



Executive Committee | Agenda

10 a.m., Wednesday, May 14, 2025

CAPCOG Lantana Room

6800 Burleson Road, Building 310, Suite 165, Austin, Texas 78744

Judge Brett Bray, *Blanco County*, **Chair**
Council Member Doug Weiss, *City of Pflugerville*
1st Vice Chair
Judge Ron Cunningham, *Llano County*, **2nd Vice Chair
and Parliamentarian**
Mayor Pro Tem Steve Hougen, *City of Granite Shoals*,
Secretary
Mayor Lew White, *City of Lockhart*, **Immediate Past
Chair**
Mayor Kirk Watson, *City of Austin*
Commissioner Clara Beckett, *Bastrop County*
Council Member Kevin Hight, *City of Bee Cave*
Commissioner Joe Don Dockery, *Burnet County*
Judge Hoppy Haden, *Caldwell County*
Judge Dan Mueller, *Fayette County*

Council Member Ron Garland, *City of Georgetown*
Commissioner Walt Smith, *Hays County*
Council Member David McDonald, *City of Leander*
Commissioner Steven Knobloch, *Lee County*
Council Member Frank Ortega, *City of Round Rock*
Mayor Jane Hughson, *City of San Marcos*
Council Member Cathy Meek, *City of Smithville*
Council Member Robert Garcia, *City of Taylor*
Judge Andy Brown, *Travis County*
Commissioner Ann Howard, *Travis County*
Commissioner Russ Boles, *Williamson County*
Commissioner Cynthia Long, *Williamson County*
Senator Pete Flores
Representative Vikki Goodwin
Representative Caroline Harris-Davila

- 1. Call to Order and Opening Remarks by the Chair**
- 2. Pledge to U.S. and Texas Flags**
- 3. Recognition of Guests**
- 4. Consider Approving Minutes for the April 9, 2025, Meeting**
- 5. Consider Accepting the Annual Financial Report of the Capital Area Council of Governments for the Year Ended September 30, 2024**
Silvia Alvarado, Director of Finance
- 6. Consider Accepting the Quarterly Investment Report**
Silvia Alvarado, Director of Finance
- 7. Review AAA funding updates for FY 2025, FY2026 and potential loss of programs in 2026 due to federal changes at HHSC**
Jennifer Scott, Director of Aging Services
- 8. Consider a Proclamation Recognizing May 2025 as Older Americans Month**
Jennifer Scott, Director of Aging Services
- 9. Consider a Proclamation Recognizing Alzheimer's Awareness and Brain Health Month in June 2025**
Jennifer Scott, Director of Aging Services

A closed executive session may be held on any of the above agenda items when legally justified pursuant to Subchapter D of the Texas Open Meetings Act (Texas Government Code Chapter 551).

10. Consider Approving Appointments to Advisory Committees

Andrew Hoekzema, Deputy Executive Director

11. Executive Committee Member Information Sharing

12. Consider Approving of Interlocal Agreement with City of Austin for Air Quality Sensor Projects

Anton Cox, Air Quality Program Manager

13. Consider Approving of a Contract with Eastern Research Group (ERG) for Emission Inventory Studies

Anton Cox, Air Quality Program Manager

14. Consider Approving of an Interlocal Agreement with Texas Parks and Wildlife Department for database and application development services related to the State Wildlife Action Plan

Charles Simon, Director of Regional Planning and Services

15. Staff Reports

Martin Ritchey, Wildfire Conference Update

16. Executive Director Report

Chris Miller, Executive Director

Adjourn



Executive Committee | Summary Minutes

10 a.m., Wednesday, April 9, 2025

CAPCOG Lantana Room

6800 Burleson Road, Building 310, Suite 165, Austin, Texas 78744

Present (18)

Judge Brett Bray, *Blanco County*, **Chair**

Mayor Pro Tem Doug Weiss, *City of Pflugerville*

1st Vice Chair

Mayor Lew White, *City of Lockhart*, **Immediate Past Chair**

Commissioner Clara Beckett, *Bastrop County*

Council Member Kevin Hight, *City of Bee Cave*

Commissioner Joe Don Dockery, *Burnet County*

Judge Bryan Wilson, *Burnet County*

Judge Hoppy Haden, *Caldwell County*

Judge Dan Mueller, *Fayette County*

Commissioner Walt Smith, *Hays County*

Commissioner Steven Knobloch, *Lee County*

Council Member Frank Ortega, *City of Round Rock*

Mayor Jane Hughson, *City of San Marcos*

Council Member Cathy Meek, *City of Smithville*

Judge Andy Brown, *Travis County*

Commissioner Ann Howard, *Travis County*

Commissioner Russ Boles, *Williamson County*

Commissioner Cynthia Long, *Williamson County*

Absent (10)

Judge Ron Cunningham, *Llano County*,

2nd Vice Chair and Parliamentarian

Mayor Pro Tem Steve Hougen, *City of Granite Shoals*,

Secretary

Council Member Ron Garland, *City of Georgetown*

Council Member David McDonald, *City of Leander*

Council Member Robert Garcia, *City of Taylor*

1. Call to Order and Opening Remarks by the Chair

Judge Bray called the meeting to order at 10:05 a.m.

(Please note: Judge Bray decided to consider Item 5, before proceeding to Item 2.)

5. Consider Adding Judge Bryan Wilson to the Executive Committee Board

Commissioner Howard made a motion for Judge Bryan Wilson to be appointed to the Executive Committee. Commissioner Long seconded the motion. The motion passed unanimously.

2. Pledge to the U.S. and Texas Flags

The pledges of allegiance to the national and state flags were done.

3. Recognition of Guests

Margaret Hardin of Grant Works was recognized. Will Connally, a former CAPCOG Board Member was recognized.

4. Consider Approving Minutes

A motion to approve the minutes for the March 12, 2025 meeting was made by Judge Haden, and seconded by Mayor White. Mayor Hughson abstained from the vote. The motion passed unanimously.

A closed executive session may be held on any of the above agenda items when legally justified pursuant to Subchapter D of the Texas Open Meetings Act (Texas Government Code Chapter 551).

6. Consider Approving Criminal Justice Grant Recommendation to the Office of the Governor

Charles Simon, Director of Regional Planning and Services

Mr. Simon and Ms. Trevino described the criminal justice grant recommendation process. The information in the agenda packet was not complete, therefore additional info was included in the agenda packets. Commissioner Long asked the board and the staff to consider a scoring process that weighed project presentations less during next year. Votes were as follows:

- Council Member Weiss motioned to recommend funding all the VAWA projects at the amount requested and using the CJAC's ranking. Commissioner Howard seconded.
- Commissioner Dockery motioned to recommend funding the VOCA projects at the amounts and rankings suggested by the CJAC. Commissioner Long seconded.
- Council Member Weiss motioned to recommend funding the JAG projects at the amounts and ranking suggested by the CJAC. Commissioner Dockery seconded the motion.
- Council Member Long motioned to recommend funding the JJ Projects at the amounts and ranking suggested by the CJAC and Prevention Grant Program.
- Mayor Hughson seconded the motion.
- Mayor Hughson motioned to recommend funding the Truancy Projects at the full amount requested by the applicants in the ranked order provided by the CJAC. This includes the two projects the board recommends transferring from the Juvenile Justice Grant Program to the Truancy Prevention Grant Program, to be funded at the amounts recommended by the CJAC. Which should be placed at the bottom of the ranked list based on their original scores and funded at the CJAC-recommended amounts. Commissioner Boles seconded. The motion passed unanimously.

7. Consider Updating Record Retention Schedule

Andrew Hoekzema, Deputy Executive Director

Mr. Hoekzema presented the record retention schedule and explained the process. Update the record retention schedule as indicated in the agenda packet, including the addition of proclamations, which Mr. Hoekzema indicated had inadvertently been omitted from the backup for this item. He requested approval to amend the record retention schedule. Mayor Hughson motioned to update CAPCOG's retention schedule as presented. Judge Haden seconded the motion. The motion passed unanimously.

8. Receive Update on Upcoming Wildfire Conference

Lance Byers, Homeland Security Planner

Mr. Byers presented the update of the upcoming Wildfire Conference. He listed some of the presenters and attendees.

9. Consider Approval of an Amendment of Interlocal Agreement with Texas Transportation Institute (TTI) for Emissions Inventory Development

Anton Cox, Air Quality Program Manager

Mr. Cox requested approval of an amendment of an interlocal agreement with Texas Transportation Institute (TTI) to develop emissions inventories under CAPCOG's Rider 7 near-nonattainment grant, adding two new tasks and added budget to pay for those tasks. Commissioner Howard motioned to approve

amending the interlocal agreement. Commissioner Dockery seconded the motion. The motion passed unanimously.

10. Consider Proclaiming May 5 – May 9, 2025, Air Quality Awareness Week in the CAPCOG Region

Anton Cox, Air Quality Program Manager

Mr. Cox requested, May 5 through May 9, 2025 be declared Air Quality Awareness Week in the CAPCOG Region. Mayor White motioned for May 5 through May 9, 2025 to be declared Air Quality Awareness Week in the CAPCOG Region. Commissioner Dockery seconded the motion. The motion passed unanimously.

11. Consider Approving Appointments to Advisory Committees

Andrew Hoekzema, Deputy Executive Director

Mr. Hoekzema requested approval of two advisory committee appointments to the Economic Development Advisory Committee (EDAC). He requested appointment of Roland Peña, Senior Vice President of Global Investment and Innovation for Opportunity Austin, to the EDAC as a representative of the Private Sector (Travis and Williamson Counties); and appointment of Christina Arias, Grants Administrator for City of Luling to the EDAC as a community leader (Caldwell County). Commissioner Long motioned to appoint the three recommended members to the EDAC. Council Member Ortega seconded the motion. The motion passed unanimously.

12. Receive an Update on Regional Outreach

Chris Miller, Executive Director

Mr. Miller provided an update on Regional Outreach. He expressed the desire to create Local Government Services that would have grant writing abilities. Wants to have more of a direct relationship locally, through outreach. He wants to ensure CAPCOG is a resource for the needs that local governments have. The plan is to work on this in the near future, putting it through the budget process first. He will be looking into doing this with the current budget. Commissioner Long expressed her concern with communities in Williamson County needing support. Commissioner Boles expressed a similar concern as Commissioner Long. Mr. Miller also expressed his desire to be involved in water. Mr. Miller explained the need for “Pop-Up” meetings. The meetings would provide a small program of CAPCOG, and would involve the communities. It would be an interactive event.

13. Executive Committee Member Information Sharing

Commissioner Howard applauded CAPCOG staff for their hard work. Council Member Weiss shared discussed water initiatives opportunities that are available through the Water Infrastructure Finance and Innovation Act (WIFIA)

14. Receive Reports from Advisory Committee Liaison

No advisory committee liaison reports were given

15. Staff Reports

Area Agency on Aging Update – Jennifer Scott, Director of AAA

Ms. Scott discussed the aging community, and the programs AAA provides for the elderly, their families, and their caregivers.

Council Member Meeks inquired about Meals on Wheels. Ms. Scott said that Meals on Wheels is subcontracted. She also explained, AAA is awaiting the carryover funding, and awaiting the additional 20%

funding this fiscal year. She discussed additional grants from St. David's, DSHS, and TARC that have been received.

16. Executive Director Report

Chris Miller, Executive Director

Mr. Miller mentioned the House of Representative Members and Senate Members staff meetings. The 9-1-1 fee was also mentioned to the members' staff. Mr. Miller ensured they knew CAPCOG was a resource witness for their offices.

17. Adjourn

The meeting adjourned at 11:48 a.m.

EXECUTIVE COMMITTEE MEETING

MEETING DATE: May 14, 2025

AGENDA ITEM: **5. Consider accepting the Annual Financial Report of the Capital Area Council of Governments for the Year Ended September 30, 2024**

GENERAL DESCRIPTION OF ITEM:

The Annual Financial Report of the Capital Area Council of Governments for the Year Ended September 30, 2024, has been prepared by Whitley Penn, LLP, in accordance with state and federal regulations. A representative from the audit firm will present the Annual Financial Report to the Executive Committee and answer any questions from committee members. All the programs and service areas of CAPCOG's operations were included in the general standard audit procedures. The programs chosen for additional Single Audit testing are listed in the Annual Financial Report on pages 52 and 53. There were no audit findings.

THIS ITEM REPRESENTS A:

- New issue, project, or purchase
- Routine, regularly scheduled item
- Follow-up to a previously discussed item
- Special item requested by board member
- Other

PRIMARY CONTACT/STAFF MEMBER:

Silvia Alvarado, Director of Finance
Roger Tovar, CPA – Audit Partner of Whitley Penn, LLP

BUDGETARY IMPACT:

Total estimated cost: N/A

Source of Funds: _____

Is item already included in fiscal year budget? Yes No

Does item represent a new expenditure? Yes No

Does item represent a pass-through purchase? Yes No

If so, for what city/county/etc.? _____

PROCUREMENT: The audit services were acquired based on response to an RFP.

