WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
PO Box 760 ~ 216 W Main ~ Uvalde ~ Texas ~ 78802 ~ 830-591-0141 ~ 830-591-0004 fax
A proud partner of the AmericanJobCenter network

Board of Directors Executive Committee

Juan Martinez
Chairperson
Private Sector

Juan Carlos Vasquez
Vice Chairperson
Private Sector

Laura Lopez
Secretary
Private Sector

Myrta Garcia
Treasurer
CBO

Rodrigo Jaime
Parliamentarian
Private Sector

Rosie Lozano
Executive Director

Workforce Solutions Middle Rio Grande
Board of Directors Meeting
Thursday, August 13, 2026 @ 1:00 p.m.
Workforce Board Room
216 Main Street, Uvalde Texas 78801

I. Call Meeting to Order
II. Invocation
III. Roll Call
IV. Introduction of Guest
V. Public Comment
VI. Approval of Minutes for: June 11, 2026, pg. 1-10 and June 24, 2026, pg. 11-12
VII. Old Business
VIII. New Business

A. Executive Committee – Juan Martinez, Chairman
Action Item:
1. Review/Approve Workforce Solutions Middle Rio Grande Board budget for October 1, 2026 – September 30, 2027, pg. 13
2. Review/Approve - Garza/Gonzales & Associates Annual Audit – 2nd extension for audit year ending September 30, 2026, with approval of additional services for approximately $6,000 (40 additional hours), pg. 14-24
3. Review/Approve – Diaz, Smith & Associates 1st Extension of a 3-year contract not to exceed $25,500, pg. 25
4. Review/Approve – Authorization to enter into contract with Richard Rogers, Consulting for Two-Year Plan Modification 2025-2028 not to exceed $9,000
5. Review/Approve – Fiscal Integrity Risk Assessment Evaluation and Monitoring Plan by Diaz Smith and Associates, pg. 26-45

Workforce Solutions Middle Rio Grande is an equal opportunity Employer / Program. Auxiliary aids and services are available upon request to individuals with disabilities. TTY/TDD via Relay Texas: 711/TDD: 1-800-735-2989 / Voice: 1-800-735-2988

6. Review/Approve Workforce Solutions Middle Rio Grande Board Programmatic Risk Assessment and Monitoring Plan of the Middle Rio Grande Development Council (Contractor) for One Stop and Child Care, pg. 46-55
7. Review/Approve – Board Salary Schedule 2026-2027, pg. 56-57
8. Review/Approve - Board Holiday Schedule 2026-2027, pg. 58
9. Review/Approve 2nd Extension for the Management of Operations of the One Stop Services with Middle Rio Grande Development Council for October 1, 2026 – September 30, 2027, pg. 59-61
10. Review/Approve 3rd Extension for the Management of the Child Care Services for October 1, 2026- September 30, 2027, pg. 62

Information Items:

1. Update - Board Membership, pg. 63-64
2. Update – Intent to Sanction for SNAP Noncooperation, pg. 65
3. Migrant Seasonal Farmworker monitoring report for Program Year 2024 – July 1, 2024 – June 30, 2025, pg. 66-71

B. Finance and Audit Committee – Myrta Garcia, Chair

Action Items:

1. Review/Approve June 2026 WFSMRG Fiscal Agent Expenditure report, pg. 72-73
2. Ratification of Garza/Gonzales & Associates annual Workforce Board Audit for year ended September 30, 2025, pg. 74-179
3. Review/Approve - Financial & Data Analyst monitoring report for April and May 2026, pg. 180-181

Information Items:

1. Workforce Contracts for:
    a. 2726REA001 Amend. 2 – Reemployment Services and Eligibility Assessment, $215,883 effective July 6, 2026 – December 31, 2026, pg. 182-184
    b. 2726WPA001 Amend. 2 – Wagner Peyser Employment Services, $12,914 effective July 15, 2026 -December 31, 2026, pg. 185-187

c. WIOA Grants for July 1, 2026 – June 30, 2027, pg. 188-189
    - 2726WOA– Adult $695,497
    - 2726WOD - Dislocated Worker $478,125
    - 2627WOY - Youth $755,555;
    - 2627WOR - Rapid Response $13,879

2. Revenue vs. Expenditure summary for June 2026, pg. 190-191

C. Child Care Committee – Margot Mata, Chair
Action Items:
1. Child Care Quality Expense in the estimated amount of $211,000, pg. 192
2. Child Care Policy: CC25, Chg. 1 Early Learning Staff Retention Bonus Policy, pg. 193-194

Information Items:
1. Child Care report, pg. 195-196

D. Monitoring & Oversight Committee – Juan Martinez, Chair
Action Items:
1. Review/Approve Board Monitoring Reviews for February & March 2026 (tabled)
    a. SNAP, pg. 197-199
    b. WIOA, pg. 200-202
2. Review/Approve Board Monitoring Reviews for April & May 2026
    a. SNAP, pg. 203-205
    b. Choices, pg. 206-207
    c. WIOA, pg. 208-209
    d. Childcare, pg. 210-213
    e. RESEA, pg. 214-216
    f. Priority of Service, pg. 217-218

Information Items:
1. WFS Program Reports, pg. 219
    a. RESEA performance, pg. 220
    b. VOS Greeter report, pg. 221
    c. MPR – April 2026, pg. 222-223
2. Student Navigator Report, pg. 224-225
3. Youth Coach Report, pg. 226

E. Economic Development Committee – Laura Lopez, Chair

Action Items: None

Information Items:

1. Middle Rio Grande Local Area Employment Statistics, pg. 227
2. Middle Rio Grande Labor Market Information, pg. 228

F. Executive Director's Report – Rosie Lozano, pg. 229
G. MRGDC Executive Director's Report – Michelle Garcia, pg. 230-238
H. Other Business

IX. Adjournment

Note: To sign up for Public Comment please call Board Office at 830-591-0141

Meeting Notice Closed or Executive Session

If during the course of the meeting covered by this Notice, the Board should determine that a closed or executive session of the Board should be held or is required in relation to any item included in this notice, then such closed or executive meeting or session as authorized by Section 551.001 et seq. of the Texas Government Code (the Open Meetings Act) will be held by the Board at that date, hour and place given in this notice or as soon after the commencement of the meeting covered by this notice as the Board may conveniently meet in such closed or executive meeting or session concerning any and all subjects and for any and all purposes permitted by Sections 551.071-551.084, inclusive, of the Open Meetings Act, including, but not limited to:

a) Section 551.084 - For the purpose of excluding witnesses or witnesses from a hearing during the examination of another witness.
b) Section 551.071 - For the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law.
c) Section 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property.
d) Section 551.073 - For the purpose of considering a negotiated contract for a prospective give or donation.
e) Section 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee.
f) Section 551.076 - To consider the deployment, or specific occasions for implementation of security personnel or devices.

Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in such a closed or executive meeting or session, then such final action, final decision, or final vote shall be at either:

a) the open meeting covered by this notice upon the reconvening of this public meeting, or
b) at a subsequent public meeting of the Board upon notice thereof, as the Board shall determine.

Workforce Solutions is an Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request to individuals with disabilities.

Workforce Solutions Middle Rio Grande Board
MINUTES

BOARD OF DIRECTORS' MEETING

In Person / Virtual — Workforce Solutions Board Room
June 11, 2026 — Thursday 1:00 PM

OFFICERS PRESENT:

Rodrigo Jaime, Parliamentarian, Private Sector, Carrizo Springs
Myrta Garcia, Treasurer, CBO, Cotulla
Juan Martinez, Secretary, CBO, Carrizo Springs
Laura Lopez, Vice-Chair, Private Sector, Crystal City

MEMBERS' PRESENT:

Monica Gonzales
Shelly Collins
Melissa Hayman
Margot Mata
Juan C. Vasquez
Arturo Gonzales
Cody Smith
Wendall Sansom
Aracely Castle
J.J. Suarez
Jesse Martinez, Jr.
Yolanda Ramon
Michael Grooms
Dana Johnson
Dora Velasquez

MEMBERS ABSENT:

Larry Martin
Leslie Guillot
James Glasscock
Lydia Sieple
Sara Rivas
Shawna Burkhart
Sandra Seidel
Elsa Villalpando
Ernest Flores
Sergio Diaz
Frailan Sendejo
Romelia Aranda
Jesse Martinez, Jr.

OTHERS PRESENT:
Rosie Lozano
Nereida Santos
Barbara Lopez
Roxanne Gonzalez
Michelle García
Arianna Gonzalez
Betsy Prado
Bobby Castillo
Brenda Gonzalez
John Cruz
Judge Bella A. Rubio
Oscar Garza
Issac Ruiz
Ruben Martinez
Sujuane Smith
Anna Diaz

I. CALL TO ORDER
Juan Martinez, Secretary, called the meeting of the Workforce Solutions Middle Rio Grande Board of Directors to order at approximately 1:04 PM.

II. INVOCATION
The invocation was made by Juan Martinez.

III. ROLL CALL
Nereida Santos called Roll, and nineteen (19) board members were determined to be present. Having established a quorum, the following business was transacted.

IV. INTRODUCTION OF GUEST (S)
Rosie introduced Guests, Judge Bella A. Rubio from Real County, Ruben Martinez from Garza/Gonzales Associates, and Oscar Garza and Isaac Ruiz from Maverick County, Sujuane Smith and Anna Diaz from DSA.

V. Public Comments
No Public Comments

VI. APPROVE MINUTES FOR: April 9, 2026
Rodrigo Jaime motioned to approve minutes, and JJ Suarez seconded the motion. Motion Carried.

Old Business
None

New Business

A. Executive Committee – Juan Martinez, Secretary
Action Item:

1. Redistribution of pass-through funds for FY2026 TANF/Choice's grant

   Staff explained that we have a small population and that eligibility is determined through HHSC. Due to having a small population, we are requesting to decrease the amount of pass through from 35% to 20%. Rosie stated that moving money from the pass through to Admin/Ops should not affect future funding.

   Aracely Castle explained the documentation that was provided in the board packet, and the process and requirements for TANF clients.

   Michelle explained that the monies being moved to Adm/Ops is not going to be spent till September just in case they do need the money for the clients.

   Rodrigo Jaime motion to approve redistribution of pass-through funds and Michael Grooms seconded to the motion.

2. Rescheduling the December board meeting to either December 3rd or 17th Next Board meeting will be December 3rd

   JJ Suarez motioned to approve next board meeting on December 3rd, and Dora Velasquez seconded motion. Motion carried.

3. Review/Approve – Lease agreement for Del Rio office for a five-year term with a potential of extension of additional 5 years

   Rosie presented a Lease comparison for Del Rio from Cano & Co. Although the current lease doesn't expire till the end of September, the matter was brought forward early to allow sufficient time for review. The landlord offered to renew lease at the same base rental rate which is $9,167. An alternative property was identified but will require significant buildout and relocation expenses and will cost approximately $12,801 per month. The current location has expressed concerns about a neighboring

vape shop. The landlord reported that multiple tenants have complained and stated that legal options are being pursued to potentially terminate the vape shop's lease if issues are not corrected. Based on discussion a recommendation was made to stay at current location.

Cody Smith motioned to approve lease at current location and Dana Johnson seconded the motion.

4. Addendum to Garza/Gonzales contract for Board Technical Assistance not to exceed $4,000

   - The purpose of the additional funding is to provide the Board and staff with guidance and training following recent audit findings and compliance concerns.
   - The proposed TA would consist of approximately three days of training
   - Auditors noted that during the current audit they have identified issues and will provide recommendations for improving internal controls, procedures, and financial practices.
   - The requested technical assistance would help Board members and staff better understand financial processes, cost allocations, monitoring requirements, and areas where controls need strengthening to prevent future findings.

   Dana Johnson motioned to approve the Addendum and JJ Suarez seconded the motion. Juan Martinez abstained. Motion carried.

5. Review/Approve Information Systems Policies and Procedures

   Rosie reminded board members that approval had previously been granted to develop policies and procedures for the IT Department. The proposed policies were included in the board packet. It was noted that these policies are required for compliance purposes and are intended to establish the necessary framework for IT operations and governance.

   Rodrigo Jaime motioned to approve the IT Policies with clarification on current employees needing a background check and JJ Suarez seconded the motion. Motion carried.

Information Items:

1. Update - Board Membership

   Rosie updated the board on the vacancies submitted as of May 28, 2026. She stated that she has a meeting with the Maverick County Judge on Monday. June 15, 2026.

2. Subrecipient Monitoring Exit Report

   Rosie went over Exit report from TWC Subrecipient Monitoring, she emphasized that the report was not final and that no funds were missing or misappropriated. The preliminary findings primarily focused on cost allocation methods, budgeting practices, travel reimbursement documentation, historical compensation and travel decisions made under prior management, and documentation related to board meal expenditures. Board members discussed recurring audit and monitoring concerns, such as cash management practices, historical transactions, and the budgeting and authorization of incentive payments. Betsy explained that incentive payments were included in approved budgets and processed through established approval procedures, noting that reviewers' concerns centered on the appropriateness of funding sources rather than missing funds. The agency is awaiting the final monitoring report, expected within the coming weeks, after which management will review all findings, implement corrective actions where necessary, and formally respond to or challenge any conclusions that are disputed. Rosie stated she will provide final report to the board at next board meeting in August.

B. Finance and Audit Committee – Myrta Garcia, Treasurer
Action Items:

1. Review/Approve April 2026 WFSMRG Fiscal Agent Expenditure report

   Michael Grooms motioned to approve report and Juan Carlos Vasquez seconded. Motion carried.

2. Authorize the Executive Committee to review/approve Garza/Gonzales & Associates annual Workforce Board Audit for year ended September 30, 2025, at special meeting, ratification at August 2026 meeting

   Rosie informed the Board that the annual audit was delayed due to the implementation of the TX3 state system. Ruben expects to have a draft of the audit report available next week. Rosie requested that a special meeting of the Executive Board be scheduled for June 24 to review the draft audit to submit to Clearinghouse by June 30th. Following that review, the Executive Board will provide an update and report its findings to the full Board at the August Board meeting.

   Rodrigo Jaime motioned to approve, and Dana Johnson seconded the motion. Motion carried. Juan martinez abstains.

3. Review/Approve - Financial & Data Analyst monitoring report for February and March 2026

   Rosie stated that no areas exceeded the 10% error-rate threshold. A clarification was made regarding the payroll section, where the reported error had been corrected, therefore the payroll error rate should be reflected as 0%.

   Juan Carlos Vasquez motioned to approve report, and Jesse Rizo seconded the motion. Motion carried.

4. Review/Approve Fiscal Policy:
   a. FISCAL09 Chg. 1 Audit Requirements Policy

   Rosie presented proposed revisions to the policy, which include verbiage outlining the Board's responsibilities and the procedures to follow if errors are identified during a single audit. She also noted that the federal threshold requiring a single audit has increased from $750,000 to $1 million, and the policy will be updated to reflect the current regulatory requirements.

   Rodrigo Jaime motioned to approve Policy with also updating the Threshold to $1 million and Dana Johnson seconded the motion.

   b. FISCAL01 Chg. 1 WFSMRG BOARD Fiscal Control Policy and Procedure

   Rosie stated there were some corrections needed to be done before they approve policy, keeping, To: Middle Rio Grane Development Council – Fiscal and under reference, keeping where it says MRGDC Accounting Policies and Procedures; MRGDC Personnel Policy and Procedures. This Policy changed verbiage from Board Accountant to Designated board staff. The main change establishes a 24-hour response timeframe between Board staff and the fiscal agent for reviewing and responding to financial reports and requests.

   Cody Smith motioned to approve updated policy with the changes, and JJ Suarez seconded the motion. Motion carried.

Information Items:

1. Report from Diaz, Smith and Associates on Annual Financial Monitoring Review for year ending July 31, 2025

Anna Diaz reviewed the Annual Financial Monitoring Review that was provided to the board. Monica Gonzales asked if they identified the stale checks as a finding. Anna Diaz said that they were identified in the report, but they aren't identified as a finding in the report. Also asked if there were any discrepancies for child care payments. Anna replied that there were none. No further questions were asked.

2. Workforce Contracts for:
   a. 2726REA001 Amd. 1– Reemployment Services and Eligibility Assessment, $82,500 for April 25, 2026 – September 30, 2026

   Rosie briefly reviewed the contract for RESEA, no questions

3. Revenue vs. Expenditure summary for April 2026

   No questions.

C. Child Care Committee – Juan Martinez, Secretary
Action Items:
None

Information Items:
1. Child Care report

   Juan Martinez asked how much money is being sent back, Betsy replied that as of right now it is roughly about $100,000 but have been extended to June.

D. Monitoring and Oversight Committee – Juan Martinez, Secretary
Action Items:
1. Review/Approve Board Monitoring Reviews for February & March 2026
   a) SNAP

   Rosie asked for action item to be tabled, needing to do more research to make sure it was not a glitch in the system.

   Rodrigo Jaime motioned to approve to table the review and Juan Carlos Vasquez seconded the motion. Motion carried.

   b) Choices

   Rosie said she did argue with TWC about the error on a file but was overruled.

Juan Carlos Vasquez motioned to approve reviews, and JJ Suarez seconded the motion. Motion carried.

c) WIOA

Rosie asked to table this action item due to a possible glitch in the system.

JJ Suarez motioned to table action item and Rodrigo Jaime seconded the motion. Motion carried.

d) Childcare

Rosie said there are 3 findings under eligibility and 2 findings under referral and parent fee.

Juan Carlos Vasquez motioned to approve review, and JJ Suarez seconded the motion. Motin carried.

e) RESEA

There is a 10% error rate in eligibility.

Juan Carlos Vasquez motioned to approve review and Michael Grooms seconded the motion. Motion carried.

f) Priority of Service

There is 1 finding over 10% error rate in eligibility. They did identify the issue with the state merit staff, but they are now under Middle Rio Grande supervision so hopefully there will be some improvements.

Rodrigo Jaime motioned to approve review and Juan Carlos Vasquez seconded the motion. Motion carried.

2. Review/Approve Workforce Program Policies:
   a. ADMIN01 Equal Opportunity Policy & Procedure

Babel notice updates and updates on compliance.

b. All12 Chg. 7 Access and Data Security for Workforce Applications

Added by the end of October everyone needs to sign a P-41

c. All10 Chg. 3 Quality Assurance Policy

Rosie reported that a review from the Migrant and Seasonal Farmworker program recommended revising the policy to include the program as an entity subject to monitoring. Sub Recipient Monitoring recommended adding language that clearly outlines the process and requirements for a contractor to be removed from probation and return to good standing.

d. All06 Chg. 1 Handling, Protection and Retention of Personal Identifiable Identification

Outlines how files Should be disposed.

e. ALL20 Chg. 1 Data Validation

Received a new WD Letter to update policy.

f. ALL02 Chg. 4 Support Services Policy

Updated to include: in cases where a youth participant does not have documentation, then Director of Workforce Programs may authorize by a case-by-case bases with documentation being recorded in case notes.

Juan Carlos Vasquez motioned to approve all updated policies, and Dana Johnson seconded the motion. Motion carried.

Information Items:

1. WFS Program Reports
   a. RESEA performance
   b. VOS Greeter report
   c. Program Risk Assessment Feb – May 2026
   d. MPR – March 2026
2. Student Navigator Report
3. Youth Coach Report

Rosie briefly went over each report that was provided in the board packet.

E. Economic Development Committee-Juan Martinez, Secretary

Action Items: None

Information Items:

1. Middle Rio Grande Local Area Employment Statistics

2. Middle Rio Grande Labor Market Information

No questions about the reports that were provided in the board packet.

F. Executive Director's Report - Rosie Lozano

Rosie reviewed the Executive Director's Report, which was included in the meeting packet. Board members had no questions or comments regarding the report.

G. Executive Director's Report - Michelle Garcia

Michelle briefly went over her Executive Director's Report that was provided in the board packet. She informed members that she will provide an updated financial report. Juan Martinez asked about the handheld radios that were distributed to law enforcement agencies. Michelle explained the distribution process and advised Board members that if they knew of any agencies or personnel still in need of radios, they should contact her so arrangements could be made to provide them.

H. Other Business

None

Election of Officers

Chairperson – Juan Martinez, Rodrigo Jaime motion to approve election by Acclamation, and Monica Gonzales seconded.
Vice Chairperson – Juan Carlos Vasquez
Secretary – Laura Lopez
Treasurer – Myrta Garcia, JJ motion to approve by Acclamation and Juan Martinez seconded.
Parliamentarian – Rodrigo Jaime, Michael Grooms motion to approve election by Acclamation, and Juan Martinez seconded.

I. Adjourn

There being no further business, Dana Johnson made a motion to adjourn and seconded by JJ Suarez. Motion carries the meeting was adjourned at **3:17 p.m.**

_____ _____

Laura Lopez
Secretary

Date

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE BOARD
Executive Committee Meeting
MINUTES

Workforce Solutions Board Office
216 W Main St. Ste B
Uvalde, Tx. 78801

Wednesday, June 24, 2026
3:00 p.m.

MEMBERS' PRESENT:
Juan Martinez
Juan Carlos Vasquez
Rodrigo Jaime
Myrta Garcia

MEMBERS ABSENT:
Laura Lopez

WORKFORCE STAFF:
Rosie Lozano
Marisa Cervantes
Nereida Santos

Guest:
Ruben Martinez

CALL TO ORDER –
Juan Martinez called the Executive Committee meeting of the Middle Rio Grande Board to order at approximately 3:22 p.m.

ROLL CALL – DETERMINATION OF QUORUM
The Executive Committee Members met for their meeting on Wednesday, June 24, 2026. Upon roll call, four (4) members listed above were determined to be present. Having established a quorum, the following business was discussed.

INTRODUCTION OF GUEST
Ruben Martinez

NEW BUSINESS
A. Executive Committee – Juan Martinez, Chairperson

Action Item:

1. Review/Approve Garza/Gonzales & Associates annual Workforce Board Audit for year ended September 30, 2025

Ruben Martinez presented the audit report and reviewed the audit scope, findings, and recommendations. Board members discussed expanding the internal auditor's role and requested additional information on corrected findings that were not included in the final report.

Staff explained that $96,000 of a $116,000 virtual reality equipment lease for the Youth Program was charged to the Child Care grant after multiple unsuccessful attempts to obtain guidance from Technical Assistance. Discussion followed regarding the funding decision, the importance of the equipment to the Youth Program, and the recommendation that future lease agreements be structured with monthly payments rather than paid in full upfront.

The Committee also discussed the potential financial impact if grant funds were required to be repaid, expanded fiscal monitoring, and additional areas to be included in future external audits. Ruben noted that a finding related to the Del Rio lease agreement would be resolved by revising the lease language.

Juan Carlos Vasquez moved to approve the audit. Myrta Garcia seconded the motion. Juan Martinez abstained. **Motion carried.**

Information Items:
None

ADJOURNMENT
A motion was made by Juan Carlos Vasquez to adjourn the meeting at approximately 4:54 p.m. and seconded by Rodrigo Jaime. Juan Martinez abstains. Motion carried.

_____ _____

Laura Lopez
Secretary

Date

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE BOARD

October 1, 2026 Through September 30, 2027

FY 2026-2027 BOARD MID YEAR SUMMARY BUDGET

COST CATEGORIES	2027 BEG-Year Budget	2026 MID-Year Budget	Variance
PERSONNEL	734,031	733,770	(261)
FRINGE BENEFITS	280,748	282,501	1,753
INCENTIVE ADJUSTMENTS	11,000	25,781	14,781
ACCOUNTING & AUDITING	37,700	37,700	0
PROF. FEES/CONTRACTUAL	50,500	40,600	(9,900)
BOARD TRAVEL I/R	5,000	5,200	200
BOARD TRAVEL O/R	5,000	2,200	(2,800)
TRAVEL - I / R	40,000	42,800	2,800
TRAVEL - O / R	47,000	50,000	3,000
SPACE - BOARD	52,999	65,000	12,001
UTILITIES	10,000	14,000	4,000
SUPPLIES/MATERIALS	43,000	70,000	27,000
EQUIPMENT PURCHASES	10,700	10,551	(149)
EQUIPMENT / LEASE / MAINT.	5,700	72,000	66,300
PRINTING / ADVERTISING	3,000	4,000	1,000
INSURANCE / BONDING	0	3,000	3,000
POSTAGE	0	1,500	1,500
SUBSCRIPTION / DUES	50,303	70,000	19,697
COMMUNICATIONS	17,000	20,000	3,000
FISCAL ENTITY	179,000	125,000	(54,000)
STAFF TRAINING	1,100	2,500	1,400
TRAVEL ALLOWANCE	14,400	12,000	(2,400)
Network Upgrades	4,500	45,000	40,500
Moving Services	0	1,000	1,000
Subtotal	1,602,681	1,736,103	133,422
NON-Operational/Pass Thru	548,217	679,041	130,824
Space - Colocation	400,000	400,000	0
TOTAL	2,550,898	2,815,144	264,246

August 5, 2026

Board of Directors and Ms. Rosie Avila-Lozano
Executive Director
Workforce Solutions Middle Rio Grande
P.O. Box 760
Uvalde, Texas 78802

Dear Ms. Avila-Lozano:

We are pleased to confirm our understanding of the services we are to provide Workforce Solutions Middle Rio Grande (WSMRG) for the year ended September 30, 2026.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of WSMRG as of and for the year ended September 30, 2026. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement WSMRG's 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. As part of our engagement, we will apply certain limited procedures to WSMRG's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies WSMRG's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

1) Schedules of expenditures of federal awards and state awards.
2) Schedule of Expenditures by Grant

The objectives of our audit 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 issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

As part of our audit planning, we will identify areas and matters of significant risks that require special attention, with regard to the financial reporting process. Material misstatements due to fraudulent financial reporting often result from an overstatement of revenues (for example, through premature revenue recognition or recording fictitious revenues) or an understatement of revenues (for example, through improperly shifting revenues to a later period). Therefore, the auditor ordinarily presumes that there is a risk of material misstatement due to fraud relating to revenue recognition. We have identified the following significant risks as part of our audit planning:

- Revenue Recognition
- Management override of Controls

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of WSMRG's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of WSMRG's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on WSMRG's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in the preparation of the financial statements, schedule of expenditures of federal and state awards, and related notes of WSMRG in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.[jj] At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing. In addition, they will prepare and provide us, in good order and in a timely manner by agreed upon dates, all items we will request in a Prepared By Client (PBC) List.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to WSMRG; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Garza Gonzalez and Associates, and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to TDHS or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Garza Gonzalez and Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Ruben M Martinez, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We expect to begin our audit in February 2027 and to issue our reports no later than June 2027 or a mutually agreed to date. We estimate our fee will be $39,975 based on investing up to 260 hours. In addition, we will bill you for actual travel out of pocket expenses and $130 for the use of our lease software, Crunchafi (per lease) in connection with the continued implementation of GASB 87 and GASB 96. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. From time to time, you may request that we perform additional services not contemplated by this letter, such as technical assistance with the implementation of new accounting standards, preparation of grant roll-forward schedules, assistance with compliance matters, or other services as directed by the Board. Such additional services will be billed at our hourly rate of $150 per hour. Because the WSMRG is subject to Government Auditing Standards (GAGAS), before performing any such nonaudit service we will reach a written understanding with you regarding: 1) the objectives and scope of the nonaudit service; 2)management's responsibilities, including that management will designate an individual with suitable skill, knowledge, and experience to oversee the service, evaluate the adequacy and results of the service performed, and accept responsibility for those results; and 3)our responsibilities, and any limitations on those responsibilities.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any subsequent reports received during the period of the contract. Accordingly, our 2025 peer review letter is attached.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to management and the board of WSMRG. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to WSMRG and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. Very truly yours,

Ruben M. Martinez, CPA
Partner

RMM:mrc

APPROVED:

This letter correctly sets forth the understanding of Workforce Solutions Middle Rio Grande.

By: _____
Executive Director

Date: _____

By: _____
Board Chair

Date: _____

FARRIS & FARRIS, CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

PAUL W. FARRIS, CPA
DEBRA S. FARRIS, CPA

19434 Leopard St., #A-29-A
Corpus Christi, TX 78410
(361) 241-0656
Fax (361) 241-0658
farrispa@aol.com

Report on the Firm's System of Quality Control

January 20, 2025

To the Owners
Garza, Gonzalez & Associates LLC (formerly Garza, Gonzalez & Associates)
And the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Garza, Gonzalez & Associates LLC (formerly Garza, Gonzalez & Associates) (the firm) in effect for the year ended May 31, 2024. Our review was conducted in accordance with the standards for Performing and Reporting on Peer Reviews established by the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design and compliance with the system of quality control based on our review.

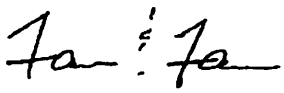
Required Selections and Considerations

Engagements selected for review included an engagement performed under Government Auditing Standards, including a compliance audit under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Garza, Gonzalez & Associates LLC (formerly Garza, Gonzalez & Associates) in effect for the year ended May 31, 2024 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiencies or fail. Garza, Gonzalez & Associates LLC (formerly Garza, Gonzalez & Associates) has received a peer review rating of pass.



Farris & Farris CPA's

Workforce Solutions Middle Rio Grande Board

Executive Committee

August 13, 2026

Diaz, Smith & Associates 1st Extension of a 3-year contract

PURPOSE:
Approval of the 1st year extension for Diaz, Smith & Associates.

DISCUSSION: The Board is required to perform an Independent Annual Financial Monitoring Review of the Fiscal Agent. This will be the 1st extension of a 3-year contract with Diaz, Smith and Associates (2nd year) with a cost not to exceed $25,500.00. Below is the projected timeline for the review period of August 1, 2025 through August 31, 2026:

- Entrance – Before September 28, 2026
- List will be provided by September 28, 2026, and will be due to DSA by October 2, 2026
- Samples will be released on October 5, 2026, and will be due to DSA by October 19, 2026
- On-Site and off-site desk reviews will begin October 26, 2026 (4 weeks)
- Exit conference will be conducted tentatively on or before November 25, 2026.
- In person presentation to the Board of Directors on December 3, 2026.

