



Abilene, Texas

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024**

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Page Number</u>
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10 - 11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities	15
Notes to Financial Statements	16 – 33
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	34 – 35
Schedule of Employer Pension Contributions	36
Notes to the Schedule of Employer Pension Contributions	37
Schedule of Changes in Total OPEB Liability and Related Ratios	38 – 39
Supplemental Schedule:	
Schedule of Indirect Costs	40

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS (CONT.)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**Page
Number**

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41 - 42
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and Texas Grant Management Standards	43 - 44
Schedule of Expenditures of Federal and State Awards	45 - 48
Notes to Schedule of Expenditures of Federal and State Awards.....	49
Schedule of Findings and Questioned Costs.....	50
Summary Schedule of Prior Audit Findings.....	51

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Executive Committee
West Central Texas Council of Governments
Abilene, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, and each major fund of West Central Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Council as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The supplemental schedule as listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2025, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Council's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 25, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the West Central Texas Council of Governments (the Council), 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, 2024. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of the Council exceeded its assets and deferred outflows as of September 30, 2024, by \$572,980 (net position - deficit). Of this amount, \$1,445,989 is a deficit of unrestricted net position may be used to meet the Council's ongoing obligations.
- The Council's total net position increased overall by a total of \$1,018,748 primarily due to an increase in charges for services. The Council's primary revenue stream, federal and state grants, generally equals the related program expenses.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$2,104,149, a decrease of \$515,447. Of the total fund balance, approximately 82% is nonspendable, restricted, committed, or assigned to specific purposes, and 18% is available for spending at the Council's discretion (unassigned).
- As of September 30, 2024, the fund balance for the General Fund was \$768,770, a decrease of \$242,182 from prior year. This decrease primarily resulted from the Council using existing resources to pay off its line of credit, which began the year with a balance of \$510,200.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information to furnish in additional detail to support the basic financial statements themselves.

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 liabilities, 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 financial position of the Council is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related *cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences). The government-wide financial statements can be found immediately following this discussion and analysis.

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 essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance are accompanied by reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

The Council maintains two governmental funds: the General Fund and a Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Special Revenue funds.

The Council's Board approves a financial plan for revenue and expenditures in all funds. Although the financial plans are reviewed and approved by the Council's Board, they are not considered legally adopted annual budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

Notes to the Financial Statements - The notes provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents other schedules that further support the information in the financial statements. The other schedules can be found immediately following the notes to the financial statements.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Council, liabilities and deferred inflows exceeded its assets and deferred outflows of resources by \$572,980 at September 30, 2024.

At September 30, 2024, net position for the Council was a deficit of \$572,980 as compared to \$1,591,728 in 2023. A portion of the Council's net position (\$832,279) reflects its net investment in capital assets (e.g., land, buildings, vehicles, and equipment). The Council uses these assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

West Central Texas Council of Government's Net Position

	Governmental Activities	
	2024	2023
Current and other assets	\$ 4,745,420	\$ 4,554,393
Capital assets	<u>1,136,258</u>	<u>1,076,029</u>
Total assets	<u>5,881,678</u>	<u>5,630,422</u>
Deferred outflows of resources	<u>1,106,904</u>	<u>1,491,216</u>
Current liabilities	2,981,761	2,723,191
Noncurrent liabilities	<u>4,534,588</u>	<u>5,906,206</u>
Total liabilities	<u>7,516,349</u>	<u>8,629,397</u>
Deferred inflows of resources	<u>45,213</u>	<u>83,969</u>
Net position:		
Net investment in capital assets	832,279	820,827
Restricted for federal and state grants	40,730	-
Unrestricted	<u>(1,445,989)</u>	<u>(2,412,555)</u>
Total net position	<u>\$ (572,980)</u>	<u>\$ (1,591,728)</u>

- Current assets increased primarily due to increased grant funds received in advance.
- Capital assets increased slightly primarily due to the addition of right-of-use assets, offset by depreciation.
- Liabilities decreased significantly due to the Council's pension liability recognized for its participation in TCDRS. The decrease resulted from investment income experience by the plan that significantly decreased the liability, but do not affect the plan's liquidity.

West Central Texas Council of Governments' Changes in Net Position

The following table provides a summary of the Council's operations for the year ended September 30, 2024 compared to 2023. The Council's revenue increased by \$2,420,761 and the overall expenses increased by \$631,173, ending the fiscal year with an overall increase in net position of \$1,018,748.

	Governmental Activities	
	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ 4,590,199	\$ 3,082,085
Operating grants and contributions	8,705,926	7,833,315
General revenues:		
Membership dues	38,065	36,535
Unrestricted investment earnings	28,586	17,857
Miscellaneous	<u>40,900</u>	<u>13,123</u>
Total revenues	<u>13,403,676</u>	<u>10,982,915</u>
Expenses:		
General government	165,349	377,700
Area health education (AHEC)	289,711	463,224
9-1-1 emergency communications	3,349,258	2,489,688
Criminal justice	382,819	276,036
Homeland security	1,436,518	992,370
Community and economic development	385,147	151,947
Regional services/solid waste	536,660	270,491
Aging services	2,088,417	2,635,875
Community programs	225,365	398,683
Employer of record services	3,386,073	3,332,882
Other programs	113,408	311,405
Interest on debt	<u>26,203</u>	<u>53,454</u>
Total expenses	<u>12,384,928</u>	<u>11,753,755</u>
Change in net position	1,018,748	(770,840)
Net position, beginning	(1,591,728)	(1,989,894)
Prior period adjustment	<u>-</u>	<u>1,169,006</u>
Net position, ending	<u>\$ (572,980)</u>	<u>\$ (1,591,728)</u>

Revenues of governmental activities increased \$2,420,761 from the prior year due to several factors. This increase was primarily caused by increases related to charges for employer of record services and operating grant revenue relating to 9-1-1 emergency communication, homeland security, and regional services. Local membership dues, the Council's primary unrestricted revenue source, remained constant compared to prior years and approximated \$38,000.

Expenses of governmental activities increased by 5% in the current year, increasing from \$11,753,755 in the prior year to \$12,384,928 in the current year. Since the Council operates primarily from federal and state grants, grant funding closely parallel increases and decreases in grant expenditures for services. As previously mentioned, the change can be attributed primarily to fluctuations in the Council's level of grant funding, as well as the significant decrease in the Council's Net Pension Liability.

FINANCIAL ANALYSIS OF THE COUNCIL'S FUNDS

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As noted previously, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements imposed by grantors in particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose. As previously noted, the Council operates primarily from federal and state grants and therefore increases in expenses, closely parallel increases in grant funding.

As of September 30, 2024, the Council's governmental funds reported combined fund balances of \$2,104,149, a decrease of \$515,447 in comparison with the prior year. Of this amount, \$377,850 or 18% constitutes unassigned fund balance, which is available for spending at the Council's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned.

General Fund. The General Fund is the primary operating fund for the Council and is available for use at the Council's discretion. The fund balance at the end of the fiscal year was \$768,770, a decrease of \$242,182 or 24% from prior year fund balance. Revenue in the General Fund comes from membership dues, interest income on idle cash/investments, employer of record fees, and other contracts and local funds. These funds are essentially unrestricted but are used from time to time to help support programs and provide local matching to grant funds. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 56% of total General Fund expenditures, while total fund balance represents 68% of that same amount. As described previously, the decrease in fund balance resulted primarily from the Council paying off its line of credit payable down to a zero balance.

Special Revenue Fund. As previously noted, the Council operates primarily from federal and state grants and therefore, grant funding closely parallel increases and decreases in grant expenditures for services. The Council's primary areas of grant funding include aging, emergency communications, and homeland security. The Council also provides employer of record services to other governments throughout the state. A large portion of these programs are reimbursement-based, and thus are not expected to carry fund balance over time. During the current fiscal year, fund balance decreased by \$273,265 primarily due to spending down committed funds for use in the Council's programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Council's investment in capital and right to use assets for its governmental activities as of September 30, 2024, amounts to \$1,136,258 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment.