ACTION REQUESTED:

Accept the Annual Financial Report of the Capital Area Council of Governments for the Year Ended September 30, 2024.

BACK-UP DOCUMENTS ATTACHED:

1. Required Auditor Disclosure Letter from Whitley Penn, LLP
2. Annual Financial Report of the Capital Area Council of Governments for the Year Ended September 30, 2024.

BACK-UP DOCUMENTS NOT ATTACHED (to be sent prior to meeting or will be a handout at the meeting): None



ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2024

CAPITAL AREA COUNCIL OF GOVERNMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee Members of
Capital Area Council of Governments
Austin, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Capital Area Council of Governments ("CAPCOG"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise CAPCOG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of CAPCOG, 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 CAPCOG, 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 CAPCOG'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.

To the Executive Committee Members of
Capital Area Council of Governments

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

To the Executive Committee Members of
Capital Area Council of Governments

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CAPCOG’s basic financial statements. The combining nonmajor fund financial statements, schedule of indirect costs, and schedule of fringe benefits, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Texas Grant Management Standards and are also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of indirect costs, schedule of fringe benefits and schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 combining nonmajor fund financial statements, schedule of indirect costs, schedule of fringe benefits, and schedules 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 April 30, 2025 on our consideration of CAPCOG’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 CAPCOG’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAPCOG’s internal control over financial reporting and compliance.



Austin, Texas
April 30, 2025



CAPITAL AREA COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis ("MD&A") is to give the readers an objective and easily readable analysis of the financial activities of Capital Area Council of Governments ("CAPCOG") for the year ended September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of CAPCOG's activities. Please read the MD&A in conjunction with CAPCOG's financial statements, which follow this section.

The Structure of Our Annual Report

CAPCOG's basic financial report includes (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for CAPCOG as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of CAPCOG as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in CAPCOG's financial statements, report information on CAPCOG's activities that enable the reader to understand the financial condition of CAPCOG. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of CAPCOG's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CAPCOG is improving or deteriorating.

The Statement of Activities presents information showing how CAPCOG's net position changed during the most recent 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 - the accrual method rather than the modified accrual method that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities present one class of activities:

Governmental Activities - CAPCOG's basic services are reported here including services from the Capital Area Emergency Communication District ("CAECD"), general government, aging, economic development, transportation, criminal justice, homeland security, and environmental quality. Emergency District state mandated 911 fees, grants, membership dues, and contract service revenue finance most of these activities.

The government-wide financial statements can be found after the MD&A.

Fund Financial Statements

Funds may be considered as operating companies of the parent corporation, which is CAPCOG. They are usually segregated for specific activities or objectives. CAPCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. CAPCOG uses only one category of funds, which is governmental.

CAPITAL AREA COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating CAPCOG's near-term financing requirements.

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

CAPCOG maintains a number of individual governmental funds. 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 fund, aging fund, and the CAECD, which are considered to be major funds for reporting purposes.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of CAPCOG's financial position. Assets exceed liabilities by \$59,091,099 as of September 30, 2024 for the primary government. A portion of CAPCOG's net position in the amount of \$10,675,009 (18.1%) reflects its net investments in capital assets (e.g., property, equipment, and leasehold improvements). CAPCOG uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Total Dollar Change
	2024	2023	2024-2023
Current and other assets	\$ 55,467,035	\$ 38,777,105	\$ 16,689,930
Capital assets, net	17,406,971	8,012,834	9,394,137
Total Assets	72,874,006	46,789,939	26,084,067
Current liabilities	7,050,945	4,951,526	2,099,419
Noncurrent liabilities	6,731,962	5,845,300	886,662
Total Liabilities	13,782,907	10,796,826	2,986,081
Net Position:			
Net investment in capital assets	10,675,009	2,167,534	8,507,475
Restricted	45,513,131	31,178,423	14,334,708
Unrestricted	2,902,959	2,647,156	255,803
Total Net Position	\$ 59,091,099	\$ 35,993,113	\$ 23,097,986

CAPITAL AREA COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

A portion of CAPCOG's net position in the amount of \$45,513,131 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$2,902,959 may be used to meet CAPCOG's ongoing obligations to members.

CAPCOG's total net position increased by \$23,097,986. This increase was largely due to increases in revenue from operating grants and Proposition 8 funding, and investment interest income. The increase was offset by a slight increase in grant expenditures in aging and decrease in capital projects costs for emergency communications.

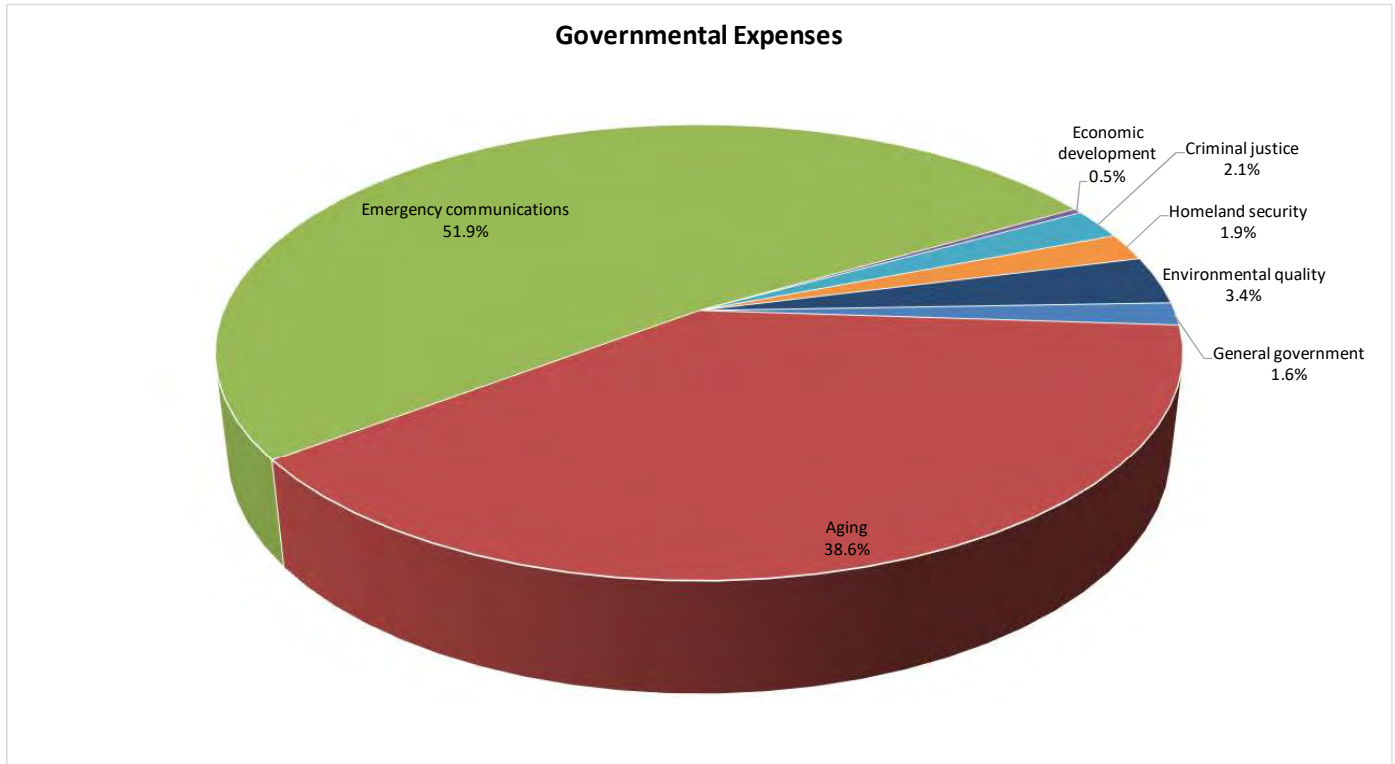
Statement of Activities

The following table provides a summary of CAPCOG's changes in net position:

	Governmental Activities		Total Dollar Change
	2024	2023	2024-2023
Revenues			
Program revenues:			
Charges for services	\$ 16,857,729	\$ 16,503,856	\$ 353,873
Operating grants and contributions	37,232,415	12,133,482	25,098,933
General revenues:			
Membership dues	311,215	304,280	6,935
Contract service revenue	518,616	392,445	126,171
Miscellaneous	263,995	525,411	(261,416)
Interest income	1,924,954	1,453,355	471,599
Total Revenues	57,108,924	31,312,829	25,796,095
Expenses			
General government	542,801	246,575	296,226
Aging	13,139,163	9,951,344	3,187,819
Emergency communications	17,660,625	18,326,372	(665,747)
Economic development	119,695	197,445	(77,750)
Criminal justice	730,252	715,360	14,892
Homeland security	659,795	633,400	26,395
Environmental quality	1,158,607	933,294	225,313
Total Expenses	34,010,938	31,003,790	3,007,148
Change in Net Position	23,097,986	309,039	22,788,947
Beginning Net Position	35,993,113	35,684,074	309,039
Ending Net Position	\$ 59,091,099	\$ 35,993,113	\$ 23,097,986

CAPITAL AREA COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Graphic presentations of selected data from the summary tables follow to assist in the analysis of CAPCOG's activities.



For the year ended September 30, 2024, revenues from governmental activities totaled \$57,108,924, an increase of \$25,796,095 from the prior year. This increase was primarily due to the increase from operating grants, funding related to Proposition 8, and investment interest.

As of the end of the fiscal year, expenses for governmental activities totaled \$34,010,938, which represents an increase of \$3,007,148 from the prior year. The increase was primarily due to increased operating grant expenditures in aging.

Financial Analysis of CAPCOG'S Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

CAPCOG's governmental funds reflect a combined fund balance of \$48,731,559. Of this, \$3,214,485 is unassigned, \$646,167 is nonspendable related prepaid items, and \$44,870,907 is restricted for various purposes.

The General Fund reported a fund balance of \$3,451,674, an increase of \$539,134 over the prior year. In the Aging Fund, expenditures exceeded revenues by \$630 resulting in a restricted fund balance of \$114,230 at fiscal year-end. The CAECD fund reported a fund balance of \$44,716,116, which is an increase of \$14,085,679 from the prior year.

CAPITAL AREA COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets

At the end of the current fiscal year, CAPCOG's governmental activities had invested \$17,406,971, in a variety of capital assets, including equipment for emergency communications, right of use leased assets and right to use subscription based information technology arrangement (SBITA) assets net of accumulated depreciation and amortization.

Additional information on CAPCOG's capital assets, is presented in Note 3 - C of this report.

Long-term Debt

At the end of the current fiscal year, CAPCOG reported a lease liability of \$2,311,331 at year-end related to the lease of office space. CAPCOG also reported a SBITA liability of \$4,420,631 at year-end related to emergency district subscriptions.

Additional information on CAPCOG's long-term debt can be found in Note 3 - D of this report.

Economic Factors and Next Year's Budget

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

For fiscal year 2025, CAPCOG has expected revenues of \$40,257,421. \$16,203,945 of this total is estimated to be received from the 9-1-1 Service Fees.

Contacting CAPCOG'S Financial Management

This financial report is designed to provide a general overview of CAPCOG's finances. Questions concerning this report or requests for additional financial information should be directed to Capital Area Council of Governments, 6800 Burleson Road, Building 310, Suite 165, Austin, Texas 78744.



