



Victoria, Texas

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
AUGUST 31, 2024**

ANNUAL FINANCIAL REPORT

of the

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

Victoria, Texas

For the Fiscal Year Ended
August 31, 2024

Prepared by GCRPC Finance Department

Lindsey Mikulenska
Finance Director

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Golden Crescent Regional Planning Commission
Victoria, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Golden Crescent Regional Planning Commission (the "Commission"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change of Accounting Principle

As described in the notes to the financial statements, in fiscal year 2024 the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *Texas Grant Management Standards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is 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 May 28, 2025, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
May 28, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Golden Crescent Regional Planning Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the year ended August 31, 2024. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Commission's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the Commission exceeded its liabilities as of August 31, 2024, by \$5,334,165 (net position). Of this amount, \$179,646 is *unrestricted net position* that may be used to meet the Commission's ongoing obligations.
- The Commission's total net position increased overall by a total of \$473,235 primarily due to the receipt of approximately \$1.8 million of federal grant funds to replace buses for the Commission's transportation programs.
- As of the close of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$1,138,029, a decrease of \$372,000 in comparison with the prior year. Of the total fund balance, approximately 1% is nonspendable, 56% is restricted to specific purposes, and 43% is available for spending at the Commission's discretion (unassigned).
- As of August 31, 2024, the fund balance for the General Fund was \$500,377, an increase of \$48,278 from prior year. Growth from several sources is credited with the increase of other revenue along with a decrease in general government expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance are

accompanied by reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

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

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

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

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Commission's assets exceeded liabilities by \$5,334,165 for the period ending August 31, 2024, as compared to \$4,860,930 in 2023. The largest portion of the Commission’s net position \$4,516,867 (85%) reflects its investments in capital assets (e.g., vehicles and furniture and equipment), net of any related debt.

An additional portion of the Commission’s net position \$637,652 (12%) represents resources that are subject to external restrictions on how they may be used. These funds are restricted for grant programs and vehicle replacement.

The remaining balance of net position totaling \$179,646 (3%) is considered unrestricted and may be used to meet the Commission’s ongoing obligations to creditors and for service implementation.

Golden Crescent Regional Planning Commission’s Net Position

	Governmental Activities	
	2024	2023
Current and other assets	\$ 2,776,853	\$ 3,074,484
Capital assets	4,516,867	3,545,109
Total assets	7,293,720	6,619,593
Current and other liabilities	1,638,824	1,564,455
Long-term liabilities	320,731	194,208
Total liabilities	1,959,555	1,758,663
Net position:		
Net investment in capital assets	4,516,867	3,463,961
Restricted	637,652	1,057,930
Unrestricted	179,646	339,039
Total net position	\$ 5,334,165	\$ 4,860,930

Note: The amounts shown for 2023 reflect a change for the correction of an error. This change is described in more detail in note 2.J. in the notes to the financial statements.

At the end of the current fiscal year, the Commission is able to report positive balances in all reported categories of net position, both for the government as a whole and its separate governmental activities. The same situation held true for the prior fiscal year.

The following table provides a summary of the Commission’s operations for the year ended August 31, 2024, compared to 2023. The Commission’s revenue increased by \$3,553,177 and the overall expenses increased by \$2,270,686, ending the fiscal year with an increase in net position of \$473,235.

Golden Crescent Regional Planning Commission’s Changes in Net Position

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,748,755	\$ 1,292,634
Operating grants and contributions	9,473,807	8,133,627
Capital grants and contributions	1,785,413	-
General revenues:		
Membership dues	107,524	103,269
Unrestricted investment earnings	1,150	1,231
Miscellaneous	<u>32,455</u>	<u>65,166</u>
Total revenues	<u>13,149,104</u>	<u>9,595,927</u>
Expenses:		
General government	228,699	288,198
Health and welfare	9,914,922	8,990,835
Public safety	2,395,365	935,415
Environmental protection	<u>136,883</u>	<u>190,735</u>
Total expenses	<u>12,675,869</u>	<u>10,405,183</u>
Change in net position	473,235	(809,256)
Net position, beginning, as restated	<u>4,860,930</u>	<u>5,670,186</u>
Net position, ending	<u>\$ 5,334,165</u>	<u>\$ 4,860,930</u>

Note: The amounts shown for 2023 reflect a change for the correction of an error. This change is described in more detail in note 2.J. in the notes to the financial statements.

Revenues increased \$3,553,177 from the prior year, primarily due to an increase of \$3,125,593 in federal and state funding. As mentioned previously, this primarily relates to bus purchases funded by the Federal Transit Administration for approximately \$1.8 million. Those grant funds replace buses on a cycle as the buses reach the end of their service lives, and thus the grant revenues are only received once every several years when replacement is needed.

Expenses of governmental activities grew by 22% in the current year, increasing from \$10,405,183 in the prior year to \$12,675,869 in the current year. Since the Commission operates primarily from federal and state grants, grant funding closely parallel increases and decreases in grant expenditures for services. Significant increases can be attributed to additional expenses for health and welfare and public safety, in particular increased 9-1-1 grant costs related to the Next Generation 9-1-1 program.

