liabilities and Fund Balances	\$ 15,000	\$ 73,433	\$ 34,148	\$ 4,748

RIO GRANDE COUNCIL OF GOVERNMENTS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	US Department of Justice - Office of Community Oriented Policing Services	TX Ofc of the Gov-Criminal Justice Div - Law Enforcement Training Initiative	Texas Commission on Environmental Quality	Far West Texas Water Planning Group
ASSETS				
Cash	\$ -	\$ -	\$ 43,383	\$ -
Intergovernmental Receivables	518	120,968	5,874	137
Due from Other Funds	-	-	-	29,629
Total Assets	\$ 518	\$ 120,968	\$ 49,257	\$ 29,766
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 113,534	\$ 5,281	\$ 27,617
Salaries and Benefits Payable	8	1,517	1,449	1,423
Due to Other Funds	510	5,917	42,527	-
Unearned Revenue	-	-	-	-
Total Liabilities	518	120,968	49,257	29,040
Fund Balances:				
Restricted Fund Balance:				
Grant restrictions	-	-	-	726
Total Fund Balance	-	-	-	726
Total Liabilities and Fund Balances	\$ 518	\$ 120,968	\$ 49,257	\$ 29,766

RIO GRANDE COUNCIL OF GOVERNMENTS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	Ysleta del Sur Pueblo- Tigua	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ -	\$ 43,383	\$ 43,383
Intergovernmental Receivables	-	254,826	254,826
Due from Other Funds	34,732	64,361	64,361
Total Assets	\$ 34,732	\$ 362,570	\$ 362,570
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	590	154,886	154,886
Salaries and Benefits Payable	-	9,403	9,403
Due to Other Funds	-	163,413	163,413
Unearned Revenue	34,142	34,142	34,142
Total Liabilities	34,732	361,844	361,844
Fund Balances:			
Restricted Fund Balance:			
Grant restrictions	-	726	726
Total Fund Balance	-	726	726
Total Liabilities and Fund Balances	\$ 34,732	\$ 362,570	\$ 362,570

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(G-2 Exhibit on following page)

RIO GRANDE COUNCIL OF GOVERNMENTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Workforce Solutions Borderplex	U.S. Dept. Of Commerce	Department of Homeland Security	State Energy Conservation Office
REVENUES:				
Intergovernmental Revenue and Grants	\$ 60,299	\$ 106,611	\$ 622,100	\$ 34,149
Charges for Services	-	-	-	-
Investment Earnings	-	-	-	-
Program Income & In-kind		7,688		21,444
Total Revenues	60,299	114,299	622,100	55,593
EXPENDITURES:				
Current:				
Environmental Quality	-	-	-	-
Water Quality	-	-	-	-
Homeland Security	-	-	613,284	-
Criminal Justice	-	-	-	-
Economic Development	-	104,171	-	-
Workforce	57,297	-	-	-
Energy Conservation	-	-	-	55,593
Policing Services	-	-	-	-
Principal on LT Liabilities	2,816	8,322	6,554	-
Interest on LT Liabilities	186	1,806	2,262	-
Total Expenditures	60,299	114,299	622,100	55,593
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, 2025

	US Department of Justice - Office of Community Oriented Policing Services	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	\$ 309,530	\$ 207,324	\$ 170,179	\$ -
Charges for Services	-	-	-	66,947
Investment Earnings	-	-	751	-
Program Income & In-kind	-	-	-	-
Total Revenues	309,530	207,324	170,930	66,947
EXPENDITURES:				
Current:				
Environmental Quality	-	-	168,610	-
Water Quality	-	-	-	122,159
Homeland Security	-	-	-	-
Criminal Justice	-	206,782	-	-
Economic Development	-	-	-	-
Workforce	-	-	-	-
Energy Conservation	-	-	-	-
Policing Services	309,530	-	-	-
Principal on LT Liabilities	-	399	1,807	1,484
Interest on LT Liabilities	-	143	513	531
Total Expenditures	309,530	207,324	170,930	124,174
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(57,227)
Net Change in Fund Balances	-	-	-	-
Fund Balance - October 1 (Beginning)	-	-	-	57,953
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ 726