West Central Texas Council of Governments' Capital Assets at Year-end

	Governmental Activities	
	2024	2023
Land	\$ 174,500	\$ 174,500
Buildings and improvements	2,497,238	2,468,963
Furniture, equipment, and vehicles	116,460	2,003,553
Right to use - vehicles and equipment	205,789	117,769
Less: accumulated depreciation	<u>(1,857,729)</u>	<u>(3,688,756)</u>
Total capital assets	<u>\$ 1,136,258</u>	<u>\$ 1,076,029</u>

Significant transactions related to capital assets for the year related to the acquisition of 8 new vehicles through lease arrangements. The Council also disposed of obsolete 9-1-1 equipment removed from service.

Additional information on the Council's capital assets can be found in the notes to the financial statements.

Long-term Debt - At the end of the current fiscal year, the Council had total long-term debt outstanding of \$697,830.

	Long-term Debt	
	2024	2023
Governmental Activities:		
Notes payable	\$ 141,494	\$ 243,814
Line of credit	-	510,200
Leases	162,485	11,388
Compensated absences	<u>393,851</u>	<u>365,869</u>
Total	<u>\$ 697,830</u>	<u>\$ 1,131,271</u>

This long-term debt relates primarily to a note payable secured by the Council's administrative office building, as well as leases for equipment used in the Council's operations.

Significant transactions involving long-term debt included the incurrence of approximately \$206,000 in new vehicle leases to be paid over 3-5 years. Additionally, the Council paid off all outstanding balances on its line of credit, as seen in the table above.

Additional information on the Council's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S ANNUAL FINANCIAL PLAN

The Council is dependent on federal and state funding, which can vary widely from year to year. The federal economic condition and federal and state budget deficits can impact the reauthorization of funds available to local governments.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Council's Finance Department at 325-672-8544 or 3702 Loop 322, Abilene, TX 79602.

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**BASIC
FINANCIAL STATEMENTS**

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WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government	Component Unit
	Governmental Activities	West Central Texas Regional Foundation
ASSETS		
Cash and cash equivalents	\$ 2,025,561	\$ 17,783
Investments	-	65,139
Receivables:		
Grants	2,132,947	133,705
Notes	44,191	-
Other	239,159	-
Prepaid expenses	303,562	-
Capital assets:		
Land	174,500	-
Building and improvements, net	789,868	-
Furniture, equipment, and vehicles, net	9,406	-
Right-of-use assets, net	162,484	-
Total assets	<u>5,881,678</u>	<u>216,627</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related	29,403	-
Pension related	1,077,501	-
Total deferred outflows of resources	<u>1,106,904</u>	<u>-</u>
LIABILITIES		
Accounts payable	1,572,375	133,701
Accrued liabilities	207,919	-
Unearned revenue	816,786	-
Noncurrent liabilities:		
Due within one year:		
Compensated absences	214,818	-
Note payable	111,158	-
Leases payable	58,705	-
Due in more than one year:		
Compensated absences	179,033	-
Note payable	30,336	-
Lease payable	103,780	-
Net pension liability	3,825,951	-
Total OPEB liability	395,488	-
Total liabilities	<u>7,516,349</u>	<u>133,701</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB related	45,213	-
Total deferred inflows of resources	<u>45,213</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	832,279	-
Restricted for federal and state grants	40,730	-
Unrestricted	(1,445,989)	82,926
Total net position (deficit)	<u>\$ (572,980)</u>	<u>\$ 82,926</u>

The notes to the financial statements are an integral part of this statement.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions / Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Primary government:			
Governmental activities:			
General government	\$ 165,349	\$ -	\$ 165,349
Area health education (AHEC)	264,026	25,685	289,711
9-1-1 emergency communications	3,223,606	125,652	3,349,258
Criminal justice	327,700	55,119	382,819
Homeland security	1,320,441	116,077	1,436,518
Community and economic development	357,594	27,553	385,147
Regional services/solid waste	451,820	84,840	536,660
Aging services	1,844,519	243,898	2,088,417
Community programs	167,702	57,663	225,365
Employer of record services	3,386,073	-	3,386,073
Other programs	113,323	85	113,408
Indirect costs	736,572	(736,572)	-
Interest on debt	26,203	-	26,203
Total governmental activities	12,384,928	-	12,384,928
Total primary government	12,384,928	-	12,384,928
Component Unit:			
West Central Texas Regional Foundation	2,497,355	-	2,497,355
Total component unit	2,497,355	-	2,497,355
Total	\$ 14,882,283	\$ -	\$ 14,882,283

General revenues:
 Membership dues
 Unrestricted investment earnings
 Miscellaneous
 Total general revenues
 Change in net position
 Net position (deficit), beginning
 Net position (deficit), ending

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	Component Unit
Charges For Services	Operating Grants and Contributions	Governmental Activities	West Central Texas Regional Foundation
\$ 330,060	\$ -	\$ 164,711	\$ -
-	332,946	43,235	-
-	3,236,690	(112,568)	-
306,808	184,290	108,279	-
-	1,481,323	44,805	-
145,479	99,223	(140,445)	-
-	555,434	18,774	-
-	2,267,617	179,200	-
-	359,468	134,103	-
3,807,852	-	421,779	-
-	188,935	75,527	-
-	-	-	-
-	-	(26,203)	-
<u>4,590,199</u>	<u>8,705,926</u>	<u>911,197</u>	<u>-</u>
<u>4,590,199</u>	<u>8,705,926</u>	<u>911,197</u>	<u>-</u>
-	2,497,380	-	25
-	2,497,380	-	25
<u>\$ 4,590,199</u>	<u>\$ 11,203,306</u>	<u>-</u>	<u>25</u>
		38,065	-
		28,586	5,591
		40,900	-
		<u>107,551</u>	<u>5,591</u>
		1,018,748	5,616
		<u>(1,591,728)</u>	<u>77,310</u>
		<u>\$ (572,980)</u>	<u>\$ 82,926</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,157,624	\$ 867,937	\$ 2,025,561
Accounts receivable:			
Grants	125	2,132,822	2,132,947
Other	75,957	163,202	239,159
Due from other funds	-	463,951	463,951
Prepaid items	<u>109,461</u>	<u>194,101</u>	<u>303,562</u>
Total assets	<u>1,343,167</u>	<u>3,822,013</u>	<u>5,165,180</u>
LIABILITIES			
Accounts payable	14,161	1,558,214	1,572,375
Accrued liabilities	59,860	148,059	207,919
Due to other funds	463,951	-	463,951
Unearned revenue	<u>36,425</u>	<u>780,361</u>	<u>816,786</u>
Total liabilities	<u>574,397</u>	<u>2,486,634</u>	<u>3,061,031</u>
FUND BALANCE			
Nonspendable - prepaid items	109,461	194,101	303,562
Restricted for federal and state grants	-	40,730	40,730
Committed for economic development	-	784,008	784,008
Committed for housing finance	-	568,107	568,107
Assigned for program support	29,892	-	29,892
Unassigned	<u>629,417</u>	<u>(251,567)</u>	<u>377,850</u>
Total fund balances	<u>768,770</u>	<u>1,335,379</u>	<u>2,104,149</u>
Total liabilities and fund balances	<u>\$ 1,343,167</u>	<u>\$ 3,822,013</u>	<u>\$ 5,165,180</u>

The notes to the financial statements are an integral part of this statement.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2024

Total fund balances - governmental funds balance sheet	\$ 2,104,149
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	174,500
Building	789,868
Furniture, fixtures and equipment	9,406
Right to use - vehicles and equipment	162,484

Notes receivable reported in governmental activities are not reported in the funds.	44,191
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Notes payable	(141,494)
Leases payable	(162,485)
Compensated absences	(393,851)

Included in the items related to pensions and OPEB are the recognition of the Council's Net Pension Liability, Total OPEB Liability and the related deferred outflows and deferred inflows of resources.