BASIC FINANCIAL STATEMENTS



CAPITAL AREA COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

September 30, 2024

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Current:	
Cash and cash equivalents	\$ 49,568,937
Receivables	1,532,788
Due from grantor agencies	3,719,143
Prepaid items	646,167
	<u>55,467,035</u>
Long-term:	
Capital assets, net of accumulated depreciation and amortization	17,406,971
Total Assets	<u>72,874,006</u>
Liabilities	
Current:	
Accounts payable	5,762,691
Employee retirement and benefits payable	247,888
Accrued compensated absences	315,469
Unearned revenue	724,897
Long-term:	
Due within one year	2,310,258
Due in more than one year	4,421,704
Total Liabilities	<u>13,782,907</u>
Net Position	
Net investment in capital assets	10,675,009
Restricted	45,513,131
Unrestricted	2,902,959
Total Net Position	<u>\$ 59,091,099</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Indirect and Internal Cost Allocation	Expenses After Indirect and Internal Cost Allocation
Primary Government:			
Governmental Activities			
General government	\$ 3,264,697	\$ (2,721,896)	\$ 542,801
Aging	12,322,697	816,466	13,139,163
Emergency communication	16,100,033	1,560,592	17,660,625
Economic development	98,088	21,607	119,695
Criminal justice	587,354	142,898	730,252
Homeland security	565,328	94,467	659,795
Environmental quality	1,072,741	85,866	1,158,607
Total Governmental Activities	34,010,938	-	34,010,938
Total Primary Government	\$ 34,010,938	\$ -	\$ 34,010,938

CAPITAL AREA COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	
Primary Government:			
Governmental Activities			
General government	\$ -	\$ -	\$ (542,801)
Aging	-	13,118,938	(20,225)
Emergency communication	16,699,924	21,479,278	20,518,577
Economic development	-	119,629	(66)
Criminal justice	157,805	442,548	(129,899)
Homeland security	-	694,005	34,210
Environmental quality	-	1,378,017	219,410
Total Governmental Activities	<u>16,857,729</u>	<u>37,232,415</u>	<u>20,079,206</u>
Total Primary Government	<u>\$ 16,857,729</u>	<u>\$ 37,232,415</u>	<u>20,079,206</u>
 General Revenues:			
Membership dues			311,215
Contract service revenue			518,616
Miscellaneous			263,995
Interest income			1,924,954
Total General Revenues			<u>3,018,780</u>
Change in Net Position			23,097,986
Beginning Net Position			<u>35,993,113</u>
Ending Net Position			<u>\$ 59,091,099</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2024

	General	Aging	Capital Area Emergency Communication District	Nonmajor Special Revenue Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,774,898	\$ -	\$ 46,630,828	\$ 163,211	\$ 49,568,937
Receivables	114,922	59,060	2,937,158	29,980	3,141,120
Due from grantor agencies	-	1,598,572	-	512,239	2,110,811
Due from other funds	2,191,000	-	-	623,500	2,814,500
Prepaid items	237,189	-	408,978	-	646,167
Total Assets	\$ 5,318,009	\$ 1,657,632	\$ 49,976,964	\$ 1,328,930	\$ 58,281,535
Liabilities					
Accounts payable	\$ 1,281,052	\$ -	\$ 4,612,617	\$ -	\$ 5,893,669
Employee retirement payable	116,910	-	-	-	116,910
Due to other funds	369,423	1,542,769	648,231	254,077	2,814,500
Unearned revenue	98,950	633	-	625,314	724,897
Total Liabilities	1,866,335	1,543,402	5,260,848	879,391	9,549,976
Fund Balances					
Nonspendable	237,189	-	408,978	-	646,167
Restricted	-	114,230	44,307,138	449,539	44,870,907
Unassigned	3,214,485	-	-	-	3,214,485
Total Fund Balances	3,451,674	114,230	44,716,116	449,539	48,731,559
Total Liabilities and Fund Balances	\$ 5,318,009	\$ 1,657,632	\$ 49,976,964	\$ 1,328,930	\$ 58,281,535

CAPITAL AREA COUNCIL OF GOVERNMENTS

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

September 30, 2024

Total Fund Balances - Governmental Funds	\$ 48,731,559
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 governmental funds.	29,135,740
Accumulated depreciation and amortization have not been included in the fund financial statements.	(11,728,769)
Long-term liabilities, including lease payable and SBITA payables, are not due and payable in current period and therefore are not reported in the governmental funds.	(6,731,962)
Accrued liabilities for compensated absences are not due and payable in the current period and have not been reflected in the fund financial statements.	<u>(315,469)</u>
Total Net Position of Governmental Activities	<u><u>\$ 59,091,099</u></u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2024

	General	Aging	Capital Area Emergency Communication District	Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues					
Federal grants	\$ -	\$ 8,922,280	\$ 8,835,500	\$ 1,044,135	\$ 18,801,915
State grants	-	755,714	12,643,778	1,534,180	14,933,672
Membership dues	311,215	-	-	-	311,215
Local match	(137,366)	-	-	-	(137,366)
Other local revenue	-	-	16,682,097	-	16,682,097
Miscellaneous	287,725	1,068	17,827	-	306,620
Investment income	115,789	-	1,805,959	3,206	1,924,954
Tuition fees	-	-	-	157,814	157,814
Contract service revenue	345,333	334,576	-	173,283	853,192
Contractual local match	-	3,105,295	-	55,884	3,161,179
Total Revenues	922,696	13,118,933	39,985,161	2,968,502	56,995,292
Expenditures					
Current:					
General government	222,655	-	-	-	222,655
Aging	-	13,010,695	-	-	13,010,695
Emergency communications	-	-	26,747,400	-	26,747,400
Economic development	-	-	-	116,773	116,773
Criminal justice	-	-	-	665,177	665,177
Homeland security	-	-	-	719,973	719,973
Environmental quality	-	-	-	1,361,095	1,361,095
Debt Service:					
Principal	279,711	92,299	1,641,063	75,753	2,088,826
Interest	52,250	16,569	315,453	13,599	397,871
Total Expenditures	554,616	13,119,563	28,703,916	2,952,370	45,330,465
Other Financing Sources (Uses)					
Issuance of leases	171,054	-	-	-	171,054
Issuance of SBITAs	-	-	2,804,434	-	2,804,434
Total Other Financing Sources (Uses)	171,054	-	2,804,434	-	2,975,488
Net Change in Fund Balances	539,134	(630)	14,085,679	16,132	14,640,315
Beginning Fund Balances	2,912,540	114,860	30,630,437	433,407	34,091,244
Ending Fund Balances	\$ 3,451,674	\$ 114,230	\$ 44,716,116	\$ 449,539	\$ 48,731,559

CAPITAL AREA 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 Changes in Fund Balances - Total Governmental Funds \$ 14,640,315

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 those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital purchases	13,972,792
Depreciation and amortization expense	(4,554,916)
Disposal of assets	(23,739)

Repayment of lease and SBITA principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. 2,088,826

Proceeds from issuance of long-term debt is reported as an other financing source in governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.

Proceeds from leases	(171,054)
Proceeds from SBITAs	(2,804,434)

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	<u>(49,804)</u>
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Change in Net Position of Governmental Activities \$ 23,097,986



CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

Capital Area Council of Governments ("CAPCOG") is a voluntary association of local government units created under Chapter 391 of the Texas Local Government Code.

CAPCOG has been designated as State Planning Region 12 located in central Texas with the stated purpose of improving health, safety, and the general welfare of their citizens and to plan for the future development of the region. It does not have stockholders or equity holders and is not subject to income taxes. The region served includes Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano, Travis, and Williamson counties of Texas.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in CAPCOG's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether CAPCOG is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that CAPCOG's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The employees' pension plan is a defined contribution plan, which does not meet the Governmental Accounting Standards Board ("GASB") criteria for inclusion. Accordingly, the employees' pension plan is not included in CAPCOG's financial statements.

Capital Area Emergency Communication District

Capital Area Emergency Communication District ("CAECD") has been included in the reporting entity as a blended component unit. CAECD was established in 2013 by local governments in State Planning Region 12 under Chapter 772, Health and Safety Code, Subchapter G. CAECD oversees 9-1-1 services to local governments in State Planning Region 12. The 25-member Executive Committee, CAPCOG's governing body, serves as CAECD's Board of Managers charged with determining funding sources, setting governing policy, appointing a technical advisory committee, adopting a budget, and staffing CAECD. CAECD is responsible for managing revenue collected from state set fees for land line and wireless phones. CAECD is included in CAPCOG's reporting entity because of the significance of its operational and financial relationship with CAPCOG. CAPCOG's Executive Committee is able to impose its will on CAECD and has a financial benefit/burden due to its existence.

Capital Area Economic Development District

Capital Area Economic Development District ("CAEDD"), a nonprofit corporation, has been included in the reporting entity as a blended component unit. CAEDD was established in 1989 by local governments in State Planning Region 12 under section 403 of the Public Works and Economic Development Act of 1965. CAEDD serves the State Planning Region 12 by providing services to promote economic growth in the region. The Board of Directors of CAEDD is the CAPCOG Executive Committee. CAEDD is responsible for managing revenue collected from grants and local government match dollars to promote economic growth. CAEDD is included in CAPCOG's reporting entity because of the significance of their operational and financial relationship with CAPCOG.

Capital Area Initiatives Foundation

Capital Area Initiatives Foundation, a nonprofit organization managed by CAPCOG that is exempt under the Internal Revenue Code Section 501(c)(3), is not financially accountable to CAPCOG, and therefore, is not considered a component unit.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government. Governmental activities are normally supported by intergovernmental revenues.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about CAPCOG's funds including its blended component units. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

CAPCOG reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal source of revenues is intergovernmental revenues. Expenditures include general government costs. The general fund is always considered a major fund for reporting purposes.

The *special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. The special revenue funds include the aging fund, CAECD, criminal justice division fund, economic development administrative fund, homeland security division fund, and Texas commission on environmental quality fund. The Aging and CAECD special revenue funds are considered major funds for reporting purposes. The remaining special revenue funds are considered nonmajor.

During the course of operations, CAPCOG has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The 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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, CAPCOG considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by CAPCOG.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

CAPCOG's cash and cash equivalents are considered to be cash on hand, demand deposits, and investment pools with original maturities of three months or less from the date of acquisition. CAPCOG maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

2. Investments

CAPCOG reports all investments at fair value based on quoted market prices at year-end date, except for local government investment pools. CAPCOG's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

CAPCOG categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

2. Investments (continued)

CAPCOG has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. CAPCOG is authorized to invest in the following types of securities, within the restrictions of the Public Funds Investment Act. CAPCOG is not required to liquidate investments that were authorized investments at the time of purchase:

- U.S. Government Obligations
- State of Texas Direct Obligations
- Certificates of Deposit
- Collateralized Mortgage Obligations (CMOs)
- Commercial Paper
- Repurchase Agreements
- Investment Pools

3. Receivables

Receivables are comprised of grants due from other governments, membership dues, tuition fees, employee travel advances, and other miscellaneous receivables. Balances in receivables accounts are expected to be collected within one year.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

5. Capital Assets

Capital assets, which include property, equipment, RTU lease assets and subscriptions, and leasehold improvements, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by CAPCOG as assets with an initial, individual cost of more than \$5,000 (except for RTU assets) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. CAPCOG does not capitalize net interest cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of assets are not capitalized.

Property, equipment, RTU assets, and leasehold improvements of the primary government are depreciated/amortized using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Furniture	3 years
Office and computer equipment	5 years
Emergency communications equipment	5 years
Leasehold improvements	10 years (lease term)
RTU - lease assets	Term of lease
RTU - Subscription assets	Term of subscription

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

6. 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. CAPCOG has no items that qualify for reporting in this category.

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. CAPCOG has no items that qualify for reporting in this category.

7. Compensated Absences

It is CAPCOG's policy to permit employees in permanent, full-time positions to accumulate earned but unused vacation, sick, and compensatory time. Earned time that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Net Position Flow Assumption

Sometimes CAPCOG will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is CAPCOG's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

Sometimes CAPCOG will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is CAPCOG's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned. Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Nonspendable includes amount that cannot be spent because they are either not in spendable form, or for legal or contractual reasons, must be kept intact. This classification includes prepaid items. Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes state and federal grants. Unassigned fund balance is a residual classification within the General Fund.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

10. Fund Balance Policies (continued)

CAPCOG itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of CAPCOG's highest level of decision-making authority. The Executive Committee is the highest level of decision-making authority for CAPCOG that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by CAPCOG for specific purposes but do not meet the criteria to be classified as committed. The Executive Committee may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. 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/expenses during the reporting period. Actual results could differ from those estimates.

12. CAPCOG Cash Match Allocation

In accordance with terms and provisions of the various grant contracts, CAPCOG is required to provide a specific percentage of local matching funds to support some of the grant programs.

13. Local In-Kind Contributions

Personnel, goods, and services contributed by subcontractors and local governments are recorded as revenue when they serve as the matching funds required under the provisions of the grant. Offsetting charges of equal amounts are recorded as expenditures of the appropriate grant project.

The value assigned to personnel services of volunteers is based upon the rates paid for similar work in other state and local governments or on the federal minimum wage. The value assigned for use of space is based on the estimated fair market value of the space.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

14. Indirect Cost Rate

Administrative costs are recorded in the general fund as indirect costs in CAPCOG's accounting system and allocated to elements of the special revenue funds based upon a calculated indirect cost rate. Indirect costs are defined as "costs (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved." CAPCOG's indirect cost rate is based upon prior cost experience, documented by a cost allocation plan, and is submitted to a cognizant federal agency in accordance with the provisions of OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (codified in 2 CFR Part 200). CAPCOG used a negotiated indirect cost rate of 25.16 percent issued in August 2023 for the fiscal year beginning October 1, 2023 and ending September 30, 2024. Negotiations with the United States Department of Interior for the fiscal year 2024 indirect cost rate were finalized on August 2023.

15. Unearned Revenue

Unearned revenues arise from the receipt of grant funds and other revenues prior to the expenditure for its restricted purpose. The unearned revenue is recognized as revenue when the related expenditure is made.

G. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

H. Implementation of New Accounting Standards

GASB issued Statement No. 99, Omnibus 2022, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

GASB issued Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

GASB issued Implementation Guide 2021-1, Implementation Guidance Update – 2021, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

H. Implementation of New Accounting Standards (continued)

The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

GASB issued Implementation Guide 2023-1, Implementation Guidance Update – 2023, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, Leases, Question 4.16, and Implementation Guide No. 2021-1, Implementation Guidance Update—2021, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

I. Subscription-Based Information Technology Arrangements

CAPCOG is under contracts for SBITA for various software subscriptions. The agreements/contracts are noncancellable and CAPCOG recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. CAPCOG recognizes SBITA liabilities with an initial, individual value of \$20,000 or more.