ACTION:

Approve Review/Approve – Diaz, Smith & Associates 1st Extension of a 3-year contract not to exceed $25,500.00

Report on the Annual Fiscal Integrity Evaluation of the:

Middle Rio Grande Development Council

in its capacity of Grant Recipient, Fiscal Agent, Workforce Center Operator, and Child Care Contractor of Workforce Solutions Middle Rio Grande (the Board)

August 6, 2026

Report Demographics

Report Number:	WFSMRG 27-01
Report Issue Date:	August 6, 2026
Review Type:	Fiscal Integrity Evaluation
Review Population:	*Middle Rio Grande Development Council* (MRGDC) in the capacity of *Grant Recipient, Fiscal Agent, Workforce Center Operator,* and *Child Care Contractor* of ***Workforce Solutions Middle Rio Grande (the Board)***
Applicable Period:	October 1, 2026 through September 30, 2027
Review Conducted by:	**Diaz, Smith,** *and* **Associates** Anna Rocha-Diaz Sujuane Smith Edward. Taylor
Report Developed by:	Edward Taylor

Report Review and Approval:

Reviewed by:

1. Printed Name: _____ Printed Title: _____

   Signature: _____ Date: _____

Approved by:

1. Printed Name: _____ Printed Title: _____

   Signature: _____ Date: _____

Fiscal Integrity Review Background

The provisions of the TWC rule §802.21, as outlined below, requires *Workforce Solutions Middle Rio Grande* (the Board) to conduct an annual fiscal integrity evaluation of its applicable contractor the *Middle Rio Grande Development Council* (MRGDC).

§802.21. Board Contracting Guidelines

(a) Fiscal Integrity Provisions.

(1) A Board shall develop fiscal integrity evaluation indicators designed to appraise the fiscal integrity of its workforce service contractors.

(2) A Board shall assess its workforce service contractors to ensure the contractors meet the requirements of the Board's fiscal integrity evaluation based on the following schedule:

(A) contracts under $100,000-the fiscal indicators must be verified prior to the award of the contract and at each renewal of the contract;

(B) contracts between $100,000 and $500,000-the fiscal indicators must be verified prior to the award of the contract, at each renewal of the contract, and not less than biennially; and

(C) contracts over $500,000-the fiscal indicators must be verified prior to the award of the contract, at each renewal of the contract, and not less than once annually.

(3) The fiscal integrity evaluation shall include the following provisions for ensuring that workforce service contractors are meeting performance measures in compliance with requirements contained in:

(A) federal and state statutes and regulations and directives of the Commission or Agency;

(B) Office of Management and Budget (OMB) circulars applicable to the entity, such as OMB Circulars A-21, A-87, or A-122, and the Office of the Governor's Uniform Grant Management Standards; and

(C) any other safeguards a Board has identified that are designed to ensure the proper and effective use of funds placed under the control of its workforce service contractors.

(4) The fiscal integrity evaluation shall also include the review and consideration of the prospective or renewing workforce service contractor's prior three-year financial history before the Board awards or renews a workforce service contract. The review shall include any adverse judgments or findings, such as administrative audit findings; Commission, Agency, or Board monitor findings; or sanctions by a Board or court of law.

(5) The fiscal integrity evaluation may include provisions such as accounting for program income in accordance with federal regulations, resolving questioned costs and the repayment of disallowed costs in a timely manner, and safeguarding fixed assets, as well as those referenced in the Texas Workforce Commission's Financial Manual for Grants and Contracts.

(b) Bonding, Insurance, and Other Methods of Securing Funds to Cover Losses.

(1) A Board shall ensure that at least 10% of the funds subject to the control of the workforce service contractors is protected through bonds, insurance, escrow accounts, cash on deposit, or other methods to secure the funds consistent with this subchapter. A Board and its workforce service contractors may, consistent with this section, use any method or combination of methods to meet this requirement. At the Board's discretion, the Board may pay for the bonding, insurance, or other protection methods or require its workforce service contractors, to the extent allowable under state and federal law, to pay for such protection.

(2) In conducting the fiscal integrity evaluation required in this section, a Board may determine that more than 10% of the funds subject to the control of its workforce service contractors shall be secured through bonds, insurance, escrow accounts, or other methods consistent with this subchapter.

(3) Escrow of funds may also be used to satisfy the requirements of §801.54(b) provided that:

(A) the funds placed in escrow require the signature of persons other than the persons with signatory authority for the Board's workforce service contractors;

(B) the funds do not lapse due to requirements for timely expenditure of funds; and

(C) this provision does not conflict with any provision in contract, rule, or statute for the timely expenditure of funds.

(4) If a bond is used, a Board shall ensure that the bond is executed by a corporate surety or sureties holding certificates of authority, authorized to do business in the state of Texas.

(5) A Board shall ensure, based on the schedule referenced in §801.54(a)(2) of this section, that each of its workforce service contractors is required to verify that:

(A) the insurance or bond policy is valid, premiums are paid to date, the company is authorized to provide the bonding or insurance, and the company is not in receivership, bankruptcy or some other status that would jeopardize the ability to draw upon the policy;

(B) the escrow account balances are at an appropriate level;

(C) the method of securing the funds has not been withdrawn, drawn upon, obligated for another purpose, or is no longer valid for use as the method of security; and

(D) other such protections as are applicable and relied upon by the Board are verified as in force.

(6) A Board shall ensure that the workforce service contractors are required to disclose any changes in and circumstances regarding the method of securing or protecting the funds under the workforce service contractors' control.

(c) Standards of Conduct. A Board shall ensure that the workforce service contractors:

(1) comply with federal and state statutes and regulations regarding standards of conduct and conflict of interest provisions including, but not limited to, the following:

(A) 29 C.F.R. §97.36(b)(3), which includes requirements from the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;

(B) professional licensing requirements, when applicable; and

(C) applicable OMB circular requirements and the Office of the Governor's Uniform Grant Management Standards.

(2) avoid any conflict of interest or any appearance of a conflict of interest; and

(3) refrain from using nonpublic information gained through a relationship with the Commission, an Agency employee, a Board, or a Board employee, to seek or obtain financial gains that would be a conflict of interest or the appearance of a conflict of interest.

(d) Disclosures. A Board shall require its workforce service contractors to disclose the following:

(1) Matters Subject to Disclosure. A Board shall ensure that its workforce service contractors promptly disclose in writing the following:

(A) a substantial financial interest that the workforce service contractor, or any of its workforce service contractor employees in decision-making positions, have in a business entity that is a party to any business transaction with a Board member or Board employee who is in a Board decision-making position;

(B) a gift greater than $50 in value given to a Board member or Board employee by a workforce service contractor or its employees; and

(C) the existence of any conflict of interest and any appearance of a conflict of interest, or the lack thereof.

(2) Content of Disclosure. A Board shall ensure that its workforce service contractors' written disclosures contain the following:

(A) information describing the conflict of interest; and

(B) information describing the appearance of a conflict of interest, and actions the workforce service contractor and its employees will take in order to prevent any conflict of interest from occurring.

(3) Frequency of Disclosure. A Board shall ensure that its workforce service contractors disclose:

(A) at least annually, and as frequently as necessary, any conflict of interest and any appearance of a conflict of interest;

(B) within 10 days of giving a gift greater than $50 in value as referenced in this section; and

(C) at least annually that no conflict of interest and no appearance of a conflict of interest exists.

(4) Matters Not Subject to Disclosure. This provision does not apply to:

(A) a financial transaction performed in the course of a contract with the Board; or

(B) a transaction or benefit that is made available to the general public under the same terms and conditions.

Documents Reviewed

Itemized following, are the items reviewed in the conduct of this fiscal integrity evaluation. The documents consisted of those provided by the *Middle Rio Grande Development Council* (MRGDC), *Workforce Solutions Middle Rio Grande* (the Board) and ***D**iaz, **S**mith, and **A**ssociates* (DSA) internal documents, reports and workpapers.

1. **Current contracts with the Board**: The MRGDC provided the following contracts.
   - **Child Care Contract 27226WFSMRGB-CCS** October 1, 2025 thru September 30, 2026, Budget $11,487,648.00
   - **One Stop Contract 2726WFSMRG** October 1, 2025 thru September 30, 2026, Budget $3,211,832.00

2. **Completed FIRA Questionnaire: *D**iaz, **S**mith, and **A**ssociates*** (DSA) *Fiscal Integrity and Risk Assessment Questionnaire* (FIRA): The FIRA was completed by the MRGDC *Controller* and executed July 14, 2026. The completed questionnaire included the following:
   a) The MRGDC indicated anticipated contract(s) amount(s) for the FYE September 30, 2027 in the amount of $15,074,630.00.
   - Per their response to question 4 of the FIRA, MRGDC states its contract for the *fiscal year ending* (FYE) September 30, 2027 will be *cost reimbursement with funds advanced that does not include profit*.
   - Per question 6 the MRGDC indicates it is a "Council of Government".
   - Per MRGDC its assets are valued at $925,676.00 per its September 2025 physical inventory.
   - MRGDC indicates it has incurred $7,152.00 in disallowed costs during the preceding five (5) year period and one (1) audit finding for the fiscal year ended September 30, 2025. In their response to the prior year FIRA The MRGDC indicated it incurred $14,765.00 in disallowed costs resultant from monitoring reviews during the preceding five (5) years. **Note:** The MRGDC states they do not track stand-in costs.
   - Per FIRA question 54 MRGDC indicates the largest anticipated cash to be advanced during the period covered by this fiscal integrity evaluation will be $450,000.00. Additionally, MRGDC states the advanced funds will be expended prior to requesting additional funds. The MRGDC provides they maintain a collateral agreement in the mount of $1,624,260.00
   - MRGDC indicates it will use $1,500,000.00 in bonds, and $150,000.00 in unrestricted, unencumbered, and unobligated cash on deposit as the basis for the repayment of any potential disallowed costs in its response to FIRA question 21.

- Per the MRGDC prior year FIRA response the following key personnel changes occurred during the years reflected in the following diagram:

Position Title	Date of Departure	Date of Replacement Hire
Controller	9/2/2022	9/6/2022
Controller	4/24/2023	5/1/2023
Executive Director	8/25/2023	8/28/2023

- MRGDC provided the following anticipated FYE 2027 budget amount(s) per FIRA question 40:
  - Equipment 25,000.00
  - Supplies $75,000.00
  - Employee Development $20,000.00
  - Indirect Costs 245,547.00 (the provided indirect cost proposal indicates an indirect cost budget of $194,627.00 for the FYE September 30, 2026).
  - Management Fee $235,000.00
  - Incentive Awards 0.00
  - Travel $98,296.00 and
  - Miscellaneous $0.00.

b) MRGDC indicates they have a collateral agreement in the amount of $1,624,260.00 to cover bank balances in excess of FDIC coverage. The requested current bank statements and reconciliations were not provided.

c) MRGDC indicated at question 63 they will use (client) cash equivalents under its contract with the Board during the period covered by this evaluation. However, they **failed to provide** the following requested details: type, amount, location, audit frequency.

3. **Organization Charts:** The MRGDC agency-wide and departmental organization charts updated July 24, 2026.

4. **Audits:** The following MRGDC audit reports and associated documents were considered in the conduct of this fiscal integrity evaluation.

A. *Middle Rio Grande Development Council Carrizo Springs, Texas Audit Communication Letter for the Year Ended September 30, 2025.* The report was prepared by *Garza Gonzalez Certified Public Accountants* and dated June 26, 2026. The report contained the following:

Internal Control Matters
We noted the following items we are recommending to improve internal control and compliance.

Prior Year Comments

Payroll Liabilities and Related Expenses

As in the prior year, our review of the general ledger account balances as of September 30, 2025, identified certain payroll-related liability accounts that have not been fully reconciled. There appears to be an overstatement of approximately $76,579 and is related to the health insurance liability, TCDRS liability and worker's compensation liability accounts.

Recommendation

We recommend payroll liability accounts be reviewed and reconciled monthly. A review of subsequent payments made should be performed and the general ledger liabilities should match those payments.

Current Year Comments

Accounts Payable

Our review of the Accounts Payable balance as of September 30, 2025, identified 67 outstanding payable items that have remained on the books for more than one year. Long-outstanding accounts payable may indicate liabilities that have been paid but not cleared, duplicate or invalid obligations, unresolved vendor disputes, or other accounting inaccuracies. Aged accounts payable items increases the risk that liabilities are misstated and financial records are not accurate or current.

Recommendation

We recommend that management perform a detailed review of all aged accounts payable items, determine whether each balance remains valid, and record the appropriate adjustments to clear unsupported or resolved items. Management should also establish procedures for periodically reviewing aged accounts payable to ensure outstanding balances are resolved on a timely basis.

Lease Agreement

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, requires governments to evaluate lease arrangements and recognize lease receivables, deferred inflows of resources, lease liabilities, and right-to-use assets based on the terms and conditions of enforceable lease agreements. During our audit we noted that the Council is leasing space in its Uvalde and Del Rio locations through the Workforce Solutions Middle Rio Grande (Board); however, formal written lease agreements have not been executed between the parties. As a result, key lease terms and conditions, including the lease term, payment provisions, renewal options, termination clauses, and other rights and obligations, have not been formally documented.

Recommendation

We recommend that management execute formal written lease agreements with the Workforce Solutions Middle Rio Grande (Board) for all leased facilities. The agreements should clearly document the significant terms and conditions of the leases, including the lease term, payment provisions, renewal and termination options, maintenance responsibilities, and other rights and obligations. Formalizing these agreements will provide sufficient documentation to support the Council's accounting and reporting of leases in accordance with GASB Statement No. 87 and reduce the risk of inaccurate financial reporting resulting from undocumented lease terms.

Incentive Pay

During the year, the Council paid employee incentive compensation totaling $91,251 in September 2025 and $175,708 in November 2024. Employees hired before January 15, 2024, received a flat incentive payment of $2,500, while employees hired on or after January 15, 2024, received prorated incentive payments based on their months of service, using an annual incentive amount of $2,500; however, the methodology used to calculate the incentives was not clearly documented. In addition, we compared the incentive payments to the requirements of MRGDC Employee Retention Incentive Policy No. 6.01.01 and found that the payments were not made in alignment with the policy.

Recommendation

We recommend that management ensure employee retention incentive payments are administered in accordance with MRGDC Employee Retention Incentive Policy No. 6.01.01. If management intends to use a different payment methodology, the policy should be formally revised and approved by the Board of Directors before such payments are made and the method used to calculate any incentive payouts should be clearly documented.

Internal Service Fund Deficit

As in the prior year, the Council's internal service fund continues to report a deficit net position. As of September 30, 2025, the fund reported a deficit net position of $260,694. Because the internal service fund is intended to be self-supporting, charges for services should be sufficient to recover operating costs. The continued deficit indicates that current service charges have not been adequate to fully cover the fund's operating expenses.

Recommendation

Management should evaluate the financial condition of the internal service fund and develop a plan to eliminate the deficit net position. The plan should include a review of the fund's rate structure and operating costs to ensure that charges for services are sufficient to recover the full cost of operations and maintain the fund on a self-sustaining basis. Management should also monitor the fund's financial performance periodically and make rate or expenditure adjustments as necessary to prevent future operating deficits.

Outstanding Checks Over One Year Old in Bank Reconciliation

We noted that the September 2025 bank reconciliation for the consolidated bank account includes $13,139 in outstanding checks that are dated more than one year old. These items have remained uncleared for an extended period without evidence of resolution, reissuance, or proper disposition.

We recommend that management review all outstanding checks exceeding one year in age and promptly determine their status. Where appropriate, stale-dated checks should be voided and either reissued or removed from the reconciliation in accordance with established policies. Management should also consider implementing periodic review procedures to ensure outstanding checks are monitored, investigated, and resolved on a timely basis.

Inconsistent Procurement Method Definitions in Policy

The Council's procurement policy for purchases between $25,000 and $250,000 contains inconsistent and blended language that combines requirements for Invitation for Bids (IFB) and the Small Purchase Procurement Method (as addressed in §200.320(b). While the policy designates this dollar range as subject to the IFB method, it simultaneously requires the Procurement Accountant to obtain written price or rate quotations from a minimum of three responsive providers. This requirement is characteristic of the small purchase procurement method rather than a formal IFB process, which typically involves sealed bids, public solicitation, and award based on the lowest responsive and responsible bid. As a result, the policy creates a misalignment between a formal IFB structure with an informal quote-based method of procurement.

Recommendation

We recommend that management revise the procurement policy to eliminate inconsistent and blended terminology between Invitation for Bids (IFB) and the Small Purchase Procurement Method. In addition, we recommend the revised policy include language aligned to the Uniform Guidance.

Reconciliation of Grant Payables

The general ledger liability balances (due to funding sources) includes amounts from contracts that ended prior to September 30, 2025. Council management indicated that these balances require additional research to determine if they are in fact payable to various funding sources.

Recommendation

We recommend that management research these accounts and resolve the remaining balances on the general ledger in a timely manner.

B. *Middle Rio Grande Development Council Carrizo Springs, Texas Annual Financial and Compliance Report For The Year Ended September 30, 2025.* The report was prepared by *Garza Gonzalez Certified Public Accountants* and dated June 26, 2026. No findings were Indicated

C. *Middle Rio Grande Development Council Annual Financial and Compliance Report* for the year ended September 30, 2024 as prepared by *Garza and Gonzalez Certified Public Accountants.* The report was issued April 17, 2025. *No current findings were indicated.*

The audit report included the following related to a prior period finding

SECTION III – FEDERAL AND STATE AWARD FINDING AND QUESTIONED COSTS
Finding 2023-1 – Subrecipient Monitoring
Aging Cluster – Assistance Listing Numbers: 93.044, 93.045, 93053
Type of Findings: Significant Deficiency/ Compliance

Status: In progress

Monitoring procedures were established to comply with the requirements outlined in 2 CFR §200.332 (d). To date, three counties—Maverick, Uvalde, and Kinney—have submitted their audit reports and desk reviews were completed by MRGDC Fiscal staff. The financial audits for the remaining counties are still pending

completion/submission. We expect to complete the remaining desk reviews by September 30, 2025.

- *Middle Rio Grande Development Council Audit Communication Letter* for the year ended September 30, 2024 as prepared by *Garza and Gonzalez Certified Public Accountants*. The letter was dated April 17, 2025 and included the following internal control recommendations.

Subscription-Based Information Technology Arrangement Capitalization Policy
The Council has not developed a written SBITA (Subscription-Based Information Technology Arrangement) capitalization threshold policy for governmental accounting. Such policy is critical because it determines whether a SBITA contract should be capitalized as an asset and a liability, or treated as an expense.
We recommend the Council develop a SBITA capitalization threshold policy to help maintain consistency in financial reporting and to ensure SBITA's are properly accounted for.

Payroll Liabilities
Our review of the general ledger account balances as of September 30, 2024 indicates payroll liabilities are overstated by a net $22,813.
We recommend payroll liability accounts be reviewed and reconciled monthly. A review of subsequent payments made should be performed and the general ledger liabilities should match those payments.

Vendor Disbursements
We noted one (1) instance in which training costs of $4,500 paid to Southwest Texas College on behalf of a workforce program participant were coded to a grant program outside the period of performance.
We recommend the Council strengthen controls over disbursements and ensure that funds are obligated and charged during the period in which funds are available for use.

911 Equipment Inventory
Commission Rule 251.5 requires an annual inventory of 9-1-1 equipment and controlled assets be taken and results be reconciled to property records. The Council did not complete the annual inventory of 911 equipment as required by Commission Rule 251.5.
We recommend that the council complete the required inventory and performs a reconciliation of inventory to the property records.

Cash Management Policy and Procedures
The Uniform Guidance (2 CFR Part 200) requires non-federal entities to have written policies and procedures for cash management. These policies and procedures must minimize the time lapsing between receiving federal funds and their disbursement. We obtained the existing cash management procedures and noted it has not been updated to reflect current operating practices. In addition, the procedures only mention workforce related programs and do not include references to non-workforce funds, such as the Aging and 911 programs.

We recommend the cash management policy and related procedures be reviewed and updated to ensure compliance with the Uniform Guidance requirements.

Internal Service Fund Deficit

The Council's internal service fund had a deficit balance of $287,752 on September 30, 2024. The fund should be self-sustaining; and, therefore charges for services should be sufficient to cover operating costs.

We recommend that the Council review the indirect cost plan and consider the deficit when calculating the indirect cost rate.

- *Middle Rio Grande Development Council Annual Financial and Compliance Report* for the year ended September 30, 2023 as prepared by *Garza and Gonzalez Certified Public Accountants*. The report was issued May 31, 2024. *The audit report at page 53 indicates a 9.01% final MRGDC indirect rate for the fiscal year ended September 30, 2023*. Findings Indicated in the following area:
  - Significant Deficiency Finding: Subrecipient (Financial) Monitoring inclusive of the MRGDC proposed corrective plan(s).

- *Middle Rio Grande Development Council Audit Communication Letter* for the year ended September 30, 2023 as prepared by *Garza and Gonzalez Certified Public Accountants*. The letter was dated May 31, 2024.

  Exceptions Indicated in the following areas:
  - *Corrected and Uncorrected Misstatements (six items identified)*
  - *Payroll Liabilities (potential unreconciled difference at year end)*
  - *Vendor Disbursements (2 instances where payments differed from Child Care upload summary worksheet)*
  - *Internal Service Fund Deficit (fund balance deficit at year end)*
  - *Foundation Loans (year-end balance owed, potential loan approval issue)*

- *Middle Rio Grande Development Council Annual Financial and Compliance Report* for the year ended September 30, 2022 as prepared by *Garza and Gonzalez Certified Public Accountants*. The report was issued June 26, 2023. *The audit report at page 53 indicates a 7.72% final MRGDC indirect rate for the fiscal year ended September 30, 2022*. *No Findings Indicated*.

5. **Cash Management:** The requested current bank statements and reconciliations were not provided.

   Provided with Prior Years FIRA

   MRGDC provided its *First State Bank of Uvalde* bank statements and reconciliations for the month ended April 30, 2025 for the following accounts.
   - *MRGDC Consolidated Account*
   - *MRGDC Client and Staff Payroll Accounts*
   - The provided April 2025 Consolidated Bank Statement reflected thirteen (13) days in which the balances exceeded FDIC coverage amounts.
   - The MRGDC did not respond to the cash equivalents questions

6. **Certificates reflecting coverage amounts applicable to this project: <u>The requested current insurance documents were not provided.</u>**

<u>Provided with Prior Years FIRA</u>

Certificate of Coverage issued by the TML (Texas Municipal League) Intergovernmental Risk Pool reflecting coverages for the periods ending October 1, 2024 through October 1, 2025 as shown below.

Covered Area/Item	Each Occurrence	Annual Aggregate
General Liability	1,000,000.00	2,000,000.00
Real and Personal Property	Limits of Coverage	8,516,576.00
Employers Liability	Not to exceed	500,000.00
Public Employee Dishonesty	$1,000 deductible per occurrence	1,000,000.00
Real and Personal Property, Boiler and Machinery	1% deductible per building,0.2% maximum total of building value	10,910,500.00
Flood	Occurrence deductible $25,000 Or 1% of building value, whichever is greater	1,500,000.00
Earthquake	Occurrence deductible $25,000 Or 1% of building value, whichever is greater	10,000,000.00
Sudden Events Involving Pollution	1,000,000.00	2,000,000.00
Workers Compensation	Payroll	Based
Errors and Omissions	1,000,000.00	2,000,000.00
Information Security	1,000,000.00	1,000,000.00
Data & Network and Media Liability Aggregate Limit of Liability	Core: $500,000.00	Core+: $1,000,000.00

7. **Cost Allocation:** The following cost allocation items were considered in the conduct of this fiscal integrity evaluation.
   - January 2, 2026 MRGDC Indirect Cost Allocation Proposal for the fiscal year October 1, 2025 through September 30, 2026.
   - February 3, 2026 Texas Workforce Commission Indirect Cost Rate Agreement indicating a *fixed with carry over provisional rate of 10.00%* and the *base* applicable to all programs for the period ending September 30, 2026.

   <u>Provided with Prior Years FIRA</u>
   - <u>Indirect Cost</u>: January 19, 2024 letter from the MRGDC to the Texas Workforce Commission Single Auditor Manager providing their "*Indirect Cost and Cost Allocation Proposal for the fiscal year October 1, 2024 through September 30, 2025*".
   - <u>Salary Allocations:</u> <u>*The requested salary allocations were not provided*</u>.

8. **IRS Form 990**: **The requested current form 990 and supporting schedules was not provided.**

   Provided with Prior Years FIRA
   The *Middle Rio Grande Development Foundation Inc. form 990-EZ* for the years ended December 31, 2024 and December 31, 2023 were considered in this fiscal integrity evaluation.

9. **Policies and Procedures**: **The requested current policies and procedures were not provided.**

   Provided with Prior Years FIRA
   The *MRGDC Operating Policy 10.04: Procurement/Purchase Order Policy*; Effective February 2024 was reviewed in the conduct of this fiscal integrity evaluation.

10. **Monitoring Reports:** The following monitoring reports/items were considered in the conduct of this fiscal integrity evaluation.
    - MRGDC financial monitoring reports and workpapers of reviews conducted by **Diaz, Smith,** *and* **Associates** (DSA)
    - August 14, 2025 Monitoring and Oversight Committee Childcare Monitoring for April and May 2025
    - October 9, 2025 Monitoring and Oversight Committee Childcare Monitoring for June and July 2025

    Provided with Prior Years FIRA
    - TWC Workforce Solutions Middle Rio Grande Exit Conference Report Project #23.27.0001 *financial and procurement findings indicated*.
    - TWC Workforce Solutions Middle Rio Grande Exit Conference Report Project #24.27.0001 *financial and procurement findings indicated*.

    Note: *Financial Monitoring and audit reviews of the Board are relevant to the fiscal integrity evaluation of the MRGDC due to their capacity of Fiscal Agent for the Board. Pursuant to the 2021 Partnership Agreement the MRGDC: "Duties and Responsibilities: The designated Grant Recipient/Fiscal Agent shall be responsible and accountable for financial maintenance of all funds received for the support of all programs developed and operated within the region under the provisions of the Texas Workforce and Economic Competitiveness Act of 1993, as amended."*

    - The following financial and program monitoring items reflected in the following diagram were reviewed in the conduct of this fiscal integrity

Fiscal Monitoring Covered Area/Item	Determinations
April 9, 2025 report to Middle Rio Grande Board indicating the following:	
Review of timeliness Consolidated bank account reconciliations	No Errors Indicated
Test December 2024 WIOA funds and January 2025 Child Care for balancing to general ledger	No Errors Indicated

March 2020 physical count testing of incentive cards at Carrizo Springs and Uvalde workforce Centers	No Errors Indicated
March 2025: Review of Personal Action forms against the organization chart of the contractor	No Errors Indicated
Child Care Provider monitoring to review the signed contract and provider files for January 2025	33% Error Rate
Board Fiscal Monitoring dated January 15, 2025 indicated the following:	
Disbursement Sample of (Mirco-Purchases) 10/24 – 11/24	No Errors Indicated
Bank Reconciliations October and November 2024	No Errors Indicated
Employee Payroll Sample 8/24 – 9/24	No Errors Indicated
CDER & GL Sample Reconciliation 10/24 – 11/24	No Errors Indicated
Gas Card Audit 1/13/25 – 1/14/25	Errors Indicated, Recommendations Made
Workforce Solutions Middle Rio Grande May 16, 2025 Summary of Fiscal Monitoring indicated the following:	
Disbursements testing sample size 25 files December 2024 and January 2025	4% Error Rate
Bank Reconciliations December 2024 and January 2025	No Errors Indicated
General ledger and Cash Disbursements (testing) February 2025 sample size 3 files	67% Error rate
The Monitoring requested all general vouchers for Feb 25 & Mar 25, with all corresponding documents following the JV policy of MRGDC. After speaking with the fiscal entity, they have not implemented the procedure along with the form to follow the policy.	100% Error Rate
Child Care Provider Monitoring May 2025 sample size 8 Centers	No Errors Indicated
June 13, 2024 Board Accountant Monitoring and Oversight Report	No Errors Indicated
Workforce Solutions Middle Rio Grande Board Finance and Audit February 13, 2025 Action Item indicating the following:	
Procurement Testing, sample size 6 files	No Errors Indicated
Bank Reconciliations October and November 2024	No Errors Indicated
General ledger and Cash Disbursements (testing) October and November 2024 sample size 8 files	No Errors Indicated
Payroll August and September 2024, Sample size 3 files	No Errors Indicated
Incentive Cards January 2025, Sample size 3 Centers and Fiscal Entity	No Errors Indicated
Workforce Solutions Middle Rio Grande Finance and Audit December 12, 2024 Action Item indicating the following:	
Budget vs Expenditure Testing for 4 funds August and September 2024	No Errors Indicated

Cash Management, bank reconciliations, cash draws	Errors Indicated
MRGDC disbursements, approval for payment supporting documentation	Errors Indicated
Individual Training Accounts	No Errors Indicated
Work Experience Payroll	No Errors Indicated
MRGDC Payroll	Errors Indicated, Recommendations Made
MRGDC Cash Equivalents: reconciled 25 gas cards being disbursed to Uvalde (center).	No Errors Indicated
Program Monitoring Covered Area/Item	**Determinations**
Child Care August & September Child Care DFPS monitoring	Errors indicated
Child Care December 2023 and January 2024	Errors indicated
Child Care February and March 2024	Errors indicated
Child Care June and July 2024 and Child Care DFPS monitoring	Errors indicated
Child Care October and November 2024 and Child Care DFPS monitoring	Errors indicated

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our fiscal integrity evaluation of the MRGDC evaluated compliance with the citations below and on the following pages. Following each citation is our evaluation determination with proposed contract conditions where appropriate.

1. Compliance

The TWC rules provide the following compliance requirements.

The fiscal integrity evaluation shall include the following provisions for ensuring that workforce service contractors are meeting performance measures in compliance with requirements contained in:

(A) federal and state statutes and regulations and directives of the Commission or Agency;

(B) Office of Management and Budget (OMB) circulars applicable to the entity, such as OMB Circulars A-21, A-87, or A-122 (as amended) and the Office of the Governor's Uniform Grant Management Standards; and

(C) any other safeguards a Board has identified that are designed to ensure the proper and effective use of funds placed under the control of its workforce service contractors.

Review Determination

Our fiscal integrity review determined the MRGDC materially compliant with the applicable provisions of the preceding citation.