FINANCIAL ANALYSIS OF THE COMMISSION’S FUNDS

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

As of August 31, 2024, the Commission’s governmental funds reported combined fund balances of \$1,138,029, a decrease of \$372,000 in comparison with the prior year. Of this amount \$491,413 or 43% constitutes unassigned fund balance, which is available for spending at the Commission’s discretion. The remainder of the fund balance is either nonspendable or restricted.

General Fund. The General Fund is the primary operating fund for the Commission and is available for use at the Commission’s discretion. The fund balance at the end of the fiscal year was \$500,377, an increase of \$48,278 from the prior year fund balance. Revenue in the General Fund comes from membership dues, interest income on idle (local) cash, and other revenue collected. Revenues and expenditures were consistent when compared to the prior year; the General Fund's activity primarily consists of administrative costs and membership dues revenue, which are not expected to significantly fluctuate from year to year.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$491,413. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 928% of total General Fund expenditures, while total fund balance represents 945% of that same amount.

Special Revenue Fund. For Fiscal Year 2024, the Commission consolidated its special revenue funds into a single reporting fund, the Special Revenue Fund. The fund balance of the Special Revenue Fund at the end of the fiscal year was \$637,652, a decrease of \$420,278 from the prior year. This decrease primarily resulted from transportation program costs exceeding available federal, state, and local revenues. Revenue in the Special Revenue Fund comes mainly from federal grants, state grants, and contract service revenue. Grant funding closely paralleled increases and decreases in grant expenditures for services. At the end of the current fiscal year, \$175,330 was restricted for grant programs and \$462,322 was restricted for vehicle replacement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Commission’s investment in capital assets for its governmental activities as of August 31, 2024, amounts to \$4,516,867 (net of accumulated depreciation). This investment in capital assets includes vehicles and furniture and equipment.

Golden Crescent Regional Planning Commission’s Capital Assets at Year-end

	Governmental Activities	
	2024	2023
Vehicles	\$ 7,499,546	\$ 6,150,177
Furniture and equipment	1,388,281	1,388,281
Right to use buildings	-	554,255
Less: accumulated depreciation	<u>(4,370,960)</u>	<u>(4,547,604)</u>
Total capital assets	<u>\$ 4,516,867</u>	<u>\$ 3,545,109</u>

Significant transactions related to capital assets for the year include the following:

- The lease agreement of a right-to-use lease asset for a building in the amount of \$554,255 expired as of year-end, and the Commission began paying on a month-to-month basis for the space, excluding it as being a right-to-use lease asset.
- The Commission acquired multiple vehicles for \$1,785,413 using the grant funds described previously.

Additional information on the Commission’s capital assets can be found in Note 2 to the financial statements.

Long-term Debt - At the end of the current fiscal year, the Commission had total long-term liabilities outstanding of \$320,731, which consists entirely of compensated absences. The compensated absences balance increased by \$207,671 or 184% over the prior fiscal year. The Commission had a decrease in its right-to-use lease liabilities of \$81,148 due to the lease agreement expiring, as mentioned above.

Golden Crescent Regional Planning Commission’s Long-term Debt at Year-end

	Long-term Debt	
	2024	2023
Governmental Activities:		
Leases	\$ -	\$ 81,148
Compensated absences	<u>320,731</u>	<u>113,060</u>
Total	<u>\$ 320,731</u>	<u>\$ 194,208</u>

Additional information on the Commission's debt can be found in Note 2 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S ANNUAL FINANCIAL PLAN

The Commission is currently funded primarily through grants, contracts, and interlocal agreements with federal and state government entities. Local funding continues to be provided through interlocal agreements and the collection of membership dues from participating governments.

The level of funding available to the Commission varies annually and is influenced by several factors, including the economic conditions of federal, state, and local governments; ongoing budget deficits; legislative priorities; and regulatory guidance. Supplemental federal and state funding provided in response to the coronavirus (COVID-19) pandemic concluded in Fiscal Year 2023. Local government contributions have remained relatively stable, with no significant changes in funding levels.

Unlike in Fiscal Year 2022, when pandemic-related funding continued to significantly impact the Commission's revenue and expenditures, Fiscal Year 2023 marked the wind down and closure of most COVID-19-related funding across the Commission programs.

As the Commission implements its financial plan for Fiscal Year 2025, projected revenues from federal, state, and local sources are anticipated to align with projected expenditures through year-end. The current financial plan assumes no availability of supplemental COVID-19-related funding. Additional considerations impacting this year's financial planning include the potential for a federal government shutdown, general economic uncertainty, inflationary pressure on goods and services, the planned retirement of the Deputy Executive Director, and the board-approved severance package associated with that transition.

Consequently, the Commission is taking a conservative approach to its Fiscal Year 2025 financial management, reflecting a shift back to pre-pandemic fiscal strategies and expectations.