At the commencement of the SBITA, CAPCOG initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how CAPCOG determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- CAPCOG uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, CAPCOG generally uses its estimated incremental borrowing rate at the commencement of a SBITA as the discount rate for that SBITA.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that CAPCOG is reasonably certain to exercise.

CAPCOG monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. Once an interest rate is associated with the initial acquisition of the asset, that rate continues to be used for valuation purposes for the life of the asset.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

J. Leases

CAPCOG recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements for noncancellable leases of buildings, equipment, vehicles, and other machinery. CAPCOG recognizes lease liabilities with an initial, individual value of \$20,000 or more and term greater than one year.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

J. Leases (continued)

At the commencement of a lease, CAPCOG 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.

Key estimates and judgments related to leases include how CAPCOG determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- CAPCOG uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, CAPCOG generally uses its estimated incremental borrowing rate at the commencement of a lease as the discount rate for that lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that CAPCOG is reasonably certain to exercise.

CAPCOG 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. Once an interest rate is associated with the initial acquisition of the asset, that rate continues to be used for valuation purposes for the life of the asset.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 2 - Stewardship, Compliance, and Accountability

CAPCOG prepares annual operating budgets based on expected revenues from various state and federal grantor agencies. The grants relate to specific programs that contemplate revenues and expenditures over the lives of each program and generally have funding periods different from the budget year. The annual budget, which is approved by CAPCOG's Executive Committee (the "Committee"), is based on estimates of the portions of the various programs that will be completed during the fiscal year. Additionally, grants applied for may not be funded, other grants not anticipated at the time that the budget is prepared may be obtained and funded during the budget year, or supplemental funding may be received for existing grants. As a result, the actual revenues and expenditures may vary substantially from original budget estimates.

The budgets are reviewed and approved by the Committee, but are not legally adopted budgets or appropriations as defined in *Governmental Accounting and Financial Reporting Principles, Statement 1*. Accordingly, comparative budget and actual results are not presented in the basic financial statements.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Detailed Notes on all Funds

A. Deposits and Investments

As of September 30, 2024, CAPCOG had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
Local government investment pools	\$ 48,012,172	96
Total Amortized Cost	<u>\$ 48,012,172</u>	
Portfolio weighted average maturity		96

Custodial credit risk- deposits. In the case of deposits, this is the risk that in the event of a bank failure, CAPCOG's deposits may not be returned to it. As of September 30, 2024, the primary government had bank deposits of \$1,255,273. CAECD's bank deposits represented \$718,571 of this balance. As of September 30, 2024, the carrying amount of the deposits of the primary government were \$1,556,765. CAECD's carrying amount of deposits represented \$717,318 of this balance.

CAPCOG's investment policy requires funds on deposit at the depository bank to be collateralized by securities. At year-end, market values of CAPCOG's pledged securities and Federal Deposit Insurance Corporation ("FDIC") insurance exceeded bank balances.

Credit risk. CAPCOG's investment policy limits investments to those rated as to investment quality not less than "AAA" by a nationally recognized investment rating firm. As of September 30, 2024, CAPCOG's investments in TexPool were rated "AAAm" by Standard & Poor's.

TexPool

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act ("PFIA") of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company ("Trust Company") to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

TexPool (continued)

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, CAPCOG’s investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor’s. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, TexPool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

B. Receivables

Amounts are aggregated into a single accounts receivable line for certain funds and aggregated columns. Below is the detail of receivables for the general, aging, capital area emergency communication district, and nonmajor special revenue funds.

Receivables	Capital Area				Total
	General	Aging	Emergency Communication District	Nonmajor Special Revenue	
Federal Grants	\$ -	\$ 1,473,378	\$ 1,608,332	\$ 366,375	\$ 3,448,085
State Grants	-	125,194	-	145,864	271,058
Contract Revenue	96,922	59,060	-	28,882	184,864
Private Switch	-	-	2,804	-	2,804
Wireless fees	-	-	1,117,411	-	1,117,411
Wireline fees	-	-	165,964	-	165,964
Tuition fees	-	-	-	665	665
Miscellaneous	18,000	-	42,647	433	61,080
	<u>\$ 114,922</u>	<u>\$ 1,657,632</u>	<u>\$ 2,937,158</u>	<u>\$ 542,219</u>	<u>\$ 5,251,931</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Detailed Notes on all Funds (continued)

C. Capital Assets

A summary of changes in capital assets at year-end is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
Governmental Activities				
Capital Assets being Depreciated/ Amortized:				
Furniture and equipment	\$ 7,428,571	\$ 10,997,304	\$ (2,096,112)	\$ 16,329,763
Leasehold improvements	1,748,340	-	-	1,748,340
Right-to-use lease building	4,214,429	-	-	4,214,429
Right-to-use lease equipment	-	171,054	-	171,054
Right-to-use subscription asset	3,867,720	2,804,434	-	6,672,154
Total Capital Assets being Depreciated/Amortized	<u>17,259,060</u>	<u>13,972,792</u>	<u>(2,096,112)</u>	<u>29,135,740</u>
Less Accumulated Depreciation/ Amortization for:				
Furniture and equipment	(5,535,491)	(2,068,044)	2,072,373	(5,531,162)
Leasehold improvements	(1,194,134)	(174,834)	-	(1,368,968)
Right-to-use lease building	(1,532,520)	(766,260)	-	(2,298,780)
Right-to-use lease equipment	-	(27,009)	-	(27,009)
Right-to-use subscription asset	(984,081)	(1,518,769)	-	(2,502,850)
Total Accumulated Depreciation/ Amortization	<u>(9,246,226)</u>	<u>(4,554,916)</u>	<u>2,072,373</u>	<u>(11,728,769)</u>
Total Capital Assets, Net	<u>8,012,834</u>	<u>9,417,876</u>	<u>(23,739)</u>	<u>17,406,971</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 8,012,834</u>	<u>\$ 9,417,876</u>	<u>\$ (23,739)</u>	<u>\$ 17,406,971</u>

Depreciation and amortization were charged to governmental functions as follows:

General government	\$ 293,538
Aging	94,791
Emergency communications	4,002,186
Economic Development Administration	2,487
Criminal justice	63,916
Homeland security	39,870
Environmental quality	58,128
Total	<u>\$ 4,554,916</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

CAPCOG’s net investment in capital assets for the year-ended September 30, 2024 is as follows:

Investment in Capital Assets Net of Related Debt		
Capital assets, net		\$ 17,406,971
Related debt		<u>(6,731,962)</u>
Net Investment in Capital Assets		<u><u>\$ 10,675,009</u></u>

D. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>	<u>Due within a year</u>
Governmental Activities					
Lease liability	\$ 2,910,626	\$ 171,054	\$ (770,349)	\$ 2,311,331	\$ 847,239
SBITA liability	2,934,674	2,804,434	(1,318,477)	4,420,631	1,463,019
Total	<u><u>\$ 5,845,300</u></u>	<u><u>\$ 2,975,488</u></u>	<u><u>\$ (2,088,826)</u></u>	<u><u>\$ 6,731,962</u></u>	<u><u>\$ 2,310,258</u></u>

SBITA Liability

During the current fiscal year, CAPCOG entered into two new SBITAs and an extension of existing agreement. An initial SBITA liability was recorded in the amount of \$2,804,434 during the current fiscal year. As of September 30, 2024, the value of the SBITA liability was \$4,420,631. There are no variable payments. CAPCOG is required to make monthly principal and interest payments in the range of \$1,898 to \$84,230. The SBITAs have an estimated incremental borrowing rate of interest rate of 5.31% to 6.09%. The software agreements have a remaining estimated useful life of one year to five years. The value of the right-to-use asset as of the end of the current fiscal year was \$6,672,154 and had accumulated amortization of \$2,502,850. There are no commitments under SBITAs before the commencement of the subscription term. The future principal and interest SBITA payments as of September 30, 2024, were as follows:

<u>Year Ending September 30</u>	<u>SBITA Liability</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 1,463,019	\$ 208,887	\$ 1,671,906
2026	1,536,186	124,858	1,661,044
2027	677,372	57,145	734,517
2028	625,865	24,422	650,287
2029	118,189	2,366	120,555
	<u><u>\$ 4,420,631</u></u>	<u><u>\$ 417,678</u></u>	<u><u>\$ 4,838,309</u></u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Detailed Notes on all Funds (continued)

D. Long-Term Liabilities (continued)

Lease Liability

CAPCOG leases office space under a long-term lease agreement. CAPCOG entered into a ten-year office space lease agreement with payments beginning April 1, 2017. CAPCOG’s estimated incremental borrowing rate used to calculate the present value of the lease liability is 5.33%. The lease liability, as of September 30, 2024, was \$2,164,508. CAPCOG was required to make monthly payments ranging from \$72,000 to \$75,000 during fiscal year 2024. The value of the right-to-use asset as of the end of the current fiscal year was \$4,214,429 and had accumulated amortization of \$2,298,780.

CAPCOG leases copier equipment under a long-term lease agreement. CAPCOG entered into a copier lease agreement with monthly payments of \$3,402 beginning on January 1, 2024, and ending September 30, 2028. CAPCOG’s estimated incremental borrowing rate used to calculate the present value of the lease liability is 5.31%. The lease liability, as of September 30, 2024, was \$146,823. The value of the right-to-use asset as of the end of the current fiscal year was \$171,054 and an accumulated amortization of \$27,009.

The future principal and interest lease payments as of September 30, 2024, were as follows:

Lease Liability			
Year Ending September 30	Principal	Interest	Totals
2025	\$ 847,239	\$ 99,524	\$ 946,763
2026	920,036	52,611	972,647
2027	504,384	8,822	513,206
2028	39,672	1,150	40,822
	<u>\$ 2,311,331</u>	<u>\$ 162,107</u>	<u>\$ 2,473,438</u>

E. Compensated Absences

Employees in permanent, full-time positions earn eight hours of vacation with pay and eight hours of sick leave for each month of service for the first three years of employment and ten hours per month of vacation thereafter. Vacation and sick leave are prorated for part time permanent employees. Employees may accumulate up to 240 hours of vacation and up to 48 hours of sick leave that are vested in the event of termination. Employees vest their vacation balance after 1 year of service and vest their sick leave balance after 3 years of service. Accrued vacation and sick leave included in accrued compensated absences was \$315,469 as of September 30, 2024. The net change in compensated absences is shown below:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental Activities				
Compensated Absences	\$ 265,665	\$ 57,272	\$ (7,468)	\$ 315,469
Total	<u>\$ 265,665</u>	<u>\$ 57,272</u>	<u>\$ (7,468)</u>	<u>\$ 315,469</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Detailed Notes on all Funds (continued)

F. Interfund Transactions

The composition of interfund balances as of year-end was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due From / To Other Funds</u>
General	Aging	\$ 1,542,769
General	Capital Area Emergency Communication District	648,231
General	Nonmajor funds	254,077
Nonmajor funds	General	369,423
		<u>\$ 2,814,500</u>

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

G. Unearned Revenues

Amounts are aggregated into a single unearned revenues line for general and nonmajor special revenue funds. Below is the detail of unearned revenues.

<u>Unearned Revenues</u>	<u>General</u>	<u>Aging</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Criminal Justice Division	\$ -	\$ -	\$ 12,112	\$ 12,112
Aging	-	633	-	633
Texas Commission on Environmental Quality	-	-	606,947	606,947
Economic Development Administration	-	-	6,255	6,255
Other	98,950	-	-	98,950
	<u>\$ 98,950</u>	<u>\$ 633</u>	<u>\$ 625,314</u>	<u>\$ 724,897</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Other Information

A. Risk Management

CAPCOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which CAPCOG participates along with 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at a group rate for participants in the Pool. CAPCOG has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. CAPCOG has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Delegate Agency Costs and Contingent Liabilities

For grants classified as secondary recipient grants, CAPCOG contracts with local governments and other local delegate agencies to perform the specific services set forth in the grant agreements. CAPCOG disburses grant funds to the delegate agencies based on monthly expenditure reports received from each delegate agency.

Each delegate agency is required to comply with federal and state audit requirements. CAPCOG requires each of its delegate agencies to submit audit reports. If such audits disclose expenditures not in accordance with the terms of the grants, the grantor agency could disallow the costs and require reimbursement of the disallowed costs either from CAPCOG or the delegate agency. CAPCOG generally has the right of recovery from the delegate agency.

The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although CAPCOG expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

CAPCOG provides pension benefits for all its employees through a defined contribution plan, which qualifies as a 401(k) retirement plan (the "plan"). In a defined contribution plan, benefits depend solely on annual contributions by CAPCOG, voluntary contributions by employees, length of time an employee participates in the Plan, and investment earnings. The Plan covers all employees of CAPCOG immediately upon beginning with their full month of service. If an employee terminates any time during the semi-annual period of benefits calculations, the employee forfeits the employer contribution of 8 percent, unless the employee is of retirement age.