2. Cash on Deposit or Other methods to Secure Funds

The TWC rules provide the following securing funds requirements.

(1) A Board shall ensure that at least 10% of the funds subject to the control of the workforce service contractors is protected through bonds, insurance, escrow accounts, cash on deposit, or other methods to secure the funds consistent with this subchapter. A Board and its workforce service contractors may, consistent with this section, use any method or combination of methods to meet this requirement. At the Board's discretion, the Board may pay for the bonding, insurance, or other protection methods or require its workforce service contractors, to the extent allowable under state and federal law, to pay for such protection.

(2) In conducting the fiscal integrity evaluation required in this section, a Board may determine that more than 10% of the funds subject to the control of its workforce service contractors shall be secured through bonds, insurance, escrow accounts, or other methods consistent with this subchapter.

(3) Escrow of funds may also be used to satisfy the requirements of §801.54(b) provided that:

(A) *the funds placed in escrow require the signature of persons other than the persons with signatory authority for the Board's workforce service contractors;*

(B) *the funds do not lapse due to requirements for timely expenditure of funds; and*

(C) *this provision does not conflict with any provision in contract, rule, or statute for the timely expenditure of funds.*

3. Bonding, Insurance, and Other Methods of Securing Funds to Cover Losses

The TWC rules provide the following securing funds requirements.

If a bond is used, a Board shall ensure that the bond is executed by a corporate surety or sureties holding certificates of authority, authorized to do business in the state of Texas.

(5) A Board shall ensure, based on the schedule referenced in §801.54(a)(2) of this section, that each of its workforce service contractors is required to verify that:

(A) the insurance or bond policy is valid, premiums are paid to date, the company is authorized to provide the bonding or insurance, and the company is not in receivership, bankruptcy or some other status that would jeopardize the ability to draw upon the policy;

(B) the escrow account balances are at an appropriate level;

(C) the method of securing the funds has not been withdrawn, drawn upon, obligated for another purpose, or is no longer valid for use as the method of security; and

(D) other such protections as are applicable and relied upon by the Board are verified as in force.

Review Determination (Items 2 and 3)

The TWC rules have been modified to require the Board subrecipient contractor 10% fiscal integrity requirement to be based on the largest actual/anticipated advance during the applicable contract period (also the period covered by this fiscal integrity evaluation). The MRGDC in its questionnaire response stated the largest anticipated advance amount as $450,000. Thus the 10% requirement is $45,000. MRGDC provided they will use $150,000 in "General Revenue" cash on deposit and a "Insurance Bonding Certificates" in the amount of $1,500,000 to meet this TWC requirement.

Our fiscal integrity review recommends the Board include the following condition in its contract with the MRGDC for compliance with the preceding citations.

A. *A provision(s) in the contract requiring the MRGDC to demonstrate and maintain unrestricted cash on hand equal to at least 10% of the largest actual/anticipated funds advanced/to be advanced under the contract. The provision should also require advanced funds be expended prior to requesting any additional advanced funds. Additionally, the provision should require the MRGDC to promptly notify the Board if their unrestricted cash falls below the required amount. The notification time frame and manner should be determined and specified by the Board in the contract.*

4. **Standards of Conduct a Board shall ensure that the workforce service contractors:**

The TWC rules provide the following standard of conduct requirements.

(1) comply with federal and state statutes and regulations regarding standards of conduct and conflict of interest provisions including, but not limited to, the following:

(A) 29 C.F.R. §97.36(b)(3), which includes requirements from the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;

(B) professional licensing requirements, when applicable; and

(C) applicable OMB circular requirements and the Office of the Governor's Uniform Grant Management Standards.

(2) avoid any conflict of interest or any appearance of a conflict of interest; and

(3) refrain from using nonpublic information gained through a relationship with the Commission, an Agency employee, a Board, or a Board employee, to seek or obtain financial gains that would be a conflict of interest or the appearance of a conflict of interest.

Review Determination

Our fiscal integrity review determined the Board and the MRGDC materially compliant with the applicable provisions of the preceding citation.

5. ***Disclosures: A Board shall require its workforce service contractors to disclose the following:***

The TWC rules provide the following standard of conduct requirements.

(1) Matters Subject to Disclosure. A Board shall ensure that its workforce service contractors promptly disclose in writing the following:

(A) a substantial financial interest that the workforce service contractor, or any of its workforce service contractor employees in decision-making positions, have in a business entity that is a party to any business transaction with a Board member or Board employee who is in a Board decision-making position;

(B) a gift greater than $50 in value given to a Board member or Board employee by a workforce service contractor or its employees; and

(C) the existence of any conflict of interest and any appearance of a conflict of interest, or the lack thereof.

(2) Content of Disclosure. A Board shall ensure that its workforce service contractors' written disclosures contain the following:

(A) information describing the conflict of interest; and

(B) information describing the appearance of a conflict of interest, and actions the workforce service contractor and its employees will take in order to prevent any conflict of interest from occurring.

(3) Frequency of Disclosure. A Board shall ensure that its workforce service contractors disclose:

(A) at least annually, and as frequently as necessary, any conflict of interest and any appearance of a conflict of interest;

(B) within 10 days of giving a gift greater than $50 in value as referenced in this section; and

(C) at least annually that no conflict of interest and no appearance of a conflict of interest exists.

(4) Matters Not Subject to Disclosure. This provision does not apply to:

(A) a financial transaction performed in the course of a contract with the Board; or

(B) a transaction or benefit that is made available to the general public under the same terms and conditions.

Review Determination

Our fiscal integrity review determined the Board and the MRGDC materially compliant with the applicable provisions of the preceding citation.

Middle Rio Grande Development Council
Program Risk Assessment
August 1, 2025 –July 31, 2026

INHERENT RISK			
Program Size to Total Federal Asst Received		**Score**	**Comment**
Less than 15% of revenue comes from federal and/or state funds	2=Low		Greater than 50% of revenues come from federal and/or state funds. This will always be a 6 because they hold all the grants/money.
Between 15 and 50% of revenue comes from federal and/or state funds.	4=Moderate		
Greater than 50% of revenues come from federal and/or state funds	6=High	6	
Newness of Contractor to Program		**Score**	**Comment**
Operating for 3 years or more and experienced no significant changes.	2=Low	2	The contractor has been operating for over 20 years.
Operating for at least 1 year but less than 3 years without significant changes.	4=Moderate		
Less than 1 year of operating or has experienced significant and complex changes	6=High		
Timeliness/Accuracy of Program Reporting		**Score**	**Comment**
Reports were timely and error free during last program year	2=Low		Reports have been submitted late and inaccurately on some occasions.
Reports have been late on 1 to 4 occasions or had minor errors during last program year.	4=Moderate	4	
Reports have been late more than 4 times and/or reports contained major errors during last program year.	6=High		
Prior Compliance Issues		**Score**	**Comment**
There have been minimal Observations and Findings in the last 2 program years with no questioned or disallowed cost.	2=Low		TWC issued 2 Intent to Sanction notices related to prior year findings in SNAP and Choices program for PY24 and carried on to PY25 that resulted in a CAP presented to the Board in December 2025. Contractor was able to clear the SNAP CAP (July 2026) but have not met the requirements to clear the Choices sanction. Prior year findings that are still in Audit Resolutions: Priority of Service Regulations (addressed 2/2026) Contractor is under 3 PIA's: Youth Employed/Enrolled Q2, Youth Median Q2 Youth Credential based off December 2025 MPR and had 1 disallowed cost.
Experienced minor instances of Observations and Findings with minimal questioned or disallowed cost in the last 2 program years.	4=Moderate		
Experienced significant findings in the last program years with questions or disallowed costs.	6=High	6	
Personnel Turnover		**Score**	**Comment**
Little or no turnover in the last program year.	2=Low	2	Contractors have an 18% turnover rate with 9 workforce and childcare staff resigning/terminated within a one-year period. (9 out of 50 employees) none being administrative staff.
Some turnovers in the last program year that impacts key areas.	4=Moderate		
Significant turnover in key personnel in last program year which could have a significant impact on the program.	6=High		
Effective of Internal Monitoring		**Score**	**Comment**
An effective internal monitoring function is in place. Written procedures are available, as well as	2=Low		Board monitor has a few findings that Q/A did not indicate on their monitoring.

evidence that a complete internal monitoring for all programs and centers had been conducted effectively and regularly during the last program year			Repeat findings in Choice, Child Care (Eligibility, Referral) and Priority of Service (Eligibility for Vets) monitoring. Child Care has repeat and repetitive findings, no doc of monitoring submitted. Priority of Service is still in review with Audit Resolution. There was a disallowed cost discovered during the scope of the assessment. It was noted that WIOA and RESEA grants could potentially not have enough funds to complete the grant year. Even if the Contractor has other funds that could potentially be used, it is not good practice to go beyond the amounts of each grant. RESEA received additional funds in Amend 1 and 2. TANF funds were re-negotiated for pass thru vs. admin ops.
Procedures are available, but a complete internal monitoring for all programs and centers has not been conducted effectively and on a regular basis in the last program year.	4=Moderate		
Procedures are available; but need to be updated, evidence of incomplete or no internal monitoring is not available for last program year.	6=High	6	
Complaints and Official Inquiries		**Score**	**Comment**
There were no unresolved complaints received in last program year that required WFSMRG or TWC intervention.	2=Low	2	There are no official complaints.
There were unresolved complaints received by WFSMRG/TWC in the last program year, that upon investigation, were not warranted.	4=Moderate		
There have been a significant number of complaints in the last program year that have warranted investigations due to possible fraud, abuse, discrimination, or other irregularities.	6=High		
Performance Measures		**Score**	**Comment**
The contractor has met targeted performance outcomes on a consistent basis in the last 2 program years.	2=Low		MPR for year ending 2025, only WIOA Outcomes were released. Out of the 16 measures, 2 were Not Meeting. There was no data for Program Participation Measures. Latest MPR is for April 2026 which has 20 measures, with MRGDC failing 3 WF – Claimant re-employment within 10 weeks, Youth Credential Rate and Youth Median Earnings Q2. And 1 Child Care Measure – Child Care Initial Job Search Success Rate. Report also indicates that there are 2 measures within tolerance, Average # of Children Served and Youth Employed/Enrolled Q2. MRGDC is in 3 PIA's – Youth Employed/Enrolled Q2, Youth Median Q2 and Youth Credential. *NOTE – MPR's have been released with suppressed data.
The contractor has failed to meet 2 or more performance measures in the last program years.	4=Moderate		
The contractor has failed to meet 4 or more performance measures in the last program years.	6=High	6	
CONTROL RISK			
Adequacies of Policies and Procedure		**Score**	**Comment**
In-depth updated procedures are in place and enforced.	2=Low		Board policies need to be followed, have had a couple of occasions with infractions on the same/different policies. Policy ADMIN08 – Closure of WF offices. ALL14 – Priority of Service, PII stored in secure location.
Procedures are in place with occasional minor infractions.	4=Moderate	4	
Procedures are outdated or do not meet the standard.	6=High		

Management's Knowledge of Laws/Regulations		Score	Comment
Fully understands all laws and regulations that pertain to the contract.	2=Low	2	Less than a year – Quality Assurance Less than 2 years – Business Service Coordinator, Finance Officer, Quality Assurance
Familiar with all laws and regulations that pertain to the contract and can find answers to identified contractual issues.	4=Moderate		
Does not understand all laws and regulations that govern their particular contract.	6=High		
Segregation of Duties		**Score**	**Comment**
Workload is evenly divided with no more than 2 layers	2=Low		Process of approving/closing files has caused delays in the file maintenance process. This did cause a disallowed cost. Several layers of reviews bottlenecks process. Center Managers, then Quality Assurance, reviews all eligibility for WIOA before it is approved, might be a training issue, but it does delay the approval process. This was noted in Board monitoring.
Some inequities in workload with 3 layers of direct supervision	4=Moderate	4	
A few carrying the workload of others with no clear supervision or over supervised chain	6=High		
Experience Level of Management		**Score**	**Comment**
All management has over 3 years of experience on current contract in current management position	2=Low	2	Less than a year – Quality Assurance Less than 2 years – Business Service Coordinator, Finance Officer, Quality Assurance
Management has 2-3 years of experience on current contract in current management position	4=Moderate		
Management has less than 2 years of experience on current contract in current management position	6=High		
Extent of Management Reviews/External Monitoring		**Score**	**Comment**
Bimonthly Board monitoring reports result in little to no errors. Board monitoring reports do not have a consistent error.	2=Low		Choices: Repeat findings: Noncompliance and Participation Repetitive findings: WIT Data Entry, SNAP: Repeat findings for Notification WIOA: Repeat findings for Support Services and Financial RESEA: Repeat finding for Eligibility and Notification. Repetitive findings: Assessment Child Care: Repetitive finding: Eligibility, Referrals, File Maintenance, Notification **(Repeat Finding – Errors found in 2 monitoring's** **Repetitive Finding – Errors found in 3 or more monitoring's)** Board put Contractor on probation till September 2026. Contractor is on 3 PIA - Youth Employed/Enrolled Q2, Youth Median, Q2 Youth Credential Contractor is on CAP for Choices Non-Compliance and Priority of Services is still in review with Audit Resolutions due to
Bimonthly Board monitoring reviews result in some errors. Board monitoring reports have some re occurring errors.	4=Moderate		
Bimonthly Board monitoring reviews results show several errors. Board monitoring reports have several and/or consistent re occurring errors.	6=High	6	

			error rate still over 10%
Responsiveness/Availability of Senior Staff		Score	Comment
Senior Staff will respond timely, meet deadlines and are accessible and available.	2=Low	2	Executive Director and Senior staff have been available to the Boards requests. They have shown improvement in communication. Sometimes reminders will need to be issued on Board policies and follow up request have been sent.
Senior Staff will usually respond timely, usually meet deadlines and are usually accessible and usually available.	4=Moderate		
Senior Staff usually do not respond timely, usually miss deadlines. Senior Staff is usually unavailable or accessible.	6=High		
Training and Staff Development		Score	Comment
Ongoing training is provided **and/or** training is provided based on identified needs.	2=Low		Board and TWC have provided several trainings for Contractor management including the findings that have not been cleared for Audit Resolution.
There is periodic training for management **and/or** staff.	4=Moderate	4	
There is no training for management **and/or** staff.	6=High		
Other		Score	Comment
Contractor did not have any issues	2=Low		Some partner agencies reach out to the Board with concerns. Board has had to meet with Contractor to resolve these issues. There are several vacancies that need to be filled, including RESEA in which specific funding were received for this position.
Contractor has some issues to cause concern as described in comments	4=Moderate	4	
Contractor has several issues to cause concern as described in comments.	6=High		
		Score	Comment
Low Risk = 0-50	2=Low		
Moderate Risk = 51-70	4=Moderate	62	
High Risk = 71 or higher	6=High		

Workforce Solutions Middle Rio Grande Board
Program Risk Assessment

Contractor: **Middle Rio Grande Development Council**
Period of Assessment: **August 1, 2024 – July 31, 2025**
Risk Score: **62 –Moderate Risk**
Date Risk Assessment Presented to Board: **August 13, 2026**

This risk assessment is designed to:

- Identify those Contractors that pose the highest risk to WFSMRG, therefore require more frequent monitoring.
- Identify program areas that pose the highest risk WFSMRG, therefore require in-depth reviews.
- Identify and minimize serious problems from arising at the Contractor level.

Risk assessment considers:

- Instability in the management environment and large turnovers in their workforce.
- Ineffective or inefficient management controls.
- Significant gaps between expected and actual results.
- Large commitments of State and Federal resources,
- Complex information systems used for tracking program status for clients.

There are two components of the risk assessments that will be conducted for each contract annually, they are:

- Inherent Risk is the susceptibility of material non-compliance with a compliance requirement assuming that there were no related internal control problems.
- Control Risk is the risk that material errors or irregularities will not be prevented or detected by the internal control structure. The Assessment Tool will determine the overall evaluation of Contractor's risk assessment which will be used to focus on the more critical Contractors/Programs.

There are three general categories of risk:

- Low-risk Score of 0-50
- Moderate-risk Score of 51-70
- High-risk Score of 71 or higher

Risk assessments are done on an annual basis. In determining the risk assigned to Contractors/Programs a point value will be assigned to each of the categories being evaluated. A value of "2" will indicate the risk is low. A

value of "4" will indicate moderate-risk, and a value of "6" will indicate high-risk.

Risk Assessment Narrative:

The Contractor's overall operation and management of the Middle Rio Grande Workforce System has been assessed as **Moderate Risk**. The Contractor has served as the Workforce Center Operator since the inception of the Board, providing continuity in the administration and delivery of workforce services. As a Council of Governments, the Contractor also provides direct regional input and oversight through the participation of the area's Chief Elected Officials, contributing to effective governance and alignment with regional workforce priorities.

Assessment of Risk:

- Reminders have been sent as well as corrections/clarifications to reports. Risk Assessment deliverable due 7/21, reminder sent 7/29. Corrections to Workfare Agreements and WCI reports. Board has extended deadlines upon request and when it is allowable.
- The Contractor was under 2 CAPs for TWC findings in PY24 that were unable to be resolved with TWC Audit Resolution for SNAP and Choices Noncooperation and Work Activities. Contractor is still working on resolving Priority of Service, which currently still has not been able to meet the requirements of having under a 10% error rate. An email was sent on 2/24/2026 alerting Contract that would now be monitored by the Board.
- As of July 2026, TWC did remove the CAP for SNAP. We were not monitored for these items in PY25 due to the unresolved findings. The Board and TWC have provided several training courses regarding these attributes.
- The Contractor is under 3 PIAs at the end of July 2026: Youth Employed/Enrolled Q2, Youth Median Earning and Youth Credential Rate. Youth Credential Rate has not been met for this program year (October 2025 – April 2026).
- There was one disallowed cost in the amount of $1,251.11 that was discovered in program monitoring.
- In comparison with the Board monitoring versus the Contractor monitoring, there were a few errors that the Board identified that were not identified by the Quality Assurance team. The Board monitoring identified several reoccurring errors.
- Child Care has repetitive findings in eligibility, file maintenance and Referral/PSOC for 8 months (monitoring is only through May 2026).

- Priority of Service has repetitive findings in Eligibility for Vets this is still in review with Audit Resolutions. Still have not been able to meet the error rate of less than 10%.
- It was noted that the WIOA and RESEA grants were projected to have insufficient funding to support operations through the end of the grant period. Grant-funded programs should be managed to ensure that available funding is sufficient to complete the full grant year without relying on other funding sources, even if those funds are unrestricted. Dependence on alternative funding to sustain grant operations indicates deficiencies in financial planning and budget management and represents a high financial management risk.
- Contractor has failed to meet 2 or more performance measures: MPR for April 2026 indicate 4 measures are not being met: Claimant re-employment within 10 weeks, Youth Credential Rate and Youth Median Earnings Q2 and Child Care initial Job Seach Success Rate and 2 measures within tolerance, # of Children Served per Day and Employed/Enrolled Youth Q2.
- The Contractor needs to follow Board policies, especially when a determination needs to be made on closing the center. This issue has improved. PII information needs to be stored appropriately. This was discussed and was resolved. Priority of Service is still in review with TWC.
- Process of file review on approvals and closures of files has been noted by Board that there are significate delays in the process, especially in approvals. Board provided several recommendations regarding the process and setting a timeframe of only 7 days on approvals/closure. As per the Contractor's procedure for closing files, it indicates 10 days. Delays could impact performance and one delay created a disallowed cost.
- Board monitoring has Repeat and Repetitive Findings for Choices, WIOA, RESEA, Child Care and Priority of Service. Also, there are Repeat findings for SNAP. Repeat findings are 2nd findings in the same attribute. Repetitive findings are 3rd or more findings in the same attribute.
- Contractor is on 3 PIAs. Performance Improvement Action (PIA) are for WIOA measures that are requested if performance decreases 2% lower than the 95% target. If by the end of the year the performance measure fails, then a TAP will be put in place.
- Board is still required by TWC to provide training for the CAPs and repetitive monitoring errors.
- There have been concerns brought to the Board by partner agencies that the Board has had to address. HHSC had specific requirements to address complaints, VR had some requests that had been submitted to Center Manager (postage meter not working).

- There are vacancies that need to be filled. This has caused some issues with are enough staff to be able to adequately run the offices. TWC noted in one office the maintenance worker was acting as the registrar.

2026-2027 Monitoring Plan

The Board will conduct bi-monthly program monitoring. The focus of the reviews will be, but not limited to:

Choices:

- Tracking and documentation of participation
- Counselor notes will document pertain information
- Noncompliance
- Eligibility

WIOA Adult /Youth/DW

- Eligibility
- Data entry
- Case Management
- Follow up

Child Care

- Income eligibility
- Referrals/PSOC
- File Maintenance
- Improper Payments

SNAP E&T

- Noncompliance
- Work activities
- Counselor notes will document pertain information
- Tracking and documentation of participation

RESEA

- RESEA services
- Job Search Logs
- WF-42 Completed and uploaded
- Data entry into WIT
- Subsequent Meeting scheduled

Walk Thru/PII

- Storing of PII
- Proper shedders
- Disposal of records

Other

- Procedures

A varied sample of active and/or exited cases will be pulled and reviewed for each workforce program. Every attempt will be made to review files from each case manager in all programs and centers. Board monitoring will be done (time permitting) bi-monthly. Walk Thru and PII monitoring will also be done bi-monthly.

The results of the monitoring will be provided to the Board of Directors at the bi-monthly Board Meetings

2026-2027

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE BOARD

EXEMPT COMPENSATION/SALARY SCHEDULE

Salary Group	Minimum	Midpoint	Maximum
B10	$30,910	$36,741	$42,571
B11	$32,332	$39,844	$47,355
B12	$33,840	$41,819	$49,798
B13	$35,439	$43,914	$52,388
Executive Administrative Assistant/Board Liason			
B14	$37,144	$46,139	$55,134
Finance Assistant			
B15	$38,976	$48,511	$58,045
B16	$40,918	$51,024	$61,130
B17	$42,976	$53,723	$64,469
B18	$45,521	$58,288	$71,055
Youth Coach	Board Program Monitor/LMI-ETP	Child Care Texas Rising Star Mentor	
B19	$48,244	$62,136	$76,028
Student HireAbility Navigator-EO/504 Officer			
B20	$51,158	$66,255	$81,351
B21	$54,278	$70,662	$87,046
Child Care Texas Rising Star Mentor II			
B22	$57,614	$75,376	$93,138
Financial & Data Analyst	Finance Officer		
B23	$61,184	$80,421	$99,658
B24	$65,104	$85,869	$106,634

08/05/2026

B25	$69,572	$91,836	$114,099
Deputy Director	Director of Child Care Services-TRS Mentor Lead/HR		
B26	$76,530	$102,980	$129,430
IT Director			
B27	$84,182	$113,278	$142,374
Executive Director			

Workforce Solutions Middle Rio Grande
Holiday Schedule 2026-2027

Holiday	Agency Status	Date	Day of Week
Labor Day	All agencies closed.	9/7/2026	Monday
Rosh Hashanah	Optional Holiday	9/12/2026	Saturday
Rosh Hashanah	Optional Holiday	9/13/2026	Sunday
Yom Kippur	Optional Holiday	9/21/2026	Thursday
Columbus Day	Skeleton crew required	10/12/2026	Monday
Veterans Day	All agencies closed	11/11/2026	Wednesday
Thanksgiving Day	All agencies closed.	11/26/2026	Thursday
Day after Thanksgiving	All agencies closed.	11/27/2026	Friday
Christmas Eve Day	All agencies closed	12/24/2026	Thursday
Christmas Day	All agencies closed	12/25/2026	Friday
Day after Christmas	All agencies closed.	12/28/2026	Monday
New Year's Day	All agencies closed	1/1/2027	Friday
Martin Luther King, Jr. Day	All agencies closed.	1/18/2027	Monday
President's Day	All agencies closed	2/15/2027	Monday
Cesar Chavez Day	Optional Holiday	3/31/2027	Wednesday
Good Friday*	Skeleton crew required	3/26/2027	Friday
Memorial Day	All agencies closed.	5/31/2027	Monday
Juneteenth Day*	Skeleton crew required	6/18/2027	Friday
Independence Day*	Skeleton crew required	7/5/2027	Monday

*The WF center is scheduled to remain open with a skeleton crew comprised of TWC Merit Staff located at designated center along with Contractor staff as needed to provide appropriate services to workforce customers. All other WF centers will close and post a notification outside their center, and all calls will be forwarded to the center that remains open. TWC Merit Staff that are not located at the open center will be required to telework from home unless on approved leave. Workforce staff who work on the skeleton crew will be provided with an alternate day off. Board office does not require a skeleton crew.

Skeleton Crew Holidays: A state agency must have enough state employees on duty to conduct business during the skeleton crew holidays listed.

Optional Holidays State Holiday: State employees are entitled to observe an optional holiday if the employee agrees to relinquish a state holiday (skeleton crew day) during that same fiscal year. If a skeleton crew day is not worked following the optional holiday taken off, either a day of vacation leave will be used, or the employee's pay will be docked for the amount owed to the state.

Workforce Solutions Middle Rio Grande Board

Executive Committee

Action Item

Date of Board Meeting: August 13, 2026

Award of One Stop Operator Contract

PURPOSE:
Extension of the One Stop Service contract for October 1, 2026, to September 30, 2027.

DISCUSSION:
The One Stop contract will expire on September 30, 2026. Below is a synopsis of the past year with prior years to use as comparison:

PERFORMANCE:

Year Ending BCY2024 59.09%
Year Ending BCY2025 77.78%

BCY2026 - MPR for April 2026 has 20 measures (Suppressed data):

- 13 exceeding performance measures
- 3 meeting performance measures
- 4 failed measures: Child Care Initial Job Search Success Rate, Youth credential Rate, Youth Median Earning Q2 and Claimant re-employment within 10 weeks.

*The most current report without suppressed data was January 2026 with only 2 performance measures not being met

BCY2025 5 PIAs
BCY2026 3 PIAs (as of April 2026)

PROGRAM:

Was put on 2 CAP's for Choices and SNAP in December 2025. Has since been removed from SNAP CAP (July 2026).

Risk Assessment Score August 1, 2023 – July 31, 2024 – 70 High Moderate

Risk Assessment Score August 1, 2024 – July 31, 2025 – 70 High Moderate
Risk Assessment Score August 1, 2025 – July 31, 2026 – 60 Moderate

Turn over rate is down from 57.5% to 18%, with none being administrative staff. Issues that were addressed at the beginning of year were corrected and have not been recurring. When issues have been addressed, Contractor has responded. Years of experience in administrative staff have remained steady.

ENROLLMENT FOR WIOA:

PY2026 – Total Enrolled as of May 802	
May 2026	92
April 2026	100
March 2026	96
February 2026	102
January 2026	100
December 2025	108
November 2025	108
October 2025	96
PY2025 – Total Enrolled 955	
September 2025	110
August 2025	123
Julu 2025	114
June 2025	97
May 2025	82
April 2025	80
March 2025	80
February 2025	70
January 2025	62
December 2024	47
November 2024	47
October 2024	43
PY2024 – Total Enrolled 699	
September 2024	41
August 2024	58
July 2024	66
June 2024	63
May 2024	68
April 2024	73
March 2024	65
February 2024	57
January 2024	56

December 2023	51
November 2023	50
October 2023	51

There was a 37% increase in WIOA enrollment from PY2024 (Oct 2023-Sept 2024).

RESEA:

Since 2021 TWC has distributed Performance Outcome Payments (POP) to WDA as performance incentives based on their RESEA monthly completion rate.

TWC has awarded WFS Middle Rio Grande with Performance Outcome Payment (POP) for BCY2026 $215,882.64

TWC has awarded WFS Middle Rio Grande with Performance Outcome Payment (POP) for BCY2025 $207,500.00

TWC has awarded WFS Middle Rio Grande with Performance Outcome Payment (POP) for BCY2024 $137,500.00

Since we do not determine Choices and SNAP eligibility, an assessment was not done.

To ensure compliance with Agency Board Agreement (ABA) and services are being delivered as required, the Executive Director will meet with the Contractor's Executive Director to negotiate deliverables outlined in the contract before contract is sent for Board of Director's Chairman signature.

This will be the 2nd extension in a four (4) year contract. The contract period will be from October 1, 2026, through September 30, 2027.

ACTION:

Recommendation: Approve the extension for the Management of Operations of the One Stop Services for the contract period of October 1, 2026, through September 30, 2027.

Workforce Solutions Middle Rio Grande Board

Executive Committee

Action Item

Date of Board Meeting: August 13, 2026

Award of Child Care Services Contract

PURPOSE:
Extension of the Child Care Services contract for October 1, 2026, to September 30, 2027.

DISCUSSION:
The Child Care Services contract will expire on September 30, 2026.

On August 10, 2023, Middle Rio Grande Development Council was awarded the Child Care Services Contract. The Board is presenting the 3rd year extension of a 4-year term for the Child Care Contract between Workforce Solutions Middle Rio Grande Board and Middle Rio Grande Development Council. Allocations are being presented to TWC Commissioner and once they are approved will be imbedded in the contract.

To ensure compliance with Agency Board Agreement (ABA) and services are being delivered as required, the Executive Director will meet with the Contractor's Executive Director to negotiate deliverables outlined in the contract before contract is sent for Board of Director's Chairman signature.

The last extension of a 4-year awarded contract begins October 1, 2026, and ends September 30, 2027.

ACTION:

Recommendation: Approve entering into the final one-year extension of the four-year Child Care Contract between Workforce Solutions Middle Rio Grande Board and the Middle Rio Grande Development Council for the contract term of **October 1, 2026, through September 30, 2027**.

Workforce Solutions Middle Rio Grande Board

Executive Committee

Information Item

Date of Board Meeting: August 13, 2026

PURPOSE:
To update the Board on the Appointed WFSMRGB members and vacancies, submitted as of July 29, 2026.

DISCUSSION:
The following board appointment was certified June 23, 2026.

Appointment:
Mr. Orestes Hubbard appointment representing ***Economic Development***

The following board appointments were certified July 21, 2026.