REQUESTS FOR INFORMATION

This financial report is designed to present users with a general overview of the Commission's finances and to demonstrate the Commission's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the Deputy Executive Director in the Commission's offices, 1908 North Laurent, Suite 600, Victoria, Texas 77901.

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GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

STATEMENT OF NET POSITION

AUGUST 31, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,460,422
Due from other governments	1,307,467
Prepaid expenses	8,964
Capital assets:	
Depreciable, net	<u>4,516,867</u>
Total assets	<u>7,293,720</u>
LIABILITIES	
Accounts payable	484,998
Accrued liabilities	104,377
Unearned revenue	1,049,449
Noncurrent liabilities:	
Due within one year:	
Compensated absences	32,073
Due in more than one year:	
Compensated absences	<u>288,658</u>
Total liabilities	<u>1,959,555</u>
NET POSITION	
Net investment in capital assets	4,516,867
Restricted:	
Grant programs	175,330
Vehicle replacement	462,322
Unrestricted	<u>179,646</u>
Total net position	<u>\$ 5,334,165</u>

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2024

Functions / Programs	Expenses	Program Revenues	
		Charges For Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 228,699	\$ -	\$ 102,106
Health and welfare	9,914,922	1,742,973	6,988,478
Public safety	2,395,365	5,782	2,329,843
Environmental protection	136,883	-	53,380
Total governmental activities	<u>\$ 12,675,869</u>	<u>\$ 1,748,755</u>	<u>\$ 9,473,807</u>

General revenues:

 Membership dues
 Unrestricted investment earnings
 Miscellaneous

Total general revenues

Change in net position

Net position - beginning, as previously reported

Adjustments:

 Error correction

Net position - beginning, as restated

Net position - ending

Program Revenues	Net (Expense) Revenue and Changes in Net Position
Capital Grants and Contributions	Governmental Activities
\$ -	\$ (126,593)
1,785,413	601,942
-	(59,740)
-	(83,503)
<u>\$ 1,785,413</u>	<u>\$ 332,106</u>

107,524
1,150
<u>32,455</u>
<u>141,129</u>
473,235
4,407,930
<u>453,000</u>
<u>4,860,930</u>
<u>\$ 5,334,165</u>

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

BALANCE SHEET

GOVERNMENTAL FUNDS

AUGUST 31, 2024

	General	Special Revenue	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 482,229	\$ 978,193	\$ 1,460,422
Due from other governments	25,742	1,281,725	1,307,467
Due from other funds	79,898	-	79,898
Prepaid items	8,964	-	8,964
Total assets	<u>596,833</u>	<u>2,259,918</u>	<u>2,856,751</u>
LIABILITIES			
Accounts payable	8,634	476,364	484,998
Accrued expenditures	16,566	87,811	104,377
Due to other funds	-	79,898	79,898
Unearned revenue	71,256	978,193	1,049,449
Total liabilities	<u>96,456</u>	<u>1,622,266</u>	<u>1,718,722</u>
FUND BALANCE			
Nonspendable - prepaid items	8,964	-	8,964
Restricted:			
Grant programs	-	175,330	175,330
Vehicle replacement	-	462,322	462,322
Unassigned	491,413	-	491,413
Total fund balances	<u>500,377</u>	<u>637,652</u>	<u>1,138,029</u>
Total liabilities and fund balances	<u>\$ 596,833</u>	<u>\$ 2,259,918</u>	<u>\$ 2,856,751</u>

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

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

AUGUST 31, 2024

Total fund balances - governmental funds balance sheet	\$ 1,138,029
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Furniture, fixtures and equipment	4,516,867
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	<u>(320,731)</u>
Net position of governmental activities	<u>\$ 5,334,165</u>

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Department of Transportation</u>
REVENUES			
Federal grants	\$ -	\$ 7,227,850	
State grants	-	3,924,059	
Contract service revenue	1,488	1,590,288	
Membership dues	107,524	-	
Investment income	1,150	253	
Other revenue	<u>42,855</u>	<u>253,637</u>	
Total revenues	<u>153,017</u>	<u>12,996,087</u>	
EXPENDITURES			
Current:			
General government	52,975	130,008	
Health and welfare	-	10,856,025	
Public safety	-	2,316,802	
Environmental protection	-	134,808	
Debt service:			
Principal	-	81,148	
Interest	<u>-</u>	<u>101</u>	
Total expenditures	<u>52,975</u>	<u>13,518,892</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100,042	(522,805)	
OTHER FINANCING SOURCES			
Insurance recoveries	-	50,763	
Transfers in	-	51,764	
Transfers out	<u>(51,764)</u>	<u>-</u>	
Total other financing sources	<u>(51,764)</u>	<u>102,527</u>	
NET CHANGE IN FUND BALANCES	48,278	(420,278)	
FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED	452,099	-	274,626
ADJUSTMENTS			
Change within the financial reporting entity - consolidation of special revenue funds	-	604,930	(274,626)
Error corrections	<u>-</u>	<u>453,000</u>	<u>-</u>
FUND BALANCES, BEGINNING, AS RESTATED	<u>452,099</u>	<u>1,057,930</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 500,377</u>	<u>\$ 637,652</u>	<u>\$ -</u>