CAPCOG's pension plan benefits are calculated and paid on semi-annual calendar year basis. CAPCOG's subject earnings eligible for pension plan benefits for the 2024 calendar year were \$4,552,676. Employer contributions calculated for the calendar year 2024 CAPCOG totaled \$364,215. \$168,076 was paid in July 2024, and \$196,139 February 2025. Of this total \$324,767 was accrued in employee retirement payables related to pension plan benefits for the fiscal year ended September 30, 2024.

OTHER SUPPLEMENTARY INFORMATION

CAPITAL AREA COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS BY FUNDING SOURCE
September 30, 2024

	Economic Development Administration	Criminal Justice Division	Homeland Security Division
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables	-	23,196	6,784
Due from grantor agencies	-	145,712	327,676
Due from other funds	6,255	173,661	-
Total Assets	\$ 6,255	\$ 342,569	\$ 334,460
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ -	\$ 215,378
Unearned revenue	6,255	12,112	-
Total Liabilities	6,255	12,112	215,378
Fund Balances			
Restricted	-	330,457	119,082
Total Fund Balances	-	330,457	119,082
Total Liabilities and Fund Balances	\$ 6,255	\$ 342,569	\$ 334,460

CAPITAL AREA COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS BY FUNDING SOURCE
September 30, 2024

	Texas Commission on Environmental Quality	Environmental Protection Agency	Total Nonmajor Special Revenue Funds
Assets			
Cash and cash equivalents	\$ 163,211	\$ -	\$ 163,211
Receivables	-	-	29,980
Due from grantor agencies	152	38,699	512,239
Due from other funds	443,584	-	623,500
Total Assets	<u>\$ 606,947</u>	<u>\$ 38,699</u>	<u>\$ 1,328,930</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	\$ -	\$ 38,699	\$ 254,077
Unearned revenue	606,947	-	625,314
Total Liabilities	<u>606,947</u>	<u>38,699</u>	<u>879,391</u>
Fund Balances			
Restricted	-	-	449,539
Total Fund Balances	<u>-</u>	<u>-</u>	<u>449,539</u>
Total Liabilities and Fund Balances	<u>\$ 606,947</u>	<u>\$ 38,699</u>	<u>\$ 1,328,930</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS BY FUNDING SOURCE
For the Year Ended September 30, 2024**

	Economic Development Administration	Criminal Justice Division	Homeland Security Division
Revenues			
Federal grants	\$ 63,745	\$ -	\$ 694,005
State grants	-	442,548	-
Contract service revenue	-	132,583	40,700
Investment income	-	-	-
Tuition fees	-	157,814	-
Contractual local match	55,884	-	-
Total Revenues	119,629	732,945	734,705
Expenditures			
Current:			
Personnel services	67,756	380,807	263,768
Contractual services	-	63,924	73,560
Travel	4,677	2,754	8,076
Supplies and materials	-	28,781	141,898
Office space	1,985	39,407	6,736
Furniture and equipment	-	-	134,555
Miscellaneous	20,748	7,706	-
Internal expense allocation	10,565	79,426	48,718
Indirect cost allocation	11,042	62,372	42,662
Debt Service:			
Principal	2,421	48,052	8,215
Interest	435	8,626	1,475
Total Expenditures	119,629	721,855	729,663
 Net Change in Fund Balances	 -	 11,090	 5,042
Beginning Fund Balances	-	319,367	114,040
Ending Fund Balances	\$ -	\$ 330,457	\$ 119,082

CAPITAL AREA COUNCIL OF GOVERNMENTS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS BY FUNDING SOURCE
For the Year Ended September 30, 2024**

	Texas Commission on Environmental Quality	Environmental Protection Agency	Total Nonmajor Special Revenue Funds
Revenues			
Federal grants	\$ -	\$ 286,385	\$ 1,044,135
State grants	1,091,632	-	1,534,180
Contract service revenue	-	-	173,283
Investment income	3,206	-	3,206
Tuition fees	-	-	157,814
Contractual local match	-	-	55,884
Total Revenues	<u>1,094,838</u>	<u>286,385</u>	<u>2,968,502</u>
Expenditures			
Current:			
Personnel services	209,212	27,515	949,058
Contractual services	617,212	62,207	816,903
Travel	3,698	-	19,205
Supplies and materials	27,042	15,397	213,118
Office space	8,099	-	56,227
Furniture and equipment	90,768	173,708	399,031
Miscellaneous	40,371	-	68,825
Internal expense allocation	43,902	3,131	185,742
Indirect cost allocation	34,406	4,427	154,909
Debt Service:			
Principal	17,065	-	75,753
Interest	3,063	-	13,599
Total Expenditures	<u>1,094,838</u>	<u>286,385</u>	<u>2,952,370</u>
Net Change in Fund Balances	-	-	16,132
Beginning Fund Balances	<u>-</u>	<u>-</u>	<u>433,407</u>
Ending Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,539</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

For the Year Ended September 30, 2024

	<u>Actual</u>	<u>Budget</u>
Salaries	\$ 378,449	\$ 330,113
Benefits	196,885	185,858
	<u>575,334</u>	<u>515,971</u>
Accounting/Auditing	26,675	38,747
Communications	5,888	5,000
Insurance	14,325	16,000
Legal	-	2,500
Postage	4,315	7,000
Printing	1,827	2,000
Photocopy expense	10,025	9,500
Other expense	2,947	3,095
Professional development	5,521	3,100
Subscriptions dues	32,177	38,618
Travel	3,463	4,600
Office space	381,557	379,427
Contractual services	180	100
Consumable supplies	12,054	18,700
Personnel payroll services	14,738	30,073
Computer support services	143,979	132,657
Total Indirect Expenditures	<u>1,235,005</u>	<u>1,207,088</u>
Indirect Carryforward	(9,050)	(20,083)
	<u>1,225,955</u>	<u>1,187,005</u>
Cost recovery CAECD	(637,550)	(603,544)
Total Indirect Costs Allocated	<u>\$ 588,405</u>	<u>\$ 583,461</u>
Indirect Cost Allocation Base	<u>\$ 2,338,650</u>	<u>\$ 2,319,051</u>
Ratio of Indirect Costs to Cost Allocation Base	<u>25.16%</u>	<u>25.16%</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS**SCHEDULE OF FRINGE BENEFITS***For the Year Ended September 30, 2024*

	Actual	Budget
Payroll taxes	\$ 356,437	\$ 375,340
Group insurance	805,356	979,152
Workers' compensation insurance	10,994	15,784
Unemployment insurance	9,579	809
Retirement contribution	324,767	293,001
Professional Services	25,821	22,500
Other	61,063	92,179
Release time	605,229	648,932
Fringe Benefit Expenditures	2,199,246	2,427,697
Fringe carry forward	149,343	(12,280)
Total Fringe Benefits Allocated	\$ 2,348,589	\$ 2,415,417
Total Wages	4,729,177	4,890,499
Release time	(605,229)	(648,932)
Basis for Allocation	\$ 4,123,948	\$ 4,241,567
Employee Benefit Rate	56.95%	56.95%



FEDERAL AND STATE AWARDS



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

To the Executive Committee Members of
Capital Area Council of Governments
Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Capital Area Council of Governments ("CAPCOG"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise CAPCOG's basic financial statements, and have issued our report thereon dated April 30, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CAPCOG'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 CAPCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of CAPCOG'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 CAPCOG'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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAPCOG'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*.

To the Executive Committee Members of
Capital Area Council of Governments

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 CAPCOG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAPCOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Austin, Texas
April 30, 2025

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND STATE OF TEXAS GRANT MANAGEMENT STANDARDS**

To the Executive Committee Members of
Capital Area Council of Governments
Austin, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Capital Area Council of Governments’ (“CAPCOG”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of CAPCOG’s major federal and state programs for the year ended September 30, 2024. CAPCOG’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Texas Grant Management Standards. Our responsibilities under those standards, and the Uniform Guidance and the Texas Grant Management Standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

To the Executive Committee Members of
Capital Area Council of Governments

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 CAPCOG'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 the Texas Grant Management Standards 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 compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Texas Grant Management Standards, 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 CAPCOG'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 CAPCOG'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 the Texas Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of CAPCOG'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 and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 and 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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

To the Executive Committee Members of
Capital Area Council of Governments

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 the Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Austin Texas
April 30, 2025

CAPITAL AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	None

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
---	--

US Department of Treasury

<i>Coronavirus State and Local Fiscal Recovery Funds - COVID-19</i>	21.027
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	Yes

CAPITAL AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2024

I. Summary of Auditors' Results (continued)

State Awards

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?	None

Identification of major programs:

Name of State Programs

Grant/Contract Numbers:

Texas Health and Human Services Commission

<i>Rider 7 Local Air Quality Planning Amendment 1, 22-23</i>	582-20-11982
<i>Rider 7 Local Air Quality Planning Amendment 2, 24-25</i>	582-20-11982

Dollar Threshold Considered Between Type A and Type B Programs \$750,000

State Single Audit - Auditee qualified as low risk auditee? Yes

II. Financial Statement Findings

There were no current year findings.

III. Federal and State Award Findings and Questioned Costs.

There were no current year findings or questioned costs.

CAPITAL AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Grant/Contract Number	Expenditures	Pass Through to Subrecipients
U.S. Department of Health and Human Services				
Pass-through Texas Health and Human Services Commission:				
<i>Title III, Part B Grants for Supportive Services and Senior Centers ARP (COVID-19)</i>	93.044	2101TXSSC6/HHS000874100005	\$ 981,290	\$ 105,799
<i>Title III, Part B Grants for Supportive Services and Senior Centers FY 2023</i>	93.044	2301TXOASS/HHS000874100005	763,168	146,887
<i>Title III, Part B Grants for Supportive Services and Senior Centers FY 2024</i>	93.044	2401TXOASS/HHS000874100005	490,402	-
<i>Title III, Part C, Subpart C1 Congregate Meals ARP (COVID-19)</i>	93.045	2101TXCMC6/HHS000874100005	533,493	505,401
<i>Title III, Part C, Subpart C1 Congregate Meals FY 2023</i>	93.045	2301TXOACM/HHS000874100005	808,717	439,524
<i>Title III, Part C, Subpart C1 Congregate Meals FY 2024</i>	93.045	2401TXOACM/HHS000874100005	233,119	-
<i>Title III, Part C, Subpart C2 Home-Delivered Meals ARP (COVID-19)</i>	93.045	2101TXHDC6/HHS000874100005	1,161,034	1,161,033
<i>Title III, Part C, Subpart C2 Home-Delivered Meals FY 2023</i>	93.045	2301TXOAMD/HHS000874100005	1,466,158	1,466,157
<i>Nutrition Services Incentive Program FY 2023</i>	93.053	2301TXOANS/HHS000874100005	487,726	487,726
<i>Nutrition Services Incentive Program FY 2024</i>	93.053	2401TXOANS/HHS000874100005	346,635	346,635
<i>Total Aging Cluster (ALN 93.044, 93.045, 93.053)</i>			7,271,742	4,659,162
<i>Title III, Part D Disease Prevention and Health Promotion Services ARP (COVID-19)</i>	93.043	2101TXPHC6/HHS000874100005	110,178	-
<i>Title III, Part D Disease Prevention and Health Promotion Services FY 2023</i>	93.043	2301TXOAPH/HHS000874100005	32,078	-
<i>Total ALN 93.043</i>			142,256	-
<i>Title III, Part E National Family Caregiver Support ARP (COVID-19)</i>	93.052	2101TXFCC6/HHS000874100005	380,133	-
<i>Title III, Part E National Family Caregiver Support FY 2023</i>	93.052	2301TXOAF6/HHS000874100005	773,148	-
<i>Title III, Part E National Family Caregiver Support FY 2024</i>	93.052	2401TXOAF6/HHS000874100005	42,508	-
<i>Total ALN 93.052</i>			1,195,789	-
<i>Title VII, Elder Abuse Prevention FY 2024</i>	93.041	2401TXOAEA/HHS000874100005	18,169	-
<i>Title VII, Long-Term Care Ombudsman ARP (COVID-19)</i>	93.042	2101TXOMC6/HHS000874100005	10,203	-
<i>Title VII, Long-Term Care Ombudsman FY 2024</i>	93.042	2401TXOAO6/HHS000874100005	73,510	-
<i>Total ALN 93.042</i>			83,713	-
<i>Health Insurance Counseling Advocacy Program 4/1/2023 - 3/31/2024</i>	93.324	90SAPG0095-04/HHS000874100005	35,592	-
<i>Health Insurance Counseling Advocacy Program 4/1/2024 - 3/31/2025</i>	93.324	90SAPG0095-05/HHS000874100005	68,026	-
<i>Total ALN 93.324</i>			103,618	-
<i>Medicare Improvements for Patients and Providers Act Priority Area 2 FY 2022</i>	93.071	2201TXMIAA/HHS000874100005	26,396	-
<i>Medicare Improvements for Patients and Providers Act Priority Area 3 FY 2023</i>	93.071	2301TXMIDR/HHS000270200014	5,525	-
<i>Medicare Improvements for Patients and Providers Act Priority Area 3 FY 2023</i>	93.071	2401TXMIDR/HHS000270200014	2,885	-
<i>Medicare Improvements for Patients and Providers Act Priority Area 3 FY 2024</i>	93.071	2401TXMIDR/HHS001341600020	372	-
<i>Total ALN 93.071</i>			35,178	-
<i>ARP Elder Abuse Prevention (COVID-19)</i>	93.747	2201TXLOC6/HHS000874100005	42,379	-
<i>Money Follows the Person-Housing Navigator</i>	93.791	11LICMS300151-01-22/HHS000270200014	18,080	-
<i>Money Follows the Person-Housing Navigator</i>	93.791	11LICMS300151-01-22/HHS001341600020	2,895	-
<i>Money Follows the Person-Local Contact Agency</i>	93.791	11LICMS300151-01-22/HHS000270200014	7,072	-
<i>Money Follows the Person-Local Contact Agency</i>	93.791	11LICMS300151-01-22/HHS001341600020	1,389	-
<i>Total ALN 93.791</i>			29,436	-
Total U.S. Department of Health and Human Services			8,922,280	4,659,162