Net Pension Liability	(3,825,951)
Total OPEB Liability	(395,488)
Deferred outflows related to pensions and OPEB	1,106,904
Deferred inflows related to pensions and OPEB	<u>(45,213)</u>

Net position (deficit) of governmental activities	<u>\$ (572,980)</u>
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WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Special Revenue	Total Governmental Funds
REVENUES			
Federal grants	\$ -	\$ 4,154,633	\$ 4,154,633
State grants	-	4,466,462	4,466,462
Local funds	819,746	3,974,148	4,793,894
Total revenues	<u>819,746</u>	<u>12,595,243</u>	<u>13,414,989</u>
EXPENDITURES			
Current:			
General government	138,892	5,146	144,038
Area health education	-	334,859	334,859
9-1-1 emergency communications	-	3,422,076	3,422,076
Criminal justice	150,514	254,180	404,694
Homeland security	-	1,474,501	1,474,501
Community and economic development	-	397,434	397,434
Regional services/solid waste	-	555,439	555,439
Aging	-	2,216,072	2,216,072
Community programs	-	335,839	335,839
Employer of record services	-	3,807,790	3,807,790
Other programs	105,797	10,207	116,004
Debt Service:			
Principal	682,259	54,953	737,212
Interest	26,191	12	26,203
Capital outlay	28,275	205,789	234,064
Total expenditures	<u>1,131,928</u>	<u>13,074,297</u>	<u>14,206,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(312,182)	(479,054)	(791,236)
OTHER FINANCING SOURCES			
Line of credit proceeds	70,000	-	70,000
Leases issued	-	205,789	205,789
Total other financing sources	<u>70,000</u>	<u>205,789</u>	<u>275,789</u>
NET CHANGE IN FUND BALANCES	(242,182)	(273,265)	(515,447)
FUND BALANCES, BEGINNING	<u>1,010,952</u>	<u>1,608,644</u>	<u>2,619,596</u>
FUND BALANCES, ENDING	<u>\$ 768,770</u>	<u>\$ 1,335,379</u>	<u>\$ 2,104,149</u>

The notes to the financial statements are
an integral part of this statement.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds: \$ (515,447)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	234,064
Depreciation expense	(173,835)

Principal payments on long-term debt reduces current financial resources in governmental funds, but does not have any effect on net position.

Issuance of debt	(275,789)
Principal payments on debt	737,212

Long-term notes receivable are not current financial resources and, therefore, are not reported in the funds. Payments received on notes receivable are reported as revenue in the funds, but reduce the note receivable in the Statement of Activities.

13,687

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(27,982)
OPEB expense	5,900
Pension expense	<u>1,020,938</u>

Change in net position of governmental activities \$ 1,018,748

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WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Central Texas Council of Governments (the "Council" or WCTCOG) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies and practices used by the Council.

The West Central Texas Council of Governments is a voluntary association of cities, counties, school districts, and special districts within the nineteen-county West Central Texas region. The Council was established in 1966 to assist local government in planning common needs, cooperating for mutual benefit, and coordinating for sound regional development. WCTCOG is a political subdivision of the State of Texas under Article 391 of the Texas Local Government Code. The basic operations of the Council are financed by membership dues and by financial assistance provided by federal and state grants, and other local funds.

Membership in the WCTCOG is voluntary. Any county, city, or special purpose district within the West Central Texas region may become a member of the independent association by passing a resolution to join the Council and paying annual dues. Each member government is entitled to have one voting representative on the Council's Board of Directors which is the Council's governing board. Each year the Board of Directors elects a sixteen (16) member Executive Committee which is the policy making and oversight body of the Council.

Reporting Entity

The Council's basic financial statements include the accounts of all its operations. The Council meets the criteria of a primary government and is not a component unit of any reporting entity. The Council evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Council's reporting entity include whether:

- the organization is legally separate (can sue or be sued in its name)
- the Council holds the corporate powers of the organization
- the Council appoints a voting majority of the organization's board
- the Council is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Council
- there is fiscal dependency by the organization on the Council
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on these criteria, the Council has three component units, which are individually described below.

The **West Central Texas Economic Development District** (WCTEDD) is the grantee of funds for economic development and the Council is the operational arm for purposes of planning, service delivery, fiscal and staffing functions as they relate to the activities of WCTEDD. WCTEDD is listed as the grant recipient for any grants WCTEDD receives and is responsible for any match requirements required by the granting agency. Although WCTEDD is legally separate from the Council, the authority is reported as if it were part of the primary government as a blended component unit, because the Council's Executive Committee substantially serves as WCTEDD's governing board. Separately issued financial statements are not prepared.

The **West Central Texas Housing Finance Corporation** (WCTHFC) is a not-for-profit organization created under the provisions of the Texas Affordable Housing Act. WCTHFC was established to promote affordable housing in the WCTCOG region. WCTHFC is governed by a 5-member board of directors that are all members of the Council's board of directors. Additionally, the Council serves as WCTHFC's fiscal agent and controls the assets of WCTHFC. Thus, WCTHFC has been included within the Special Revenue Fund as a blended component unit. Separately issued financial statements are not prepared.

The **West Central Texas Regional Foundation** (WCTRF) is a not-for-profit organization operating with 501(c)3 status. WCTRF was created to obtain and manage grant funding to the benefit of citizens within the WCTCOG region. WCTRF is funded primarily from grants from the U.S. Department of Veterans Affairs and is subject to a Federal Single Audit each year. WCTRF operates under a management agreement with the Council, whereby the Council serves as fiscal agent and administers all day-to-day operations, ensures grant compliance, and controls WCTRF's assets. The Council also serves as the employer of record for all WCTRF employees. Based on this relationship, the Council has effectively assumed responsibility for operating WCTRF, and management believes that the Council's financial statements could be misleading if WCTRF is excluded. As such, it has been included as a discretely presented component unit in the government-wide financial statements. Separately issued financial statements can be obtained from the Federal Audit Clearinghouse or by contacting the Council's finance department at 3702 Loop 322, Abilene, TX 79602.

Financial Statement Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Government activities generally are financed through memberships, federal, state, and local grants and other miscellaneous transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*.

Certain eliminations have been made regarding interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. The Council does not have any proprietary funds.

Fund Financial Statements: The fund financial statements provide information about the Council's funds with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column.

The Council reports the following governmental funds:

General Fund: This is the Council's primary operating fund and is considered a major fund. It accounts for all financial resources of the Council except those accounted for in another fund. Fund balances are considered resources available for current operations.

Special Revenue Fund: Used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal, state, and local financial assistance generally is accounted for in a special revenue fund. Normally, unused balances are returned to the grantor at the close of specified project periods.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. The major sources of revenue are federal and state grants, member government dues, local contributed cash, contributed services, and other revenue as discussed below:

Federal and State Grant Revenues

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

Member Government Dues

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

Employer of Record Services

The Council serves as employer of record for the following entities: Workforce Solutions Central Texas, Workforce Solutions North Texas Board and Workforce Solutions Southeast Texas Board. Under these arrangements, the Council serves as the employer of record for the employees of those entities, providing all services related to payroll and human resources, and pays all costs related to benefits, insurance, and taxes. The Council charges the entities on a direct-reimbursement basis with an added administrative fee.

Local Contributed Cash

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

Other Revenues

Other revenues are composed primarily of interest and miscellaneous charges for services. Interest income is recorded as earned. Miscellaneous charges for services are recorded as revenue when received in cash because they are generally not measurable until actually received.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The Council considered all revenues reported in the governmental funds to be available if the revenues are collected within 120 days after year-end. Revenues received from Federal and State grants are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisition under capital leases are reported as other financing sources.

When the Council incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Council's policy to use restricted resources first, then unrestricted resources.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Cash and cash equivalents in the Council's financial statements include amounts in demand deposits and external investment pools. Interest earned is based on the amount of funds invested.

State statutes authorize the Council to invest in obligations of the United States, its agencies, certificates of deposits with banks and savings and local associations, banker's acceptances, commercial paper, mutual funds, investment pools and repurchase agreements with underlying collateral of government securities. External investment pools are recorded at amortized cost. All other investments for the Council are reported at fair value.

Grants Receivable

Grants receivable represent amounts due from federal and state agencies 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, 2024.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The Council uses the consumption method to account for prepaid items, whereby amounts are expensed when goods or services are consumed, rather than when paid.

Notes Receivable

The Council received funding from the U.S. Department of Agriculture to form a revolving loan fund to assist small and emerging businesses in rural areas to retain employment or create employment. A loan committee determines the rate and term of the loan. At September 30, 2024, all notes receivable are considered fully collectible, and accordingly no allowance for uncollectible accounts has been recorded.

Capital Assets

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

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

Asset Description	Years
Buildings	25
Building improvements	15
Vehicles	5
Office equipment	5
Computer equipment	5
Right-to-use lease asset	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual economic experience for the Council's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council has the following items that qualify for reporting in this category:

- Difference in expected and actual economic experience for the Council's pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

Leases

The Council has entered into various lease agreements as a lessee. Key estimates and judgments related to leases include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Council uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the Council generally uses its estimated incremental borrowing rate as the discount rate for leases.