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

<u>Commission on State Emergency Communications</u>	<u>Department of Health and Human Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
			\$ 7,227,850
			3,924,059
			1,591,776
			107,524
			1,403
			<u>296,492</u>
			<u>13,149,104</u>
			182,983
			10,856,025
			2,316,802
			134,808
			81,148
			<u>101</u>
			<u>13,571,867</u>
			(422,763)
			50,763
			51,764
			<u>(51,764)</u>
			<u>50,763</u>
			(372,000)
12,507	39,661	278,136	1,057,029
(12,507)	(39,661)	(278,136)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>453,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,510,029</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,029</u>

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GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

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

FOR THE YEAR ENDED AUGUST 31, 2024

Net change in fund balances - total governmental funds:	\$ (372,000)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	1,785,413
Disposals of capital assets	(152,226)
Depreciation expense	(661,429)
Principal payments on long-term debt reduces current financial resources in governmental funds, but does not have any effect on net position.	
Principal payments on debt	81,148
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>(207,671)</u>
Change in net position of governmental activities	<u>\$ 473,235</u>

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GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Golden Crescent Regional Planning Commission (the "Commission") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies and practices used by the Commission.

A. Reporting Entity

The Commission is a political subdivision of the State of Texas created in accordance with Chapter 391 of the Texas Local Government Code. The Commission was established to study and resolve area-wide problems through the cooperation and coordinated action of member cities, counties, school districts and special purpose districts of the 7-county region consisting of Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, and Victoria counties of Texas.

The Commission's basic financial statements include the accounts of all Commission operations, including legally separate organizations for which the Commission is financially accountable. In accordance with applicable GASB pronouncements, no legally separate organizations met the necessary criteria for inclusion as component units for the year ended August 31, 2024.

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

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, the Commission considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Interest and grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

The Commission reports the following major governmental funds:

The **General Fund** is the Commission's primary operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.

The **Special Revenue Fund** accounts and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the Commission. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all unrestricted investment income.

D. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Commission may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or otherwise secured; and certain repurchase agreements.

The Commission's Board of Directors has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the Commission are in compliance with the Board of Director's investment policies.

2. Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

3. Receivables

Amounts shown in the financial statements as receivables primarily consist of reimbursements due to the Commission under various grant contracts. Qualifying expenditures in excess of receipts give rise to this type of receivable.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded when purchased rather than when consumed.

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide statement of net position. The Commission defines capital assets as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Years</u>
Buildings and Improvements	20
Furniture and equipment	5-15
Vehicles	10

6. Unearned Revenue

Unearned revenue represents amounts received from grantors in excess of qualifying expenditures for grant programs as of August 31, 2024.

7. Compensated Absences

Regular full-time employees may earn vacation leave on a basis of 10 working days annually for those employees with up to five years of service, 15 days after five years of service and 20 days after 10 years of service. Unused vacation leave can be carried over to the next fiscal year. The maximum allowable accumulation of unused vacation leave is 120 hours or 15 days. All compensated absence pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Leases

Commission as Lessee

With the exception of short-term leases, when the Commission is a lessee in noncancellable lease arrangements the Commission recognizes a right-to-use lease liability (lease liability) and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Commission recognizes lease liabilities with an initial, individual value that would be material to the government-wide financial statements. For leases not meeting these criteria, lease payments are recognized as outflows of resources based on the payment provisions of the contract.

At the commencement of a lease, the Commission 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 the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- 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 the Commission is reasonably certain to exercise.

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

9. Net Position Flow Assumption

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. 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 the Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumption

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

11. Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes determined by formal action of the Board of Directors, the Commission's highest level of decision-making authority. A commitment of funds requires the passage of a resolution by a simple majority vote. Governing action to commit fund balance must occur within the fiscal reporting period, no later than August 31st of the applicable fiscal year. If the actual amount of the commitment is not available by August 31st, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment (passage of a resolution).
- **Assigned:** This classification includes amounts that are constrained by the Commission's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Directors has the authority to assign funds for specific purposes. Management of the Commission may also assign funds for specific purposes. Such assignments cannot exceed the available unassigned fund balance of a given fund.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

12. Budgets and Budgetary Accounting

The Commission prepares an annual operating budget based on expected revenues from the various state and federal grantor agencies and local governments. 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 Commission's budget year. The annual budget, which is approved by the Commission's General Assembly, is based on estimates of the portions of the various programs that will be completed during the fiscal year. The budget is revised periodically, primarily when anticipated grants are ratified by the various funding agencies. Budget discussions, including revisions, are conducted by the Commission's Board of Directors in open meetings. However, as the Commission has no taxing or oversight authority, the budgetary process is not one which culminates in an appropriation bill or an ordinance enacted into law. In this respect, the budget for the Commission is not an "appropriated budget" as defined by GASB pronouncements, and as such, no budgetary information is presented in this report.