CAPITAL AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Grant/Contract Number	Expenditures	Pass Through to Subrecipients
U.S. Department of Commerce				
Direct Award:				
<i>Economic Development District Planning Grant</i>	11.302	ED24AUS0G0271	\$ 46,245	\$ -
<i>C19 Economic Disaster Recovery Support for Texas Capital Area Total Economic Development Cluster (ALN 11.307)</i>	11.307	ED20AUS3070077	17,500	-
			<u>17,500</u>	<u>-</u>
Total U.S. Department of Commerce			<u>63,745</u>	<u>-</u>
U.S. Department of Homeland Security				
Pass-through Office of the Governor - Homeland Security Grant Division:				
<i>2023 State Homeland Security Program Regional Planning</i>	97.067	FAIN EMW-2022-SS-0021/2956908	63,829	-
<i>2024 State Homeland Security Program Regional Planning</i>	97.067	FAIN EMW-2023-SS-0025/2956909	422,748	-
<i>2025 State Homeland Security Program Regional Planning</i>	97.067	FAIN EMW-2024-SS-05096/2956910	23,140	-
<i>2024 State Homeland Security Program Training & Exercise</i>	97.067	FAIN EMW-2023-SS-0025/2956808	123,880	-
<i>2024 State Homeland Security Program Tier II Reporting</i>	97.067	FAIN EMW-2023-SS-0025/3757805	24,977	-
<i>HS Regional CERT Project</i>	97.067	FAIN EMW-2023-SS-0025/4753041	35,431	-
<i>Total ALN 97.067</i>			<u>694,005</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>694,005</u>	<u>-</u>
U.S Department of Treasury				
Pass-through Commission on State Emergency Communications				
<i>Coronavirus State and Local Fiscal Recovery Funds - COVID-19 T</i>	21.027	FAIN 020-1892	8,835,500	-
Total U.S. Department Justice			<u>8,835,500</u>	<u>-</u>
U.S Environmental Protection Agency				
Direct Award:				
<i>Continuous PM 2.5 Monitoring</i>	66.034	FAIN 02F29801	212,258	-
<i>Speciated PM 2.5 Monitoring</i>	66.034	FAIN 02F29801	74,127	-
<i>Total ALN 66.034</i>			<u>286,385</u>	<u>-</u>
Total U.S Environmental Protection Agency			<u>286,385</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 18,801,915</u>	<u>\$ 4,659,162</u>

CAPITAL AREA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended September 30, 2024

Grantor/Pass-through Grantor/Program Title	Grant/Contract Number	Expenditures	Pass Through to Subrecipients
Texas Health and Human Services Commission			
<i>State General Revenue - Title III E Match</i>	HHS000874100005	\$ 115,126	\$ -
<i>State General Revenue - Other</i>	HHS000874100005	131,016	-
<i>State General Revenue - OMB ALF Services</i>	HHS000874100005	166,206	-
<i>State General Revenue - American Rescue Plan</i>	HHS000874100005	55,220	55,220
<i>State General Revenue - HDM Rate Increase</i>	HHS000874100005	21,845	21,845
<i>State General Revenue - ADRC Operations</i>	HHS000270200014	225,558	-
<i>State General Revenue - ADRC Promoting Independence</i>	HHS000270200014	11,550	-
<i>State General Revenue - ADRC Respite</i>	HHS000270200014	29,192	-
Total Texas Health and Human Services Commission		755,713	77,065
Office of the Governor Criminal Justice Division			
<i>Regional Law Enforcement Academy 9/1/23-8/31/25</i>	1544418	442,548	-
Total Office of the Governor Criminal Justice Division		442,548	-
Texas Commission on Environmental Quality			
<i>Regional Solid Waste Management Program 9/1/23-8/31/25</i>	582-24-50081	222,713	33,742
<i>Rider 7 Local Air Quality Planning Amendment 1, 22-23</i>	582-20-11982	454,357	-
<i>Rider 7 Local Air Quality Planning Amendment 2, 24-25</i>	582-20-11982	413,411	-
<i>Rider 7 PM2.5 Air Quality Planning Grant 24-25</i>	582-24-01296	1,152	-
Total Texas Commission on Environmental Quality		1,091,633	33,742
Total Expenditures of State Awards		\$ 2,289,894	\$ 110,807

CAPITAL AREA COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2024

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of CAPCOG under programs of the federal and state government for the year ended September 30, 2024. The information in these Schedules is presented in accordance with the requirements of Office of Management and Budget (OMB) Uniform Guidance and the *Texas Grant Management Standards*. Because these Schedules present only a selected portion of the operations of CAPCOG, they are not intended to and do not present the financial position and changes in net position of CAPCOG.

2. Summary of Significant Accounting Policies

CAPCOG accounts for all federal and state awards under programs of the federal and state governments in special revenue funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance) and *Texas Grant Management Standards*. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to CAPCOG, they are recorded as unearned revenues until earned. Otherwise, federal and state grant funds are received on a reimbursement basis from the respective federal or state program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods. CAPCOG has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of state awards per the schedule of expenditures of state awards and state revenues reported on the statement of revenues, expenditures, and changes in fund balances of CAPCOG's Annual Financial Report:

State Program Revenues	\$ 14,933,672
Proposition 8 Funding	<u>(12,643,778)</u>
Total Expenditures of State Awards Per SESA	<u><u>\$ 2,289,894</u></u>

CAPITAL AREA COUNCIL OF GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2024

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

CAPITAL AREA COUNCIL OF GOVERNMENTS

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2024

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable



EXECUTIVE COMMITTEE MEETING

MEETING DATE: May 14, 2025

AGENDA ITEM: 6. Consider accepting the Quarterly Investment Report

GENERAL DESCRIPTION OF ITEM:

The Public Funds Investment Act and the CAPCOG Investment Policy require that a quarterly investment report be prepared for the Executive Committee. This report is for the 2nd quarter ending March 31, 2025. CAPCOG's investments are in the Texas Local Government Investment Pool (TexPool).

The beginning and end balances for each fund reflect the transactions supporting the operating needs of the organization and not the performance of the investments. CAPCOG's use of TexPool as our investment pool is to provide ready access to idle funds for operating purposes while still earning a market interest rate for short-term investments.

During the quarter the average market interest rate earned was approximately 4.42%.

Total interest earnings for the quarter were \$535,670

THIS ITEM REPRESENTS A:

- New issue, project, or purchase
- Routine, regularly scheduled item
- Follow-up to a previously discussed item
- Special item requested by board member
- Other

PRIMARY CONTACT/STAFF MEMBER: **Silvia Alvarado, Director of Finance**

BUDGETARY IMPACT:

Total estimated cost: N/A

Source of Funds: N/A

Is the item already included in the fiscal year budget? Yes No

Does item represent a new expenditure? Yes No

Does item represent a pass-through purchase? Yes No

If so, for what city/county/etc.? N/A

PROCUREMENT:

N/A

ACTION REQUESTED:

Accept the Quarterly Investment Report

BACK-UP DOCUMENTS ATTACHED:

1. Quarterly Investment Report (5 pages)

BACK-UP DOCUMENTS NOT ATTACHED (to be sent prior to meeting or will there be a handout at the meeting):

None

EXECUTIVE COMMITTEE MEETING

MEETING DATE: May 14, 2025

AGENDA ITEM: 7. Review AAA funding updates for FY 2025, FY2026 and potential loss of programs in 2026 due to federal changes at HHSC.

GENERAL DESCRIPTION OF ITEM:

HHSC notified CAPCOG/AAA on 4/28/25 that due to the lack of match at the State level; the AAA's will receive 75% of the 2024 carry over funds and none of the 2023 carry over funds, but the AAA's will receive the remaining current fiscal year 2025 funds (25%), once the state receives the allocations from the federal government. The timeline for receiving the remainder of the 2025 funding is unknown. This solution by HHSC is a better outcome for the AAA FY2025 funding; however, it will result in a large decrease going into FY2026 and a more substantial decrease going into FY2027.

The projected loss to the region is expected to be approximately 3.4 million due to the loss of FY2023 carryover funds and the reduction of FY2024 carryover by 25%. This is compared to a 3.8 million loss if they had followed the first plan to pool all of the carryover funds and redistributed them to all the AAA's.

Based on current policy and historical application of the policies related to carryover funding, the AAA will need to reduce programs and services across in-home supportive services, congregate and home delivered meals, and caregiver support programs, by approximately 5% to 15.5%, collectively going into FY2026. With the ability to transfer funds categorically between funding sources, the AAA would be able to lessen the reductions across the programs instead of one or two programs taking the biggest losses in funding. There may still be the opportunity to negotiate with HHSC to recover the 2023 funding and the rest of the 2024 funding later this year. It is important to note that there are many unknowns at this time related to carryover funds, such as will the State HHSC revert back to the TAC and only allow the AAA's to have 5% of their carryover balance and then pool the remaining for redistribution, or will carryover dollars have to be returned to the federal government? The AAA networks do not have any definitive information about the path forward.

The second issue is the draft federal budget and reorganization plan for HHSC was leaked into the public domain at the beginning of April 2025. This plan proposes to eliminate programs that are carried out by the AAA's and to separate the Older American Act (OAA) programs between different agencies within HHSC at the federal level. These changes, if they came to fruition, would have a serious impact on CAPCOG and the Capital AAA and the Aging network across the United States, but most importantly it would have a negative impact on the seniors who need the AAA services. The OAA does not allow for the programs to be separated as the Act calls for coordination of supportive programs to best meet the needs of seniors and their caregivers. Separating the programs into different agencies at the federal level complicates the funding and is inefficient. The OAA programs are very different, with different consumers than the Medicaid consumer. The concern is the OAA services would lose their importance if transferred to CMS. The nutrition programs are being moved to the Administration on Child and Family and the AAA In-Home support programs are being moved to CMS, which administers Medicaid and Medicare programs. The Aging network has already lost the national agency that has overseen the OAA programs for the past 13 years, the Administration for Community Living has been disbanded, with only a few staff remaining to transition the programs to the new host agency(s).

The AAA programs that are identified for elimination in their entirety are as follows:

- The Ombudsman program, elder rights, and elder justice supportive programs– advocate program for people residing in nursing homes, group homes, and assisted living communities
- SHIP/Medicare Benefit Counseling program – programs that assist seniors with Medicare open enrollment, understanding their Medicare benefits, assisting with Medicare medication programs,

enrolling in other benefit programs such as Medicaid, Low Income Subsidy Medicare programs, LIHEAP, and benefit navigation for other eligible programs.

- Health and wellness programs and all preventive health services– all Evidence Based Courses/programs - Fall prevention, Chronic Disease Self-Management courses related to pain management and diabetes, and building better Caregivers. These are the EBI programs hosted by the Capital AAA but this is not a complete list of EBI programs that would be eliminated.
- Lifespan Respite program – administered through the ADRC’s to provide caregiver respite for families caring for a disabled child or relative with disabilities, including Alzheimer’s or related dementia
- Aging and Disability Resource Centers (ADRC)

The AAA networks and national partners are doing advocacy outreach for the preservation of the OAA programs and services and to advocate for keeping OAA programs together under one agency, the Administration for Children and Family.

THIS ITEM REPRESENTS A:

- New issue, project, or purchase
- Routine, regularly scheduled item
- Follow-up to a previously discussed item
- Special item requested by board member
- Other

PRIMARY CONTACT/STAFF MEMBER:

Jennifer Scott, Director of Aging Services

BUDGETARY IMPACT:

Total estimated cost:

Source of Funds: OAA Funds – Title III

Is item already included in fiscal year budget? Yes No

Does item represent a new expenditure? Yes No

Does item represent a pass-through purchase? Yes No

If so, for what city/county/etc.? Regional Impact

PROCUREMENT: N/A

ACTION REQUESTED:

The AAA requests advocacy initiatives for OAA programs.