RIO GRANDE COUNCIL OF GOVERNMENTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Ysleta del Sur Pueblo - Tigua	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:			
Intergovernmental Revenue and Grants	\$ -	\$ 1,510,192	\$ 1,510,192
Charges for Services	18,358	85,305	85,305
Investment Earnings	-	751	751
Program Income & In-kind	-	29,132	29,132
Total Revenues	18,358	1,625,380	1,625,380
EXPENDITURES:			
Current:			
Environmental Quality	-	168,610	168,610
Water Quality	-	122,159	122,159
Homeland Security	-	613,284	613,284
Criminal Justice	-	206,782	206,782
Economic Development	18,358	122,529	122,529
Workforce	-	57,297	57,297
Energy Conservation	-	55,593	55,593
Policing Services	-	309,530	309,530
Principal on LT Liabilities	-	21,382	21,382
Interest on LT Liabilities	-	5,441	5,441
Total Expenditures	18,358	1,682,607	1,682,607
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(57,227)	(57,227)
Net Change in Fund Balances	-	(57,227)	(57,227)
Fund Balance - October 1 (Beginning)	-	57,953	57,953
Fund Balance - September 30 (Ending)	\$ -	\$ 726	\$ 726

OTHER INFORMATION

RIO GRANDE COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HHSC
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP BASIS (See Note)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Intergovernmental Revenue and Grants	\$ 5,510,141	\$ 5,436,571	\$ 5,270,479	\$ (166,092)
Program Income and In-kind	648,380	578,795	602,864	24,069
Total Revenues	6,158,521	6,015,366	5,873,343	(142,023)
EXPENDITURES:				
Current:				
Aging	6,158,521	6,015,366	5,805,780	209,586
Principal on LT Liabilities	-	-	50,469	(50,469)
Interest on LT Liabilities	-	-	17,094	(17,094)
Total Expenditures	6,158,521	6,015,366	5,873,343	142,023
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES:				
Right-to-use Lease Proceeds	-	-	-	-
Total Other Financing Sources	-	-	-	-
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, 2025

INDIRECT COST POOL		
Administrative costs	\$ 994,665	
Equipment depreciation	11,664	
Adjusted Indirect Cost Pool		\$ 956,329
DIRECT BASE		
Total expenditures		\$ 10,217,390
Less:		
Administrative costs	(944,665)	
Non-federal cost	(631,994)	
Excess cost on subgrants/subcontracts, stipends, medical services and other flow-thru funds	(4,540,118)	
Pass through capital outlay	(767,871)	
Unallowable costs	-	
Internal service fund	(10,797)	
Capital outlay	-	
		(6,895,445)
Adjusted Direct Base		\$ 3,321,945
INDIRECT COST RATE CALCULATION		
<u>Indirect cost pool</u>	\$ 956,329	
Direct base	3,321,945	20.79%
CALCULATION OF ROLL FORWARD AMOUNT		
FY 2025 Fixed indirect cost rate		28.53%
FY 2025 Rate base	\$ 3,321,945	
FY 2025 Allowed recovery		947,751
FY 2027 Roll forward:		
a. FY 2025 Final indirect costs		956,329
b. Less FY 2025 recovery		(947,751)
Roll forward amount		\$ 8,578
CALCULATION OF FIXED INDIRECT COST FOR FY 2027		
FY 2025 Fixed indirect costs	\$ 956,329	
FY 2023 (over) / under recovery		7,639
Roll forward amount		8,578
FY 2027 Fixed indirect costs		972,546
CALCULATION OF FY 2027 FIXED INDIRECT COST RATE		
FY 2027 Fixed indirect cost	\$ 972,546	
Rate base	\$ 3,321,945	
FY 2027 Fixed indirect cost rate		29.28%

*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, 2025

Benefits		
Payroll taxes		\$ 153,591
Group insurance		259,170
Retirement contribution		<u>288,795</u>
Total benefits		<u>701,556</u>
Benefits allocated		<u>\$ 701,556</u>
Employee Benefits Rate Computation		
Total benefits	\$ 701,556	
Divided by gross salaries	<u>1,974,789</u>	
		<u>36%</u>
Total Salaries and Benefits		
Gross salaries		\$ 1,974,789
Benefits		<u>701,556</u>
Total		<u><u>\$ 2,676,345</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 (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the Rio Grande Council of Government's basic financial statements, and have issued our report thereon dated June 25, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
June 25, 2026

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

To the Board of Directors
Rio Grande Council of Governments

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Rio Grande Council of Governments' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Texas Grant Management Standards* that could have a direct and material effect on each of the Rio Grande Council of Government's major federal and state programs for the year ended September 30, 2025. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas Grant Management Standards* (TxGMS). Our responsibilities under those standards, the Uniform Guidance, and the 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the Rio Grande Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Rio Grande Council of Governments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Rio Grande Council of Governments' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Gibson Ruddock Patterson LLC

Gibson Ruddock Patterson LLC
El Paso, Texas
June 25, 2026

RIO GRANDE COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Were significant deficiencies in internal control disclosed?