The Council monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee

The Council is a lessee for noncancellable leases of equipment and vehicles. The Council recognizes a lease liability and an intangible right - to - use lease asset (lease asset) in the government - wide financial statements. At the commencement of a lease, the Council initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight - line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long - term debt on the statement of net position.

Fund Balance

Fund balance classifications are: nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund is the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Council classifies governmental fund balances as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes determined by a formal action of the Board of Directors, the Council's highest level of decision-making authority. A commitment of funds requires the passage of a resolution by a simple majority vote. Governing action to commit fund balance must occur within the fiscal reporting period, no later than September 30th of the applicable fiscal year. If the actual amount of the commitment is not available by September 30th, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment.

- Assigned: This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Net Position

For government-wide statements, net position is displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of the "restricted" or "net investment in capital assets".

Employee Benefits

WCTCOG provides various benefits to regular employees including medical and dental insurance coverage, disability benefits, life insurance, retirement, vacation, personal leave, and other released times. In addition, the Council is covered under the Texas Workforce Compensation Insurance program and Texas Unemployment Compensation Insurance program for which the Council pays the premiums.

Vacation Leave

Regular employees are not eligible for vacation leave until they have completed 90 days of continuous employment with the Council. Upon completion of the initial 90-day probationary employment period, regular full-time employees are credited with two and one-half days of vacation leave. Regular full-time employees are credited with a proportional amount of vacation leave based upon the amount of time worked to a 40-hour work week. During the remainder of the first year of employment, regular full-time employees accrue vacation leave at the rate of 5/6th of a day per month for a total of 10 vacation days after 12 months of employment. The accrual rate of vacation leave for regular full-time employees will increase at the rate of one additional day per year for every two years of continuous employment. Upon completion of 12 years of service and for each year thereafter, an employee will accrue 20 days of vacation leave annually. The maximum amount of vacation leave allowed to be accumulated is the amount an employee may accrue in two years, based upon current length of service. The liability for accumulated vacation has been recorded under compensated absences in the statement of net position.

Personal Leave

WCTCOG's personal leave policy permits regular full-time employees to accumulate 15 personal days per year up to a maximum of 60 days. Regular full-time employees accumulate personal days based upon proportion of time worked to a 40-hour work week. Employees are not paid for unused personal days upon termination of employment. Accordingly, personal leave pay is charged to expenditures when taken. No provision has been made in the financial statements for unused personal leave.

Other Benefits

Section 125 Flexible Benefits Plan – All Council staff are eligible to participate in the flexible benefits plan. The plan is a means whereby staff, at their option, may take a voluntary reduction of gross income by a pre-determined amount which is placed in an account. The employee is reimbursed for allowable employee paid medical, dental or group life insurance premiums, unreimbursed medical expenses, and/or childcare costs. There is no material liability to the Council; therefore, no provision has been made in the financial statements.

Section 457(b) Deferred Compensation Plan – All Council staff are eligible to participate in the Nationwide Retirement Solutions deferred compensation plan. The plan is a means whereby staff, at their option, may take a voluntary reduction of gross income by a predetermined amount which is deferred into a retirement arrangement for them with certain limits. There is no liability to the Council; therefore, no provision had been made in the financial statements.

Indirect Costs Allocation

General administrative costs are recorded in cost pools. The costs are partially recovered from special revenue funds based on negotiated indirect rates with the U.S. Department of Interior, which is the Council's designated cognizant agency for the negotiation and approval of indirect rates for use of federal and state grants. Indirect costs are defined by the U.S. Office of Management and Budget as costs "(a) incurred for a common or joint purpose benefiting more than one costs objective, and (b) not readily achieved." The Council uses a provisional and final rate structure. The rates are submitted with the cognizant agency annually based on projected costs submitted on a cost allocation plan. The negotiated rates approved are used for billing purposes. Indirect costs are included in the program expenses for individual activities in the statement of activities.

Use of Estimates

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

Budgetary Information

The Council's financial plan is controlled at the fund and project level with management authorized to make transfers of budgeted amounts between object class levels within a fund or project, within restrictions imposed by grantor agencies. The Board approves the financial plan for revenue and expenditures in all funds. The financial plan for the Special Revenue Fund is made on a project (grant) basis, spanning more than one year. Appropriations for all projects in the Special Revenue Fund lapse at the end of a contract period which may not coincide with the fiscal year-end of the Council. The appropriations for the General Fund lapse at the fiscal year-end. Although the financial plans are reviewed and approved by the Council's Board, they are not considered legally adopted annual budgets or appropriations. Accordingly, comprehensive budget and actual results are not presented in this report.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash Deposits

At September 30, 2024, the carrying amount of the Council's deposits (cash, and interest-bearing savings accounts included in cash and cash equivalents) all of which mature in less than one year was \$2,025,561. The Council's cash deposits at September 30, 2024, and during the year ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the Council's agent bank in the Council's name.

Custodial Credit Risk

The Council's funds are required to be deposited and invested under the terms of the depository contract. The depository bank deposits for safekeeping and trust with the Council's agent bank approved pledged securities in an amount sufficient to protect Council funds on a daily 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.

Interest Rate Risk

In accordance with its investment policy, the Council manages its exposure to declines in fair value by limiting the maximum allowable maturity to one year, unless otherwise provided in a specific investment strategy that complies with current law.

Credit Risk

State law and Council policy limits investments in public funds investment pools to those rated no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. Additional authorized investments are consistent with governing law (Government Code 2256).

Concentration of Credit Risk

The Council's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. The Public Funds Investment Act (the "Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Council adhered to the requirements of the Act. Additionally, investment practices of the Council were in accordance with local policies.

Investment Accounting Policy

The Council's general policy is to report money market investments and short-term participating interest earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists that guarantees a higher value. The term "short-term" refers to investments that have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

As of September 30, 2024, the Council was invested in TexPool in the amount of \$14,537. TexPool is reported at the net asset value per share of the pool's underlying portfolio, which approximates fair value.

NOTE 3: RECEIVABLES

Accounts Receivable

Accounts receivable primarily consist of receivables from federal and state agencies for grants, and from other governments for whom the Council provides employer of record services. Other receivables primarily consist of vendor refunds and other local revenues sources. Based on historical experience, management considers the entire balances to be collectable, and thus no allowance for doubtful accounts has been recorded.

Notes Receivable

The Council has issued notes receivable to businesses in the region as part of its revolving loan program. The notes generally were issued to finance the starting or expansion of those businesses, and the notes are secured by any equipment or property purchased with the proceeds. Interest rates range from 5.25% to 6.00%. As of September 30, 2024, two notes were outstanding with a total reported value of \$44,191.

NOTE 4: CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 174,500	\$ -	\$ -	\$ 174,500
Total capital assets, not being depreciated	<u>174,500</u>	<u>-</u>	<u>-</u>	<u>174,500</u>
Capital assets, being depreciated:				
Buildings and improvements	2,468,963	28,275	-	2,497,238
Furniture, equipment and vehicles	2,003,553	-	(1,887,093)	116,460
Right to use - vehicles	<u>117,769</u>	<u>205,789</u>	<u>(117,769)</u>	<u>205,789</u>
Total capital assets, being depreciated	<u>4,590,285</u>	<u>234,064</u>	<u>(2,004,862)</u>	<u>2,819,487</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,593,597)	(113,773)	-	(1,707,370)
Furniture, equipment and vehicles	(1,988,686)	(5,461)	1,887,093	(107,054)
Right to use - vehicles	<u>(106,473)</u>	<u>(54,601)</u>	<u>117,769</u>	<u>(43,305)</u>
Total accumulated depreciation	<u>(3,688,756)</u>	<u>(173,835)</u>	<u>2,004,862</u>	<u>(1,857,729)</u>
Capital assets, being depreciated, net	<u>901,529</u>	<u>60,229</u>	<u>-</u>	<u>961,758</u>
Total capital assets, net	<u>\$ 1,076,029</u>	<u>\$ 60,229</u>	<u>\$ -</u>	<u>\$ 1,136,258</u>

Depreciation was charged to the functions of governmental activities as follows:

General government	\$ 165,874
9-1-1 emergency communications	2,995
Homeland security	2,271
Aging	<u>2,695</u>
Total depreciation expense	<u>\$ 173,835</u>

NOTE 5: INTERFUND BALANCES

As of September 30, 2024, the General Fund reported a balance of \$463,951 due to the Special Revenue Fund. This balance arose from a loan of residual unrestricted funds to support short-term cash flow in advance of grant reimbursements being received.