13. Use of Estimates

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

14. Change in Accounting Principle

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, was adopted effective September 1, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

2. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission was not exposed to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The Commission was not exposed to credit risk.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission was not exposed to concentration of credit risk.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the Commission by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the Commission was not exposed to custodial credit risk.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission was not exposed to custodial credit risk.

B. Capital Assets

The Commission's capital asset activity for the year ended August 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Vehicles	\$ 6,150,177	\$ 1,785,413	\$ (436,044)	\$ 7,499,546
Furniture and equipment	1,388,281	-	-	1,388,281
Right to use buildings	554,255	-	(554,255)	-
Total capital assets being depreciated	<u>8,092,713</u>	<u>1,785,413</u>	<u>(990,299)</u>	<u>8,887,827</u>
Less accumulated depreciation for:				
Vehicles	(3,414,759)	(532,731)	362,997	(3,584,493)
Furniture and equipment	(657,769)	(128,698)	-	(786,467)
Right to use buildings	(475,076)	-	475,076	-
Total accumulated depreciation	<u>(4,547,604)</u>	<u>(661,429)</u>	<u>838,073</u>	<u>(4,370,960)</u>
Governmental activities capital assets, net	<u>\$ 3,545,109</u>	<u>\$ 1,123,984</u>	<u>\$ (152,226)</u>	<u>\$ 4,516,867</u>

Depreciation/amortization expense was charged to functions of the Commission as follows:

General government	\$ 42,899
Health and welfare	575,631
Public safety	42,899
Total	<u>\$ 661,429</u>

C. Long-Term Debt

Long-term liability activity for the year ended August 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due in One Year
Governmental activities:					
Leases	\$ 81,148	\$ -	\$ (81,148)	\$ -	\$ -
Compensated absences	113,060	239,744	(32,073)	320,731	32,073
Total	<u>\$ 194,208</u>	<u>\$ 239,744</u>	<u>\$ (113,221)</u>	<u>\$ 320,731</u>	<u>\$ 32,073</u>

Leases and compensated absences are generally liquidated by the General Fund.

Leases

The Commission's right-to-use lease liability was a noncancelable lease agreement with Laurent Tower, LLC for its administrative offices and facilities for its transit operations. The lease liability was allocated across funds based on usage. The lease was payable in monthly installments through February 2024.

D. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

At times during the fiscal year the various funds of the Commission were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund.

Interfund receivable and payable balances as of August 31, 2024, were as follows:

Due From	Due To	Amount
Special Revenue Fund	General Fund	\$ 79,898
		<u>\$ 79,898</u>

Interfund Transfers

Each year, various funds of the Commission transfer funds to other funds. The Commission's General Fund makes planned transfers to the Special Revenue Fund. These transfers are intended to provide the necessary resources to meet the operating obligations of the receiving fund. During the current fiscal year, transfers between funds consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 51,764
		<u>\$ 51,764</u>

E. Unearned Revenue

The Commission's governmental funds report unearned revenue in the financial statements in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Amount</u>
General Fund:	
Grants	\$ 63,530
Other	7,726
Special Revenue Fund:	
Grants	436,906
Inteplast	528,971
Other	12,316
Total	<u>\$ 1,049,449</u>

F. Commitments and Contingencies

Grant Programs

The Commission participates in numerous state and federal grant programs, which are governed by various rules and regulations of the granter agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the granter agencies; therefore, to the extent that the Commission has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2024, may be impaired. In the opinion of the Commission, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

G. Risk Management

The Commission is exposed to various risks of loss encompassed in the areas of general liabilities, workers' compensation claims, and employee health related expenses. The Commission has purchased commercial insurance to cover potential losses in those areas. The Commission has entered into interlocal agreements with the Texas Municipal League Intergovernmental Risk Pool coverage. Through the payment of contributions to the Texas Municipal League Intergovernmental Risk Pool, the Commission has transferred these risks to the pool. The Commission has not retained any risks other than the deductible and is covered up to the limits of coverage after the deductible. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Defined Contribution Pension Plan

The Commission sponsors a defined contribution pension plan established under Section 401 (a) of the Internal Revenue Code that covers substantially all of its employees. The plan is administered by Mission Square Retirement. Employees are required to participate in the plan as a condition of employment. Employees are required to contribute to the plan 4% of their eligible earnings, which amounted to approximately \$189,450 for the year ended August 31, 2024. The Commission's contributions are required at a rate of 6% of each covered employee's salary. The Commission's total payroll for the year ended August 31, 2024, was \$3,488,978, and the Commission's contributions were based on a payroll of \$3,350,079.

I. Deferred Compensation Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sec. 457. The plan is available to all the Commission's employees and permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. The deferred compensation is available to employees' beneficiaries in the case of death.