None reported

Were material weaknesses in internal control disclosed?

No

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

No

Federal and State Awards

Internal control over major federal and state award programs:

Were significant deficiencies in internal control over major programs disclosed?

None reported

Were material weaknesses in internal control over major programs disclosed?

No

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

Unmodified

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

No

(Continued)

RIO GRANDE COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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)

**U.S. Department of Homeland
Security:**

97.067 Homeland Security Grant
Program

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

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

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

\$1,000,000 - Federal Programs
\$1,000,000 - 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, 2025

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, 2025

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, 2025

Federal Grantor/Passthrough Grantor Grant Description	Federal Assistance Listing No.	Grantor's Number	Total Federal Expenditures	Passthrough to Sub-Recipients
FEDERAL AWARDS				
<u>U.S. Department of Commerce</u>				
Direct Program:				
EDA - Title II Section 203 Planning Assistance:				
Economic Development Support for Planning Organizations	11.302	ED22AUS3020014	\$ 33,178	-
Economic Development Support for Planning Organizations	11.302	ED25AUS0G0162	73,433	\$ -
Total Direct Program and Assistance Listing Number 11.302			106,611	-
Total U.S. Department of Commerce			106,611	-
<u>U.S. Department of Health and Human Services</u>				
Passed through Texas Health and Human Services Commission				
Special Programs for Aging - Title III, Part B:				
Administration*	93.044	HHS000874100022	84,495	-
Grants for Supportive Services and Senior Centers*	93.044	HHS000874100022	1,247,520	-
Total Assistance Listing Number 93.044			1,332,015	-
Special Programs for Aging - Title III Part C:				
Administration*	93.045	HHS000874100022	272,448	-
Nutrition Services*	93.045	HHS000874100022	2,459,122	-
Total Assistance Listing Number 93.045			2,731,570	-
NSIP - Nutrition Service Incentive Program*	93.053	HHS000874100022	174,166	-
Total Aging Cluster			4,237,751	-
Special Programs for Aging - Title III, Part D:				
Disease Prevention and Health Promotion Services	93.043	HHS000874100022	126,307	-
Special Programs for Aging - Title III, Part E:				
Administration	93.052	HHS000874100022	54,381	-
National Family Caregiver Support Program	93.052	HHS000874100022	467,637	-
Total Assistance Listing Number 93.052			522,018	-
EAP - Title VII, Chapter 3				
Prevention of Elder Abuse, Neglect & Exploitation	93.041	HHS000874100022	12,172	-
OM - Title VII, Chapter 2				
Long Term Care Ombudsman Services for Older Individuals	93.042	HHS000874100022	26,955	-

RIO GRANDE COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Passthrough Grantor Grant Description	Federal Assistance Listing No.	Grantor's Number	Total Federal Expenditures	Passthrough to Sub-Recipients
FEDERAL AWARDS (Continued)				
HICAP - Health Insurance Counseling Advocacy Program	93.324	HHS000874100022	30,294	-
HICAP - Health Insurance Counseling Advocacy Program	93.324	HHS000874100022	<u>30,629</u>	<u>-</u>
Total Assistance Listing Number 93.324			<u>60,923</u>	<u>-</u>
ACL - Medicare Improvements for Patients and Providers	93.071	HHS000874100022	<u>63,460</u>	<u>-</u>
Total Passed through Texas Health and Human Services Commission:			<u>5,049,586</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>5,049,586</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed through Texas Office of the Governor - Homeland Security Grants Division:				
FY25 Homeland Security Grant Program	97.067	2951210	61,930	-
FY25 Community Preparedness and Resilience - Far West Texas Regional Community Preparedness	97.067	4780302	67,849	-
FY25 Regional Interoperable Communications	97.067	5034901	<u>492,321</u>	<u>-</u>
Total Assistance Listing Number 97.067			<u>622,100</u>	<u>-</u>
Total Passed through Office of the Governor - Homeland Security Grants Division			<u>622,100</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>622,100</u>	<u>-</u>
<u>U.S. Department of Energy</u>				
Direct Program:				
State Energy Conservation Office	81.041	CM23008	<u>34,149</u>	<u>-</u>
Total Direct Program			<u>34,149</u>	<u>-</u>
Total U.S. Department of Energy			<u>34,149</u>	<u>-</u>
<u>U.S. Department of Labor</u>				
Passed through Texas Workforce Commission				
Workforce Solutions Borderplex**	17.207	LOA-FY24-001	<u>60,299</u>	<u>-</u>
Total Employment Services Cluster			<u>60,299</u>	<u>-</u>
Total Passed through Texas Workforce Commission			<u>60,299</u>	<u>-</u>
Total U.S. Department of Labor			<u>60,299</u>	<u>-</u>