NOTE 6: LONG-TERM DEBT

Long-term debt includes a note payable and several leases payable. Changes in long-term debt for the year ended September 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in One Year
Governmental activities:					
Notes payable - direct borrowing	\$ 243,814	\$ -	\$ (102,320)	\$ 141,494	\$ 111,158
Leases payable - direct borrowing	11,388	205,789	(54,692)	162,485	58,705
Line of credit - direct borrowing	510,200	70,000	(580,200)	-	-
Compensated absences	<u>365,869</u>	<u>272,676</u>	<u>(244,694)</u>	<u>393,851</u>	<u>214,818</u>
Total	<u>\$ 1,131,271</u>	<u>\$ 548,465</u>	<u>\$ (981,906)</u>	<u>\$ 697,830</u>	<u>\$ 384,681</u>

Note Payable

The Council has a note payable that financed the purchase of its office building. It is a direct borrowing that is secured by the building. The note is paid in monthly installments of \$10,738 including interest at 3.25%, and the final payment is due November 2025.

Maturities of the note payable obligation are as follows:

Year Ending September 30,	Governmental Activities		Total
	Principal	Interest	Requirements
2025	\$ 111,158	\$ 2,684	\$ 113,842
2026	30,336	80	30,416
Totals	<u>\$ 141,494</u>	<u>\$ 2,764</u>	<u>\$ 144,258</u>

Leases Payable

The Council has entered into several leases used in operations. All the leases are direct borrowings.

The Council has 13 vehicle leases, payable in monthly installments ranging from \$382 to \$1,005, including interest at an imputed rate of 0.55%. During fiscal year 2024, the Council entered into 8 of these leases with a total recognized value of \$162,135. These leases mature in fiscal years 2025 through 2029.

The Council has two copier leases and one postage machine lease, payable in monthly installments ranging from \$187 to \$294 including interest ranging from 0.55% to 1%. During fiscal year 2024, the Council entered into two new copier leases and renewed its postage machine lease for a total recognized value of \$43,654.

Future maturities of the leases are as follows:

Year Ending September 30,	Governmental Activities		Total
	Principal	Interest	Requirements
2025	\$ 58,705	\$ 3,426	\$ 62,131
2026	49,560	2,648	52,208
2027	34,381	1,820	36,201
2028	18,075	938	19,013
2029	1,764	-	1,764
Totals	<u>\$ 162,485</u>	<u>\$ 8,832</u>	<u>\$ 171,317</u>

Line of Credit Payable

The Council has a \$600,000 line of credit with a financial institution. Outstanding borrowings under the line-of-credit are unsecured and bear a variable interest rate. The Council uses the line of credit to finance general operations during periods of uneven collection of grants receivable.

The line was originally scheduled to mature September 29, 2023, but has been extended multiple times; the most recent extension was signed in August 2024 that extended the maturity date to August 15, 2025. Based on historical experience, management expects that the Council will continue to be able to refinance the line.

As of September 30, 2024, the Council owed \$0 under the line of credit, and the unused amount was \$600,000.

NOTE 7: RISK MANAGEMENT AND UNCERTAINTIES

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

NOTE 8: DEFINED BENEFIT PENSION PLAN

Plan Description

The Council provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 870 non-traditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available on written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034, or by calling (800) 823-7782. TCDRS’s ACFR is also available at www.tcdrs.org.

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

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

Benefits Provided

At retirement, the employee’s account balance is combined with employer matching and converted into a lifetime monthly benefit. Employees receive a month of service for each month that they make a deposit into their account. Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 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. Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

Employee deposit rate	7%
Matching ratio (Council to employee)	200%
Years required for vesting	10
Service retirement eligibility	75 years of age + service 30 years of service at any age

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

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	147
Active employees	<u>78</u>
	<u><u>320</u></u>

Contributions

The Council has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer, based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. Employees for the Council were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Council were 19.17% and 20.99% in calendar years 2023 and 2024, respectively. The Council's contributions to TCDRS for the year ended September 30, 2024, were \$1,139,528, and were equal to the required contributions.

Net Pension Liability

The net pension liability (NPL) is the difference between the total pension liability (TPL) and the plan's fiduciary net position. The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The fiduciary net position is determined on the same basis used by the pension plans. The Council's NPL was measured as of December 31, 2023, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of actuarial experience studies. The experience study was for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB 68.

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

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. The mortality rates for depositing members, service retirees, beneficiaries and non-depositing members, and disabled retirees are shown below:

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.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The valuation assumption for the long-term expected return is reassessed at a minimum of every four years and is set based on a long-term time horizon. The most recent analysis was performed in March 2021.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	<u>2.00%</u>	0.60%
		<u>100.00%</u>	

⁽¹⁾ Target asset allocation adopted at the March 2024 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 2024 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.

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 rates specified in the statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	\$ 44,565,225	\$ 39,333,279	\$ 5,231,946
Changes for the year:			
Service cost	612,388	-	612,388
Interest on total pension liability ⁽¹⁾	3,347,675	-	3,347,675
Effect on plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or loss	163,898	-	163,898
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(82,265)	(82,265)	-
Benefit payments	(2,218,374)	(2,218,374)	-
Administrative expenses	-	(22,225)	22,225
Member contributions	-	341,564	(341,564)
Net investment income	-	4,312,622	(4,312,622)
Employer contributions	-	935,024	(935,024)
Other ⁽³⁾	-	(37,029)	37,029
Balance at 12/31/2023	<u>\$ 46,388,547</u>	<u>\$ 42,562,596</u>	<u>\$ 3,825,951</u>

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

⁽²⁾ No plan changes valued.

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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the Council calculated using the discount rate of 7.60% as well as what the Council net pension liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 51,924,128	\$ 46,388,547	\$ 41,694,442
Fiduciary net position	<u>42,562,596</u>	<u>42,562,596</u>	<u>42,562,596</u>
Net Pension Liability/(Asset)	<u>\$ 9,361,532</u>	<u>\$ 3,825,951</u>	<u>\$ (868,154)</u>

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

For the year ended September 30, 2024, the Council recognized pension expense of \$118,588. As of September 30, 2024, the Council reported deferred outflows related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 81,949
Net difference between projected and actual investment earnings	110,581
Contributions made subsequent to the measurement date	<u>884,971</u>
Total	<u>\$ 1,077,501</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$884,971 will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Remaining net deferred outflows (inflows) of resources related to pensions totaling \$192,530 will be recognized as shown below:

Year Ended September 30,	
2025	\$ (229,596)
2026	(161,943)
2027	856,810
2028	(272,741)

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Council participates in a statewide, agent multiple-employer defined benefit OPEB plan operated by TCDRS. This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group-term life insurance coverage to current eligible employees, and if elected, to retired employees. Retired employees are insured for \$5,000. The GTLF does not meet the requirements to be defined as a trust under GASB 75.

Contributions

The Council contributes to the plan based on an actuarially determined rate as a percentage of covered payroll. The Council’s contribution rates for retirees were 0.17% and 0.20% for calendar years 2023 and 2024, respectively. Employees are not required to contribute to the plan. The Council’s contributions for the year ended September 30, 2024, were \$18,295 for both active and retiree coverage, and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>78</u>
	<u>210</u>

Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for GTL benefits.