Appointments:
Mr. Alfredo Gallegos appointment representing ***Community-Based Organization***
Ms. Monica Gonzales reappointment representing ***Vocational Rehabilitation***
Mr. Michael Grooms reappointment representing ***Private Sector***
Mr. Juan Martinez reappointment representing ***Private Sector***
Ms. Margot Mata reappointment representing ***Adult Basic and Continuing Education***
Mr. Oscar Ortiz appointment representing ***Private Sector***

Vacancies:
Val Verde County
3- Private Sector

Pending TWC Approval:
F. Raul Trevino Maverick Co. – Private Sector

WFSMRG Board Liaison will continue to work with each CEO to assure all vacancies are filled as nominated or-reappointed by the CEO's.

ACTION:
None

7/29/2026

Workforce Solutions Middle Rio Grande

LAST	FIRST	Category	Company	Industry	Gender	Race	Hisp	Expires	Vacant	O.O.C.	Vet
Aranda	Romelia D.	prv sector	Aranda Real Estate LLC	Real Estate, Rent	F	White	Yes	06/30/26			No
Castle	Aracely	pub assist	Texas Health and Huma	Public Administrat	M	White	Yes	06/30/27			No
Collins	Shelly	prv sector	Leakey Mercantile	Retail Trade	F	White	No	06/30/27			No
Diaz	Sergio	prv sector	SEL Realty	Real Estate, Rent	M	White	Yes	06/30/27			No
Flores Jr.	Ernest	CBO	TX Organization of Rural	Health Care, Soci	M	White	Yes	06/30/28			No
Gallegos	Alfredo	CBO	Crystal City Lions Club	Other Services	M	White	Yes	06/30/29			No
Garcia	Myrta	CBO	South Texas Rural Healt	Health Care, Soci	F	White	Yes	06/30/28			No
Garza Velazqu	Dora Alicia	CBO	Eagle Pass Rotary Club	Other Services	F	White	Yes	06/30/27			No
Glasscock	James	CBO	Rocksprings Edwards Vo	Public Administrat	M	White	No	06/30/26			Yes
Gonzales	Monica	rehab	TWC Voc Rehab Service	Public Administrat	F	White	Yes	06/30/29			No
Grooms	Michael	prv sector	Grooms Ready Mix LLC	Transportation, W	M	White	No	06/30/29			No
Hayman	Melissa	pub emplo	Texas Workforce Commi	Public Administrat	F	White	Yes	06/30/28			No
Hubbard	Orestes	econ devl	City of Del Rio Economic	Public Administrat	M	White	Yes	06/30/29			No
Jaime	Rodrigo	prv sector	IGO Trojan House	Retail Trade	M	White	Yes	06/30/27			No
Johnson	Dana	prv sector	Rio Grande Electric Coo	Utilities	F	Ind/Alasl	No	06/30/27			No
Lopez	Laura	prv sector	Lopez Health Systems, I	Health Care, Soci	F	White	Yes	06/30/28			No
Martin	Larry B.	prv sector	International Bank of Co	Finance, Insuranc	M	White	Yes	06/30/27			No
Martinez	Juan	prv sector	Town House Restaurant	Accomodation, Fo	M	White	Yes	06/30/29			No
Martinez Jr.	Jesse	prv sector	J&J Excavating & Materi	Construction	M	White	Yes	06/30/28			No
Mata	Margot	ABE	Southwest Texas Junior	Educational Servi	F	White	Yes	06/30/29			No
Ortiz	Oscar	prv sector	Rosita's Restaurant	Accomodation, Fo	M	White	Yes	06/30/29			No
Ramon	Yolanda	education	Eagle Pass ISD	Educational Servi	F	White	Yes	06/30/28			No
Rivas	Sara	literacy	Kinney County Public Lib	Educational Servi	F	White	Yes	06/30/28			No
Rizo	Jesse	labor	Communication Workers	Other Services	M	White	Yes	06/30/27			No
Rojas Guillot	Leslie	prv sector	Tejanita Seguros LLC	Finance, Insuranc	F	White	Yes	06/30/28			No
Sansom, Jr.	W.B.	prv sector	Sansom Ranch	Agriculture	M	White	No	06/30/28			No
Seidel	Sandra	prv sector	La Salle Western Wear	Retail Trade	F	White	No	06/30/26			No
Seiple	Lydia	CBO	Dimmit Wellness Coalitio	Other Services	F	Black	No	06/30/27			No
Sendejo	Frailan	prv sector	Crystal City Ballroom	Accomodation, Fo	M	White	Yes	06/30/29			No
Smith	Cody	prv sector	First State Bank of Uvald	Finance, Insuranc	F	White	No	06/30/28			No
Suarez	Jesus R.	education	Southwest Texas Junior	Educational Servi	M	White	Yes	06/30/28			No
Vazquez	Juan Carlos	prv sector	Del Rio Towing and Wre	Transportation, W	M	White	Yes	06/30/28			No
Villalpando	Elsa	CCW	Villalpando Enterprises/	Health Care, Soci	F	White	Yes	06/30/28			No

Current Members 33	BOARD:	Female	Hispanic	Black	Priv Sect:	Vet Reps	CBO/Lab:
Operating Size: 27 - 47		16	25	1	17	1	7
Term: 3		48%	76%	3%	51.5%		21.2%
	WDA:	44%	83%	0%			

Priv Sect: 17 Education: 2 Labor: 1 Rehab: 1 CBO 6 Econ Dev: 1 Pub Employ: 1 Pub Asst: 1 Lit: 1 ABE: 1 CCW: 1

Docusign Envelope ID: 4C430ECB-F85F-80DB-816E-F9CF768BDCE8

Texas Workforce Commission

A Member of Texas Workforce Solutions

Joe Esparza, Chairman
Commissioner Representing Employers

Alberto Treviño III
Commissioner Representing Labor

Brent Connett
Commissioner Representing the Public

Steve Pier
Executive Director

July 8, 2026

Via Email

Email: rosalind.lozano@wfsmrg.org

Ms. Rosie Avila-Lozano
Executive Director
Middle Rio Grande Workforce Development Board
dba Workforce Solutions Middle Rio Grande
216 West Main Street, Suite B
Uvalde, Texas 78801

RE: Intent to Sanction

Dear Ms. Avila-Lozano:

On November 25, 2025, the Texas Workforce Commission (TWC) placed the Middle Rio Grande Workforce Development Board (Board) on an Intent to Sanction status for failure to meet the Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) noncooperation and work activity program requirements.

In accordance with the requirements for lifting the Intent to Sanction status, the Board has:

- met the required four consecutive months with an error rate of less than 10 percent on SNAP E&T program case reviews; and
- implemented all provisions of the Corrective Action Plan (CAP).

Therefore, the Intent to Sanction is lifted. The Board's focus and positive collaboration with the Workforce Development Division were instrumental in the implementation of the CAP. We encourage the Board to sustain its efforts for continuous improvement.

If you have questions, please contact your assigned technical assistance staff member, Cindie Scanlon, at choicestechnicalassistance@twc.texas.gov.

Sincerely,

Mary York
Division Director
Workforce Development

Texas Workforce Commission
A Member of Texas Workforce Solutions

Joe Esparza, Chairman
Commissioner Representing
Employers

Alberto Treviño III
Commissioner Representing
Labor

Brent Connett
Commissioner Representing
the Public

Steve Pier
Executive Director

July 17, 2026

Ms. Mahalia Baldini
Chief Deputy Division Director
Workforce Development Division
Texas Workforce Commission
101 E. 15th Street
Austin, TX 78778

Re: Middle Rio Grande Local Workforce Development Board Monitoring Review Report

Dear Ms. Baldini,

This letter follows the on-site monitoring review conducted under delegated authority by the State Monitor Advocate Program Specialist from June 1-5, 2026, and the subsequent desk review completed by June 19, 2026. We are pleased to inform you that we received full cooperation from the local Workforce Development Board Leadership team.

The purpose of the monitoring review was to measure progress and identify any areas of non-compliance with the Wagner-Peyser Act, its federal regulations, and applicable guidance from the U.S. Department of Labor. Technical Assistance was offered and provided during the visit on improved services to Migrant and Seasonal Farmworkers. The review period covered Program year 2024: July 1, 2024, through June 30, 2025. The workforce solutions office visited during this year's review were *Del Rio, Eagle Pass, Carrizo Springs, Crystal City, Cotulla,* and *Uvalde.*

The final State Monitor Advocate Monitoring Report is enclosed. It takes into consideration Training and Employment Notice (TEN) **09-25** published by the U.S. Department of Labor on May 18, 2026. For any findings identified, a comprehensive corrective action plan must be submitted in writing to the Texas Workforce Commission Executive Director (or his designee) within 30 *calendar* days, **by August 17, 2026**. This plan must clearly outline the actions to be taken to correct any compliance issues and specify completion deadlines no longer than 30 *business* days from the date of the plan. If a longer timeframe is required for full compliance, the length of and the reasons for the extended period and the major interim steps to correct the compliance issues must be specifically stated.

Even in the absence of findings in the enclosed report, we strongly encourage developing a corrective action plan to address any issues or areas of concern described in the report. This proactive approach would help preempt potential issues that might otherwise lead to findings in future monitoring reviews.

We trust this review and report will prove valuable to your team and to Middle Rio Grande, particularly to ES staff assigned to the offices visited. Please contact the Office of the State Monitor Advocate if you have any questions or feedback or require further technical assistance on any issue raised in the enclosed report.

We remain available to support your ongoing efforts to better serve Migrant and Seasonal Farmworkers.

Best Regards,

Horacio Lopez Montes

Horacio Lopez Montes
State Monitor Advocate
Texas Workforce Commission

CC: Rosalind Lozano, Local Workforce Board Chief Executive Director, Middle Rio Grande
Barbara Lopez, Director of Workforce Solutions Systems, Middle Rio Grande
Michelle Kranes, Deputy Division Director, Workforce Development, Compliance & Assistance, TWC
Vearl Williams, Director, Regional Operations Department, Workforce Development, TWC
Russell Hunter, Manager, Migrant & Seasonal Farmworker Outreach, Workforce Development, Regional Operations, TWC
Tim Grant, Integrated Service Area Manager, TWC
Ruben Holguin, State Monitor Advocate Program Specialist, TWC
Brian Hart, Regional Operations, DOL, Employment and Training Administration (ETA)
Francine Cormier, Regional Monitor Advocate, DOL, Employment and Training Administration (ETA)

FINAL REPORT – MONITORING REVIEW

Board Area:	Middle Rio Grande (27) ("Board")	**Date of Report: July 17, 2026**
Dates of the Monitoring review:	On-site: June 1-June 5, 2026/ Desk Review: June 5, 2026 – June 19, 2026	
Workforce Solutions Offices reviewed:	**Eagle Pass**, Del Rio, Carrizo Springs, Crystal City, Cotulla, Uvalde. Eagle Pass is a **significant MSFW office** designated by DOL	
Review period:	Program Year 2024: July 1, 2024, through June 30, 2025.	
Scope of the review:	To measure progress and identify areas of compliance with the ***Wagner-Peyser Employment Services Allotment (including distribution to the Board)***, as well as to offer opportunities for technical assistance	
Standards for review:	The Wagner-Peyser Act (as amended), 20 CFR parts 651, 652, 653, and 658 (Subparts E and G), ETA's Core Monitoring Guide (2025), TWC's Employment Service Guide (March 10, 2025), TWC's MSFW Guide (April 2025), TWC' Complaint Procedures Guide (July, 2025), TEGLs 07-18, 08-17, 10-16 (change 2), 12-23, 14-18, 23-19, and 33-14 (attach. 2)	

REPORT STRUCTURE AND KEY TERMS

All areas of compliance, areas of concern, and findings shall be deemed applicable to all workforce solutions offices reviewed, unless otherwise specifically stated as applicable to a particular workforce solutions office.

Areas of Compliance: Items that meet the standards for review under the scope of the review. Only noteworthy items will be addressed during the monitoring review. Items reviewed but not specifically addressed in this report are deemed compliant.

Areas of Concern: Items or issues discovered during the monitoring review that are potential non-compliance issues (issues that will result in a finding if not addressed). While some level of compliance exists, implementation may be ineffective or negatively impact program indicators. Recommendations will follow each area of concern identified in this report to assist in addressing potential future non-compliance.

Findings: Conditions discovered during the monitoring review that are confirmed noncompliant with a specific regulation or standard for review (listed above). This includes missing required items or practices, and those existing that clearly violate current regulations. Recommendations for improvement are included to assist in developing corrective action plans. Unless extension(s) were timely filed and granted, corrective action plan(s) must be received by the Texas Workforce Commission with a copy to the office of the State Monitor Advocate within 30 days of the date of the final report.

Promising Practices: Items that show notable, useful, innovative, or exemplary practices that should be continued or enhanced to improve program effectiveness and better serve the Migrant and Seasonal Farmworkers (MSFWs) in the area of service.

The State Monitor Advocate (SMA) office offers technical assistance and general guidance in developing corrective action plans to address identified and potential non-compliance issues as well as other plans or actions developed to address areas of concern.

EXECUTIVE SUMMARY – SMA MONITORING REPORT – MIDDLE RIO GRANDE

The review resulted in **2 findings and 2 areas of concern:**

Item	Result	Indicator	Standard of Review	WFS Office
1.	**FINDING**	**Inactive Agricultural Recruitment System (ARS)** The ARS has remained inactive through multiple monitoring cycles. This lack of implementation prevents the region from providing essential agricultural hiring support and fails to satisfy the regulatory requirement to actively recruit U.S. workers before an employer utilizes the H-2A program. (SMA Checklist items 19 and 20)	20 CFR 653.503-Subpart F-ARS for U.S. Workers, CFR 653.107(b)(7)	All WFS offices reviewed
2.	**FINDING**	**Systemic Deficiencies in the Wagner-Peyser Complaint System** A lack of reconciliation between Board-level policy, federal regulations, and TWC guidance—coupled with a lack of contractor-level directives and customer-facing staff training—continues to stall the full implementation of the Wagner-Peyser Complaint System. This unresolved condition from previous monitoring cycles has led to the negligible application of core processes, specifically regarding informal resolutions and the utilization of ETA Form 8429. (SMA Checklist items: 21 and 22)	20 CFR 658.410; ES Guide A-201; TWC Complaint Procedures Guide, CFR 653.107(b)(7)	All WFS offices reviewed
A.	**AREA OF CONCERN**	**No MSFW Outreach Conducted in the Service Area** The Significant MSFW Office has failed to perform outreach to locate and contact MSFWs who are not being reached by normal intake activities at the 'especially vigorous' level required by regulation. This has resulted in a sustained absence of required outreach activity since 2023 that continues to the present date. (SMA Checklist items 6 and 7) *Impact:* Lack of awareness of available services in underserved areas prevents MSFWS from participating in workforce development activities, including job opportunities offered through the Agricultural Recruitment System (ARS). *Initial Recommendations:* Develop a regional MSFW outreach strategy that clearly defines field-based responsibilities, documentation procedures, and ARS integration. Support this implementation through structured local training and technical guidance.	20 CFR 653.101, 653.107(a)(1), 20 CFR 653.107(b)(8), 20 CFR 653.107(b)(7), 20 CFR 653.107(b)(11), 20 CFR 653.108(q)	Eagle Pass
B.	**AREA OF CONCERN**	**MSFW Policy Needs Improvement** While the Board-level policy: PY 2025 "Migrant & Seasonal Farmworker (MSFW) Strategic Plan" (not dated) is currently in effect, it requires updates to current TWC Guidance, greater technical detail and step-by-step guidance to ensure successful implementation.	20 CFR 653.101 20 CFR 653.107 20 CFR 653.103 (a) through (d),	All WFS offices reviewed

		Potential Impact: Lacking technically accurate uniform protocols and comprehensive training leads to inconsistent service delivery. This compromises the integrity of MSFW designations and creates barriers that prevent farmworkers from accessing the full range of ES services and the specialized support they need. (SMA Checklist items: 4 and 15) *Initial Recommendations:* Aligning the Board-level MSFW policy with TWC Guidance along with issuing contractor-level step-by-step directives, ensures that ES staff receive uniform guidance and the tools to perform their assigned duties. Continuous training ensures consistent implementation. To build on the Board's foundation, TWC should work with the Board on adopting standardized protocols and implementing a training program to bridge current gaps in staff proficiency regarding MSFW processes.	20 CFR 653.107(b)(7)	

Areas of Compliance

Indicator	Standard of Review	In Compliance
ES staff at each center facilitating the delivery of employment services tailored to the special needs of MSFWs	20 CFR 653.101, and 20 CFR 653.111	✓
Required Posters/Notices	20 CFR 658.410(d)	✓
ES office facilities, co-location of one-stop operations with ES and accessibility workstations	20 CFR 678.305 - 20 CFR 678.315	✓

General Office Assessments

Del Rio and Uvalde Centers- The Workforce Solutions office in Del Rio provides a professional and welcoming environment, featuring ample parking and a well-maintained facility. The expansive resource room and large conference area are ideally suited for high-volume traffic and community job fairs. Similarly, the Uvalde center offers excellent accessibility from the main road, sufficient parking and easy transportations routes to the center through the Southwest Area Regional Transit District. Its spacious layout is optimized for large-scale hiring events, and the facility is well-organized with clearly labeled accessibility stations and strategically placed MSFW literature and compliance posters. The operational flow between the resource room and Employment Services (ES) is seamless at both locations.

Eagle Pass Center- The Eagle Pass center is characterized by its efficiency and prominent signage, including the benefit of covered parking. A key strength of this facility is its co-location with MET Inc., which significantly enhances service delivery for regional Migrant and Seasonal Farmworkers (MSFWs). The interior features an expansive lobby where compliance documentation is clearly displayed. The intuitive layout and well-equipped resource room ensure a smooth transition for customers seeking Employment Services.

Regional Small Centers (Carrizo Springs, Crystal City, and Cotulla)- The smaller facilities within the Middle Rio Grande region—Carrizo Springs, Crystal City, and Cotulla—are designed for maximum

operational efficiency. Their streamlined layouts allow staff to effectively manage the front desk, resource area, and Employment Services simultaneously. Each center maintains a highly visible, fully functional accessibility desk. Despite periods of lower-foot traffic, staff members remain proactive and committed to providing superior customer service.

Overall Service Delivery- Service delivery across the region is consistently exceptional. Staff members are prompt, attentive, and dedicated to the organization's mission. While customer service evaluations in Cotulla and Carrizo Springs were limited in scope, the high standards observed across all other locations, particularly the standout performance in Crystal City, reflect a uniform commitment to excellence and community support.

Promising Practices:
MET, the Board, and their partners have established a robust framework to track and support Migrant and Seasonal Farmworkers (MSFWs) as they transition between services. This collaboration ensures that all MSFW customers are contacted within 24 hours, streamlining the delivery process. While MET focuses on enrollment in specialized training, the Middle Rio Grande Development Council manages referrals and provides comprehensive workforce services, including job placement. This integrated approach ensures seamless support and eliminates potential gaps in service.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE BOARD

October 1, 2025 - September 30, 2026

Fiscal Year 2025-26

SUMMARY STATEMENT OF EXPENDITURES

COST CATEGORIES	2025-26 Budget	June Expenses	Cumulative Expenses	Balance	VAR
PERSONNEL	*734,031*	62,168	549,946	*184,085*	75%
FRINGE BENEFITS	*263,414*	21,773	176,806	*86,608*	67%
INCENTIVE ADJUSTMENTS	*25,781*	0	0	*25,781*	0%
ACCOUNTING & AUDITING	*37,700*	0	9,300	*28,400*	25%
PROF. FEES/CONTRACTUAL	*40,600*	0	27,112	*13,489*	67%
BOARD TRAVEL - I / R	*5,200*	0	2,861	*2,339*	55%
BOARD TRAVEL - O / R	*2,200*	0	920	*1,280*	42%
TRAVEL - I / R	*42,800*	2,648	25,689	*17,111*	60%
TRAVEL - O / R	*50,000*	3,217	32,103	*17,897*	64%
SPACE - BOARD	*65,000*	8,898	44,488	*20,512*	68%
SPACE - COLOCATION	*400,000*	44,984	302,712	*97,288*	76%
UTILITIES	*14,000*	5,132	10,697	*3,303*	76%
SUPPLIES/MATERIALS	*70,000*	2,071	42,547	*27,453*	61%
EQUIPMENT PURCHASES	*10,551*	0	0	*10,551*	0%
EQUIPMENT / LEASE / MAINT.	*72,000*	248	29,723	*42,277*	41%
PRINTING / ADVERTISING	*4,000*	0	2,058	*1,942*	51%
INSURANCE / BONDING	*3,000*	0	0	*3,000*	0%
POSTAGE	*1,500*	0	0	*1,500*	0%
SUBSCRIPTION / DUES	*70,000*	1,008	57,950	*12,050*	83%
COMMUNICATIONS	*20,000*	1,195	11,289	*8,711*	56%
FISCAL ENTITY FEE	*125,000*	11,485	98,144	*26,856*	79%
TRAVEL ALLOWANCE	*12,000*	1,200	8,400	*3,600*	70%
STAFF TRAINING	*2,500*	0	0	*2,500*	0%
NETWORK UPGRADES	*45,000*	0	0	*45,000*	0%
Moving Services	*1,000*	0	0	*1,000*	0%
SUBTOTAL	*2,117,277*	166,028	1,432,745	*684,532*	68%
Childcare Quality Supplies/Materials	*679,041*	99,085	416,986	*262,055*	61%
GRAND TOTAL	*2,796,318*	265,113	1,849,731	*2,796,318*	66%
			Percentage of Fiscal Year 2025-26		75%

MIDDLE RIO GRANDE DEVELOPMENT COUNCIL

October 1, 2025 - September 30, 2026
Fiscal Year 2025-26

WORKFORCE PROGRAMS DIVISION
STATEMENT OF EXPENDITURES

COST CATEGORIES	2025-2026 Budget	June Expenses	Cumulative Expenses	Balance	VAR
PERSONNEL	***1,782,694***	137,662	1,221,027	***561,667***	68%
FRINGE BENEFITS 42.87%/46.28%	***776,311***	64,902	505,608	***270,703***	65%
ACCOUNTING & AUDITING	***29,802***	0	11,119	***18,683***	37%
PROF. FEES/CONTRACTUAL	***25,475***	1,950	18,230	***7,245***	72%
TRAVEL - I / R	***55,184***	1,268	19,487	***35,697***	35%
TRAVEL - O / R	***18,112***	667	9,746	***8,366***	54%
SPACE	***51,547***	2,820	33,428	***18,119***	65%
UTILITIES	***66,437***	8,141	51,690	***14,748***	78%
SUPPLIES	***56,226***	0	47,821	***8,405***	85%
EQUIPMENT PURCHASES	***0***	0	0	***0***	0%
EQUIPMENT / LEASE / MAINT.	***41,621***	364	29,800	***11,821***	72%
PRINTING / ADVERTISING	***9,463***	0	0	***9,463***	0%
INSURANCE / BONDING	***18,119***	0	16,539	***1,580***	91%
POSTAGE	***15,000***	289	5,012	***9,988***	33%
SUBSCRIPTION / DUES	***8,000***	47	1,843	***6,157***	23%
COMMUNICATIONS	***75,052***	7,921	66,318	***8,734***	88%
STAFF TRAINING	***5,000***	0	0	***5,000***	0%
FISCAL ENTITY FEE	***264,472***	23,895	197,546	***66,926***	75%
NETWORK UPGRADES	***17,610***	57	4,784	***12,826***	27%
SUBTOTAL	***3,316,125***	249,982	2,239,997	***1,076,128***	68%
INDIRECT 10.0000%/9.1836%	***248,475***	19,679	168,408	***80,067***	68%
GRAND TOTAL	***3,564,600***	269,660	2,408,404	***1,156,196***	68%
			Percentage of Fiscal Year 2025-26		75%
NON-OPERATIONAL/PASSTHRU	***11,584,281***	1,073,957	8,212,261	***3,372,020***	71%

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE

Uvalde, Texas

AUDIT COMMUNICATION LETTER

For the Year Ended September 30, 2025

GARZA GONZALEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Workforce Solutions Middle Rio Grande
Uvalde, Texas

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Workforce Solutions Middle Rio Grande (the Board), for the year ended September 30, 2025. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, Uniform Guidance and the State of Texas Single Audit Circular

As stated in our engagement letter dated September 23, 2025, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the Board's internal control over financial reporting. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, we examined, on a test basis, evidence about the Board's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" and the State of Texas Single Audit Circular, applicable to each of its major federal and state programs for the purpose of expressing an opinion on the Board's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Board's compliance with those requirements.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

(210) 227-1389
40 NE Loop 410, Ste. 305
San Antonio, TX 78216
www.gga-cpa.biz

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. As discussed in the notes to the financial statements, during the year ended September 30, 2025, the Board adopted new accounting guidance, *GASB Statement No. 101 (GASB 101), Compensated Absences*, which establishes recognition and measurement guidance for liabilities related to compensated absences such as vacation, sick leave, and other forms of employee leave. Accordingly, the Board has recognized a liability for compensated absences based on the amount of leave expected to be paid or settled, including leave expected to be used for time off in future periods. The compensated absences liability is required to be recognized whether or not the leave is paid upon termination.

We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Board's financial statements are as follows:

- net pension asset is based on the actuarially determined amounts as of the valuation date, adjusted for activity subsequent to the valuation date through the financial statement date.
- depreciation expense which is based on the estimated useful lives of assets.
- right-to-use lease liabilities are measured at the present value of future lease payments, using the incremental borrowing rate as the estimated interest rate that the Board would be charged for borrowing the lease payment amounts during the lease term, using various information of the respective agreement.
- right-to-use lease assets are reported at the amount of the initial measurement of the respective right-to-use lease liability.
- right-to-use lease assets are amortized over the lease term.
- compensated absences, which is based on the number of leave hours accumulated through year-end and what is expected to be paid.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such difficulties arose during the course of our audit; however, management experienced delays in reconciling certain information related to the new Workforce Commission child care system. These delays affected the timing, preparation, and availability of information required to commence the audit. As a result, management requested to postpone the audit from the original scheduled starting date.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We assisted management in the preparation of the government-wide conversion entries and to record the amounts passed-through to the fiscal agent.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2026.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Issues

Matters Discussed with Management Prior to Reappointment
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to reappointment as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our reappointment.

Required Supplementary Information
We applied certain limited procedures to the management's discussion and analysis and the Texas County District Retirement System pension information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information
With respect to the schedule of expenditures of federal and state awards, the schedules of grant expenditures, and the non-major fund combining statements, accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Information in Documents Containing Audited Financial Statements
We are not aware of any other documents that contain the audited financial statements and the auditor's report thereon. If we become aware that such documents were published, we would have a responsibility to read such information, in order to identify material inconsistencies, if any, with the audited financial statements.

Communication of Compliance and Other Matters

In planning and performing our audit of the financial statements of the Workforce Solutions Middle Rio Grande as of and for the year ended September 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting (internal control) as a basis for designing our audit procedures 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, significant deficiencies or material weaknesses may exist that have not been identified.

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 misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency 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 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. A significant deficiency was reported as finding number 2025-001 in the Schedule of Findings and Questioned Costs.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Communication of Internal Control Matters

We noted the following items we are recommending to improve internal control.

Prior Year Comments

Payroll Liabilities

As in the prior year, our review of the general ledger account balances as of September 30, 2025, identified certain payroll-related liability accounts that have not been fully reconciled. Based on our analysis, payroll liabilities appear to be overstated by approximately $22,006. This net overstatement primarily relates to salaries and associated fringe benefit obligations, including health insurance and Texas Workforce Commission (TWC) unemployment liabilities.

Recommendation

We recommend that management reconcile payroll liability accounts monthly, investigate and resolve outstanding variances, and record any necessary adjustments to ensure payroll-related liabilities are accurately reported. Management should also establish a formal review and approval process for reconciliations to strengthen internal controls over payroll liabilities.

Reconciliation of Grant Payables

As noted in the prior year, the general ledger grants payable (liability) balances include amounts from TWC contracts that ended prior to September 30, 2025. While progress was made during the fiscal year in resolving several contract balances, additional work is needed to complete the review of the remaining outstanding balances and ensure liabilities reported in the general ledger are accurate and supported.

Recommendation

The Board and its fiscal agent should continue the review and reconciliation of grant payable balances related to expired TWC contracts. Management should research all outstanding balances to determine whether amounts remain payable to the funding source, supported by appropriate documentation. Amounts determined not to be payable should be adjusted timely in the accounting records. A periodic review process should be implemented to ensure grant payable balances are reconciled and resolved promptly upon contract closeout.

Current Year Comments

Lease Expenditure Not Supported by Executed Agreement

During our testing of expenditures, we identified one lease payment that was processed and paid without documentation of a fully executed lease agreement for office space in Maverick County. The signed agreement was not available at the time of our testing. Management subsequently obtained and provided the executed lease agreement during audit fieldwork.

Recommendation

We recommend that management strengthen controls over lease expenditures by implementing procedures to verify that fully executed agreements are obtained, reviewed, and retained before payments are processed. Management should also periodically review contract and lease files to ensure required supporting documentation is maintained and readily available for audit and monitoring purposes.

Improper Allocation of Rent Expenditures Charged to Federal Awards

During our review of grant expenditures, we noted one instance in which rent expense for a Workforce Center for March and April 2025 was charged to the grant using salary allocation percentages from March 2025 for both months. Consequently, the April 2025 rent expense was not allocated based on the salary distribution applicable to that month. This resulted in an unsupported allocation methodology for the April charge and increases the risk that costs charged to the grant are not proportionate to the benefits received.

Recommendation

We recommend that management ensure rent and other shared costs are allocated using current-period allocation bases and that allocation calculations are reviewed for accuracy prior to being charged to federal awards.

Outstanding Checks Over One Year Old in Bank Reconciliation

We noted that the September 2025 bank reconciliation for the operating account includes $3,036.38 in outstanding checks that are dated more than one year old. These items have remained uncleared for an extended period without evidence of resolution, reissuance, or proper disposition.

Recommendation

We recommend that management review all outstanding checks exceeding one year in age and promptly determine their status. Where appropriate, stale-dated checks should be voided and either reissued or removed from the reconciliation in accordance with established policies. Management should also consider implementing periodic review procedures to ensure outstanding checks are monitored, investigated, and resolved on a timely basis.