Contributions to the plan by the Commission are discretionary. No contributions were made to the plan by the Commission for the year ended August 31, 2024. However, several employees made contributions to the plan for the year ended August 31, 2024.

All assets of the plan are held in trust by an independent administrator for the exclusive benefit of participants and their beneficiaries.

J. Adjustments – Change Within the Financial Reporting Entity and Error Correction

In accordance with GASB 100, accounting changes reported in the financial statements for the year are reported as follows.

Change within the Financial Reporting Entity

For Fiscal Year 2024, the Commission consolidated its special revenue funds into a single reporting fund. This change more closely aligns the presentation with the Commission's operations and cost control mechanisms; most of the related activities are federal and state grants that are administered uniformly.

Error Correction

Unspent insurance proceeds were incorrectly reported as unearned revenue but should have been reported as revenue and restricted fund balance. As a result, unearned revenue was overstated, while fund balance and net position were understated by \$453,000.

Adjustments to and Restatements of Beginning Balances

During Fiscal Year 2024, the change within the financial reporting entity and the error correction described above resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

<u>Fund/Activity</u>	<u>8/31/2023 As Previously Reported</u>	<u>Change Within Financial Reporting Entity</u>	<u>Error Correction</u>	<u>8/31/2023 As Restated</u>
Governmental-wide:				
Governmental activities	<u>\$ 4,407,930</u>	<u>\$ -</u>	<u>\$ 453,000</u>	<u>\$4,860,930</u>
Total primary government	<u>\$ 4,407,930</u>	<u>\$ -</u>	<u>\$ 453,000</u>	<u>\$ 4,860,930</u>
Governmental funds:				
Department of Transportation Commission on State	\$ 274,626	\$ (274,626)	\$ -	\$ -
Emergency Communications	12,507	(12,507)	-	-
Department of Health and Human Services	39,661	(39,661)	-	-
Other Governmental	278,136	(278,136)	-	-
Special Revenue Fund	-	604,930	453,000	1,057,930
Total governmental funds	<u>\$ 604,930</u>	<u>\$ -</u>	<u>\$ 453,000</u>	<u>\$ 1,057,930</u>

K. New Accounting Pronouncements

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

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for the reporting period ending August 31, 2025, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for the reporting period ending August 31, 2025, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This Statement will become effective the reporting period ending August 31, 2026, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, subscription-based information technology arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for the Commission for the fiscal year ended August 31, 2026, and the impact has not yet been determined.

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SINGLE AUDIT SECTION

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

Board of Directors
Golden Crescent Regional Planning Commission
Victoria, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Golden Crescent Regional Planning Commission (the "Commission"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated May 28, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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*.

Purpose of this Report

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

Patillo, Brown & Hill, L.L.P.

Waco, Texas
May 28, 2025

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

Board of Directors
Golden Crescent Regional Planning Commission
Victoria, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Golden Crescent Regional Planning Commission's (the "Commission") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and *Texas Grant Management Standards (TXGMS)* that could have a direct and material effect on each of the Commission's major federal and state programs for the year ended August 31, 2024. The Commission's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 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*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and *TXGMS*. Our responsibilities under those standards, the *Uniform Guidance*, and *TXGMS* are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Commission 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 the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the *Uniform Guidance*, and *TXGMS* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal and state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission'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*, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

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

Waco, Texas
May 28, 2025

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards:				
<u>U.S. Department of Commerce</u>				
Direct Programs:				
EDA planning grant	11.302	ED21 AUS3020020	\$ 16,434	\$ -
EDA planning grant	11.302	ED24 AUS0G0268	40,563	-
<i>Total 11.302</i>			<u>56,997</u>	<u>-</u>
<i>Total direct programs</i>			<u>56,997</u>	<u>-</u>
Total U.S. Department of Commerce			<u>56,997</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Texas Department of Agriculture:				
Community Development Block Grant	14.228	CEDAF23-14	8,322	-
<i>Total Passed through Texas Department of Agriculture</i>			<u>8,322</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>8,322</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Federal Transit Formula Grants	20.507	TX-2023-031	902,041	-
Federal Transit Formula Grants	20.507	TX-2023-061	562,777	-
Federal Transit Formula Grants	20.507	TX-2024-098	106,251	-
<i>Total 20.507</i>			<u>1,571,069</u>	<u>-</u>
Bus and Bus Facilities Program	20.526	5339-D-2020-GCRPC-00285	682,276	-
Bus and Bus Facilities Program	20.526	5339-R-2020-GCRPC-00059	40,745	-
Bus and Bus Facilities Program	20.526	5339-R-2020-GCRPC-00249	129,824	-
Bus and Bus Facilities Program	20.526	5339-R-2020-GCRPC-00060	199,701	-
<i>Total 20.526</i>			<u>1,052,546</u>	<u>-</u>
<i>Total Federal Transit Cluster</i>			<u>2,623,615</u>	<u>-</u>
<i>Total Direct Programs</i>			<u>2,623,615</u>	<u>-</u>
Passed through Texas Department of Transportation:				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	5311-2021-GCRPC-00025	939,530	432,469
Formula Grants for Rural Areas and Tribal Transit Program	20.509	5311-2022-GCRPC-00133	437,608	143,762
Formula Grants for Rural Areas and Tribal Transit Program	20.509	5311-2020-GCRPC-00291	682,276	-
<i>Total 20.509</i>			<u>2,059,414</u>	<u>576,231</u>
Metropolitan Transportation Planning	20.505	RPTCP-2024-GCRPC-00014	40,188	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	5310-2023-GCRPC-00095	19,684	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	5310-2023-GCRPC-00109	109,089	-
<i>Total Transit Services Programs Cluster</i>			<u>128,773</u>	<u>-</u>
<i>Total Passed through Texas Department of Transportation</i>			<u>2,228,375</u>	<u>576,231</u>
Total U.S. Department of Transportation			<u>4,851,990</u>	<u>576,231</u>