BACK-UP DOCUMENTS ATTACHED:

If you have one back-up document, please list like this.

1. Excel spreadsheet of estimated financial impact 2025, 2026, 2027
2. Press Release – USAging
3. Press Release – CAPCOG-Dissolution of ACL
4. Press Release – CAPCOG – Defunded OAA programs
5. Excel spreadsheet – eliminated programs and programs moved to CMS/ACF

BACK-UP DOCUMENTS NOT ATTACHED (to be sent prior to meeting or will be a handout at the meeting):

If you have one back-up document to be handed out at the meeting, please list like this.

1. If you have more than one back-up document, please number them.

Estimated Funds Available for FY 2025 - What was planned - prior to match issue

Title	1a. FY 2023 Unexpended Balance	1b. FY 2024 Unexpended Balance	2. FY 2025 NFAs to Date	Estimated FY 2025 NFAs	3. Transfers	Estimated FY 2025 NFAs Post-Transfer	Total Estimated Funding
III-B	\$955,942	\$1,190,725	\$1,361,552	\$1,701,940	\$0	\$1,701,940	\$3,848,607
III-C1	\$382,262	\$996,126	\$2,000,933	\$2,501,166	-\$1,000,467	\$1,500,700	\$2,879,088
III-C2	\$529,878	\$2,859,030	\$1,334,813	\$1,668,516	\$1,000,467	\$2,668,983	\$6,057,891
III-D	\$86,144	\$121,590	\$123,845	\$154,806	\$0	\$154,806	\$362,540
III-E	\$0	\$774,582	\$658,860	\$823,575	\$0	\$823,575	\$1,598,157
Total	\$1,954,226	\$5,942,053	\$5,480,003	\$6,850,004	\$0	\$6,850,004	\$14,746,283

\$965,611 From Pg. 2

Expected Total \$15,711,894

Estimated Impact of Re-Allocation - This option was not chosen by HHSC

Title	FY 2023	FY 2024	Total	Total					
	Unexpended Balance	Unexpended Balance	Unexpended Balance	FY 2023 After Re- allocation	FY 2024 After Re- Allocation	Balance After Re-Allocation	FY 2023 Funding Impact	FY 2024 Funding Impact	Total Funding Impact
III-B	\$955,942	\$1,190,725	\$2,146,667	\$169,471	\$798,774	\$968,246	(\$786,471)	(\$391,951)	(\$1,178,421)
III-C1	\$382,262	\$996,126	\$1,378,388	\$349,691	\$924,428	\$1,274,119	(\$32,571)	(\$71,698)	(\$104,269)
III-C2	\$529,878	\$2,859,030	\$3,388,908	\$219,740	\$997,788	\$1,217,528	(\$310,138)	(\$1,861,242)	(\$2,171,380)
III-D	\$86,144	\$121,590	\$207,734	\$16,792	\$62,673	\$79,464	(\$69,352)	(\$58,917)	(\$128,270)
III-E	\$0	\$774,582	\$774,582	\$80,263	\$431,423	\$511,686	\$80,263	(\$343,159)	(\$262,896)
Total	\$1,954,226	\$5,942,053	\$7,896,279	\$835,957	\$3,215,085	\$4,051,042	(\$1,118,269)	(\$2,726,968)	(\$3,845,237)

Projected 2025 impact by fund after categorical transfers with 2024 25% reduction in CO and no 2023

Category	FY 2025 Funds				
	FY 2024 Funds Available (75%)	Available (100%)	FY 2025 C1 Transfer %	FY 2025 C1 Transfer	Total Projected Funds Available
III-B	\$891,208	\$1,701,940	10.00%	\$250,117	\$2,843,264
III-C1	\$747,095	\$2,501,166	-50.00%	-\$1,250,583	\$1,997,678
III-C2	\$2,144,273	\$1,668,516	40.00%	\$1,000,467	\$4,813,255
III-D	\$91,193	\$154,806			\$245,999
III-E	\$580,907	\$823,575			\$1,404,482
VII-EAP	\$0	\$18,960			\$18,960

Projected 2025 impact by fund after categorical transfers with 2024 25% reduction in CO and no 2023

VII-OM	\$0	\$74,596	\$74,596
NSIP	\$0	\$157,769	\$157,769
MIPPA	\$3,157	\$34,880	\$38,037
HICAP	\$31,785	\$64,739	\$96,524
VII-EAP ARP	\$0	\$4,140	\$4,140
SGR-Housing	\$0	\$14,475	\$14,475
SGR-OM	\$0	\$177,633	\$177,633
SGR-HDM	\$0	\$40,531	\$40,531
SGR-Other	\$0	\$252,946	\$252,946
Local	\$0	\$90,000	\$90,000
Total Funding Applied	\$4,489,617	\$7,780,673	\$12,270,289

\$3,441,605 Neg Delta between expected vs 75% impact

Estimated impact with 75% of 2024 and (0) zero 2023 carryover into 2026 and 2027

Funding Category	Funds Applied FY 2025	Projected Unexpended 9/30/2025	Surplus or Deficit 9/30/2026	Minimum % Reduction Needed FY 2026	Estimated % Reduction Needed FY 2027 v. 2025
III-B	\$2,384,854	\$458,410	\$25,613	0.00%	-18.15%
III-C1	\$1,620,429	\$377,249	\$7,403	0.00%	-22.82%
III-C2	\$4,069,599	\$743,656	(\$656,960)	-16.14%	-34.42%
III-D	\$151,635	\$94,363	\$97,534	0.00%	0.00%
III-E	\$1,278,225	\$126,257	(\$328,393)	-25.69%	-35.57%
Subtotal	\$9,504,742	\$1,799,936	(\$854,802)	-8.99%	-22.91%
HDM Only (incl. N	\$4,000,000	\$743,656	(\$656,960)	-16.42%	-35.02%



Older Americans' Services At Risk or Eliminated in Trump Proposed Budget

FOR IMMEDIATE RELEASE

April 21, 2025

Contact: Bethany Coulter, bcoulter@usaging.org and 202.872.0888

WASHINGTON, DC—USAgging is gravely concerned by early reports of President Trump's Fiscal Year (FY) 2026 budget plan to break apart the coordination and delivery of Older Americans Act (OAA) programs and services upon which millions of older adults and caregivers rely. These include crucial supports and services such as in-home help with chores, dressing and bathing; rides to the doctor; home-delivered and community-served meals; and caregiver respite, among others.

"The recent Department of Health and Human Services (HHS) reorganization eliminated the umbrella agency under which the OAA has been administered for 13 years," said USAgging CEO Sandy Markwood. "Last week, we learned that the Trump Administration plans to move just one portion of the OAA's coordinated and interconnected services—the meals programs—to the Administration for Children and Families (ACF) but will cast the rest of the OAA activities to the Centers for Medicare & Medicaid Services (CMS).

"USAgging is extremely concerned about the breaking apart of one Act, which was developed to create a comprehensive system of home and community-based options for older adults, and the inappropriate placement of some of those key services in CMS," Markwood stated. "These two actions would severely affect our members—the Area Agencies on Aging (AAAs) that coordinate and deliver these services—and older adults who depend upon the coordinated delivery of these life-sustaining services.

"By breaking apart and moving pieces of this vital program to different HHS agencies, the Trump Administration is damaging the efficiency and the effectiveness of a successful 60-year-old Act and undermining the federal commitment to assist older Americans in aging well at home," Markwood explained. "We hope they will reconsider this decision immediately and reunify all the OAA under ACF, which is a more appropriate fit than CMS.

"The leaked budget also made clear that the Trump Administration will be proposing to zero out several key OAA programs as well as other federal efforts to help older adults remain healthy, prevent falls, manage their chronic diseases, navigate Medicare, find aging and disability resources, and stay safe if they are living in nursing homes, as well as efforts to prevent or address elder abuse," she noted. "We will be working with our AAA and Title VI Native American Aging Program members and Members of Congress to prevent any harms to vulnerable older adults in the FY 2026

appropriations process.”

The OAA creates community resources for older adults to access a wide array of programs and services, including information and referral to find help for their challenges with aging; congregate and home-delivered meals to address hunger, malnutrition and social isolation; evidence-based health and wellness programs to prevent falls and manage chronic disease; the provision of in-home care to support the dignity and autonomy of remaining in one’s home; transportation; the prevention of elder abuse; adult day care; and other needed options.

Family caregivers, who contribute more long-term care services and hours than any formal government program, can also access OAA-funded respite, training, support and help to navigate and sustain their caregiving roles.

“If the proposed breakup of the programs and the elimination of major initiatives in the Act go forward, it will severely impact the ability of older adults and caregivers to get the services and supports they need to remain living at home and in the community, and it will put them at risk of facing much more costly placement in institutional settings—a situation no older adult or caregiver wants to confront unless absolutely necessary,” Markwood warned.

###

About USAging

USAging is the national association representing and supporting the network of Area Agencies on Aging and advocating for the Title VI Native American Aging Programs. Our members help older adults and people with disabilities throughout the United States live with optimal health, well-being, independence and dignity in their homes and communities. For more information, visit usaging.org and follow @theUSAging on Facebook, X and Instagram.

Agency	Item	2026 HHS Budget Proposal	Original 2025 ACL Budget Request	FY 2024 CR	FY 2023
<i>Budget in Millions USD</i>					
Total		\$2,363	\$2,488	\$2,389	\$2,385
CMS	Home and Community Based Supportive Services	\$410	\$410	\$410	\$410
CMS	Aging Network Support Activities	\$13	\$40	\$30	\$30
CMS	Family Caregiver Support Services	\$207	\$205	\$205	\$205
CMS	Native American Caregiver Support Services	\$12	\$12	\$12	\$12
CMS	Alzheimer's Disease Supportive Services	\$17	\$32	\$32	\$32
CMS	Prevention of Elder Abuse and Neglect	\$5	\$5	\$5	\$5
CMS	ACL Program Admin Shift to CMS	\$11			
CMS	HCFAC Senior Medicare Patrol	\$35	\$35	\$35	\$35
CMS	MIPPA (Medicare Improvements for Patients and Providers Act)	\$50	\$50	\$50	\$47
ACF	Senior Nutrition Program - Congregate Nutrition Services	\$565	\$622	\$540	\$540
ACF	Senior Nutrition Program - Home-Delivered Nutrition Services	\$381	\$448	\$366	\$366
ACF	Senior Nutrition Program - Nutrition Services Incentive Program	\$112	\$80	\$160	\$160
ACF	Native American Nutrition and Supportive Services	\$38	\$38	\$38	\$38
ACF	Traumatic Brain Injury	\$13	\$13	\$13	\$13
ACF	Independent Living	\$453	\$132	\$128	\$128

ACF	Assistive Technology	\$40	\$40	\$40	\$40
<i>eliminated</i>	Preventive Health Services	\$0	\$26	\$26	\$26
<i>eliminated</i>	Elder Falls Prevention	\$0	\$8	\$8	\$8
<i>eliminated</i>	Lifespan Respite Care	\$0	\$10	\$10	\$10
<i>eliminated</i>	Long-Term Care Ombudsman	\$0	\$22	\$22	\$22
<i>eliminated</i>	Chronic Disease Self-Management Education	\$0	\$8	\$8	\$8
<i>eliminated</i>	Elder Rights Support Activites	\$0	\$4	\$4	\$4
<i>eliminated</i>	Elder Justice/Adult Protective Services	\$0	\$30	\$30	\$30
<i>eliminated</i>	Aging & Disability Resource Centers	\$0	\$9	\$9	\$9
<i>eliminated</i>	State Health Insurance Assistance Programs	\$0	\$55	\$55	\$55
<i>eliminated</i>	State Councils on Developmental Disabilities	\$0	\$81	\$81	\$81
<i>eliminated</i>	Developmental Disabilities Protection and Advocacy	\$0	\$45	\$45	\$45
<i>eliminated</i>	Developmental Disabilities Projects of National Significance	\$0	\$4	\$1	--
<i>eliminated</i>	Paralysis Resource Center	\$0	\$11	\$11	\$11
<i>eliminated</i>	Limb Loss Resource Center	\$0	\$4	\$4	\$4
<i>eliminated</i>	Voting Access for People with Disabilities	\$0	\$10	\$10	\$10

Sources: [HHS Draft Proposal Budget 2026](#)
[ACL's FY 2025 Budget Table - A snapshot of funding levels requested for ACL's programs.](#)
[ACL Budget website](#)

EXECUTIVE COMMITTEE MEETING

MEETING DATE: May 14, 2025

AGENDA ITEM: 8. Consider a Proclamation Recognizing May 2025 as Older Americans Month

GENERAL DESCRIPTION OF ITEM:

Every May, the Administration on Aging, part of the Administration for Community Living, leads our nation's observance of Older Americans Month. The 2025 theme, *Flip the Script on Aging*, focuses on transforming how society perceives, talks about, and approaches aging. It encourages individuals and communities to challenge stereotypes and dispel misconceptions. This year, join us in honoring older adults' contributions, exploring the many opportunities for staying active and engaged as we age, and highlighting the opportunities for purpose, exploration, and connection that come with aging.