Inconsistent Procurement Method Definitions in Policy

The Board's procurement policy for purchases between $25,000 and $250,000 contains inconsistent and blended language that combines requirements for Invitation for Bids (IFB) and the Small Purchase Procurement Method (as addressed in §200.320(b). While the policy designates this dollar range as subject to the IFB method, it simultaneously requires the Procurement Accountant to obtain written price or rate quotations from a minimum of two responsive providers. This requirement is characteristic of the small purchase procurement method rather than a formal IFB process, which typically involves sealed bids, public solicitation, and award based on the lowest responsive and responsible bid. As a result, the policy creates a misalignment between a formal IFB structure with an informal quote-based method of procurement.

Recommendation

We recommend that management revise the procurement policy to eliminate inconsistent and blended terminology between Invitation for Bids (IFB) and the Small Purchase Procurement Method. In addition, we recommend the revised policy include language aligned to Uniform Guidance:

Lack of Formal Lease Agreement for Subleased Property

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, requires governments to evaluate lease arrangements and recognize lease receivables, deferred inflows of resources, lease liabilities, and right-to-use assets based on the terms and conditions of enforceable lease agreements. During our audit procedures, we noted that the Board is subleasing space in its Uvalde and Del Rio locations to the Middle Rio Grande Development Council; however, a formal written lease agreements have not been executed between the parties. As a result, key lease terms and conditions, including the lease term, payment provisions, renewal options, termination clauses, and other rights and obligations, have not been formally documented.

Recommendation

We recommend that management execute a formal written lease agreement with the sublessee that clearly defines all significant terms and conditions of the arrangement, including lease term, payment requirements, renewal and termination provisions, maintenance responsibilities, and any other relevant rights and obligations. Management should also establish and implement policies and procedures requiring all current and future lease or sublease arrangements to be documented through executed agreements and evaluated for compliance with GASB 87 prior to financial statement preparation.

Incomplete Form 7200 Notice of Property Acquisition Documentation

During our review of property management records, we noted that TWC Form 7200, Property Notification Form, was not completed for one equipment transaction as required by Texas Workforce Commission (TWC) requirements.

Recommendation

We recommend that the workforce board strengthen controls over property management by implementing a supervisory review process to ensure all reportable transactions are identified and supported by a completed Form 7200 and provide training to staff responsible for property management and procurement activities regarding TWC property notification requirements.

We would like to take this opportunity to acknowledge the courtesy and assistance extended by the personnel of the Board and Fiscal Agent during the course of our audit.

Garza Gonzalez & Associates

June 19, 2026

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE

Uvalde, Texas

ANNUAL FINANCIAL AND COMPLIANCE REPORT

For The Year Ended September 30, 2025

GARZA GONZALEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

This Page Left Blank Intentionally.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TABLE OF CONTENTS

	PAGE NO.
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-11
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	15
Statement Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	16
Reconciliation of Changes in Fund Balance – Governmental Funds to Change in Net Position - Governmental Activities	17
Notes to Financial Statements	18-40
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Position Liability and Related Ratios Texas County and District Retirement System	41-42
Notes to Required Supplementary Information	43-45
Schedule of Contributions Texas County and District Retirement System	46-47
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures by Grant	
Child Care	48-49
TANF	50-51
Supplemental Nutrition Assistance Program	52
Workforce Innovation and Opportunity Act	53-56
Other Grants	57
Employment Services	58

(Continued)

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TABLE OF CONTENTS

	PAGE NO.
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*	59-60
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and State of Texas Single Audit Circular	61-63
Schedule of Findings and Questioned Costs	64-66
Planned Corrective Action	67
Schedule of Expenditures of Federal Awards	68
Schedule of Expenditures of State Awards	69
Notes to the Schedule of Expenditures of Federal and State Awards	70
Schedule of Status of Prior Year Audit Findings	71

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Workforce Solutions Middle Rio Grande
Uvalde, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Workforce Solutions Middle Rio Grande (the Board) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Board, as of September 30, 2025, 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 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 Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board'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.

(210) 227-1389
40 NE Loop 410, Ste. 305
San Antonio, TX 78216
www.gga-cpa.biz

This Page Left Blank Intentionally.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards, we:*

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 Board'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 the Texas County and District Retirement System (TCDRS) pension information, 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.

This Page Left Blank Intentionally.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying combining statements, and supplemental grant schedules, are presented for purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the State of Texas Single Audit Circular are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements, supplemental grant schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 19, 2026, on our consideration of the Board'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 the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Garza Gonzalez & Associates

June 19, 2026

This Page Left Blank Intentionally.

MANAGEMENT'S DISCUSSION AND ANALYSIS

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Workforce Solutions Middle Rio Grande (the Board) presents our discussion and analysis of the Board's financial performance during the year ended September 30, 2025. Please read it in conjunction with the Board's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Revenues for the current year were $16,979,415 as compared to $15,204163 in the previous year. The increase was primarily attributable to additional funding received for Child Care Development and Workforce Investment Opportunity.
- Total Net Position increased by $686,303 for the year ended September 30, 2025 mainly due to a prior period adjustment of $494,471.
- The Board's Net Pension Liability decreased by $165,139 for the year ended September 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section consists of three parts – Management's Discussion and Analysis (this section); the basic financial statements with accompanying notes; and other optional supplementary information that presents combining financial statements for non-major governmental funds. The financial statements are intended to be organized so that the reader can understand the Board as an entire operating entity.

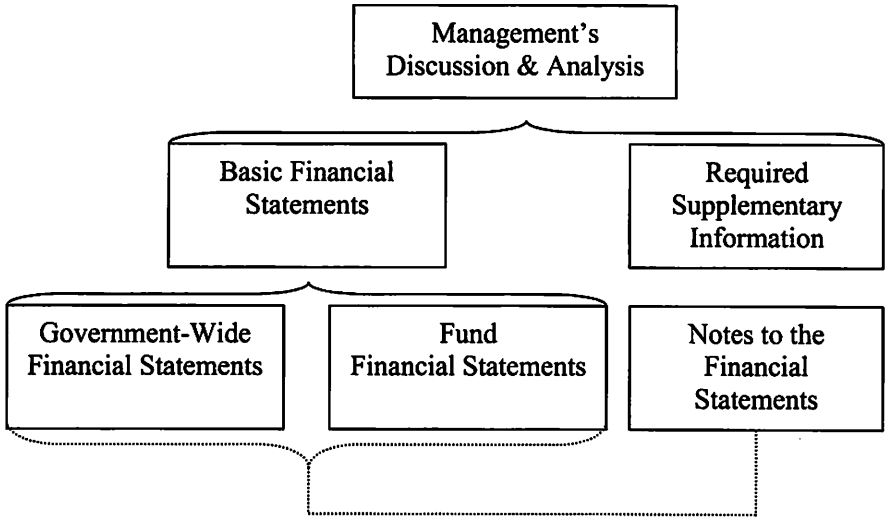
The basic financial statements include two kinds of statements that present different views of the Board in addition to the notes that explain some of the information in the financial statements and provide data that are more detailed:

- The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities, provide both long-term and short-term information about the Board's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the Board's operation in more detail than the government-wide statements. The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Figure A-1 shows how the required parts of this annual report are arranged and related do one another.

Figure A-1
Required Components of the Board's Financial Report



Government-Wide Financial Statements

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

The *Statement of Activities* presents information showing how the Board'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., accrued annual leave).

These two government-wide financial statements distinguish functions of the Board that are principally supported by federal and state grants.

Change in net position is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include changes in legislative laws and appropriations and facility needs.

The Board reports government activities in the Statement of Net Position and the Statement of Activities. Government activities are the activities where most of the Board's programs and services are reported including, but not limited to, administration and training.

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 Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Board can be divided into one category: governmental funds. The Board's major governmental funds are the General Fund and the Texas Workforce Commission funds.

Governmental Funds – All of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Board's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

The Board's net position was $631,883 at September 30, 2025.

Table A-1
Net Position

	2025	2024
Current Assets	$ 1,905,540	$ 1,268,704
Right-to-Use Leased Asset	1,616,805	730,669
SBITA Asset	116,715	31,241
Capital Assets	957	2,215
Net Pension Asset	50,019	-
Total Assets	$ 3,690,036	$ 2,032,829
Deferred Outflow of Resources	72,866	80,443
Current Liabilites	$ 1,814,107	$ 1,582,982
Long-Term Liabilites	1,253,822	575,859
Total Liabilities	$ 3,067,929	$ 2,158,841
Deferred Inflow of Resources	63,090	8,851
Net Position		
Net Investment Capital Assets	$ 78,715	$ -
Restricted	543,081	-
Unrestricted	10,087	(54,420)
Total Net Position	$ 631,883	$ (54,420)

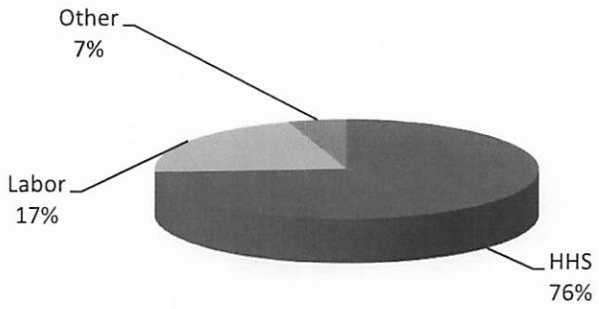
The restricted net position of $631,883 resulted from a prior period adjustment of $494,471due to implementation of GASB 101 and adjustments regarding due to funding source.

The unrestricted net position of ($54,420) resulted from the recognition of long-term liabilities, primarily lease and SBITA's, that have not been funded by grantors and pension related liabilities. Such deficits are expected to be funded in future years.

Changes in Net Position

The Board's total revenues were $16.98 million (See Table A-2). 100% of the revenue is comprised of Federal/State Funding. (See Figure A-2) As indicated in Figure A-2, 77% of revenue comes from the Department of Health & Human Services. The total cost of all programs and services was $16.79 million (Table A-2); 100% of these costs are for economic opportunity services.

Figure A-2
Sources of Revenue



(Continued)

Table A-2
Net Assets

	Governmental Activities 2024-2025	Governmental Activities 2023-2024
Revenues		
Program Revenues		
Operating Grants and Contributions	$ 16,979,415	$ 15,188,924
General Revenues		
Miscellaneous	-	15,239
Total Revenues	16,979,415	15,204,163
Expenses		
Economic Opportunity	16,787,583	15,242,711
Total Expenses	16,787,583	15,242,711
Change in Net Position	191,832	(38,548)
Beginning Net Position	(54,420)	(15,872)
Prior Period Adjustment	494,471	-
Ending Net Position	$ 631,883	$ (54,420)

Capital Assets

At September 30, 2025, the Board had invested $248,099 in furniture and equipment, (See Table A-3).

Table A-3
Board's Capital Assets

	Fiscal Year 2025	Fiscal Year 2024
Furniture and Equipment	$ 248,099	$ 248,099
Totals at Historical Cost	248,099	248,099
Total Accumulated Depreciation	(247,142)	(245,884)
Total Capital Assets, Net	$ 957	$ 2,215

Table A-4
Board's Right-to-Use-Leases

	2025	2024
Right-to-Use-Leases	$ 2,025,585	$ 1,420,333
Total	2,025,585	1,420,333
Total Accumulated Amortization	(408,780)	(1,040,753)
Total Right-to-Use Lease, Net	$ 1,616,805	$ 379,580

Table A-5
Board's Subscription-Based Information Technology Agreement

	Fiscal Year 2025	Fiscal Year 2024
SBITA's	$ 159,261	$ 43,257
Total	159,261	43,257
Total Accumulated Amortization	(42,546)	(12,016)
Total SBITA's, Net	$ 116,715	$ 31,241

Long-Term Liabilities

Long-term liabilities consist of the non-current portion of lease liabilities in the amount of $1,253,822. Additional detailed information can be found in Note 7 to the financial statements.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND FUTURE OUTLOOK

The two principal funding allocations for the operation of the one-stop centers and the child care services in the Middle Rio Grande workforce delivery area are funds managed by its designated Fiscal Entity, the Middle Rio Grande Development Council. The following chart shows that these allocations will be increased by $1,689,450 from FY2025 to FY2026. The workforce board's analysis indicates that the baseline amount and the additional funding in the estimated allocations will mitigate the improvement in the economic well-being of the Region.

Program	FY2025 Allocations	FY2026 Allocations	% Change	Change (Funding)
WIOA Adult	$ 878,332	$ 758,215	13%	$ (120,117)
WIOA Youth	943,891	809,191	14%	($134,700)
WIOA Dislocated Worker	486,423	410,173	15%	($76,250)
WIOA Rapid Response	16,058	14,173	11%	($1,885)
TANF	799,101	799,101	0%	$0
SNAP E&T	175,761	175,761	0%	$0
Employment Services	197,778	197,778	0%	$0
Adult Education and Literacy*	-	569,187	100%	569,187
Child Care	10,542,994	11,996,209	13%	1,453,215
	$ 14,040,338	$ 15,729,788		$ 1,689,450

The Child Care grants had an increase in funding in the CCDF Discretionary and CCD Discretionary funds of $1,453,215. We had a decrease in WIOA Adult and WIOA Youth of $332,952.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Workforce Solutions Middle Rio Grande's finances for all those with an interest to the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Workforce Solutions Middle Rio Grande
P.O. Box 760
216 W. Main, Ste. A
Uvalde, Texas 78802
Telephone Number: (830) 591-0141
Email address: rosalind.lozano@wfsmrg.org

This Page Left Blank Intentionally.

BASIC FINANCIAL STATEMENTS

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

STATEMENT OF NET POSITION

September 30, 2025

	Governmental Activities
ASSETS	
Current Assets	
Cash	$ 17,041
Grants Receivable	1,801,244
Due from Fiscal Agent	20,068
Other Receivables	15,300
Other Assets	1,612
Prepaid Assets	50,275
Total Current Assets	1,905,540
Non-Current Assets	
Right-to-Use Leased Asset (net of accumulated amortization)	1,616,805
SBITA Asset (net of accumulated amortization)	116,715
Capital Assets (net of accumulated depreciation)	957
Net Pension Asset	50,019
Total Non-Current Assets	1,784,496
Total Assets	$ 3,690,036
DEFFERRED OUTFLOW OF RESOURCES	
Deferred Outflow related to TCDRS Pension	72,866
Total Deferred Outflow of Resources	72,866
LIABILITIES	
Current Liabilities	
Accounts Payable	171,419
Payroll and Accrued Liabilities	72,224
Compensated Absences	43,941
Due to Funding Source	29,262
Due to Fiscal Agent	718,802
Unearned Revenues	376,519
Current Portion of Long-Term Lease Liability	387,533
Current Portion of Long-Term SBITA Liability	14,407
Total Current Liabilities	1,814,107
Non-Current Liabilities:	
Non-Current Portion of Lease Liability	1,253,822
Total Non-Current Liabilities	1,253,822
Total Liabilities	$ 3,067,929
DEFFERRED INFLOW OF RESOURCES	
Deferred Inflow related to TCDRS Pension	63,090
Total Deferred Inflow of Resources	63,090
NET POSITION	
Net Investment in Capital Assets	78,715
Restricted	543,081
Unrestricted	10,087
Total Net Position	$ 631,883

The accompanying notes are an integral part of these financial statements.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

STATEMENT OF ACTIVITIES

For The Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position
Governmental Activities				
Economic Opportunity	$ 16,787,583	$ -	$ 16,979,415	$ 191,832
Total Government Activities	$ 16,787,583	$ -	$ 16,979,415	$ 191,832
General Revenues:				
Miscellaneous Revenues				$ -
Total General Revenues				-
Change in Net Position				191,832
Net Position - Beginning				(54,420)
Prior Period Adjustment				494,471
Net Position - Ending				$ 631,883

The accompanying notes are an integral part of these financial statements.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2025

	General Fund	TWC Grants	Total Governmental Funds
ASSETS			
Cash	$ -	$ 17,041	$ 17,041
Grants Receivable	-	1,801,244	1,801,244
Due from Fiscal Agent	20,068	-	20,068
Due from Other Funds	6,272	-	6,272
Other Receivables	13,129	2,171	15,300
Other Assets	-	1,612	1,612
Prepaid Assets	17,805	32,470	50,275
Total Assets	$ 57,274	$ 1,854,538	$ 1,911,812
LIABILITIES			
Accounts Payable	$ 20,751	$ 150,668	$ 171,419
Accrued Liabilities	26,436	45,788	72,224
Due to Funding Source	-	29,262	29,262
Due to Other Funds	-	6,272	6,272
Due to Fiscal Agent	-	718,802	718,802
Unearned Revenue	-	376,519	376,519
Total Liabilities	47,187	1,327,311	1,374,498
FUND BALANCES			
Restricted	-	527,227	527,227
Unassigned Fund Balance	10,087	-	10,087
Total Fund Balances	10,087	-	537,314
Total Liabilities and Fund Balances	$ 57,274	$ 1,327,311	$ 1,911,812

The accompanying notes are an integral part of these financial statements.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

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

September 30, 2025

Total Fund Balances - Governmental Funds	$	537,314
Amounts reported for governmental activities in the statement of net position are different because:		
Leased assets, net of amortization used in governmental activities, are not financial resources and therefore are not reported as assets in governmental funds.		481,700
Right-to-Use Leased Asset and SBITA's used in governmental activies are not financial resources and, therefore are not reported in the governmental funds. At the beginning of the year, the cost of these assets were $1,463,589 and the accumulated amortization was ($1,052,768).		410,821
Payments of Leases and SBITAs Payable		(390,579)
Capital assets used in governmental activies are not financial resources and, therefore are not reported in the governmental funds. At the beginning of the year, the cost of these assets were $248,099 and the accumulated depreciation was ($245,884).		2,215
Long-term liabilities inluding compensated absences, leases, net pension obligation, and deferred inflow/outflow of resources are not due and payable in the current period, and therefore are not reported in as assets/liabilities in the funds. At the beginning of the year, the beginning balance for compensated absences ($6,318), leases ($424,184), net pension obligation $(115,120), deferred outflows $80,443 and deferred inflows was ($8,851). The net effect is to decrease net position.		(474,030)
Current year changes in compensated absences are expenditures in the fund financial statements but they should be shown as reductions in the government-wide financial statements. The net effect is to decrease net position.		(37,623)
The 2025 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,258)
Included in the items related to debt is the recognition of the Board's proportionate share of the net pension liability required by GASB 68 in the amount of $165,139, a deferred resource outflow related to TCDRS in the amount of ($7,577) and a deferred resource inflow related to TCDRS in the amount of ($54,239). The net effect is to increase net position.		103,323
Net Position of Governmental Activities	$	631,883

The accompanying notes are an integral part of these financial statements.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For The Year Ended September 30, 2025

	General Fund	TWC Grants	Total Governmental Funds
Revenues			
Grant Revenues	$ -	$ 16,979,415	$ 16,979,415
Total Revenues	-	16,979,415	16,979,415
Expenditures			
Economic Opportunity Programs			
Childcare Development	-	12,194,873	12,194,873
Temporary Assistance for Needy Families	-	775,487	775,487
Supplemental Nutrition Assistance Program	-	175,761	175,761
Workforce Innovation & Opportunities Act	-	2,829,987	2,829,987
Other Training Programs	-	1,003,307	1,003,307
Total Expenditures	-	16,979,415	16,979,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balances - Beginning	10,087	-	10,087
Perior Period Adjustment	-	527,227	527,227
Fund Balances - Ending	$ 10,087	$ 527,227	$ 537,314

The accompanying notes are an integral part of these financial statements.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

RECONCILIATION OF CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

For the Year Ended September 30, 2025

Net Change in Fund Balance - Governmental Funds	$	-
Amounts reported for governmental activities in the statement of activities are different because:		
Leased assets and SBITAs, net of amortization used in governmental activities, are not financial resources and therefore are not reported as assets in governmental funds.		94,634
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation expense is to decrease net position.		(1,258)
Certain liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported in the Statement of Activities.		(4,867)
Various adjustments necessary to record the Board's pension liability were as follows:		
The Board's proportionate share of various expenses in the net amount of $103,323 were used to calculate the Board's ending net pension liability, and deferred outflows/inflows.		103,323
Change in Net Position-Governmental Activities	$	191,832

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Workforce Solutions Middle Rio Grande (the Board) is a special purpose local government, which was created pursuant to Texas House Bill 1863. The purpose of the Board is to provide for the administration, management, planning, policy development, oversight and evaluation of all Workforce Development and related activities within the Middle Rio Grande Service Delivery area. The area served includes La Salle, Dimmit, Uvalde, Maverick, Edwards, Val Verde, Real, Kinney, and Zavala Counties.

Representation on the Board of Directors of the Board shall be consistent with the state/federal mandates. The Chief Elected Officials of the Middle Rio Grande Region appoint members to the Board of Directors. Not less than fifty-one (51%) percent of the board membership shall be composed of private-sector representatives.

The accounting policies and financial reporting practices of the Board conform in all material respects to generally accepted accounting principles as applicable to units of government, as issued by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards.

Designation of Fiscal Agent

In accordance with the Chief Elected Official – Workforce Development Board partnership agreement, the Middle Rio Grande Development Council (the Council) was designated as the fiscal agent for all workforce programs. As such, the Council maintains the books of account for the Board, receives and disburses funds, procures service providers, materials, supplies and equipment, and bills for services provided to the Texas Workforce Commission. Financial Statements for the Council have been issued separately. In addition, the Council serves as the program operator for most of the Board's programs.

B. Government-Wide and Fund Financial Statements

The Board's financial statements are prepared in accordance with the provisions of GASB Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- For State and Local Governments.* GASB Statement No. 34 requires financial statements to include a Management's Discussion and Analysis (MD&A), government-wide financial statements, and required supplementary information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities comprise the government-wide financial statements. These statements report financial information for the Board as a whole excluding fiduciary activity such as employee pension plans. Net position is segregated into net investments in capital assets, restricted for federal and state programs, and unrestricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and only include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues consist of operating grants which includes amounts paid by organizations outside the Board to help meet the operational requirements of a given function. Examples include Texas Workforce Commission grants.

Indirect Costs are allocated based on an approved indirect cost rate, the rates are approved by the Board's cognizant agency and are all allocated to the economic opportunity function.

Interfund activities between governmental funds appear as due to/due from other funds on the Governmental Funds Balance Sheet. All interfund transactions between governmental funds are eliminated on the government-wide financial statements.

Fund Financial Statements

Fund Financial Statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The Board considers the General Fund, and the Texas Workforce Commission Grants as major funds and reports their financial condition and results of operations in a separate column in the fund financial statements.

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

1. The financial statements of the Board are prepared in accordance with generally accepted accounting principles (GAAP).

   The government-wide financial statements report 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 the 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 use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets and current liabilities generally are 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 fund balance.

   The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty-day availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant funds are considered to be earned when the related program expenditures are incurred. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made or eligibility requirements have been met. Funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors sometimes require the Board to refund all or part of the unused amount.

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

D. Major Funds

The Board reports the following major governmental funds:

The *General Fund* is the Board's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Texas Workforce Commission Fund* accounts for the Board's Workforce programs. Major programs include the Child Care Development Block Grant funds.

E. Capital Assets

Capital assets are stated at historical cost. Donated capital assets are valued at their estimated fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Board's capitalization threshold for capital assets is $5,000. The following represents the useful lives for the various capital asset types:

Capital Asset Type	Estimated Useful Life
Audio/video & Sound Equipment	5 years
Computers and Peripheral Equipment	3 years
Furniture, Fixtures and Leasehold Improvements	5 years
Vehicles	5 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Employee Benefits

Employee benefits are allocated to grant projects based upon expenditures in accordance with the Office of Management Uniform Guidance. Board employee benefits are allocated to grant projects as a percentage of salary costs.

G. Annual Budget

The Board prepares annual operating budgets based on expected revenues from the various state and federal grantor agencies. The grants related to specific programs that contemplate revenues and expenditures over the lives of each program generally have funding periods different from the budget year. The annual budget, which is approved by the Board, is based on estimates of the various programs that will be completed during the fiscal year. The budgets are revised periodically, primarily when anticipated grants are ratified by the various funding agencies. Budget discussions, including revisions, are conducted by the Board's Board of Directors in open meetings. However, as the Board has no taxing or oversight authority, the budgetary process is not one which culminates in an appropriated bill or an ordinance enacted into law. In this respect, the budget for the Board is not an appropriated budget as defined by GASB Code Sec. 2400.11D. As such, a Statement of Revenues and Expenditures-Budgeted and Actual has not been included as part of the financial statements.

H. Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation, personal, and sick leave with certain limitations. Employees with less than 5 years' service may accrue up to a maximum of 5 days, while employees with more than 5 years may accrue up to a maximum of 10 vacation days during the fiscal year. The maximum amount of leave payable upon termination is 20 hours for employees with less than 5 years of service, and 40 hours for employees with more than 5 years of service. The Board's sick leave policy permits the unlimited accumulation of sick days and two days of personal leave per year. Employees are not paid for unused sick or personal days upon termination of employment; accordingly, sick and personal pay is charged to expenditures when taken. All benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, and the benefits have been earned by employees. During the fiscal year ended September 30, 2025, the Board implemented GASB 101 *Compensated Absences*. GASB 101 requires the Board to evaluate leave available to employees whether or not the Board policy requires a payment for earned leave upon the termination of an employee. Accordingly, the Board has evaluated all leave and has recorded a liability related to vacation, personnal, and sick leave earned and unpaid that is more likely than not to be used and/or otherwise paid to an employee. GASB 101 requires the Board to recognize the liability as of the prior year end which required a prior period adjustment to the fiscal year ended September 30, 2025. In addition, GASB 101 requires that the Board recognize the vacation, personnel, and sick leave liability to be reported as compensated absences liability

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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 revenue and expenses during the reported period. Actual results could differ from those estimates.

J. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Nonspendable
Amounts not available to be spent either because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact. Examples include inventories, prepaid items, and deferred expenditures.

Restricted
The restricted fund balance includes the portion of the spendable fund balance that reflects constraints on spending because of legal restrictions stipulated by outside parties, state statutes, or grant requirements placed on the use for specific purposes. Examples include encumbrances for goods or services with outside creditors or grantors outstanding at the end of the year.

Committed
The committed fund balance includes the portion of the spendable fund balance that reflects constraints that the Board has imposed upon itself by a formal action of the Board of Directors which consists of majority approval. This constraint must be imposed prior to year-end but the amount can be determined at a later date.

Assigned
The assigned fund balance is the portion of the spendable fund balance that reflects funds intended to be used by the Board for specific purposes, as determined by an official in which the Board has delegated authority, such as the Controller.

Unassigned
This is the residual classification for the Boards general fund and includes all spendable amounts not contained in the other classifications, and therefore, not subject to any constraints. Unassigned amounts are available for any purpose. Although there is generally no set spending plan for the unassigned portion, there is no need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered; in addition, the resources can be used to cover expenditures for revenues not yet received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Spending Order

Fund balance amounts that are restricted, committed, or assigned are considered to have been spent when an expenditure is incurred for the respective purpose. If an expenditure is incurred that meets the criteria in more than one fund balance category, then the Board considers that fund balance is relieved in the following order: restricted, committed, assigned, and then unassigned.

L. Fund Balance/Net Position – Deficit

The general fund and TWC grant fund reported a fund balance of $10,087 and $527,227 as of September 30, 2025. The ending net position of $ 631,883 results from recognizing pension long term liabilities, right-to-use leases, SBITAs, compensated absences and related expenses.

M. Deferred Inflows/Outflows of Resources

The deferred outflows/inflows of resources accounted for on the government wide statement of net position relate to the GASB 68 recognition of the Board's portion of the Texas County and District Retirement System (TCDRS) net pension asset.

N. Leases

The Board is a lessee for four non-cancelable leases of office space. The Board recognizes a lease liability and a right-to-use lease asset. 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. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The lease liability is measured at the present value of payments expected to be made during the lease term and the interest included in the lease payment is recorded as an expense.

O. Subscription-Based Information Technology Arrangements (SBITAs)

The Board has two subscription-based arrangement. Accordingly, the Board recognizes a SBITA liability and a SBITA asset. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the lease commencement date. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. The SBITA liability is measured at the present value of payments expected to be made during the SBITA term and the interest included in the lease payment is recorded as an expense.

2. CASH

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be returned. The Board's deposits were fully insured by FDIC coverage throughout the year.

As of September 30, 2025, the cash balance reported on the financial statements was $17,041. The bank balance at September 30, 2025 was $28,098.

Investments

The Board did not have any investments during the year ended September 30, 2025.

3. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deductions	Ending Balance
Capital Assets, Being Depreciated				
Furniture and Equipment	$ 248,099	$ -	$ -	$ 248,099
Total Capital Assets, Being Depreciated	248,099	-	-	248,099
Less Accumulated Depreciation For:				
Furniture and Equipment	(245,884)	(1,258)	-	(247,142)
Total Accumulated Depreciation	(245,884)	(1,258)	-	(247,142)
Total Capital Assets, Net	$ 2,215	$ (1,258)	$ -	$ 957

4. GRANTS RECEIVABLE/DUE TO FUNDING SOURCE/UNEARNED REVENUES

As of September 30, 2025, the Board's receivables, due to funding source, and unearned revenue balances by grant, are as follows:

Grants Receivable:

PROGRAM	CONTRACT NO.	AMOUNT
Child Care Development Fund Cluster	2724 CCF 001	$ 192,124
	27275 CCF 001	496,627
	27276 CCF 001	353,294
	2726 CCP 001	41,748
	2725 CCQ 001	169,668
	2726 CQF 001	43,039
		1,299,500
Texas Veterans Commission	2725 TVC 001	2,503
		2,503
Employment Services	2725 WPA 001	616
		616
Workforce Commission Incentive	2725 WCI 001	9,265
		9,265

(Continued)

4. GRANTS RECEIVABLE/DUE TO FUNDING SOURCE/UNEARNED REVENUES (Continued)

PROGRAM	CONTRACT NO.	AMOUNT
Workforce Innovation and Opportunity Act	2725 WOA 001	$ 48,152
	2723 WOY 001	680
	2724 WOY 001	59,968
	2720 WOO 001	7,351
		113,152
WIA – Additional Assistance – Dislocated Worker	2723 WOD 001	2
	2724 WOD 001	12,314
	2725 WOD 001	54,414
		66,730
TANF Cluster	2725 TAF 001	165,334
		165,334
Military Family Support	2724 WOS 001	7,509
Infrastructure Support Svcs & Shared Cost	2717 PER 000	11,402
Infrastructure Support Svcs & Shared Cost	2718 COL 000	145
Student Hireability Navigator	3018 VRS 141	4,383
Student Hireability Navigator	3018 VRS 141	11,304
Student Hireability Navigator	3018 VRS 141	4,470
Infrastructure Support Svcs & Shared Cost	2722 COL 001	3,423
Infrastructure Support Svcs & Shared Cost	2722 COL 001	11,864
Rapid Response	2724 WOR 001	529
Summer Earn & Learn Program	3019 VRS 273	100
Food Stamp Employment & Training	2725 SNE 001	38,343
Re-emplmnt Svcs Eligibility/Assessment	2725 REA 001	50,672
		144,145
	Total Grants Receivable	$ 1,801,244

4. GRANTS RECEIVABLE/DUE TO FUNDING SOURCE/UNEARNED REVENUES (Continued)

Due to Funding Source:

PROGRAM	CONTRACT NO.	AMOUNT
Childcare Development Fund Cluster	2723 CCF 000	$ 4,533
		4,533
Texas Veterans Commission	2708 VET 000	594
		594
Employment Services	2722 WPA 001	59
	2724 WPA 001	680
		739
TANF Cluster	2724 TAF 001	5,311
		5,311
Other Programs		
CCDF Quality Improvement Activity		15,000
Trade Act Services for Dislocated Worker		50
Food Stamp Employment & Training		3,035
		18,085
	Total Due To Funding Source	$ 29,262

4. GRANTS RECEIVABLE/DUE TO FUNDING SOURCE/UNEARNED REVENUES (Continued)

Unearned Revenues:

PROGRAM	CONTRACT NO.	AMOUNT
Workforce Innovation and Opportunity Act	2724 WOA 001	$ 7,208
	2725 WOY 00	26,429
		33,637
Child Care Development Fund Cluster	2725 CCM 001	335,960
		335,960
Other Programs		
Infrastructure Support Svc & Shared Cost	2725 COL 001	6,922
		6,922
	Total Unearned Revenues	$ 376,519

5. COMPENSATED ABSENCES

In the current fiscal year, in accordance with the implementation of GASB Statement No. 101, Compensated Absences, the Board reviewed its employee leave policies and determined that certain accumulated leave balances meet the definition of a compensated absence under the new standard since employees are entitled to use such leave for future absences, even though it is not paid upon termination. Accordingly, the Board has recorded a liability totaling $43,941 in the government-wide financial Statements as of September 30, 2025, representing the value of leave expected to be used in future periods. Changes in the Board's leave payable as of September 30, 2025 is as follows:

	Beginning Balance*	Additions	Deletions	Ending Balance	Current Portion
Compensated Absences (restated)	$ 39,074	$ 4,867*	$ -	$ 43,941	$ 43,941

*The change in Compensated Absences liability is presented as a net change.

6. DUE TO/FROM OTHER FUNDS

Due to/from other funds at September 30, 2025 are as follows:

Receivable Fund	Due From	Due To
General Fund	$ 6,272	$ -
Texas Workforce Commission	-	6,272
Totals	$ 6,272	$ 6,272

Interfund activity results from temporary loans, reimbursements, or transfers between funds. Interfunds are expected to be repaid within one year.

7. LEASES & SUBSCRIPTION BASED TECHNOLOGY AGREEMENTS

RIGHT-TO-USE LEASES

The Board entered into lease agreements for four office locations which meet the definition of a "long-term" lease provided in GASB 87. As such, a right-to-use lease liability is reported at the present value of payments expected to be made during the lease term. The liability is reduced as payments are made and the lease asset is amortized based off a discount rate of 5.00%. Amortization expense during the year was $412,921 and interest paid was $61,126.

On September 1, 2016, the Board entered into a sixty-month lease agreement with Suday Properties, LLC for the lease of retail space. The lessee is required to make monthly payments in the amount of $5,500 over the lease term. The lease was subsequently amended to increase the monthly payment to $8,595 beginning on the 1st day of August 2022 until the 30th day of April 2023. The lease was extended for the period October 1, 2023 through September 30, 2024 with a monthly payment of $8,595 and from October 1, 2024 through September 30, 2026 with a monthly payment of $8,900.

On January 1, 2020, the Board entered into a sixty-month lease agreement with Neighborhood Housing Services of Dimmit County Inc. for the lease of a building and parking lots. The lessee is required to make monthly payments in the amount of $17,594 over the lease term. The agreement has an option, which was exercised, to extend the lease for an additional sixty month through December 31, 2030 with the same monthly payment.

On May 1, 2020, the Board entered into a sixty-month lease agreement with Maverick County for the lease of a building and parking lots. The lessee is required to make monthly payments in the amount of $10,395 over the lease term. The agreement has an option to enlarge the leased premises by adding a second floor and to extend the lease for an additional sixty months at a new monthly rate. This lease was extended in the current year through April 30, 2030 for an additional sixty-months with the same monthly payment.

On December 15, 2023, the Board entered into a sixty and a half-month lease agreement with Victor Lopez for the lease of office space. The lessee is required to make monthly payments in the amount of $1,511 over the lease term.

7. LEASES & SUBSCRIPTION BASED TECHNOLOGY AGREEMENTS (Continued)

The right-to-use lease asset(s) and related accumulated amortization is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right-to-Use Assets				
Leased Buildings/Office Space	$ 1,420,333	$ 1,650,146	$ 1,044,894	$ 2,025,585
Total Right-to-Use Assets	1,420,333	1,650,146	-	2,025,585
Less Accumulated Amortization for:				
Buildings/Office Space	$ 1,040,753	$ 412,921	$ 1,044,894	$ 408,780
Total Accumulated Amortization	1,040,753	412,921	-	408,780
Right-to-Use Assets, Net	$ 379,580	$ 1,237,225	$ -	$ 1,616,805

Changes in Long-Term Liabilities

	October 1, 2024	Increases	Decreases	September 30, 2025	Current Portion
Lease Payable	$ 396,072	$ 1,622157	$ 376,874	$ 1,641,355	$ 387,533
Total	$ 396,072	$ 1,622,157	$ 376,874	$ 1,641,355	$ 387,533

Annual debt service requirements to maturity for the lease liability is as follows:

Year Ended September 30,	Principal	Interest	Total
2026	$ 387,533	$ 73,267	$ 460,800
2027	298,078	55,922	354,000
2028	313,329	40,671	354,000
2029	315,531	24,870	340,401
2030	274,539	9,354	283,893
2031-2035	52,345	437	52,782
	$ 1,641,355	$ 204,521	$ 1,845,876

8. SUBSCRIPTION BASED TECHNOLOGY AGREEMENTS

The Board entered into two SBITA agreements for two software licenses which meet the definition of a "long-term" SBITA provided in GASB 96. As such, a SBITA liability is reported at the present value of payments expected to be made during the SBITA term. The liability is reduced as payments are made and the SBITA is amortized based off a discount rate of 5.00%. Amortization expense during the year was $30,530 and interest paid was $856.

On December 1, 2023, the Board entered into a thirty-six-month SBITA for Google Workspace. The Board is required to make yearly payments in the amount of $15,143 over the lease term.

On May 15, 2025, the Board entered into a thirty-six-month SBITA for Transfer Career Exploration Headsets. The Board paid the entire amount of $116,004 in one payment.

The subscription-based information technology asset and accumulated amortization are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
SBITA Assets				
Software	$ 43,257	$ 116,004	$ -	$ 159,261
Total SBITA Assets	43,257	116,004	-	159,261
Less Accumulated Amortization for:				
Software	$ (12,016)	$ (30,530)	$ -	$ (42,546)
Total Accumulated Amortization	(12,016)	(30,530)	-	(42,546)
SBITA Assets, Net	$ 31,241	$ 84,474	$ -	$ 116,715

Changes in Long-Term Liabilities

	October 1, 2024	Increases	Decreases	September 30, 2025	Current Portion
SBITA Payable	$ 28,112	$ -	$ 13,705	$ 14,407	$ 14,407
Total	$ 28,112	$ -	$ 13,705	$ 14,407	$ 14,407

Principal and Interest Requirements to Maturity is as follows:

Year Ended September 30,	Principal	Interest	Total
2026	$ 14,407	$ 737	$ 15,144
Total Future Payments	$ 14,407	$ 737	$ 15,144

9. RETIREMENT PLAN

1. Plan Description

Beginning January 1, 2001, the Council began its participation in the Texas County and District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. The Board participates as part of the Council's Plan. The Council provides retirement, disability and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the TCDRS.

The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 868 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is publicly available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 or on their website at *www.tcdrs.org*.

The plan provisions are adopted by the governing body of the employer (Council and Board), and can be amended, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump-sum are not entitled to any amounts contributed by their employer.

2. Funding Policy

The Council and Board have elected the Annually Determined Contribution Rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The Council and Board contributed using the actuarially determined rate of 15.9% for the fiscal year ended September 30, 2025. The contribution rate payable by all employee members for the current fiscal year is the rate of 7% as adopted by the governing body of the Council and Board. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

9. RETIREMENT PLAN (Continued)

3. Benefits Provided

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employees' accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms.

At the December 31, 2024 valuation and measurement date, the following number of employees were covered by the benefit terms:

	Board	Council
1. Inactive employees or beneficiaries currently receiving benefits	-	63
2. Inactive employees entitled to but not yet receiving benefits	-	162
3. Active employees	10	85
	10	310

9. RETIREMENT PLAN (Continued)

4. Net Pension Asset

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

Actuarial assumptions:

The Total Pension Asset in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contribution are reported
Actuarial Cost Method	Entry Age Normal
Amortization Method Recognition of economic/demographic gains or losses Recognition of assumptions changes or inputs	 Straight-Line amortization over Expected Working Life Straight-Line amortization over Expected Working Life
Asset Valuation Method: Smoothing Period Recognition method Corridor	 5 years Non-asymptotic None
Inflation	2.50%
Salary Increases	.40% to 5.25%
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Middle Rio Grande are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments Is included in the funding valuation.
Adjustment for Plans with the partial-Lump Sum Payment Option (Liability and Normal Cost)	Same as funding valuation. For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	The rates vary by length of service, entry-age group (age at hire) and gender. No termination after eligibility for retirement is assumed.

(Continued)

9. RETIREMENT PLAN (Continued)

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

Actuarial assumptions used in the December 31, 2024; valuation was based on the results of actuarial experience studies. TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience, TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed. The board adopts actuarial assumptions to be used in the valuation based on the results of this study.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumptions at their March 2021 meeting. The assumptions for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

9. RETIREMENT PLAN (Continued)

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities – Developed	6.00%	4.75%
International Equities Emerging	0.00%	4.75%
Investment – Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
Total	100.0%	

Discount Rate

In order to determine the discount rate to be used by the employer TCDRS has used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act: 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods, 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy, 3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less, when this point is reached the employer is still required to contribute at least the normal cost, 4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable. Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension asset and net pension asset of the employer is equal to the long-term assumed rate of return on investment. The long term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses. The discount rate used to measure the Total Pension Asset was 7.60%.

9. RETIREMENT PLAN (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balance at December 31, 2023	$ 26,789,248	$ 26,112,069	$ 677,179
Changes for the year:			
Service Cost	459,551	-	459,551
Interest on total pension liability	2,004,579	-	2,004,579
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(136,198)	-	(136,198)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(68,734)	(68,734)	-
Contributions- employer	-	537,525	(537,525)
Contributions- employee	-	236,052	(236,052)
Net investment income	-	2,640,392	(2,640,392)
Benefit payments	(1,709,341)	(1,709,341)	-
Administrative expense	-	(15,071)	15,071
Other changes	-	(47,555)	47,555
Net Changes	549,857	1,573,270	(1,023,412)
Balance at December 31, 2024	$ 27,339,105	$ 27,685,339	$ (346,233)

The total net pension asset above of ($346,233) represents the combined assets of the Council and the WSMRG Board. The following represents the disaggregation between both entities:

	Net Pension Liability at September 30, 2025	
Total Asset	$ 346,233	*
* Council's Share Asset	(296,214)	
Net Board Asset	$ 50,019	

* The Board and Council proportionate share of the net pension liability is based on each entity's proportionate share of pension expense for the fiscal year ended September 30 2025, currently the Council contributes 84% and the Board contributes 16% of all pension expense.

9. RETIREMENT PLAN (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Council and Board, calculated using the discount rate of 7.60%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	$ 30,247,954	$ 27,339,105	$ 24,815,767
Fiduciary net position	(27,685,339)	(27,685,339)	(27,685,339)
Net Pension Liability/(Asset)	$ 2,589,615	$ (346,233)	$ (2,869,572)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at *www.tcdrs.org*.

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

For the measurement date ended December 31, 2024, the Council recognized pension expense of $483,595 and the Board recognized pension expense of $93,048.

At September 30, 2025, the Council and Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ (90,799)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	(247,401)
Contributions subsequent to the measurement date	426,237	-
Total	$ 426,237	$ (388,200)

9. RETIREMENT PLAN (Continued)

The above deferred outflow and deferred inflow of resources represent the combined Council and Board. The following represents the disaggregation between them:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Total Deferred Outflows/Inflows	$ 426,237	$ 388,201
Less: Council Portion	(353,371)	(325,111)
Net Board Deferred Outflows/Inflows	$ 72,866	$ 63,090

Board contributions subsequent to the measurement date of $69,869 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	Amount
2025	$ (283,482)
2026	342,636
2027	(308,219)
2028	(139,135)
Total	$ (388,200)

10. COMMITMENTS AND CONTINGENCIES

The Board receives a substantial amount of funding from federal and state grants. The majority of funds are received from the Texas Workforce Commission. A significant reduction in the level of this funding, if this were to occur, may have a significant effect on the Board's programs and activities. The disbursement of funds under these programs generally requires compliance with terms and conditions specified in the agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability for the Board.

11. RISK MANAGEMENT

The Board 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 the Board carries commercial insurance. There have been no significant reductions in insurance coverage for these risks of loss since the prior year, and there have been no settlements in excess of the insurance coverage for any of the past three fiscal years.

12. PRIOR PERIOD ADJUSTMENTS

The beginning net position as of October 1, 2024 was restated as follows:

	Governmental Funds	Government-Wide Net Position
Net Position, October 1, 2024	$ 10,087	$ (54,420)
Restatement of Amounts due to funding source	527,227	527,227
Effect of GASB 101 Implementation – Compensated Absences	-	(32,756)
Total Prior Period Adjustment	$ 527,227	$ 494,471

REQUIRED SUPPLEMENTARY INFORMATION

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

For The Year Ended September 30, 2025

	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2018	Year Ended December 31, 2019
Service Cost	$ 502,368	$ 494,695	$ 468,958	$ 448,331	$ 456,079
Interest (on the Total Pension Liability)	1,327,861	1,399,315	1,504,125	1,593,343	1,689,517
Changes of Benefit Terms	(43,733)	-	-	-	-
Effect of economic/demographic (gains)/ or losses	(475,760)	(173,050)	(196,008)	18,952	(27,258)
Changes of Assumptions	161,961	-	143,629	-	-
Benefit Payments, including refunds of employee contributions	(513,620)	(544,622)	(766,569)	(831,956)	(932,061)
Net change in Total Pension Liability	$ 959,077	$ 1,176,338	$ 1,154,135	$ 1,228,670	$ 1,186,277
Total Pension Liability - Beginning	16,340,894	17,299,971	18,476,309	19,630,444	20,859,114
Total Pension Liability - Ending	$ 17,299,971	$ 18,476,309	$ 19,630,444	$ 20,859,114	$ 22,045,391
B. Total Fiduciary Net Position					
Contributions - Employer	$ 475,714	$ 418,296	$ 484,145	$ 514,865	$ 552,217
Contributions - Employee	194,851	183,234	177,901	175,124	182,853
Net Investment Income	(450,059)	1,091,655	2,312,350	(337,832)	2,882,137
Benefit Payments, including refunds of employee contributions	(513,620)	(544,622)	(766,569)	(831,956)	(932,061)
Administrative Expense	(10,716)	(11,867)	(12,002)	(14,096)	(15,405)
Other	31,764	(7,880)	(1,514)	(4,487)	(3,928)
Net Change in Plan Fiduciary Net Position	$ (272,066)	$ 1,128,816	$ 2,194,311	$ (498,382)	$ 2,665,813
Plan Fiduciary Net Position - Beginning	14,996,569	14,724,504	15,853,320	18,047,632	17,549,250
Plan Fiduciary Net Position - Ending	$ 14,724,503	15,853,320	18,047,631	17,549,250	$ 20,215,063
Net Pension Liability (a) - (b)	$ 2,575,468	$ 2,622,989	$ 1,582,813	$ 3,309,864	$ 1,830,328
Plan fiduciary Net Position as a Percentage of the Total Pension Liability	85.11%	85.80%	91.94%	84.13%	91.70%
Covered Employee Payroll	2,668,605	2,564,359	2,619,461	2,742,702	2,686,278
Net Pension Liability as a Percentage of Covered Employee Payroll	96.51%	102.29%	60.43%	120.68%	68.14%

Note. GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only nine years of data are presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transaction period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement."

Year Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024	* Middle Rio Grande Development Council	* Workforce Solutions Middle Rio Grande
$ 487,924	$ 505,552	$ 549,299	$ 529,104	$ 459,551	$ 393,160	$ 66,391
1,784,145	1,823,783	1,885,446	1,945,452	2,004,579	1,714,977	289,602
(261,786)	-	-	-	-	-	-
(125,247)	(203,005)	(156,193)	36,167	(136,198)	(116,521)	(19,677)
1,205,642	(43,882)	-	-	-	-	-
(1,033,787)	(1,244,153)	(1,388,172)	(1,552,433)	(1,778,075)	(1,521,197)	(256,878)
$ 2,056,891	$ 838,295	$ 890,380	$ 958,290	$ 549,857	$ 470,419	$ 79,438
22,045,392	24,102,283	24,940,578	25,830,958	26,789,248	22,919,005	3,870,243
$ 24,102,283	$ 24,940,578	$ 25,830,958	$ 26,789,248	$ 27,339,105	$ 23,389,425	$ 3,949,680
$ 602,109	$ 578,169	$ 641,510	$ 539,349	$ 537,525	$ 459,869	$ 77,656
185,672	207,017	235,726	241,397	236,052	201,950	34,102
2,087,849	4,787,364	(1,500,678)	2,659,329	2,640,392	2,258,935	381,457
(1,033,787)	(1,244,152)	(1,388,172)	(1,552,433)	(1,778,074)	(1,521,196)	(256,878)
(16,124)	(14,252)	(14,221)	(13,635)	(15,071)	(12,894)	(2,177)
(5,276)	(6,934)	(49,921)	(28,898)	(47,555)	(40,685)	(6,870)
$ 1,820,443	$ 4,307,212	$ (2,075,756)	$ 1,845,109	$ 1,573,269	$ 1,345,979	$ 227,290
20,215,063	22,035,506	26,342,718	24,266,962	26,112,069	22,339,658	3,772,411
$ 22,035,506	$ 26,342,718	$ 24,266,962	$ 26,112,071	$ 27,685,338	23,685,637	3,999,701
$ 2,066,777	$ (1,402,140)	$ 1,563,996	$ 677,177	$ (346,233)	$ (296,214)	$ (50,019)
91.42%	105.62%	93.95%	97.47%	101.27%	101.27%	101.27%
2,734,449	3,264,128	2,734,449	3,313,219	3,453,410	2,954,496	498,914
75.58%	-42.96%	57.20%	20.44%	-10.03%	-10.03%	-10.03%

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2025

Changes of Benefit Terms

A brief description of benefit terms:

1. All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
2. The plan provides retirement, disability and survivor benefits.
3. TCDRS is a savings-based plan. For the district's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
4. There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
5. Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.

Changes of Assumptions

The following are changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

2024: No changes in plan provisions were reflected in the Schedule

Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.0%
Payroll growth for funding calculations	1.0%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Other Demographic Assumptions

TCDRS system-wide demographic assumptions:

Former Employees Working for Another TCDRS Employer — Former employees who have left their accounts on deposit and are now active depositing members with another TCDRS employer are treated for valuation purposes as active members with no future member deposits.

Family Composition — For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Internal Revenue Code Section 415 Limit — The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

Internal Revenue Code Section 401(a)(17) — Compensation is limited under IRC Section 401(a)(17) and the limit is assumed to increase at the rate of inflation for valuation purposes.

Option Elected at Retirement — Future retired members are assumed to elect the standard (single life) retirement option with a monthly benefit for the retiree's lifetime only. Current retirees and beneficiaries are valued based on the option previously selected. All options include a cash refund feature which for valuation purposes is approximated by assuming monthly payments are received for a minimum of four years. This approximation applies for both current and future retirees.

Replacement of Terminated Members — New employees are assumed to replace any terminated members and have similar entry ages.

Disability — The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2025

Mortality Assumptions

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

This Page Left Blank Intentionally.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

For The Year Ended September 30, 2025

	2025	2024	2023	2022
Actuarially Determined Contribution	$ 581,254	$ 530,023	$ 563,961	$ 652,142
Contributions in Relation to the Actuarially Determined Contributions	581,254	530,023	563,961	652,142
Contribution Deficiency (Excess)	-	-	-	-
Covered Employee Payroll	3,453,410	3,313,219	2,734,449	$ 3,264,128
Contributions as a Percentage of Covered Employee Payroll	16.83%	16.00%	20.62%	19.98%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the Board's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31, 2023 for Fiscal Year 2024 and December 31, 2024 for Fiscal Year 2025.

Note: In accordance with GASB 68, paragraph 138, only nine years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required supplementary information may not be available initially. In these cases, during the transition period, that informatioin should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement."

2021	2020	2019	2018	2017	2016	* Middle Rio Grande Development Council	* Workforce Solutions Middle Rio Grande
$ 559,701	$ 606,243	$ 582,608	$ 538,559	$ 468,048	$ 445,789	$ 488,253	$ 93,001
559,701	606,243	582,608	538,559	468,048	445,789	488,253	93,001
-	-	-	-	-	-	-	-
$ 2,734,449	$ 2,686,278	$ 2,742,702	$ 2,619,461	$ 2,564,359	$ 2,668,605	$ 2,896,805	$ 556,605
20.47%	22.57%	21.24%	20.56%	18.25%	16.70%	16.85%	16.71%

This Page Left Blank Intentionally.

SUPPLEMENTARY INFORMATION

This Page Left Blank Intentionally.

Schedule of Expenditures by Grants

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TEXAS WORKFORCE COMMISSION
SCHEDULE OF EXPENDITURES
CHILD CARE

For The Year Ended September 30, 2025

	CCPS 2724 CCF 001	CCPS 2725 CCF 001	CCPS 2726 CCF 001	CCPS 2723 CCM 001	CCPS 2722 CCM 001	CCPS -PRS 2724 CCP 001
EXPENDITURES						
Administration	$ 43,381	$ 508,132	$ -	$ 11,140	$ 652	$ 12,107
Direct Training	1,153	89,382	-	15,449	250	-
Child Care	-	821	-	-	-	-
Quality	-	1,012	-	169,778	586	-
TRS Personnel	-	4,269	-	-	-	-
Operator Costs						
Administration	60,357	3,986	-	-	-	-
Direct Training	-	813,753	6,332	-	-	-
Choices	-	-	-	-	-	-
CCAA	-	-	-	-	-	-
Child Care	-	-	-	-	-	-
DCC	608,737	7,992,842	346,962	513,505	109,974	-
Provider Growth Support	-	-	-	-	-	-
Quality	-	-	-	-	-	-
Infant/Toddler	-	-	-	-	-	-
TDPRS	-	-	-	-	-	280,525
TRS Personnel	-	-	-	-	-	-
Total Expenditures	$ 713,628	$ 9,414,197	$ 353,294	$ 709,873	$ 111,462	$ 292,631

CCPS -PRS 2725 CCP 001	CCDF - Quality Improvement 2724 CCQ 001	CCDF - Quality Improvement 2725 CCQ 001	CCDF - Quality Improvement 2725 CQF 001	Total
$ -	$ 8,135	$ 65,547.21	$ 1,800.00	$ 650,894
-	-	-	-	106,235
-	157	993.55	-	1,971.82
-	77,008	185,383	154,784	588,550
-	19,194	184,901	3,984	212,348
-	-	-	-	64,343
-	-	-	-	820,085
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	9,572,020
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
41,748	-	-	-	322,273
-	-	-	-	-
$ 41,748	$ 104,493	$ 436,825	$ 160,568	$ 12,338,719

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TEXAS WORKFORCE COMMISSION
SCHEDULE OF EXPENDITURES
TANF

For The Year Ended September 30, 2025

	TANF 2724 TAF 001	TANF 2725 TAF 001	CCPS 2725 CCF 001	Wagner-Peysner Employment Services 2724 WPA 001	Wagner-Peysner Employment Services 2725 WPA 001
EXPENDITURES					
Administration	$ (2,795)	$ 92,068	$ -	$ -	$ -
Monitoring	-	-	-	-	-
Direct Training	-	-	-	-	-
Program Costs	8,991	111,413	-	2,601	1,159
Operator Costs					
Administration	4,410	18,238	-	-	-
Direct Training	57,199	485,380	16,720	-	-
Core and Intensive Svc	584	-	-	-	-
Support Services	-	-	-	-	-
DCCC	-	-	-	-	-
Total Expenditures	$ 68,389	$ 707,099	$ 16,720	$ 2,601	$ 1,159

Workforce Commission Incentive 2725 WCI 001	Board Service Award Service Vocational Rehabilitation 2724 BSA 001	Board Service Award Service Vocational Rehabilitation 2724 BSA 001	TOTAL
$ -	$ -	$ -	$ 89,273
-	-	-	-
-	-	-	-
-	-	-	124,163
			-
-	-	-	22,648
-	-	-	559,299
-	-	-	584
-	-	-	-
32,594	6,000	6,000	44,594
$ 32,594	$ 6,000	$ 6,000	$ 840,562

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TEXAS WORKFORCE COMMISSION
SCHEDULE OF EXPENDITURES
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM
EMPLOYMENT & TRAINING

For The Year Ended September 30, 2025

	Employment Training 2724 SNE 001	TOTAL
EXPENDITURES		
Administration	$ 30,025	$ 30,025
Monitoring	304	304
Non-ABAWD	101	101
Operator Costs		
Administration	-	-
Support Services	-	-
Direct Training	-	-
ABAWD	117,373	117,373
Non-ABAWD	27,958	27,958
Total Expenditures	$ 175,761	$ 175,761

This Page Left Blank Intentionally.

TEXAS WORKFORCE COMMISSION
SCHEDULE OF EXPENDITURES
WORKFORCE INNOVATION AND OPPORTUNITY ACT

For The Year Ended September 30, 2025

	WIOA - Adult 2723 WOA 001	WIOA - Adult 2724 WOA 001	WIOA - Adult 2725 WOA 001	WIOA - Youth 2723 WOY 001	WIOA - Youth 2724 WOY 001
EXPENDITURES					
Administration	$ 41,005	$ 31,857	$ 788	$ 28,053	$ 31,510
Program Costs	3,097	38,984	5,802	-	13,089
In-School	-	-	-	2,618	-
Out-of-School	-	-	-	7,492	34,266
Operator Costs					
Administration	-	34,565	11,191	215	18,743
In-School	-	21,084	-	130,987	89,353
Out-of-School	-	13,223	-	131,685	371,393
Core and Intensive Svc.	-	15,095	-	-	2,938
Work Related	-	1,228	-	4,435	-
Program Costs	23,974	564,366	79,181	20,886	78,344
Total Expenditures	$ 68,076	$ 720,403	$ 96,963	$ 326,369	$ 639,635

WIOA Dislocated 2723 WOD 001	WIOA Dislocated 2724 WOD 001	WIOA Dislocated 2725 WOD 001
$ 30,757	$ 28,438	$ 29
6,570	25,595	5,100
-	-	-
-	-	-
43,487	37,137	-
-	-	-
-	-	-
27,683	-	-
-	-	-
177,712	373,449	85,831
$ 286,209	$ 464,620	$ 90,960

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TEXAS WORKFORCE COMMISSION
SCHEDULE OF EXPENDITURES
WORKFORCE INNOVATION AND OPPORTUNITY ACT

For The Year Ended September 30, 2025

	WIOA Rapid Response 2725 WOR 001	WIOA Rapid Response 2726 WOR 001	Board Service Award - Service to Employees 2724 BSA 001	Board Service Award - Vocational Rehabiliation 2724 BSA 001	Military Family Support 2724 WOS 001
EXPENDITURES					
Administration	$ 353	$ -	85,311	$ -	$ 1,102
Program Costs	1,092	130	-	-	-
In-School	-	-	-	-	-
Out-of-School	-	-	-	-	-
Operator Costs					
Administration	277	-	-	19,482	-
In-School	-	-	-	1,479	-
Out-of-School	-	-	-	-	-
Core and Intensive Svc.	-	-	-	-	-
Work Related	-	-	-	-	-
Program Costs	11,906	1,000	-	73,039	10,138
Total Expenditures	$ 13,627	$ 1,130	85,311	94,000	$ 11,240

TOTAL
279,202
99,460
2,618
41,757
174,914
249,123
523,834
45,717
5,663
1,499,826
2,922,113

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TEXAS WORKFORCE COMMISSION
SCHEDULE OF EXPENDITURES
OTHER GRANTS

For The Year Ended September 30, 2025

	Veteran's Services DVOP/LVER 2725 TVC 001	Re-Employment Services 2724 REA 001	Re-Employment Services 2725 REA 001	TOTAL
EXPENDITURES				
Administration	$ 2,014	$ 24,279	$ 23,688	$ 49,981
Program Costs	8,957	21,241	23,102	53,300
Direct Training	-	-	-	-
Operator Costs				
Administration	-	10,078	-	10,078
Direct Training	-	-	-	-
Core and Intensive Svc.	-	-	-	-
Program Costs	2,030	113,570	201,661	317,261
Total Expenditures	$ 13,001	$ 169,167	$ 248,451	$ 430,619

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

TEXAS WORKFORCE COMMISSION
SCHEDULE OF EXPENDITURES
EMPLOYMENT SERVICES

For The Year Ended September 30, 2025

	Employment Services 2724 WPA 001	Employment Services 2725 WPA 001	Workforce Commission Incentive 2725 WCI 001	Additional Program Funding 2724 WOO 001	TOTAL
EXPENDITURES					
Administration	$ 4,292	$ 968	$ -	$ 2,078	$ 7,338
Program Costs	2,000	1,632	-		3,632
Direct Training	-	-	-		-
Operator Costs	-	-	-	-	-
Administration	-		-	-	-
Direct Training	-	-	-	-	-
Core and Intensive Svc.	-	-	-	-	-
Program Costs	36,478	1,013	4,000	15,714	57,205
Total Expenditures	$ 42,770	$ 3,613	$ 4,000	$ 17,792	$ 68,175

This Page Left Blank Intentionally.