RIO GRANDE COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Passthrough Grantor Grant Description	Federal Assistance Listing No.	Grantor's Number	Total Federal Expenditures	Passthrough to Sub-Recipients
FEDERAL AWARDS (Continued)				
<u>U.S. Department of Treasury</u>				
Direct Programs:				
COVID-19 FY 2024/2025 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SB8 & HB2911	93,163	-
Total Direct Programs			93,163	-
Total U.S. Department of Treasury			93,163	-
<u>U.S. Department of Justice</u>				
Direct Programs:				
Office of Community Oriented Policing Services	16.710	15JCOPS-24-GG-0 2310-TECP	309,530	-
Total Direct Programs			309,530	-
Total U.S. Department of Justice			309,530	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,275,438	\$ -

*, ** Clustered Programs

RIO GRANDE COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

State Grantor/Passthrough Grantor Grant Description	Grantor's Number	Total State Expenditures	Passthrough to Sub-Recipients
STATE AWARDS			
<u>Texas Office of the Governor - Criminal Justice Division</u>			
Regional Law Enforcement Training Academy	1428519	\$ 198,605	\$ 153,878
Regional Law Enforcement Training Academy	1428520	<u>8,719</u>	<u>4,176</u>
Total Texas Office of the Governor - Criminal Justice Division		<u>207,324</u>	<u>158,054</u>
<u>Commission on State Emergency Communications</u>			
FY 2024/2025 9-1-1 Program	N/A	714,498	-
FY 2026/2027 9-1-1 Program	N/A	<u>71,041</u>	<u>-</u>
Total Commission on State Emergency Communication		<u>785,539</u>	<u>-</u>
<u>Texas Health and Human Services Commission</u>			
Ombudsman Assisted Living Facility Services State General Revenue	HHS000874100022	23,750	-
Supportive Services and Senior Centers	HHS000874100022	61,890	-
Home Delivered Meal Rate Increase	HHS000874100022	21,540	-
National Family Caregiver Support Program	HHS000874100022	<u>113,713</u>	<u>-</u>
Total Texas Health and Human Services Commission		<u>220,893</u>	<u>-</u>
<u>Texas Commission on Environmental Quality</u>			
FY 2024/2025 Regional Solid Waste Grant Contract	582-24-50096	164,305	
FY 2026/2027 Regional Solid Waste Grant Contract	582-26-00088	<u>5,874</u>	<u>-</u>
Total Texas Commission on Environmental Quality		<u>170,179</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>1,383,935</u>	<u>158,054</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		<u>\$ 7,659,373</u>	<u>\$ 158,054</u>

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

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Texas Grants Management Standards* (TxGMS). Because the schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

RIO GRANDE COUNCIL OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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 – November 2025 and the Texas Grant Management Standards.

Matching

The Council reported \$587,953 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 \$7,688 in-kind matching to the U.S. Department of Commerce for the Economic Development District Partnership Planning Program and \$21,444 to the State Energy Conservation Office Program.

Program Income

The Aging Cluster and National Family Caregiver Support generated program income in the amount of \$14,910 for the year ended September 30, 2025.

3. INDIRECT COST RATE

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

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

4. COMMISSION ON STATE EMERGENCY COMMUNICATIONS

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

5. RECONCILIATION

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

Total Federal and State Revenue per Exhibit I-1	\$	7,659,373
Grants not subject to single audit:		
Texas Water Development:		
Regional Water Planning		308,859
Regional Flood Planning		763,604
Total Intergovernmental Revenue and Grants per Exhibit C-3	\$	<u>8,731,836</u>