Actuarial Assumptions

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

Discount rate	3.26%
Long-term expected rate of return, net of investment expense	Does not apply
Municipal bond rate	3.26%

Actuarial assumptions used in the December 31, 2023, valuation was based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2017, through December 31, 2020, first used in the December 31, 2022, valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2017 through 2020 and dated December 31, 2023. Assumptions are reviewed annually. No additional changes were made for the 2023 valuation.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 3.26%. The discount rate was based on the Fidelity Index's "20-Year Bond GO Index" rate as of December 31, 2023. Due to the GTL being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2022	\$ 361,887
Changes for the year:	
Service cost	3,731
Interest on total OPEB liability	13,448
Differences between expected and actual experience	(4,844)
Changes in assumptions or other inputs	29,561
Benefit payments	(8,295)
Balance at 12/31/2023	<u>\$ 395,488</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Council calculated using the discount rate of 3.26% as well as what the Council's total OPEB liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease 2.26%	Current Discount Rate 3.26%	1% Increase 4.26%
Total OPEB liability	\$ 472,968	\$ 395,488	\$ 335,209

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended September 30, 2024, the Council recognized OPEB expense of \$4,792. The Council reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,264	\$ 3,229
Changes of assumptions	19,707	41,984
Contributions subsequent to the measurement date	<u>8,432</u>	<u>-</u>
Total	<u>\$ 29,403</u>	<u>\$ 45,213</u>

Deferred outflows of resources related to contributions subsequent to measurement date of \$8,432 will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	
2025	\$ (32,481)
2026	8,239

NOTE 10: HEALTHCARE COVERAGE

During the year ended September 30, 2024, employees of the Council were covered by a health insurance plan (the Plan). The Council paid premiums of \$829 per month per employee to the Plan as well as an additional \$271 per month per employee to an HRA plan to fund 50% of employee and dependent deductibles. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. Employees retiring from the Council may, at their option, continue health benefits coverage with the Plan. However, premiums are solely the responsibility of the retiree.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Contingencies

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

Federal and State Grants

In the normal course of operations, the Council receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 12: TRANSACTIONS WITH PRIMARY GOVERNMENT

As described in Note 1, the Council serves as fiscal agent and employer of record for WCTRF, the discretely presented component unit. Substantially all of WCTRF's expenses are paid by the Council and reimbursed with a transfer from WCTRF funds. For the year ended September 30, 2024, WCTRF's expenses were \$2,497,355, including approximately \$1,052,799 of payroll costs and the Council's management fee of \$199,657. The fees charged by the Council in excess of actual costs are set in contract approved by both entities' boards.

NOTE 13: FORTHCOMING ACCOUNTING STANDARDS

Significant new accounting standards issued by the GASB not yet implemented by the Council include the following:

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this Statement is to improve 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 and address certain application issues. The requirements for Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement date December 31,	2023	2022	2021
Total Pension Liability			
Service Cost	\$ 612,388	\$ 647,407	\$ 967,099
Interest total pension liability	3,347,675	3,208,532	3,174,767
Effect of plan changes	-	-	(465,516)
Effect of assumption changes or inputs	-	-	(239,975)
Effect of economic/demographic (gains) or losses	163,898	197,468	(652,615)
Benefit payments, including refunds of contributions	<u>(2,300,639)</u>	<u>(2,078,551)</u>	<u>(1,963,143)</u>
Net change in Total Pension Liability	1,823,322	1,974,856	820,617
Total Pension Liability - beginning	<u>44,565,225</u>	<u>42,590,369</u>	<u>41,769,752</u>
Total Pension Liability - ending (a)	<u>\$ 46,388,547</u>	<u>\$ 44,565,225</u>	<u>\$ 42,590,369</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 935,024	\$ 734,870	\$ 1,021,238
Member contributions	341,564	293,486	366,223
Investment income, net of investment expenses	4,312,622	(2,428,032)	7,789,150
Benefit payments, including refunds of contributions	(2,300,639)	(2,078,551)	(1,963,143)
Administrative expenses	(22,225)	(23,050)	(23,235)
Other	<u>(37,029)</u>	<u>(111,969)</u>	<u>(6,460)</u>
Net change in plan fiduciary net position	3,229,317	(3,613,246)	7,183,773
Plan fiduciary net position - beginning	<u>39,333,279</u>	<u>42,946,525</u>	<u>35,762,752</u>
Plan fiduciary net position - ending (b)	<u>\$ 42,562,596</u>	<u>\$ 39,333,279</u>	<u>\$ 42,946,525</u>
Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ 3,825,951</u>	<u>\$ 5,231,946</u>	<u>\$ (356,156)</u>
Fiduciary net position as a percentage of Total Pension Liability/(Asset)	92%	88%	101%
Pensionable covered payroll	\$ 4,879,489	\$ 4,192,658	\$ 5,231,761
Net Pension Liability/(Asset) as a percentage of covered payroll	78%	125%	(7)%

2020	2019	2018	2017	2016	2015	2014
\$ 819,902	\$ 864,570	\$ 835,618	\$ 908,744	\$ 897,578	\$ 861,870	\$ 892,741
3,011,728	2,876,354	2,703,937	2,506,097	2,295,319	2,143,587	1,978,485
-	-	-	-	-	(129,053)	-
2,164,965	-	-	275,900	-	378,260	-
347,285	(248,419)	169,898	224,450	157,921	(192,714)	88,855
<u>(1,836,348)</u>	<u>(1,719,041)</u>	<u>(1,504,744)</u>	<u>(1,298,448)</u>	<u>(1,139,274)</u>	<u>(1,030,927)</u>	<u>(1,026,815)</u>
4,507,532	1,773,464	2,204,709	2,616,743	2,211,544	2,031,023	1,933,266
<u>37,262,220</u>	<u>35,488,755</u>	<u>33,284,047</u>	<u>30,667,305</u>	<u>28,455,761</u>	<u>26,424,737</u>	<u>24,491,472</u>
<u>\$ 41,769,752</u>	<u>\$ 37,262,219</u>	<u>\$ 35,488,756</u>	<u>\$ 33,284,048</u>	<u>\$ 30,667,305</u>	<u>\$ 28,455,760</u>	<u>\$ 26,424,738</u>
\$ 1,052,253	\$ 921,118	\$ 847,615	\$ 841,819	\$ 727,928	\$ 717,291	\$ 700,228
389,042	368,792	364,246	373,476	368,972	373,589	369,096
3,388,098	4,693,097	(551,900)	3,763,090	1,773,067	(306,562)	1,514,551
(1,836,348)	(1,719,041)	(1,504,744)	(1,298,448)	(1,139,274)	(1,030,927)	(1,026,815)
(26,168)	(24,998)	(22,952)	(19,585)	(19,272)	(17,322)	(18,031)
<u>(8,439)</u>	<u>(10,122)</u>	<u>(5,768)</u>	<u>(1,299)</u>	<u>107,140</u>	<u>49,660</u>	<u>18,056</u>
2,958,438	4,228,846	(873,503)	3,659,053	1,818,561	(214,271)	1,557,085
<u>32,804,314</u>	<u>28,575,468</u>	<u>29,448,971</u>	<u>25,789,918</u>	<u>23,971,358</u>	<u>24,185,628</u>	<u>22,628,544</u>
<u>\$ 35,762,752</u>	<u>\$ 32,804,314</u>	<u>\$ 28,575,468</u>	<u>\$ 29,448,971</u>	<u>\$ 25,789,919</u>	<u>\$ 23,971,357</u>	<u>\$ 24,185,629</u>
<u>\$ 6,007,000</u>	<u>\$ 4,457,905</u>	<u>\$ 6,913,288</u>	<u>\$ 3,835,077</u>	<u>\$ 4,877,386</u>	<u>\$ 4,484,403</u>	<u>\$ 2,239,109</u>
86%	88%	81%	88%	84%	84%	92%
\$ 5,557,749	\$ 5,268,451	\$ 5,203,508	\$ 5,335,368	\$ 5,271,024	\$ 5,336,991	\$ 5,272,795
108%	85%	133%	72%	93%	84%	42%

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽¹⁾	Actual Contribution as a % of Covered Payroll
2015	\$ 717,291	\$ 717,291	\$ -	\$ 5,336,991	13.4%
2016	727,928	727,928	-	5,271,024	13.8%
2017	839,253	841,819	(2,566)	5,335,368	15.8%
2018	847,615	847,615	-	5,203,508	16.3%
2019	921,118	921,118	-	5,268,451	17.5%
2020	1,050,970	1,052,253	(1,283)	5,557,749	18.9%
2021	1,021,238	1,021,238	-	5,231,761	19.5%
2022	728,684	734,870	(6,186)	4,192,658	17.5%
2023	935,024	935,024	-	4,879,489	19.2%
2024	1,139,528	1,139,528	-	5,544,048	20.6%

Notes:

(1) Payroll is calculated based on contributions as reported to TCDRS.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17.2 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.5%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.5%, 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*	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*	2022: Employer contributions reflect that the current service matching rate was decreased to 200%.