The accompanying notes are an integral part of this schedule.

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Amounts Provided to Subrecipients
Federal Awards (Continued):				
<u>U.S. Department of Treasury</u>				
Passed through Texas Commission on State Emergency Communications:				
COVID-19 - CSFRF - Next Generation 9-1-1	21.027	SP-0203	\$ 546,742	\$ -
<i>Total Passed through Texas Commission on State Emergency Communications</i>			<u>546,742</u>	<u>-</u>
Total U.S. Department of Treasury			<u>546,742</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through Texas Health and Human Services Commission:				
Title VII, Elder Abuse	93.041	HHS000874100012	1,938	-
Title VII Ombudsman Services	93.042	HHS000874100012	29,034	-
COVID-19 - Title VII Ombudsman Services	93.042	HHS000874100012	6,638	-
<i>Total 93.042</i>			<u>35,672</u>	<u>-</u>
Title III, Part D - Disease Prevention	93.043	HHS000874100012	3,344	-
Title III, Part B - Supportive Services	93.044	HHS000874100012	352,285	-
COVID-19 - Title III, Part B - Supportive Services	93.044	HHS000874100012	262,128	-
Title III, Part B - Expanding Public Health Workforce	93.044	HHS000874100012	40,590	-
<i>Total 93.044</i>			<u>655,003</u>	<u>-</u>
Title III, Part C1	93.045	HHS000874100012	44,299	35,979
Title III, Part C2	93.045	HHS000874100012	313,602	313,602
COVID-19 - Title III, Part C1	93.045	HHS000874100012	181,786	181,786
COVID-19 - Title III, Part C2	93.045	HHS000874100012	186,475	186,475
<i>Total 93.045</i>			<u>726,162</u>	<u>717,842</u>
Nutrition Services Incentive Program	93.053	HHS00087 4100012	89,351	89,351
<i>Total Aging Cluster</i>			<u>1,470,516</u>	<u>807,193</u>
Title III, Part E	93.052	HHS000874100012	89,696	-
COVID-19 - Title III, Part E	93.052	HHS000874100012	34,134	-
<i>Total 93.052</i>			<u>123,830</u>	<u>-</u>
Medicare Enrollment Assistance Program	93.071	HHS000874100012	10,556	-
State Health Insurance Assistance Program	93.324	HHS000874100012	50,862	-
COVID-19 - ARP - Elder Justice Act	93.747	HHS000874100012	21,046	-
<i>Total Passed through Texas Health and Human Services Commission</i>			<u>1,717,764</u>	<u>807,193</u>
Total U.S. Department of Health and Human Services			<u>1,717,764</u>	<u>807,193</u>
<u>U.S. Department of Homeland Security</u>				
Passed through the Office of the Texas Governor				
Homeland Security Grant Program	97.067	2963208	21,244	-
Homeland Security Grant Program	97.067	2963209	24,791	-
<i>Total 97.067</i>			<u>46,035</u>	<u>-</u>
<i>Total Passed through the Office of the Texas Governor</i>			<u>46,035</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>46,035</u>	<u>-</u>
Total Federal Awards			<u>\$ 7,227,850</u>	<u>\$ 1,383,424</u>

The accompanying notes are an integral part of this schedule.