FEDERAL AND STATE AWARDS

This Page Left Blank Intentionally.

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

To the Board of Directors
Workforce Solutions Middle Rio Grande
Uvalde, 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 and each major fund of Workforce Solutions Middle Rio Grande (the Board), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated June 19, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. However, material weaknesses or significant deficiencies may exist that were not identified.

(210) 227-1389
40 NE Loop 410, Ste. 305
San Antonio, TX 78216
www.gga-cpa.biz

This Page Left Blank Intentionally.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 determination of financial statement amounts. 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*

We noted certain matters that we reported to management of the Board in a separate letter dated June 19, 2026.

Purpose of this Report

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

Garza Gonzalez & Associates

June 19, 2026

This Page Left Blank Intentionally.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Directors
Workforce Solutions Middle Rio Grande
Uvalde, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Workforce Solutions Middle Rio Grande's (the Board) 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 Board's major federal and state programs for the year ended September 30, 2025. The Board'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, the Board complied, in all material respects with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 State of Texas Single Audit Circular. Our responsibilities under those standards, the Uniform Guidance and State of Texas Single Audit Circular 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 Board 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 Board's compliance with the compliance requirements referred to above.

(210) 227-1389
40 NE Loop 410, Ste. 305
San Antonio, TX 78216
www.gga-cpa.biz

This Page Left Blank Intentionally.

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 Board's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and State Single Audit Circular 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 Board's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Circular, 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 Board'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 Board'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 State Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of the Board'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.

We noted a certain matter that we reported to management of the Board in a separate letter dated June 19, 2026.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal and state program is not modified with respect to this matter.

This Page Left Blank Intentionally.

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 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 program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness as defined above. However, material weakness in internal control may exist that were not identified.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Board's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 State Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Garza Gonzalez & Associates

June 19, 2026

This Page Left Blank Intentionally.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended September 30, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements			
	Type of auditor's report issued: Unmodified		
	Internal control over financial reporting: Material weakness (es) identified?	____Yes	__X__No
	Significant deficiencies identified not considered to be material weaknesses?	____Yes	__X__None Reported
	Noncompliance material to financial statements noted?	____Yes	__X__No

Federal and State Awards			
	Internal control over major programs: Material weakness (es) identified?	____Yes	__X__No
	Significant deficiencies identified not considered to be material weaknesses?	__X__Yes	___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 2 CFR Section. 200.516(a) and the State of Texas Single Audit Circular?	__X__Yes	___No

	Identification of Major Programs	
	Assistance Listing Number(s)	**Name of Federal/State Program or Cluster**
	93.575 93.596	Child Care Development Fund Cluster: Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund

(Continued)

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended September 30, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS (Continued)

Identification of Major Programs			
Assistance Listing Number(s)	**Name of Federal/State Program or Cluster**		
State	Child Care Development Fund		
Dollar threshold used to distinguish between Type A and Type B programs:		Federal State	$1,000,000 $1,000,000
Auditee qualified as low-risk auditee?		X Yes	____No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding 2025-001 – Unallowable and Unallocable Expenditure Charged to a Federal Award
Federal Agency: U.S. Department of Health and Human Services
Assistance Listing Number: 93.575
Federal Program; Child Care Management Service
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency/Noncompliance
Questioned Costs: $94,658

Criteria

Pursuant to 2 CFR § 200.403, costs charged to a Federal award must be necessary, reasonable, allocable to the Federal award, and conform to any limitations or exclusions set forth in Federal statutes, regulations, and the terms and conditions of the Federal award. In addition, 2 CFR § 200.405 requires costs to be allocable to a Federal award in proportion to the relative benefits received.

SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Condition

During our testing of expenditures charged to the Child Care Management Services federal award, we identified a purchase of career exploration virtual reality headsets totaling $116,004. Of this amount, $94,658 was charged to the child care management services program. Based on our review of supporting documentation and the nature of the expenditure, the purchase did not meet the requirements for allowability and allocability under the Uniform Guidance. Specifically, the expenditure was not directly related to the objectives of the child care services federal program and did not provide a benefit to the federal award sufficient to justify charging the cost to the program.

Cause

The expenditure passed through multiple levels of approval without the proper assessment, program coding and determination for allowability and allocability. As a result, the expenditure was incorrectly charged to the federal program through the normal process of allocation.

Effect

Management's controls did not prevent or detect the improper charging of an unallowable and unallocable expenditure, resulting in an overstatement of federal program expenditures by $94,658. This deficiency reduces the Board's ability to obtain reasonable assurance that federal funds are expended in accordance with applicable requirements and increases the risk that material noncompliance could occur and not be timely prevented or detected.

Questioned Costs

The questioned costs associated with this finding total $94,658.

Recommendation

We recommend that management strengthen internal controls over federal program expenditures by implementing documented pre-approval and review procedures to verify that all costs charged to federal awards are allowable, allocable, reasonable, and adequately supported in accordance with Uniform Guidance requirements and the terms and conditions of the award. We further recommend that management determine the appropriate disposition of the $94,658 expenditure, including reimbursement to the federal program if required, and provide additional training to personnel responsible for approving and charging expenditures to federal awards.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
PO Box 760 ~ 216 W Main ~ Uvalde ~ Texas ~ 78802 ~ 830-591-0141 ~ 830-591-0004 fax
A proud partner of the AmericanJobCenter network

Board of Directors
Executive Committee

Juan Martinez
Chairperson
Private Sector

Juan Carlos Vasquez
Vice Chairperson
Private Sector

Laura Lopez
Secretary
Private Sector

Myrta Garcia
Treasurer
CBO

Rodrigo Jaime
Parliamentarian
Private Sector

Rosie Lozano
Executive Director

PLANNED CORRECTIVE ACTION

Year Ended September 30, 2025

Finding 2025-001 – Unallowable and Unallocable Expenditure Charged to a Federal Award
Federal Agency: U.S. Department of Health and Human Services, passed thru the Texas Workforce Commission
Assistance Listing Number: 93.575
Type of Finding: Significant Deficiency/Noncompliance
Compliance Requirement: Allowable Costs/Cost Principles

Planned Corrective Action:

The Board will strengthen its internal control procedures over federal program expenditures by enhancing the review and approval process to ensure that all costs charged to federal awards are allowable, allocable, reasonable, and adequately supported in accordance with Uniform Guidance requirements and the terms and conditions of applicable grant awards. In addition, the Board will provide training to fiscal and program staff on Federal cost principles, allowability requirements, and appropriate cost allocation methodologies to improve compliance and consistency in the charging of expenditures to Federal (and State) programs.

Prior to recording the expenditure of the virtual reality headsets on the general ledger, Board management sought guidance on multiple attempts from the Texas Workforce Commission (TWC) Fiscal T/A division regarding the appropriate treatment of the cost, but did not receive a response before payment was required. However, the Board will continue to work with TWC to determine the appropriate resolution and disposition of the questioned costs and will implement any corrective actions necessary to ensure compliance with Texas Workforce Commission and the Federal requirements as prescribed by the Uniform Guidance.

Responsible Person(s):

Betsy Prado, Controller (MRGDC)
Marcos Gonzales, Board Financial and Data Analyst
Rosie Lozano, Executive Director

Workforce Solutions Middle Rio Grande is an equal opportunity Employer / Program. Auxiliary aids and services are available upon request to individuals with disabilities. TTY/TDD via Relay Texas: 711/TDD: 1-800-735-2989 / Voice: 1-800-735-2988

Schedule of Expenditures of Federal Awards

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended September 30, 2025

Source and Program Type	Program Year	Assistance Listing Number	Pass-Thru Grantor's Number	Program Expenditures	Passed Through to Subrecipient Middle Rio Grande Development Council
FEDERAL					
U.S. Department of Agriculture					
Passed Through Texas Workforce Commission					
Supplemental Nutrition Assistance Program					
Employment & Training	10/01/24- 09/30/25	10.561	2725 SNE 001	$ 146,589	$ 116,159
Total U.S. Department of Agriculture				146,589	116,159
U.S. Department of Labor					
Passed Through Texas Workforce Commission					
Workforce Commission Incentive	10/01/24-09/30/25	17.207	2725 WCI 001	4,000	4,000
Additional Program Funding	10/01/24 - 09/30/25	17.207	2725 WOO 001	17,792	15,714
Wagner-Peyser - Employment Services	10/01/23-02/28/25	17.207	2724 WPA 001	42,770	36,478
Wagner-Peyser - Employment Services	03/01/25-12/31/25	17.207	2725 WPA 001	3,613	1,013
Re-emplmnt Svcs Eligibility/Assessment	10/01/23-02/28/25	17.225	2724 REA 001	169,167	123,647
Re-emplmnt Svcs Eligibility/Assessment	10/01/24-02/28/26	17.225	2725 REA 001	248,451	201,661
WIOA - Board Service Award - Service to Employees	01/01/24-12/31/24	17.207	2724 BSA 001	6,000	-
WIOA - Board Service Award Service Vocational Rehabilitation	01/01/24-12/31/24	17.207	2724 BSA 001	6,000	6,000
Total U.S. Department of Labor				497,794	388,514
Workforce Innovation and Opportunity Act (WIOA) Cluster:					
WIOA - Adult Funds	7/01/23-06/30/25	17.258	2723 WOA 001	68,076	23,974
WIOA - Adult Funds	7/01/24-06/30/26	17.258	2724 WOA 001	720,403	649,562
WIOA - Adult Funds	07/01/25-06/30/27	17.258	2725 WOA 001	96,963	90,372
Military Family Support Program	1/01/24-12/31/2024	17.258	2724 WOS 001	11,240	10,138
WIOA - Youth Fund	7/01/23 - 6/30/25	17.259	2723 WOY 001	326,369	288,207
WIOA - Youth Fund	7/01/24 - 6/30/26	17.259	2724 WOY 001	639,635	560,771
WIOA - Youth Fund	7/01/25-6/30/27	17.259	2725 WOY 001	23,571	23,571
WIOA - Dislocated Worker Funds	7/01/23 - 6/030/25	17.258	2723 WOD 001	286,209	248,882
WIOA - Dislocated Worker Funds	7/01/24- 6/30/26	17.278	2724 WOD 001	464,620	410,586
WIOA - Dislocated Worker Funds	7/01/25- 6/30/27	17.278	2725 WOD 001	90,960	85,831
WIOA - Rapid Response	07/01/24 - 06/30/25	17.278	2724 WOR 001	13,627	12,182
WIOA - Rapid Response	07/01/25 - 06/30/26	17.278	2725 WOR 001	1,130	1,000
WIOA - Board Service Award - Service to Employees	01/01/24-12/31/24	17.278	2724 BSA 001	79,311	-
WIOA - Board Service Award Service Vocational Rehabilitation	01/01/24-12/31/24	17.278	2724 BSA 001	88,000	88,000
Total Workforce Innovation and Opportunity Act (WIOA Cluster)				2,910,113	2,493,076
Total U.S. Department of Labor				3,554,495	2,997,749
U.S. Department of Health and Human Services					
Passed Through Texas Workforce Commission					
Child Care Development Fund Cluster:					
Child Care Management Service	10/01/23-12/31/24	93.575	2724 CCF 001	713,628	669,093
Child Care Management Service	08/31/24-12/31/25	93.575	2725 CCF 001	6,877,424	6,273,808
Child Care Management Service	08/31/25-12/31/26	93.575	2726 CCF 001	353,294	353,294
Child Care Quality Improvement	05/31/23-10/31/24	93.575	2724 CCQ 001	104,493	-
Child Care Quality Improvement	10/01/24-10/31/25	93.575	2725 CCQ 001	436,825	-
Child Care Quality Improvement	10/01/24-10/31/25	93.575	2725 CQF 001	160,568	-
Child Care Local Math	10/01/23 - 12/31/24	93.596	2724 CCM 001	709,873	513,505
Child Care Local Math	10/01/24-12/31/25	93.596	2725 CCM 001	111,462	109,974
Child Care Management Service	08/31/24-12/31/25	93.596	2725 CCF 001	1,678,919	1,678,919
Total Child Care Development Fund Cluster				11,146,486	9,598,593
TANF Cluster:					
Temporary Assistance for Needy Families	10/01/23 - 10/31/24	93.558	2724 TAF 001	68,389	62,193
Temporary Assistance for Needy Families	10/01/24 - 10/31/25	93.558	2725 TAF 001	612,370	408,889
Child Care Management Service	08/31/24-12/31/25	93.667	2725 CCF 001	16,720	16,720
WIOA - Board Service Award - Service to Employees	01/01/24-12/31/24	93.558	2724 BSA 001	6,000	-
WIOA - Board Service Award Service Vocational Rehabilitation	01/01/24-12/31/24	93.558	2724 BSA 001	6,000	6,000
Wagner-Peyser - Employment Services	10/01/23-02/28/25	93.558	2724 WPA 001	2,601	2,601
Wagner-Peyser - Employment Services	03/01/25-12/31/25	93.558	2725 WPA 001	1,159	1,159
Workforce Commission Incentive	10/01/24-09/30/25	93.558	2725 WCI 001	32,594	32,594
Total TANF Cluster				745,833	530,156
Total U.S. Department of Health and Human Services				11,892,319	10,128,749
Texas Veterans Commission					
Passed Through Texas Workforce Commission					
Veterans Services - DVOP/LVER	10/01/24 -9/30/25	17.801	2725 TVC 001	13,000	2,030
Total Veterans Commission				13,000	2,030
Total Expenditures of Federal Awards				$ 15,459,815	$ 13,128,527

The notes to the Schedule of Expenditures of Federal and State Awards
form an integral part of this schedule.

Schedule of Expenditures of State Awards

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For The Year Ended September 30, 2025

Source and Program Type	Pass-Thru Grantor's Number	Program Expenditures	Passed Through to Subrecipient
Texas Workforce Commission			
Supplemental Nutrition Assistance Program			
Employment & Training	2725 SNE 001	$ 29,172	$ 29,172
		29,172	29,172
Texas Workforce Commission			
Temporary Assistance for Needy Families	2725 TAF 001	94,729	94,729
		94,729	94,729
Texas Workforce Commission			
Child Care Management Service	2725 CCF 001	857,855	857,855
Child Care Management Service-PRS	2725 CCP 001	292,631	280,525
Child Care Management Service-PRS	2726 CCP 001	41,748	41,748
		1,192,234	1,180,128
Total Expenditures of State Awards		$ 1,316,135	$ 1,304,029

The notes to the Schedule of Expenditures of Federal and State Awards
form an integral part of this schedule.

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
Uvalde, Texas

NOTES ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For The Year Ended September 30, 2025

1. The Board utilizes special revenue funds to account for its federal and state awards.

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

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources focus. All federal and state grant funds were accounted for in the Special Revenue Funds, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are 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 position.

   The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

   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 deferred revenues until earned.

3. Subrecipients grants are passed through to the Middle Rio Grande Development Council (fiscal agent).

4. The Board did not elect to use the 15% de minimis indirect cost rate provided by the Uniform Guidance.

5. Reconciliation of the total expenditures of federal and state awards to total federal and state grant expenditures reported in the Statement of Revenues, Expenditures and Changes in Fund Balance:

Expenditures reported on the Schedule of Expenditures of Federal awards	$	15,459,815
Expenditures reported on the Schedule of Expenditures of State awards		1,316,135
	$	16,775,949
Interagency Cooperation Contract Expenditures are as follows:		
Summer Earn & Learn Program	$	23,177
Student Hireability Navigator		97,253
Infrastructure Support Services		83,036
Total TWC and Other Grant Expenditures	$	16,979,415

WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
PO Box 760 ~ 216 W Main ~ Uvalde ~ Texas ~ 78802 ~ 830-591-0141 ~ 830-591-0004 fax
A proud partner of the AmericanJobCenter network

Board of Directors
Executive Committee

Juan Martinez
Chairperson
Private Sector

Juan Carlos Vasquez
Vice Chairperson
Private Sector

Laura Lopez
Secretary
Private Sector

Myrta Garcia
Treasurer
CBO

Rodrigo Jaime
Parliamentarian
Private Sector

Rosie Lozano
Executive Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2025

There were no prior year findings reported.

Workforce Solutions Middle Rio Grande is an equal opportunity Employer / Program. Auxiliary aids and services are available upon request to individuals with disabilities. TTY/TDD via Relay Texas: 711/TDD: 1-800-735-2989 / Voice: 1-800-735-2988

Financial & Data Analyst Monitoring Report
April – May 2026

Disbursements
Date of Scope: April 2026 – May 2026
Same Size: 75 files
Error Rate: 8%

Review the MRGDC Workforce, Child Care, and MRGDC pool funds. 5 disbursements that were allocated to the 8700 pool were not approved by the Board, and one employee was charged to one grant to attend our internal report meeting. Question why the AT&T Mobility invoice is being paid out with an MRGDC check.

Staff Payroll
Date of Scope: April 2026 – May 2026
Sample Size: 9 staff payrolls
Error Rate: 0%

Reviewed the MRGDC staff payrolls, including W-4s, I-9s, timesheets, PAFs, and MIP distribution reports.

Procurement
No Formal Procurement for the months sampled by MRGDC or WFB

Client Payroll
Date of Scope: April 2026 – May 2026
Sample Size: 8 client payrolls
Error Rate: 2%

Reviewed client payroll, including Limited Internship and Work Experience.

Allocations
Date of Scope: April 2026 – May 2026
Sample Size: 2 Allocations
Error Rate: 0%

Reviewed Regional Overhead Pool for MRGDC and WF Admin Pool for Workforce Board. Files, including Pre-Allocation statements of revenues and expenditures, the Allocation Module, and Allocation reports, were complete. The allocations were tested against the cash disbursements of the two months of the sample.

Physical Inventory
Select one staff member who was sampled in Fiscal in the Uvalde Workforce Center

The Staff Member did not have an inventory sheet because they were onboarded after last year's physical inventory. The Fiscal Entity does not have inventory software in place.

You have 10 days to respond to any questions about the monitoring summary provided.

TEXAS WORKFORCE COMMISSION (TWC)
GRANT AWARD AGREEMENT
AMENDMENT NUMBER 002

TWC Contract Number	2726REA001
ABA Contract Number	2725ABA001
Grant Program Title	REEMPLOYMENT SERVICES AND ELIGIBILITY ASSESSMENT

Grantee's Information

Workforce Solutions Middle Rio Grande Board

Remarks

This Grant Award Amendment is contingent on the Board's and its Fiscal Agent's (if applicable) acceptance of and compliance with the terms and conditions of this Notice of Grant Award Amendment and any referenced attachments.

Amendment Detail

Effective Date

This Grant Award Amendment shall be effective on **July 6, 2026,** or on the date the Grant Award Amendment is signed by all Parties, whichever occurs last.

Grant Period

The Grant Period is amended as follows:

Current End Date: September 30, 2026

Amended End Date: **December 31, 2026**

If blank, there are no changes to this section.

Terms and Conditions

The Terms and Conditions are amended as follows:

If blank, there are no changes to this section.

Attachment A: Statement of Work - Project Requirements

Attachment A: Statement of Work - Project Requirements are amended as follows:

If blank, there are no changes to this section.

Attachment B: Statement of Work - Financial Requirements
Attachment B: Statement of Work - Financial Requirements are amended as follows: 1. Revise Attachment B, Section 1.7, changes are in bold If blank, there are no changes to this section.
Grant Award Amount
Grant Award Amount amended as follows: 1. Increase the Grant Award amount by $215,883.00. 2. Approved by the Commission on June 09, 2026. If blank, there are no changes to this section. **Total Amended Grant Award Amount: $505,919.00**
Attachment D: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards amended as follows: 1. Revised Attachment D, attached. If blank, there are no changes to this section.
Changes to Other than the Listed Amendment Details Categories
Other: If blank, there are no changes to this section.

Signature Authority	
The person signing this Grant Award Amendment on behalf of the Agency, the Board, and the Board's Fiscal Agent (if applicable) hereby warrants that he or she has been fully authorized to: • execute this Grant Award Amendment on behalf of TWC or Board's organization, and • validly and legally bind the organization to all the terms, performances, and provisions of this Grant Award Amendment.	
Amendment Approval	**Texas Workforce Commission** Mary H York Division Director, Workforce Development Date: 07/16/2026
Award Acceptance	**Workforce Solutions Middle Rio Grande Board** Juan Martinez Board Chair Date: 07/23/2026 **Fiscal Agent: Middle Rio Grande Development Council** Michelle Garcia Executive Director Date: 07/23/2026

Docusign Envelope ID: 47AAE617-FA81-876B-81A3-605010B5A58D

TEXAS WORKFORCE COMMISSION (TWC)
GRANT AWARD AGREEMENT
AMENDMENT NUMBER 002

TWC Contract Number	**2726WPA001**
ABA Contract Number	**2725ABA001**
Grant Program Title	**WAGNER-PEYSER EMPLOYMENT SERVICES**

Grantee's Information

Workforce Solutions Middle Rio Grande Board

Remarks

This Grant Award Amendment is contingent on the Board's and its Fiscal Agent's (if applicable) acceptance of and compliance with the terms and conditions of this Notice of Grant Award Amendment and any referenced attachments.

Amendment Detail

Effective Date

This Grant Award Amendment shall be effective on **July 15, 2026,** or on the date the Grant Award Amendment is signed by all Parties, whichever occurs last.

Grant Period

The Grant Period is amended as follows:

Current End Date:

Amended End Date:

If blank, there are no changes to this section.

Terms and Conditions

The Terms and Conditions are amended as follows:

1. Revised General Terms and Conditions, attached.

If blank, there are no changes to this section.

Attachment A: Statement of Work - Project Requirements

Attachment A: Statement of Work - Project Requirements are amended as follows:

If blank, there are no changes to this section.

Attachment B: Statement of Work - Financial Requirements
Attachment B: Statement of Work - Financial Requirements are amended as follows: If blank, there are no changes to this section.
Grant Award Amount
Grant Award Amount amended as follows: 1. Increase the Grant Award amount by $12,914.00. If blank, there are no changes to this section. **Total Amended Grant Award Amount: $21,467.00**
Attachment D: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards amended as follows: 1. Revised Attachment D, attached. If blank, there are no changes to this section.
Changes to Other than the Listed Amendment Details Categories
Other: If blank, there are no changes to this section.

Signature Authority	
The person signing this Grant Award Amendment on behalf of the Agency, the Board, and the Board's Fiscal Agent (if applicable) hereby warrants that he or she has been fully authorized to: • execute this Grant Award Amendment on behalf of TWC or Board's organization, and • validly and legally bind the organization to all the terms, performances, and provisions of this Grant Award Amendment.	
Amendment Approval	**Texas Workforce Commission** Mary H York Division Director, Workforce Development Date: 07/31/2026
Award Acceptance	**Workforce Solutions Middle Rio Grande Board** Juan Martinez Board Chair Date: 08/01/2026 **Fiscal Agent: Middle Rio Grande Development Council** Michelle Garcia Executive Director Date: 08/02/2026

TEXAS WORKFORCE COMMISSION (TWC)
GRANT AWARD AGREEMENT

Board Name	Workforce Solutions Middle Rio Grande Board
ABA Number	2725ABA001

This Grant Award Agreement encompasses the following four (4) Grant Awards:

Grant Program Title	WORKFORCE INNOVATION AND OPPORTUNITY ACT - ADULT
TWC Award Number	2726WOA001
Award Amount	$695,497.00
Award Period	July 1, 2026, to June 30, 2028
Performance Period	July 1, 2026, to June 30, 2028
Budget Period (PY25)	July 1, 2026, to June 30, 2028
Budget Period (FY26)	October 1, 2026, to June 30, 2028
Grant Program Title	WORKFORCE INNOVATION AND OPPORTUNITY ACT - DISLOCATED WORKER
TWC Award Number	2726WOD001
Award Amount	$478,125.00
Award Period	July 1, 2026, to June 30, 2028
Performance Period	July 1, 2026, to June 30, 2028
Budget Period (PY25)	July 1, 2026, to June 30, 2028
Budget Period (FY26)	October 1, 2026, to June 30, 2028
Grant Program Title	WORKFORCE INNOVATION AND OPPORTUNITY ACT - YOUTH
TWC Award Number	2726WOY001
Award Amount	$755,555.00
Award Period	July 1, 2026, to June 30, 2028
Performance Period	July 1, 2026, to June 30, 2028
Budget Period	July 1, 2026, to June 30, 2028
Grant Program Title	WORKFORCE INNOVATION AND OPPORTUNITY ACT - RAPID RESPONSE
TWC Award Number	2726WOR001
Award Amount	$13,879.00
Award Period	July 1, 2026, to June 30, 2027
Performance Period	July 1, 2026, to June 30, 2027
Budget Period	July 1, 2026, to June 30, 2027

Signature Authority	
The person signing this Grant Award Agreement on behalf of TWC, the Grantee and the Grantee's Fiscal Agent (if applicable) hereby warrants that he or she has been fully authorized to: • execute this Grant Award Agreement on behalf of TWC or Grantee's organization, and • validly and legally bind the organization to all the terms, performances, and provisions of this Grant Award Agreement.	
Agency Approval	**Texas Workforce Commission** Mary H York Division Director, Workforce Development Date: 06/12/2026
Award Acceptance	**Workforce Solutions Middle Rio Grande Board** Laura Lopez Board Chair Date: 06/16/2026 **Fiscal Agent: Middle Rio Grande Development Council** Michelle Garcia Executive Director Date: 06/17/2026

Workforce Solution Middle Rio Grand Board
Revenue vs Expenditures as June 2026

			WFB	MRGDC	Target	% of Progress
WIOA - Adult 07/01/24-06/30/26	Budget	$878,332	$ 87,833	$ 790,499	100%	100%
	Expenses		$ 87,833	$ 790,499		
	Balance		$ -	$ -		
WIOA - Adult 07/01/25-06/30/27	Budget	$758,215	$ 75,822	$ 682,392	50%	86%
	Expenses		$ 7,513	$ 645,092		
	Balance		$ 68,309	$ 37,300		
WIOA -Dislocated 07/01/24-06/30/26	Budget	$486,423	$ 48,642	$ 437,781	100%	100%
	Expenses		$ 48,642	$ 437,781		
	Balance		$ -	$ -		
WIOA - Dislocated 07/01/25-06/30/27	Budget	$410,173	$ 41,017	$ 369,156	50%	97%
	Expenses		$ 29,242	$ 369,156		
	Balance		$ 11,775	$ -		
WIOA - Youth 07/01/24-06/30/26	Budget	$943,981	$ 94,398	$ 849,583	100%	100%
	Expenses		$ 94,398	$ 849,583		
	Balance		$ -	$ -		
WIOA - Youth 07/01/25-06/30/27	Budget	$809,191	$ 80,919	$ 728,272	50%	84%
	Expenses		$ 9,665	$ 667,258		
	Balance		$ 71,254	$ 61,014		
CCF-Childcare 08/31/25-12/31/25	Budget	$10,542,994	$ 563,568	$ 9,979,426	100%	98%
	Expenses		$ 517,999	$ 9,841,981		
	Balance		$ 45,569	$ 137,445		
CCF-Childcare 08/31/25-12/31/26	Budget	$11,055,384	$ 552,769	$ 10,502,615	63%	65%
	Expenses		$ 393,024	$ 6,763,208		
	Balance		$ 159,745	$ 3,739,407		
CCM-Childcare Local Match 10/01/25-12/31/26	Budget	$690,904	$ -	$ 690,904	60%	18%
	Expenses		$ -	$ 124,289		
	Balance		$ -	$ 566,615		
CCP-Childcare PRS 09/01/24-12/31/25	Budget	$309,609	$ 15,600	$ 315,400	63%	69%
	Expenses		$ 12,619	$ 216,635		
	Balance		$ 2,981	$ 98,765		
CCQ-Childcare Quality 10/01/25-10/31/26	Budget	$536,777	$ 536,777	$ -	69%	30%
	Expenses		$ 160,554	$ -		
	Balance		$ 376,223	$ -		
CCQF-Childcare Quality 10/01/25-10/31/26	Budget	$298,850	$ 298,850	$ -	69%	40%
	Expenses		$ 117,447	$ -		
	Balance		$ 181,403	$ -		
RESEA-Reemploy SVS 10/01/25-09/30/26	Budget	$207,536	$ 29,004	$ 261,032	75%	71%

	Expenses			$	21,490		$	183,077			
	Balance			$	7,514		$	77,955			
TRA- Traded Act Svs 10/01/25-9/30/26	Budget	$0		$	-		$	-		75%	0%
	Expenses			$	-		$	-			
	Balance			$	-		$	-			
SNE-SNAP 10/01/25-09/30/26	Budget	$135,684		$	13,568		$	122,116		75%	47%
	Expenses			$	10,354		$	52,764			
	Balance			$	3,214		$	69,352			
TAF- TANF Choices 08/31/24-10/31/25	Budget	$783,754		$	243,375		$	540,379		69%	74%
	Expenses			$	198,728		$	381,564			
	Balance			$	44,647		$	158,815			
TVC - TX Vets Comm 10/01/25-09/30/26	Budget	$13,000		$	1,500		$	13,500		75%	61%
	Expenses			$	1,483		$	7,705			
	Balance			$	17		$	5,795			
WCI - WF Comm Initiat 10/01/25-09/30/26	Budget	$41,044		$	-		$	41,044		75%	94%
	Expenses			$	-		$	38,697			
	Balance			$	-		$	2,347			
WOO- Add'l Program 10/01/25-09/30/26	Budget	$20,023		$	2,002		$	18,021		75%	13%
	Expenses			$	-		$	2,562			
	Balance			$	2,002		$	15,459			
WPA-WP Empl Svs 10/01/25-12/31/26	Budget	$7,994		$	855		$	7,698		60%	81%
	Expenses			$	799		$	6,129			
	Balance			$	56		$	1,569			
WIOA-Rapid Response 07/01/25-6/30/26	Budget	$14,173					$	14,173		100%	100%
	Expenses						$	14,173			
	Balance			$	-		$	-			
Student Hireablility Nav 09/01/23-08/31/27	Budget	$452,000		$	452,000		$	-		69%	54%
	Expenses			$	243,294		$	-			
	Balance			$	208,706		$	-			
Infrastructure Support 09/01/25-10/31/26	Budget	$132,727		$	-		$	132,727		72%	42%
	Expenses			$	-		$	55,963			
	Balance			$	-		$	76,764			
SEAL-Summer & Learn Program	Budget	$889,921					$	889,921		100%	42%
	Expenses			$	-		$	371,037			
	Balance			$	-		$	518,884			

Workforce Solutions Middle Rio Grande Board

Child Care Committee

Action Item

Date of Board Meeting: August 13, 2026

Child Care Quality Expenses

PURPOSE:
Child Care Quality expenditures in the estimated amount of $211,000.