* Only changes effective 2019 and later are shown in the Notes to Schedule.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND
RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement date December 31,	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 3,731	\$ 6,936	\$ 10,285
Interest on total OPEB liability	13,448	9,830	9,547
Effect of assumption changes or inputs	29,561	(125,953)	7,211
Effect of economic/demographic (gains) or losses	(4,844)	3,792	9,726
Benefit payments, including refunds of contributions	<u>(8,295)</u>	<u>(5,870)</u>	<u>(7,324)</u>
Net change in Total OPEB Liability	33,601	(111,265)	29,445
Total OPEB Liability - beginning	<u>361,887</u>	<u>473,152</u>	<u>443,707</u>
Total OPEB Liability - ending (a)	<u>\$ 395,488</u>	<u>\$ 361,887</u>	<u>\$ 473,152</u>
Covered payroll	\$ 4,879,489	\$ 4,192,658	\$ 5,231,761
Total OPEB Liability as a percentage of covered payroll	8.1%	8.6%	9.0%

* A full 10-year schedule will be displayed as it becomes available.

2020	2019	2018	2017
\$ 8,221	\$ 6,085	\$ 7,125	\$ 7,530
10,381	11,495	10,499	10,208
49,304	80,260	(34,334)	12,980
8,495	5,321	(281)	11,399
<u>(6,669)</u>	<u>(6,849)</u>	<u>(6,765)</u>	<u>(6,402)</u>
69,732	96,312	(23,756)	35,715
<u>373,975</u>	<u>277,663</u>	<u>301,419</u>	<u>265,704</u>
<u>\$ 443,707</u>	<u>\$ 373,975</u>	<u>\$ 277,663</u>	<u>\$ 301,419</u>
\$ 5,557,749	\$ 5,268,451	\$ 5,203,508	\$ 5,335,368
8.0%	7.1%	5.3%	5.6%

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SUPPLEMENTAL SCHEDULES

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINAL INDIRECT COST RATE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

INDIRECT COSTS

Salaries and wages	\$ 424,541
Fringe benefits	195,286
Audit	54,000
Contracted services	22,711
Insurance/bonding	16,238
Processing fees	1,894
Software (Accounting, Adobe/Microsoft)	28,800
Staff development/travel	12,463
Supplies	<u>824</u>
Total indirect costs	<u>\$ 756,757</u>

APPLIED INDIRECT

Indirect rate applied	<u>\$ 756,757</u>
Total indirect costs applied	<u>\$ 756,757</u>

CALCULATION OF INDIRECT COST RATE

Direct salaries and fringe benefits	\$ 7,607,828
Less: excluded labor	<u>(4,622,593)</u>
Direct labor base	<u>2,985,235</u>
Indirect applied	<u>\$ 756,757</u>
Indirect cost rate	<u>25.35%</u>

SINGLE AUDIT SECTION

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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

Executive Committee
West Central Texas Council of Governments
Abilene, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit and each major fund of West Central Texas Council of Governments (the "Council"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated June 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's 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 the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 Council's 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*.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 25, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND TEXAS GRANT MANAGEMENT STANDARDS**

Executive Committee
West Central Texas Council of Governments
Abilene, Texas

Report on Compliance for Each Major Federal and State Programs

Opinion on Each Major Federal and State Programs

We have audited West Central Texas Council of Governments' (the "Council") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and *Texas Grant Management Standards (TxGMS)* that could have a direct and material effect on each of the Council's major federal and state programs for the year ended September 30, 2024. The Council's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Council's basic financial statements include the West Central Texas Regional Foundation (the "Foundation"), a discretely presented component unit. The Foundation expended \$2,454,630 in federal awards. Our audit, described below, does not include the federal expenditures of the Foundation because it is audited separately.

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal and State Programs

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*); 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 TxGMS. Our responsibilities under those standards, the *Uniform Guidance*, and TxGMS are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state programs. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Council's federal and state programs.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the *Uniform Guidance*, and *TxGMS* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Council's compliance with the requirements of each major federal and state programs 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 include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's 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 Council's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 25, 2025

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS				
<u>U.S. Department of Commerce</u>				
Direct Programs:				
Economic Development Support for Planning Organizatio	11.302	ED21AUS3020005	\$ 30,938	\$ -
Economic Development Support for Planning Organizatio	11.302	ED24AUS0G0259	49,585	-
<i>Total 11.302</i>			<u>80,523</u>	<u>-</u>
<i>Total direct programs</i>			<u>80,523</u>	<u>-</u>
Total U.S. Department of Commerce			<u>80,523</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the Texas General Land Office:				
Community Development Block Grant Program	14.228	GLO-CDR 22-130-052-E470	68,460	-
Community Development Block Grant Program	14.228	GLO-CDR 22-130-056-E491	56,081	-
Community Development Block Grant Program	14.228	GLO-CDR 22-130-072-E793	1,785	-
Community Development Block Grant Program	14.228	GLO-CDR 22-130-067-E748	8,034	-
Community Development Block Grant Program	14.228	GLO-CDR 22-130-068-E773	5,564	-
Community Development Block Grant Program	14.228	GLO-CDR 22-130-069-E774	5,420	-
Community Development Block Grant Program	14.228	GLO-CDR 22-130-066-E721	10,992	-
Community Development Block Grant Program	14.228	GLO-CDR 22-130-070-E776	4,334	-
<i>Total Passed through the Texas General Land Office</i>			<u>160,670</u>	<u>-</u>
Passed through the Texas Department of Agriculture:				
Texas Community Development Block Grant Program	14.228	CEDAF23-11	13,680	-
Texas Community Development Block Grant Program	14.228	CEDAF24-11	5,020	-
<i>Total Passed through the Texas Department of Agriculture</i>			<u>18,700</u>	<u>-</u>
<i>Total 14.228</i>			<u>179,370</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>179,370</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Passed through the Texas Department of Transportation:				
Pipeline Emergency Response Grant	20.706	693JK32340011PERG	345,667	-
Technical Assistance Grant	20.710	693JK32340008PTAG	99,154	-
<i>Total Passed through the Texas Department of Transportation</i>			<u>444,821</u>	<u>-</u>
Total U.S. Department of Transportation			<u>444,821</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed through the Texas Commission on State Emergency Communications:				
COVID-19 - Coronavirus State Fiscal Recovery Fund	21.027	N/A	308,496	-
<i>Total Passed Through the Texas Commission on State Emergency Communications</i>			<u>308,496</u>	<u>-</u>
Total U.S. Department of Treasury			<u>\$ 308,496</u>	<u>\$ -</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS (continued)				
<u>Small Business Administration</u>				
Passed through the Abilene Chamber of Commerce:				
Community Navigator Pilot Program	59.077	SBAHQ22CNP0020	\$ 12,500	\$ -
<i>Total Passed Through the Abilene Chamber of Commerce</i>			<u>12,500</u>	<u>-</u>
Total Small Business Administration			<u>12,500</u>	<u>-</u>
<u>U.S. Department of Energy</u>				
Passed through the State Energy Conservation Office:				
State Energy Program	81.041	CM23003 Amendment 2	124,904	-
State Energy Program	81.041	CM23003 Amendment 3	<u>7,122</u>	<u>-</u>
<i>Total 81.041</i>			<u>132,026</u>	<u>-</u>
<i>Total Passed Through the State Energy Conservation Office</i>			<u>132,026</u>	<u>-</u>
Total U.S. Department of Energy			<u>132,026</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Passed Through the Texas Health and Human Services Commission:				
Title VII, Chapter 3 - elder abuse #50711	93.041	HHS000874100028	3,599	-
Title VII, Chapter 2 - Ombudsman #50712	93.042	HHS000874100028	31,637	-
COVID-19 - Title VII, Chapter 2 - Ombudsman ARP	93.042	HHS000874100028	<u>6,501</u>	<u>-</u>
<i>Total 93.042</i>			<u>38,138</u>	<u>-</u>
Title III-D - Health Promotion Services #55203	93.043	HHS000874100028	18,846	-
COVID-19 - Title III-D - Health Promotion Services ARP	93.043	HHS000874100028	<u>12,606</u>	<u>-</u>
<i>Total 93.043</i>			<u>31,452</u>	<u>-</u>
Title III, Part B	93.044	HHS000874100028	552,938	-
COVID-19 - Title III, Part B ARP	93.044	HHS000874100028	176,709	-
Title III, Part C - Nutrition Services - OAA	93.045	HHS000874100028	555,750	369,912
COVID-19 - Title III, Part C - Nutrition Services ARP	93.045	HHS000874100028	345,359	141,406
Nutrition Services Incentive Program #55810	93.053	HHS000874100028	<u>78,609</u>	<u>78,609</u>
<i>Total Aging Cluster</i>			<u>1,709,365</u>	<u>589,927</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
FEDERAL AWARDS (continued)				
<u>U.S. Department of Health and Human Services (continued)</u>				
Passed Through the Texas Health and Human Services Commission (continued):				
Title III E OAA	93.052	HHS000874100028	\$ 147,882	\$ -
COVID 19 - Title III E American Rescue Plan	93.052	HHS000874100028	22,785	-
<i>Total 93.052</i>			<u>170,667</u>	<u>-</u>
Medicare Enrollment Assistance Program MIPPA	93.071	HHS000270200011	7,220	-
Medicare Enrollment Assistance Program MIPPA	93.071	HHS000270200011	1,399	-
Medicare Enrollment Assistance Program MIPPA	93.071	HHS000874100028	16,224	-
<i>Total 93.071</i>			<u>24,843</u>	<u>-</u>
AAA SHIP-HICAP Grants	93.324	HHS000874100028	97,413	-
ADRC Housing Navigator	93.791	HHS000270200011	37,304	-
Money Follows the Person - LCA	93.791	HHS000270200011	5,808	-
ADRC Housing Navigator	93.791	HHS001341600010	3,114	-
Money Follows the Person - LCA	93.791	HHS001341600010	938	-
<i>Total 93.791</i>			<u>47,164</u>	<u>-</u>
<i>Total Passed Through the Texas Health and Human Services Commission</i>			<u>2,122,641</u>	<u>589,927</u>
Passed Through the Texas Tech University Health Sciences Center:				
Area Health Education Centers	93.107	A23-0001-S002	113,937	-
Area Health Education Centers	93.107	A23-0001-S002	14,930	-
<i>Total 93.107</i>			<u>128,867</u>	<u>-</u>
<i>Total Passed Through the Texas Tech University Health Sciences Center</i>			<u>128,867</u>	<u>-</u>
Passed Through Texas Council for Developmental Disabilities:				
Sexual Assault Prevention and Response	93.630	23341	74,660	-
Sexual Assault Prevention and Response	93.630	24441	100,520	-
<i>Total 93.630</i>			<u>175,180</u>	<u>-</u>
<i>Total Passed Through the Texas Council for Developmental Disabilities</i>			<u>175,180</u>	<u>-</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>2,426,688</u>	<u>589,927</u>
<u>U.S. Department of Homeland Security</u>				
Passed Through the Texas Division of Emergency Management:				
Hazard Mitigation Grant Program (HMSP)	97.039	441-UWVYU-00	155,674	-
<i>Total Passed Through the Texas Division of Emergency Management</i>			<u>155,674</u>	<u>-</u>
Passed Through the Texas Office of the Governor:				
State Homeland Security Program (SHSP)	97.067	3408707	113,254	-
State Homeland Security Program (SHSP)	97.067	3408708	2,197	-
State Homeland Security Program (SHSP)	97.067	2949709	180,143	-
State Homeland Security Program (SHSP)	97.067	4728101	57,061	-
State Homeland Security Program (SHSP)	97.067	4728501	9,999	-
State Homeland Security Program (SHSP)	97.067	4728701	9,961	-
State Homeland Security Program (SHSP)	97.067	4728901	10,000	-
State Homeland Security Program (SHSP)	97.067	4815201	31,920	-
<i>Total 97.067</i>			<u>41,920</u>	<u>-</u>
<i>Total Passed Through the Texas Office of the Governor</i>			<u>414,535</u>	<u>-</u>
<i>Total U.S. Department of Homeland Security</i>			<u>570,209</u>	<u>-</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 4,154,633</u>	<u>\$ 589,927</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

State Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total State Expenditures	Passed Through to Subrecipients
STATE AWARDS				
<u>Texas Office of the Governor</u>				
Passed Through the Homeland Security Grants Division:				
Statewide Emergency Radio Infrastructure (SERI)	N/A	4011602	\$ 610,492	\$ -
<i>Total passed through the Homeland Security Grants Division</i>			<u>610,492</u>	<u>-</u>
Passed Through the Criminal Justice Division:				
Regional Law Enforcement Training Academy	N/A	1425719	<u>116,113</u>	<u>-</u>
<i>Total passed through the Criminal Justice Division</i>			<u>116,113</u>	<u>-</u>
<i>Total Texas Office of the Governor</i>			<u>726,605</u>	<u>-</u>
<u>Texas Health and Human Services Commission</u>				
State General Revenue AAA ARP TITLE III SM	N/A	HHS000874100028	59,069	-
State General Revenue Access & Asst Coordination	N/A	HHS000874100028	90,231	-
State General Revenue ALF Ombudsman Grants	N/A	HHS000874100028	21,278	-
State General Revenue Home Delivered Meals Services	N/A	HHS000874100028	21,032	21,032
State General Revenue Svs Asst Ind Living- Hbond	N/A	HHS000874100028	<u>7,894</u>	<u>-</u>
<i>Total AAA State General Revenue</i>			<u>199,504</u>	<u>21,032</u>
State General Revenue FY24	N/A	HHS000270200011	97,007	-
State General Revenue Promoting Independence FY24	N/A	HHS000270200011	12,308	-
State General Revenue Respite FY24	N/A	HHS000270200011	13,138	-
State General Revenue FY25	N/A	HHS001341600010	4,111	-
State General Revenue Promoting Independence FY25	N/A	HHS001341600010	920	-
State General Revenue Respite FY25	N/A	HHS001341600010	<u>907</u>	<u>-</u>
<i>Total ADRC State General Revenue</i>			<u>128,391</u>	<u>-</u>
<i>Total Texas Health and Human Services Commission</i>			<u>327,895</u>	<u>21,032</u>
<u>Texas Commission on Environmental Quality</u>				
Regional Solid Waste Grant	N/A	582-24-50101	<u>110,613</u>	<u>-</u>
<i>Total Texas Commission on Environmental Quality</i>			<u>110,613</u>	<u>-</u>
<u>Commission On State Emergency Communications</u>				
Emergency Communications	N/A	FY 2023	1,349,530	-
Emergency Communications	N/A	FY 2024	1,597,044	-
Emergency Communications	N/A	FY 2025	<u>150,696</u>	<u>-</u>
<i>Total Commission on State Emergency Communications</i>			<u>3,097,270</u>	<u>-</u>
<u>Texas Tech University Health Sciences Center</u>				
Area Health Education Center (AHEC)	N/A	CON3530673	185,708	-
Area Health Education Center (AHEC)	N/A	CON3659870	<u>18,371</u>	<u>-</u>
<i>Total Texas Tech University Health Sciences Center</i>			<u>204,079</u>	<u>-</u>
<i>Total Expenditures of State Awards</i>			<u>\$4,466,462</u>	<u>\$ 21,032</u>
<i>Total Expenditures of Federal and State Awards</i>			<u>\$8,621,095</u>	<u>\$ 610,959</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. GENERAL

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of West Central Texas Council of Governments (the "Council"). The Council, for purposes of the supplementary schedule of expenditures of federal and state awards, includes all the funds of the primary government as defined by GASB pronouncements. It does not include amounts related to West Central Texas Regional Foundation, which also receives federal financial assistance but separately satisfies the audit requirements of OMB *Uniform Guidance* and the *State of Texas Grant Management Standards*.

Federal and state awards received directly from federal and state agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

3. INDIRECT COSTS

The Council has elected not to use the de minimis indirect cost rate as allowed in the *Uniform Guidance*.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the <i>Uniform Guidance</i> or <i>Texas Grant Management Standards</i> ?	None
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Identification of major programs:

Federal:

Assistance Listing Numbers: 93.044, 93.045, 93.053	Name of Federal Program or Cluster: Aging Cluster
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State: Commission on State Emergency Communications	Name of State Program or Cluster: 911 - Emergency Communications
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Dollar threshold used to distinguish between type A and type B Federal programs	\$750,000
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Dollar threshold used to distinguish between type A and type B State programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None



WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Planning - Training - Community Development - Human Services

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

None.

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