This year's theme focuses on:

- Transforming how society perceives, talks about, and approaches aging.
- Encouraging individuals and communities to challenge stereotypes and dispel misconceptions
- Honoring older adults' contributions to our society
- Exploring the many opportunities for staying active and engaged as they age
- Highlighting the opportunities for purpose, exploration, and the connection that come with aging

The attached proclamation declares May 2025 to be Older Americans Month in the Capital Area Council of Governments (CAPCOG) region.

THIS ITEM REPRESENTS A:

- New issue, project, or purchase
- Routine, regularly scheduled item
- Follow-up to a previously discussed item
- Special item requested by board member.
- Other

PRIMARY CONTACT/STAFF MEMBER: **Jennifer Scott, Director of Aging Services**

BUDGETARY IMPACT:

Total estimated cost: N/A

Source of Funds: _____

Is item already included in fiscal year budget? Yes No

Does item represent a new expenditure? Yes No

Does item represent a pass-through purchase? Yes No

If so, for what city/county/etc.? _____

PROCUREMENT: N/A

ACTION REQUESTED:

Adopt the proclamation recognizing May 2025 as Older Americans Month in the Capital Area Council of Governments (CAPCOG) region.

BACK-UP DOCUMENTS ATTACHED:

1. Proclamation
2. "Changing the Script" 2025 theme handouts (English/Spanish)

BACK-UP DOCUMENTS NOT ATTACHED: Older Americans Month 2025 Theme link to promotional materials:
[Older Americans Month 2025 | ACL Administration for Community Living](#)



A PROCLAMATION RECOGNIZING MAY 2025 AS OLDER AMERICANS MONTH

WHEREAS, the ten-county Capital Area Council of Governments (CAPCOG) region includes a growing number of older Americans who contribute their time, wisdom, and experience to our community; and

WHEREAS, communities benefit in understanding the negative effects of *Ageism* and how pervasive it is and how it can have serious consequences for health, well-being, and on individual rights; and

WHEREAS, CAPCOG recognizes the need to *Flip the Script on Aging* by acknowledging that older Americans' make vast contributions in the region. CAPCOG Aging Services encourages older Americans to continue to contribute through volunteer opportunities, participating in focus groups, attending educational events, and participation on the Aging Advisory Committee. Furthermore, the Aging Division provides services that include information and referral linking older adults to social activities; funding of congregate meal sites that foster connectiveness; health and wellness programs fostering shared experiences and learning; respite care for unpaid family caregivers that ensures time to maintain their social networks; as well as other core services such as benefits counseling, in-home services, and ombudsman advocacy for facility residents.

WHEREAS, CAPCOG can work to build an even better community for our older residents by:

- Transforming how the region perceives, talks about, and approaches aging.
- Encouraging individuals and communities to challenge stereotypes and dispel misconceptions
- Honoring older adults' contributions to our society
- Exploring and providing opportunities for staying active and engaged as they age
- Highlighting the opportunities for purpose, exploration, and the connection that come with aging

THEREFORE, let it be resolved that the Executive Committee of the Capital Area Council of Governments declares the month of May 2024 to be Older Americans Month in the CAPCOG region to celebrate older adults and the people who support them, help create an inclusive society and accept the challenge of flexible thinking around aging.

Resolution adopted by the Capital Area Council of Governments Executive Committee on this 9th day of April 2025.

Judge Brett Bray, Chair
Executive Committee
Capital Area Council of Governments

Mayor Pro Tem Steve Hougen, Secretary
Executive Committee
Capital Area Council of Governments

OLDER AMERICANS MONTH



FLIP THE SCRIPT ON AGING: MAY 2025

Every May, the Administration for Community Living leads the nation's observance of Older Americans Month (OAM). The 2025 theme is ***Flip the Script on Aging***, which is a time to recognize older Americans' contributions, highlight aging trends, and reaffirm our commitment to serving older adults.

This year's theme focuses on:

- Transforming how society perceives, talks about, and approaches aging.
- Encouraging individuals and communities to challenge stereotypes and dispel misconceptions
- Honoring older adults' contributions to our society
- Exploring the many opportunities for staying active and engaged as they age
- Highlighting the opportunities for purpose, exploration, and the connection that come with aging

MES DE LOS ESTADOUNIDENSES DE EDAD AVANZADA



CAMBIAR LA NARRATIVA SOBRE EL ENVEJECIMIENTO: MAYO DE 2025

Cada mes de mayo, la Administración para la Vida en Comunidad lidera la celebración nacional del Mes de los Estadounidenses de Edad Avanzada, un momento para reconocer las contribuciones de los estadounidenses de edad avanzada, destacar las tendencias del envejecimiento y reafirmar nuestro compromiso de servir a los adultos mayores. El tema de 2025, *Cambiar la narrativa sobre el envejecimiento*, se centra en transformar la forma en que la sociedad percibe, habla y aborda el envejecimiento. Anima a las personas y a las comunidades a desafiar los estereotipos y a tener conversaciones significativas que ayuden a disipar ideas preconcebidas. Exploraremos estrategias que nos ayuden a redefinir y cambiar la narrativa para honrar las ricas experiencias de los adultos mayores y fomentar comunidades adaptadas a ellos. Este año, únase a nosotros para promover la importancia de ver el envejecimiento no como una limitación, sino como un viaje lleno de propósito, exploración y conexión.

El tema de este año se centra en:

1. Transformar la forma en que la sociedad percibe, habla y aborda el envejecimiento.
2. Alentar a las personas y las comunidades a desafiar los estereotipos y disipar los conceptos erróneos
3. Honrando las contribuciones de los adultos mayores a nuestra sociedad
4. Explorar las muchas oportunidades para mantenerse activo y comprometido a medida que envejecen
5. Destacando las oportunidades para el propósito, la exploración y la conexión que vienen con el envejecimiento

EXECUTIVE COMMITTEE MEETING

MEETING DATE: May 14, 2025

AGENDA ITEM: 9. Consider a Proclamation Recognizing June 2025 as Alzheimer's and Brain Awareness Month

GENERAL DESCRIPTION OF ITEM:

Alzheimer's is the sixth leading cause of death in the United States, and the only one among the top 10 that cannot be prevented, cured, or slowed down. It is the most expensive disease in the country. Worldwide there are 55 million people living with Alzheimer's disease. National Alzheimer's and Brain Awareness month, held in June each year, raises awareness of this challenging disease and the efforts being made to support families affected. The more people know about Alzheimer's and brain disease, the more action is inspired. National Alzheimer's and Brain Awareness month increases understanding and highlights the people and organizations working toward a time when there will be effective treatment, preventative strategies, and gold-standard care for all persons affected by Alzheimer's disease. In submitting this proclamation, key elements include:

- The Area Agency on Aging of the Capital Area supports and provides services for persons with Alzheimer's as well as their caregivers through providing information and referral to key resources; funding for respite care for caregivers; home modifications that allow persons to stay in their homes; and health and wellness education that supports brain health and caregiver training.
- The Area Agency on Aging of the Capital Area was also awarded a Alzheimer's Disease and Related Dementia's grant; to provide increased local dementia support (GILD's) activities, by DSHS in September 2024 and is currently funded through September 2026.
 - AAA participates in the DSHS Texas statewide Alzheimer's Disease Partnership for continued learning on ADRD topics and for collaboration with other organizations to strengthen community linkages, to promote early detection and diagnosis, and best practices.
 - The GILD's activities support the priorities and strategies in the *Healthy Brain Initiative, State and Local Public Health Partnerships to Address Dementia; The 2023-2027 Road Map*.
- Communities and individuals may consider participating in awareness through the following: Share Your Story at: #ENDALZ and share why you raise awareness for Alzheimer's; Follow at @alzassociation to find out how you can take action in June.
- More information is available from Alzheimer's Association, Capital of Texas [Capital of Texas Chapter | Alzheimer's Association](#)

The following proclamation declares June 2025 to be Alzheimer's and Brain Awareness Month in the Capital Area Council of Governments (CAPCOG) region.

THIS ITEM REPRESENTS A:

- New issue, project, or purchase
- Routine, regularly scheduled item
- Follow-up to a previously discussed item
- Special item requested by board member.
- Other

PRIMARY CONTACT/STAFF MEMBER: Jennifer Scott, Director Aging Services

BUDGETARY IMPACT:

Total estimated cost: N/A

Source of Funds: _____

Is item already included in fiscal year budget? Yes No

Does item represent a new expenditure? Yes No

Does item represent a pass-through purchase? Yes No

If so, for what city/county/etc.? _____

PROCUREMENT: N/A

ACTION REQUESTED:

Adopt the Proclamation recognizing June 2025 as Alzheimer’s and Brain Awareness Month in the Capital Area Council of Governments (CAPCOG) region.

BACK-UP DOCUMENTS ATTACHED:

1. Proclamation
2. 2024 Facts and Figures-Alzheimer’s Association [Texas Alzheimer's Facts and Figures 2024](#)

BACK-UP DOCUMENTS NOT ATTACHED:

2025 Theme link to promotional materials: [Alzheimer's & Brain Awareness Month | Alzheimer's Association](#)



2024 TEXAS ALZHEIMER'S STATISTICS



PREVALENCE

Number of People Aged 65 and Older with Alzheimer's (2020) **459,300** % of Adults Over 65 with Alzheimer's **11.9%**



CAREGIVING

of Caregivers **1,016,000** Caregivers with Chronic Health Conditions **59.0%**
 Total Hours of Unpaid Care **1,532,000,000** Caregivers with Depression **26.7%**
 Total Value of Unpaid Care **\$23,937,000,000** Caregivers in Poor Physical Health **11.2%**



WORKFORCE

of Geriatricians in 2021 **333** # of Home Health and Personal Care Aides in 2020 **320,780**
 Increase Needed to Meet 2050 Demand **276.9%** Increase Needed to Meet 2030 Demand **30.5%**



HEALTH CARE

of People in Hospice (2017) with a Primary Diagnosis of Dementia **26,672** Dementia Patient Hospital Readmission Rate (2018) **22.1%**
 Hospice Residents with a Primary Diagnosis of Dementia **22%** Medicaid Costs of Caring for People with Alzheimer's (2020) **\$3.202B**
 # of Emergency Department Visits per 1,000 People with Dementia (2018) **1,549** Projected Change in Medicaid Costs from 2020 to 2025 **23.3%**
 Per Capita Medicare Spending on People with Dementia in 2023 Dollars **\$37,679**



MORTALITY 227.8% INCREASE IN ALZHEIMER'S DEATHS 2000-2021

of Deaths from Alzheimer's Disease (2021) **10,437** Alzheimer's Disease as Cause of Death Rank **6th**

Nearly **7 million Americans** are living with Alzheimer's, and more than **11 million** provide their unpaid care. The cost of caring for those with Alzheimer's and other dementias is estimated to total **\$360 billion** in 2024, increasing to nearly **\$1 trillion** (in today's dollars) by mid-century. For more information, view the **2024 Alzheimer's Disease Facts and Figures** report at alz.org/facts.



A PROCLAMATION AUTHORIZING RECOGNITION OF ALZHEIMER’S AND BRAIN AWARENESS MONTH JUNE 2025

WHEREAS, the ten-county Capital Area Council of Governments (CAPCOG)) region is committed to supporting a strong framework to raise awareness of Alzheimer's and brain health; and

WHEREAS, the communities in the CAPCOG region benefit when people of all ages, abilities, and backgrounds are made more aware of the resources available regarding Alzheimer's and brain health; and

WHEREAS, "Alzheimer's and Brain Awareness" month is observed with the purpose of increasing public knowledge and understanding about the disease, while also garnering support and making meaningful impacts to cognitive health. This awareness creates an opportunity for the communities in the CAPCOG region to learn more about Alzheimer's prevention and services, brain health, and awareness efforts.

WHEREAS, CAPCOG recognizes the need to create a community that provides services and support for persons with Alzheimer's and their caregivers. CAPCOG Aging Services ensures this support through direct services including information and referral; in-home services; home modifications; caregiver respite; health and wellness education; Ombudsman advocacy in nursing facilities and assisted living facilities, and supporting the *Healthy Brain Initiative, State and Local Public Health Partnerships to Address Dementia: The 2023-2027 Roadmap*: [National Healthy Brain Initiative State and Local Road Map | Alzheimer's Disease Program | CDC](#)

THEREFORE, the Executive Committee of the Capital Area Council of Governments declares the month of June 2025 to be recognized as Alzheimer’s and Brain Awareness Month in the CAPCOG region to recognize the importance of Alzheimer’s disease awareness and brain health as key to building a stronger and healthier community across the CAPCOG region.

Proclamation adopted by the Capital Area Council of Governments Executive Committee on this 14th day of May 2025.

Judge Brett Bray, Chair
Capital Area Council of Governments
Executive Committee

Mayor Pro Tem, Dr. Steve Hougen Secretary
Capital Area Council of Governments
Executive Committee