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2024

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
State Awards:			
<u>Office of the Texas Governor</u>			
Criminal Justice Division Administration	PO# 24-00119	\$ 60,555	\$ -
Homeland Security Grant Program	PO# 24-00119	9,405	-
Regional Law Enforcement Training	1417719	<u>30,345</u>	<u>-</u>
Total Office of the Texas Governor		<u>100,305</u>	<u>-</u>
<u>Texas Health and Human Services Commission</u>			
ADRC Operations - SGR	HHS001450700005	92,213	-
ADRC - Promoting Independence	HHS001450700005	12,471	-
ADRC - Respite	HHS001450700005	12,140	-
State Aging Services	HHS001450700005	5,504	-
State General Revenue	HHS000874100012	167,080	143,659
State General Revenue ARPA	HHS001450700005	<u>5,241</u>	<u>-</u>
<i>Total State General Revenue</i>		<u>294,649</u>	<u>143,659</u>
Housing Bond	HHS001450700005	38,270	-
211 Program	HHS000979200020	<u>257,046</u>	<u>-</u>
Total Texas Health and Human Services Commission		<u>589,965</u>	<u>143,659</u>
<u>Texas Department of Transportation</u>			
Small Urban Transportation Program	STATE-U-2022-GCRPC-00172	52,412	-
Small Urban Transportation Program	STATE-U-2023-GCRPC-00060	<u>355,863</u>	<u>-</u>
<i>Total Small Urban Transportation Program</i>		<u>408,275</u>	<u>-</u>
Public Transportation for Nonurbanized Areas	STATE-R-2022-GCRPC-00135	524,564	-
Public Transportation for Nonurbanized Areas	STATE-R-2023-GCRPC-00040	<u>617,060</u>	<u>-</u>
<i>Total Public Transportation for Nonurbanized Areas</i>		<u>1,141,624</u>	<u>-</u>
Total Texas Department of Transportation		<u>1,549,899</u>	<u>-</u>
<u>Texas Commission on Environmental Quality</u>			
Regional Solid Waste Grant	582-24-50087	<u>53,380</u>	<u>10,263</u>
Total Texas Commission on Environmental Quality		<u>53,380</u>	<u>10,263</u>
<u>Commission on State Emergency Communications</u>			
911 State Grant	SP-0230	<u>1,630,510</u>	<u>-</u>
Total Commission on State Emergency Communications		<u>1,630,510</u>	<u>-</u>
Total State Awards		<u>3,924,059</u>	<u>153,922</u>
Total Federal and State Awards		<u>\$ 11,151,909</u>	<u>\$ 1,537,346</u>

The accompanying notes are an integral part of this schedule.

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED AUGUST 31, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of the Commission, under programs of the federal and state governments for the year ended August 31, 2024, in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *Texas Grant Management Standards*. Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

2. BASIS OF ACCOUNTING

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the 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 are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

3. INDIRECT COSTS

The Commission has elected to use the 10% de minimis indirect cost rate as allowed in the *Uniform Guidance*.

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2024

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal and State Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Uniform Guidance* or *Texas Grant Management Standards*? None

Identification of major programs:

Federal:

Assistance Listing Numbers:
20.507, 20.526
20.509

Name of Federal Program or Cluster:
Federal Transit Cluster
Rural Transportation

State:

Texas Department of Transportation
Texas Department of Transportation

Small Urban Transportation Program
Public Transportation for Nonurbanized
Areas

Dollar threshold used to distinguish between type A and type B federal programs \$750,000

Dollar threshold used to distinguish between type A and type B state programs \$750,000

Auditee qualified as low-risk auditee? Yes

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FOR THE YEAR ENDED AUGUST 31, 2024

II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Government Auditing Standards

**Item 2024-001 (Recurring) – General Ledger Account Reconciliation
Significant Deficiency in Internal Control over Financial Reporting**

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Controls should be in place to ensure the general ledger accurately reflects all of the transactions of the Commission at the proper amounts, in the proper funds and in the proper period. General ledger control accounts should also be reconciled on a regular basis to subsidiary records.

Condition: During the current year, the Commission held funds restricted for the transportation programs for which all eligibility criteria were already met; however, these funds were being reported as unearned revenue, a liability that indicates eligibility criteria have not already been met.

Additionally, insurance expenditures were charged through the payroll process in amounts that ultimately differed from the invoice due to the insurance vendor. These differences accumulated in a liability account that normally should be cleared to expense when the invoices are periodically reconciled.

Cause: Management has implemented periodic reviews of general ledger accounts, but these controls, which were established during fiscal years 2023 and 2024, were not fully implemented to timely identify these conditions.

Effect: Beginning fund balance and net position were understated, resulting in an error correction being recognized for \$453,000 for funds that were earned and restricted. Additionally, insufficient timely reconciliation of insurance expenditures could result in expenditures being charged for more or less than the actual amount paid.

Recommendation: We recommend that management expand its periodic review of general ledger accounts to ensure that all accounts are reviewed at least annually. We recommend that insurance expenditures be reconciled more frequently (ideally monthly) but at least before the closeout of significant grant contracts.

Management's Response: We agree with the finding and intend to incorporate a review of these items as part of our year-end review process.

III. Findings and Questioned Costs for Federal and State Awards

None

GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2024

Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards

Finding 2023-001: General Ledger Account Reconciliations

Current Status: Partially corrected. See current year finding 2024-001. Management strengthened internal controls by establishing clear responsibilities for reconciliation within the finance department, developing and documenting processes and procedures and implementing a monthly reconciliation schedule for critical general ledger accounts. However, these controls were implemented throughout fiscal year 2024, and several errors were not timely remediated in the current fiscal year. Management believes that these actions, fully in place for fiscal year 2025, will completely resolve the finding.

Federal and State Award Findings and Questioned Costs

None noted

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