DISCUSSION:
As outlined in the Texas Workforce Commission (TWC) Quality Plan, the following expenditures are planned to support and enhance the quality of early learning programs in the region:

- $25,000 Infant & Toddler classroom equipment and materials.
- $ 6,000 Mental Health Support for early learning educators
- $75,000 Professional Development
- $75,000 Equipment and materials for pre-school and afternoon
- $30,000 Literacy Kit

Implementation of the Quality Plan expenditures began in the second quarter and will continue through the fourth quarter.

ACTION:

Recommendation: Recommend approval of Child Care Quality expenditures.

WORKFORCE SOLUTIONS
MIDDLE RIO GRANDE

A proud partner of the AmericanJobCenter network

POLICY LETTER

ID NO: CC25CHG1 **DATE ISSUED:** 08/13/2026

TO: **Workforce Solutions Middle Rio Grande**

FROM: **Rosie Lozano, Executive Director**

SUBJECT: Early Learning Staff Retention Bonus Policy

PURPOSE:

This policy establishes a retention bonus program designed to reward and retain qualified early learning staff. The program recognizes the importance of consistent, high-quality care and incentivizes staff to remain employed within early learning programs, thereby supporting improved Texas Rising Star (TRS) quality ratings.

POLICY:

- **Eligibility**
  - Staff must be employed by an early learning program that participates in the TRS system.
  - Staff must have maintained continuous employment with the same program for a minimum of 6 months to qualify for a bonus.
  - Staff must be in good standing with no serious disciplinary actions during the qualifying period.

- **Bonus Amounts**

Retention bonuses will be awarded based on the early learning program's current TRS star level.

- **Payment Schedule**
  - Bonuses will be paid annually based on eligibility verification.
  - Payment will be made directly to the qualifying staff member via the standard payroll or check disbursement process.

- **Funding and Availability**
  - Bonuses are contingent on available funding and may be adjusted based on budgetary considerations or changes to TRS program guidelines.

- **Program Review**
  - The Board will review this policy annually to assess its effectiveness in improving staff retention and TRS quality ratings.

EFFECTIVE DATE: August 14, 2025
August 1, 2026

RECISSIONS:
None

INQUIRIES: If you have questions regarding this policy, please contact marisa.cervantes1@wfsmrg.org.

BCY 26 Child Care Performance Measure:

Performance – June 2026

Timeframe	# of Units	BCY26 Target	% Attainment	Status
YTD Average Kids Per Day (10/1/2025 – 09/30/2026)	1444	1386	104.18%	Meeting

This information is from TX3C loaded on 07/12/2026. This is the most accurate and complete data available at the time data was obtained but, due to billing updates, it may not match data prior or subsequent requests.

Expenditures by County	Month: June - August
Dimmit	$ 71,457.06
Maverick	$ 714,237.83
Uvalde	$ 186,922.98
Val Verde	$ 628,004.07
Zavala	$ 159,032.74
Edwards	$
Kinney	$
LaSalle	$
Real	$

Programs by County	Providers	TRS
Dimmit	3	1
LaSalle	1	1
Maverick	15	12
Real	0	0
Uvalde	6	6
Val Verde	14	10
Zavala	4	3
Edwards	0	0
Kinney	0	0

Over the past two months, WFSMRG mentors have worked closely with early learning programs to prepare them for upcoming Texas Rising Star (TRS) assessments, reassessments, and annual monitoring visits. Through individualized coaching, technical assistance, and ongoing support, mentors have helped programs strengthen instructional practices, enhance program quality, maintain compliance with TRS standards, and ensure readiness for the assessment process. These efforts continue to support providers in delivering high-quality early childhood education services to children and families across the region.

The Child Care Advisory Committee met for its quarterly meeting on **July 14, 2026**, to discuss ongoing Child Care Quality initiatives and upcoming activities. Key topics included:

- **Child Development Associate (CDA) Program:** Reviewed upcoming CDA courses, enrollment timelines, completion requirements, and participant incentives.
- **Early Learning Materials:** Discussed the purchase of educational materials and classroom resources for child care centers to support Texas Rising Star (TRS) assessments, reassessments, and annual monitoring.
- **Afterschool Curriculum:** Discussed the purchase of curriculum materials to enhance the quality of afterschool programming.
- **Professional Development:** Discussed upcoming training opportunities for early childhood professionals, with an emphasis on accessibility and alignment with Texas Rising Star standards.
- **FY 2027 Child Care Quality Initiatives:** Reviewed and discussed proposed Child Care Quality initiatives and priorities for the upcoming program year.

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

August 13, 2026

Action Item

Workforce Programs Board Monitoring Report for SNAP

PURPOSE

Provide an update on all Workforce Programs Monitoring and Oversight.

DISCUSSION

The following is the report for February and March 2026 SNAP Monitoring:

SNAP Performance Review Summary					
Date of Scope:	**February and March 2026**				
Attribute	**Total # of files reviewed**				**10**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Establish initial monthly eligibility in timely manner and uploaded in WIT	0.00%	10	0	0	10
Outreach done timely and letter contains all pertinent information.	0.00%	4	0	6	4
Assessment	Error Rate	Yes	No	N/A	Total Y+N
Initial and reassessment documented in case notes	0.00%	8	0	2	8
Rights to Appeal and Orientation to compliant forms that are current and uploaded in WIT	25.00%	3	1	6	4
Was follow-up done while Good Caused? Was it documented on case notes	0.00%	0	0	10	0
Support Services	Error Rate	Yes	No	N/A	Total Y+N
Support services/incentives documented in case notes with documentation uploaded in WIT	0.00%	2	0	8	2
WIT Data Entry	Error Rate	Yes	No	N/A	Total Y+N
Case notes are entered timely, detailed and updated relecting 2 way communication	0.00%	10	0	0	10
Date of Non compliance is correct and documented in case notes	0.00%	5	0	5	5

Was 1822 documented correctly and indicating 1822 being sent timely	0.00%	4	0	6	4
Good cause or sanction determination correctly documented in case notes with all information	0.00%	5	0	5	5
Was 1817 documented correctly and reason for reconsideration documented in case notes	0.00%	2	0	8	2
Was reconsideration for Good Cause after penalty (1816) entered and documented in case notes correctly	0.00%	0	0	10	0
Did application remain open while Good Caused (Reconsideration)	0.00%	0	0	10	0
Was application closed correctly	0.00%	7	0	3	7
Non Compliance	Error Rate	Yes	No	N/A	Total Y+N
Penalty Initiated Appropriately entered correctly in WIT	0.00%	5	0	5	5
Initiation of penalty done timely	0.00%	5	0	5	5
Employment Plan	Error Rate	Yes	No	N/A	Total Y+N
Employment Plan is complete with signature, allowable activity, correct/detailed required hrs of participation and when doc is due	0.00%	10	0	0	10
ABAWD enrolled in 4 weeks of Job Search	0.00%	10	0	0	10
Notification	Error Rate	Yes	No	N/A	Total Y+N
Work Requirement Verification For H1822 submitted timely or at all? (ABAWDS Only)	0.00%	4	0	6	4
Form H1817-Reconsideration Request recorded in WIT Good Cause ribbon	0.00%	2	0	8	2
Form H1816 Non Compliance due to Good Cause uploaded to WIT and recorded in WIT ribbon	0.00%	0	0	10	0
Participation	Error Rate	Yes	No	N/A	Total Y+N
Provisions of SNAP Activities being followed?	0.00%	9	0	1	9
SNAP Activities are supported with acceptable documentation	0.00%	6	0	4	6
Participation hours in WIT are supported and documented in case file	0.00%	6	0	4	6

Findings

Assessment

Right to Appeal form was not uploaded into WIT

B-106.b: Employment Planning Meeting-overview of SNAP E&T Service Requirements-during the employment planning meeting, the SNAP recipient is provided with an overview of SNAP E&T, which may include: An explanation of the appeals process and the SNAP recipient's right to appeal, and materials and handouts with information the right to appeal and where to file an appeal.

Corrective Action:

Assessment is a repetitive finding: The Board staff will present to the Board of Directors a recommendation that the contractor be put on a probationary period, with conditions to be set by the Board of Directors. Assessment is a five-time finding.

Board Recommendation

Documentation of Corrective Action needs to be provided to the Board 10 days after the Board meeting. Assessment is an area that is most in need of re-training for staff.

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

Action Item

August 13, 2026

Workforce Programs Board WIOA Monitoring Reports

PURPOSE

Provide an update on all Workforce Programs Monitoring and Oversight.

DISCUSSION

The following is the WIOA February and March 2026 Monitoring report:

WIOA Performance Review Summary					
Date of Scope:	**February and March 2026**				
Attribute	**Total # of files reviewed**				**21**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Client Eligible for WIOA (tested as a single element with income, barriers, lay off notice, etc.)	0.00%	21	0	0	21
Verification of Age, Residency, Social Security number uploaded in WIT	0.00%	21	0	0	21
Authorization to work in US uploaded in WIT	0.00%	21	0	0	21
Selective Services (male born after 1/1/60) and uploaded in WIT	0.00%	17	0	4	17
Assessment	Error Rate	Yes	No	N/A	Total Y+N
Assessment/reassessment documented in case notes including TABE, WIT, 205 Employability Development Plan and 203 Comprehensive Objective Assessment is done or for youths 412 Comprehensive Objective Assessment and 413 Individual Service Strategies.	0.00%	21	0	0	21
Notification of Equal Opportunity and Rights to Appeal signed and dated uploaded in WIT. Does EO form have the EO officer's identity and accurate information?	0.00%	21	0	0	21
Support Services	Error Rate	Yes	No	N/A	Total Y+N
Support Services requested/updated documented & reconciled correctly and entered	0.00%	1	0	20	1

in WIT, transportation, child care, post employment services, incentives, etc.					
WIT Data Entry	Error Rate	Yes	No	N/A	Total Y+N
Cnotes are detailed and updated and reflect 2 way communication and are entered within 7 days	9.52%	19	2	0	21
Employment Plan	Error Rate	Yes	No	N/A	Total Y+N
Employment Plan is signed and up to date with activities/services that client is enrolled in	0.00%	21	0	0	21
Financial	Error Rate	Yes	No	N/A	Total Y+N
ITA added in Activity tab, PO and LON information both uploaded in WIT	12.50%	7	1	13	8
Internship or Employment Experience Agreement and WorkStation form uploaded in WIT	0.00%	12	0	9	12
Participation	Error Rate	Yes	No	N/A	Total Y+N
Time and attendance sheet completed correctly and uploaded in WIT/Date of Participation entered in WIT	10.00%	9	1	11	10
Performance outcome is documented in WIT correctly with proper back up documentation	0.00%	1	0	20	1
Employment outcome is documented in WIT correctly with proper back up documentation uploaded in WIT	0.00%	3	0	18	3

Findings

Data Entry: Over 30 days of 2-way contact, No 2 way contact for February and March

WD Letter 6-13, Change 2-Boards must ensure that Workforce Solutions Office staff is in direct, two-way contact with each participant on at least a monthly basis. For this purpose, the following applies: Monthly means during each calendar month, with no more than approximately 30 days between contact. Direct, two-way contact requires communication between the parties involved through methods such as in-person, videoconferencing, email, text, or phone call. This may require a participant to provide documentation or other evidence of participation beyond verbal acknowledgement.

Financial: LON is not uploaded into WIT

Eligibility for Training Services-WIOA funding for training is limited to participants who: are unable to obtain grant assistance from other sources to pay training costs; or require assistance beyond that available under grant assistance from other sources to pay training costs and related support services. Boards must ensure that WIOA funds are not used to pay training cost: for any portion or term of training for which the participant has signed a loan as part of financial aid;

Participation:

Time and attendance not uploaded. *Individualized Career Services-An assessment is the first service provided as the information that is collected through the process is used to develop an individual employment plan which describes employment goals, appropriate achievement objectives, and the combination of services in which the individual must complete to achieve goals.*

WD 2-23, Change 2 Adoption of a Universal Employment Plan-update-Boards must ensure that Workforce Solutions Office staff manually enters the Individual Employment Plan (IEP/EDP) activity code in WorkInTexas.com IEP/ISS.

Corrective Action:

Financial is a repetitive finding: The Board staff will present to the Board of Directors a recommendation that the Contractor be put on a probationary period, with conditions to be set by the Board of Directors. Financial is a six-time finding.

Board Recommendation:

Documentation needs to be provided to the Board 10 days after Board meeting. The Contractor will need to notify the Board on training that will be conducted to over area of finding (Financial).

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

August 13, 2026

Action Item

Workforce Programs Board Monitoring Report for SNAP

PURPOSE

Provide an update on all Workforce Programs Monitoring and Oversight.

DISCUSSION

The following is the report for April and May 2026 SNAP Monitoring:

SNAP Performance Review Summary					
Date of Scope:	**April and May 2026**				
Attribute	**Total # of files reviewed**				**12**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Establish initial monthly eligibility in timely manner and uploaded in WIT	0.00%	12	0	0	12
Outreach done timely and letter contains all pertinent information.	0.00%	12	0	0	12
Assessment	Error Rate	Yes	No	N/A	Total Y+N
Initial and reassessment documented in case notes	0.00%	12	0	0	12
Rights to Appeal and Orientation to compliant forms that are current and uploaded in WIT	0.00%	12	0	0	12
Was follow-up done while Good Caused? Was it documented on case notes	0.00%	1	0	11	1
Support Services	Error Rate	Yes	No	N/A	Total Y+N
Support services/incentives documented in case notes with documentation uploaded in WIT	0.00%	3	0	9	3
WIT Data Entry	Error Rate	Yes	No	N/A	Total Y+N
Case notes are entered timely, detailed and updated reflecting 2-way communication	0.00%	12	0	0	12
Date of Non compliance is correct and documented in case notes	0.00%	5	0	7	5
Was 1822 documented correctly and indicating 1822 being sent timely	0.00%	9	0	3	9
Good cause or sanction determination correctly documented in case notes with all information	0.00%	6	0	6	6
Was 1817 documented correctly and reason for reconsideration documented in case notes	0.00%	4	0	8	4

Was reconsideration for Good Cause after penalty (1816) entered and documented in case notes correctly	0.00%	3	0	9	3
Did application remain open while Good Caused (Reconsideration)	0.00%	0	0	12	0
Was application closed correctly	0.00%	8	0	4	8
Non Compliance	Error Rate	Yes	No	N/A	Total Y+N
Penalty Initiated Appropriately entered correctly in WIT	0.00%	5	0	7	5
Initiation of penalty done timely	0.00%	5	0	7	5
Employment Plan	Error Rate	Yes	No	N/A	Total Y+N
Employment Plan is complete with signature, allowable activity, correct/detailed required hours of participation and when doc is due	0.00%	12	0	0	12
ABAWD enrolled in 4 weeks of Job Search	0.00%	9	0	3	9
Notification	Error Rate	Yes	No	N/A	Total Y+N
Work Requirement Verification For H1822 submitted timely or at all? (ABAWDS Only)	0.00%	9	0	3	9
Form H1817-Reconsideration Request recorded in WIT Good Cause ribbon	0.00%	4	0	8	4
Form H1816 Non Compliance due to Good Cause uploaded to WIT and recorded in WIT ribbon	25.00%	3	1	8	4
Participation	Error Rate	Yes	No	N/A	Total Y+N
Provisions of SNAP Activities being followed?	0.00%	12	0	0	12
SNAP Activities are supported with acceptable documentation	0.00%	10	0	2	10
Participation hours in WIT are supported and documented in case file	0.00%	10	0	2	10

Findings

Notification: H1816 should have been sent to HHSC and uploaded into WIT

A-302: Reasons for Good Cause-Good Cause includes, but is not limited to, the following reasons: A work schedule conflict. Workforce Solutions staff also must complete the SNAP E&T Noncompliance Report (Form 1816), fax it to HHSC.

Corrective Action:

Notification is a first time finding: Mandatory one on one training by the Contractor with case manager. Documentation must be submitted to the Board with agenda, sign-in and date of training.

Board Recommendation

Documentation of Corrective Action needs to be provided to the Board 10 days after the Board meeting. **Notification** is an area that is most in need of re-training for staff.

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

August 13, 2026

Action Item

Workforce Programs Board Monitoring Reports for Choices

PURPOSE

Provide an update on all Workforce Programs Monitoring and Oversight.

DISCUSSION

The following is the report for April and May 2026 Monitoring:

Choices Performance Review Summary					
Date of Scope:	**April and May 2026**				
Attribute	**Total # of files reviewed**				**6**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Establish initial/monthly eligibility and is uploaded in WIT	0.00%	6	0	0	6
Outreach done timely and letter contains all pertinent information	0.00%	2	0	4	2
Assessment	Error Rate	Yes	No	N/A	Total Y+N
Initial assessment and/or reassessment documented in counselor notes including TABE uploaded in WIT	0.00%	2	0	4	2
Rights to appeal and Orientation to complaint forms that are current and up to date uploaded in WIT	0.00%	6	0	0	6
Support Services	Error Rate	Yes	No	N/A	Total Y+N
Support services/incentives documented in case and reconciled correctly with documentation entered/uploaded in WIT	0.00%	3	0	3	3
WIT Data Entry	Error Rate	Yes	No	N/A	Total Y+N
Case notes are detailed and updated and reflect 2- way communication - including documentation for all transmittals (1817, 1816, 2588)	0.00%	6	0	0	6
Is preferred method of contact documented in WIT	0.00%	5	0	1	5

Date of Noncompliance is correct and documented in case notes	0.00%	0	0	6	0
Good cause or sanction documented in case notes with all information	0.00%	2	0	4	2
Non Compliance	Error Rate	Yes	No	N/A	Total Y+N
Penalty Initiated Appropriately per instructions	0.00%	0	0	6	0
Timely and Reasonable Attempt process followed by contractor	0.00%	2	0	4	2
Penalty initiated timely or at all (before 7th day)	0.00%	0	0	6	0
Employment Plan	Error Rate	Yes	No	N/A	Total Y+N
Employment Plan consistent with Work 1st approach and has correct and detailed required hours of participation	0.00%	6	0	0	6
Family Work Requirement is signed and completed with how the required hours of participation will be distributed	0.00%	1	0	5	1
Notification	Error Rate	Yes	No	N/A	Total Y+N
Provide HHSC employment information (2583) timely	0.00%	4	0	2	4
Participation	Error Rate	Yes	No	N/A	Total Y+N
Work Activities are supported with documentation in case file	0.00%	5	0	1	5
Participation hours in WIT are supported with documentation in case file	0.00%	5	0	1	5

Findings

No findings

Corrective Action:

No corrective action is needed due to no findings for April and May 2026.

Board Recommendation:

No Board Recommendation needed due to no findings for April and May 2026.

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

Action Item

August 13, 2026

Workforce Programs Board WIOA Monitoring Reports

PURPOSE

Provide an update on all Workforce Programs Monitoring and Oversight.

DISCUSSION

The following is the WIOA April and May 2026 Monitoring report:

WIOA Performance Review Summary					
Date of Scope:	**April and May 2026**				
Attribute	**Total # of files reviewed**				**12**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Client Eligible for WIOA (tested as a single element with income, barriers, lay off notice, etc.)	0.00%	12	0	0	12
Verification of Age, Residency, Social Security number uploaded in WIT	0.00%	12	0	0	12
Authorization to work in US uploaded in WIT	0.00%	12	0	0	12
Selective Services (male born after 1/1/60) and uploaded in WIT	0.00%	8	0	4	8
Assessment	Error Rate	Yes	No	N/A	Total Y+N
Assessment/reassessment documented in case notes including TABE, WIT, 205 Employability Development Plan and 203 Comprehensive Objective Assessment is done or for youths 412 Comprehensive Objective Assessment and 413 Individual Service Strategies.	0.00%	12	0	0	12
Notification of Equal Opportunity and Rights to Appeal signed and dated uploaded in WIT. Does EO form have the EO officer's identity and accurate information?	0.00%	12	0	0	12
Support Services	Error Rate	Yes	No	N/A	Total Y+N
Support Services requested/updated documented & reconciled correctly and entered in WIT, transportation, child care, post employment services, incentives, etc.	0.00%	2	0	10	2

WIT Data Entry	Error Rate	Yes	No	N/A	Total Y+N
Cnotes are detailed and updated and reflect 2 way communication and are entered within 7 days	0.00%	12	0	0	12
Employment Plan	**Error Rate**	**Yes**	**No**	**N/A**	**Total Y+N**
Employment Plan is signed and up to date with activities/services that client is enrolled in	0.00%	12	0	0	12
Financial	**Error Rate**	**Yes**	**No**	**N/A**	**Total Y+N**
ITA added in Activity tab, PO and LON information both uploaded in WIT	0.00%	6	0	6	6
Internship or Employment Experience Agreement and WorkStation form uploaded in WIT	0.00%	6	0	6	6
Participation	**Error Rate**	**Yes**	**No**	**N/A**	**Total Y+N**
Time and attendance sheet completed correctly and uploaded in WIT/Date of Participation entered in WIT	0.00%	8	0	4	8
Performance outcome is documented in WIT correctly with proper back up documentation	0.00%	3	0	9	3
Employment outcome is documented in WIT correctly with proper back up documentation uploaded in WIT	0.00%	1	0	11	1

Findings

No findings

Corrective Action:

No corrective action is needed due to no findings for April and May 2026.

Board Recommendation:

No Board Recommendation needed due to no findings for April and May 2026.

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

August 13, 2026

Action Item

Childcare Program Board Monitoring Reports

PURPOSE

Provide an update on Childcare Program Monitoring and Oversight.

DISCUSSION

The following is the report for Childcare Monitoring for April and May 2026:

Child Care Performance Review Summary					
Scope of Review	**April and May 2026**				
Attribute	**Total # of files reviewed**				**10**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Documentation to determine residency	0.00%	8	0	2	8
Documentation to determine age and citizenship	0.00%	9	0	1	9
Client meets participation criteria (25/50) work or education	0.00%	9	0	1	9
Full, Parted, Blended care authorized on Schedule and TX Notice based on work/training status	0.00%	9	0	1	9
Proper documentation for all income sources verified calculated, recorded correctly and uploaded into KT	11.11%	8	1	1	9
Information for placement/renewal date is entered into system within the 5 days. If not reason is documented on cnotes	11.11%	8	1	1	9
Household composition documented correctly in KT	0.00%	9	0	1	9
Was the DFPS authorization for child care entered within the 3 days into KT	0.00%	1	0	9	1
Was the DFPS 1ligibility start date correct? End date?	0.00%	1	0	9	1

Was the information from the DFPS form 2054 date stamped and entered accurately into KT?	0.00%	1	0	9	1
Homeless: documentation to establish homelessness (residency information form)	100.00%	0	1	9	1
Referral/Parent Fee	Error Rate	Yes	No	N/A	Total Y+N
Was weekly parent fee assessed is correct on KT	11.11%	8	1	1	9
Subsidy Amount recorded equals amount authorized	11.11%	8	1	1	9
File Maintenance	Error Rate	Yes	No	N/A	Total Y+N
Was a Texas notice generated in KT	0.00%	10	0	0	10
Pre/Re-application in file with million $ question completed	0.00%	8	0	2	8
Parents Right to Appeal	0.00%	2	0	8	2
Orientation to Complain form	0.00%	8	0	2	8
Family notes entered in KT timely and with pertinent information (income, bonus, etc)	20.00%	8	2	0	10
Notification	Error Rate	Yes	No	N/A	Total Y+N
Notice of Action was sent to the client timely and with the correct information	0.00%	10	0	0	10
Notice of Action regarding Recertification sent timely? For Denials was Appeal sent?	0.00%	9	0	1	9

Findings

Eligibility

Application states she may be homeless but no follow up was done

D-104.d: Residency for Children experiencing homelessness- A family who is experiencing homelessness might not have a stable residence to report. Therefore, the family's primary sleeping location at time of eligibility determination should be used to determine county of residence. Homeless families have 3 months to provide documentation of eligibility, including primary night-time residence when other documentation is not available. Parents may self-attest by completing the residency information question in the TX3C-Parent Central application. As with families applying for services,

parent must be made aware that if they provide inaccurate information, it may be subject to fact-finding and potential fraud determination.

Information was not entered into KinderTrack timely

B-102: Timely Data Entry - The Board must ensure accurate and timely entry of all childcare referral, customer, provider, budget and claim information into TWC's designated IT data automation systems for childcare service delivery.

"Timely data entry" is defined as no later than five business days from the date the subcontractor

Incorrect monthly gross income calculated

D-106.a: Monthly Family Income - Boards must be aware that unless otherwise required by federal or state law, a family's monthly income for purposes of determining eligibility and the PSoC includes all income sources that are not excluded under D-106.b: Excluded Income Sources, for each family member. Boards must be aware that a family's monthly income is the gross income before adjustments are made before taxes, which may also be referred to as gross earnings or gross pay.

Referral-PSoC

Incorrect parent fee amount is calculated in KT

B-601: Requirements for Determining the Parent share of Cost-Boards must inform staff members that the PSoC is: established by the Commission using a sliding fee scale based on the family's size and gross monthly income;

Incorrect amount paid to provider

B-601: Requirements for Determining the Parent share of Cost-Boards must inform staff members that the PSoC is: established by the Commission using a sliding fee scale based on the family's size and gross monthly income;

File Maintenance

No case note as to why SSI was not used

D-106.a: Monthly Family Income - Boards must be aware that unless otherwise required by federal or state law, a family's monthly income for

purposes of determining eligibility and the PSoC includes all income sources that are not excluded under D-106.b: Excluded Income Sources, for each family member. Boards must be aware that a family's monthly income is the gross income before adjustments are made before taxes, which may also be referred to as gross earnings or gross pay.

Incorrect monthly gross income documented

D-106.a: Monthly Family Income - Boards must be aware that unless otherwise required by federal or state law, a family's monthly income for purposes of determining eligibility and the PSoC includes all income sources that are not excluded under D-106.b: Excluded Income Sources, for each family member. Boards must be aware that a family's monthly income is the gross income before adjustments are made before taxes, which may also be referred to as gross earnings or gross pay.

Corrective Action:

File Maintenance is a first-time finding-Mandatory one on one training by the Contractor with case manager. Documentation must be submitted to the Board with agenda, sign-in and date of training. **Eligibility and Referral/PSOC** are repetitive findings: The Board staff will present to the Board of Directors a recommendation that the Contractor be put on a probationary period, with conditions to be set by the Board of Directors. Eligibility and Referral/PSOC has been cited five times.

Board Recommendation

Documentation needs to be provided to the Board 10 days after the Board meeting. Contractor will need to notify the Board on training that will be conducted over areas of finding for **Eligibility and Referral/PSOC.**

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

August 13, 2026

Action Item

Workforce Programs Board Monitoring Report for RESEA

PURPOSE

Provide an update on all Workforce Programs Monitoring and Oversight.

DISCUSSION

The following is the report for April and May 2026 RESEA Monitoring:

RESEA Performance Review Summary					
Date of Scope:	**April and May 2026**				
Attribute	**Total # of files reviewed**				**15**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Did the Claimant receive an invitation letter from the Workforce with the RESEA Babel notice	0.00%	15	0	0	15
Was the claimant scheduled for RESEA one-to-one appointment no sooner than seven (7) days to allow for mailing and not later than twenty-one (21) days from the date the scheduler ran after the claimant was added to the outreach pool?	0.00%	15	0	0	15
Were all three methods of communication for outreach appointment reminder used and document in the case note?	0.00%	15	0	0	15
Did the claimant receive the following required services on the same day during the Initial RESEA appointment	9.09%	10	1	4	11
Was the UI Eligibility Review Form completed, uploaded to the customer's profile?	9.09%	10	1	4	11
Assessment	Error Rate	Yes	No	N/A	Total Y+N
Were the work search logs for the prior two weeks reviewed and uploaded to the customer's profile?	9.09%	10	1	4	11

Was the Client Labor Market Information (CLMI) form completed and uploaded to the customer's profile?	9.09%	10	1	4	11
WIT Data Entry	Error Rate	Yes	No	N/A	Total Y+N
Were all RESEA services entered into WIT within seven (7) calendar days from the scheduled RESEA initial appt. date?	0.00%	10	0	5	10
EMPLOYMENT Plan					
Does the Individual Reemployment Plan contain all the goals outlined in the guide and complete?	9.09%	10	1	4	11
NOTIFCATION					
Has the WF-42 sent in a password or encrypted protected email?	66.67%	2	4	9	6

Findings

Notification:

WF-42 was not submitted due to failing to attend job readiness classes

Reporting Unemployment Benefits Eligibility Issues-To report a potential eligibility issue, Workforce Solutions office staff: documents a claimant's failure to complete all required services the claimant failed to participate in using the Comments section of the WF-42 form.

Customer went back to work but there was no WF42 submitted by RESEA case manager.

WD Letter 13-23- Boards must be aware that if a claimant indicates that they have obtained employment before a scheduled RESEA appointment. Workforce Solutions staff members must submit a WF4-42 form to TWC that includes detailed information regarding the claimant's employment, including the following: Employment start date, Name of employer, Claimant's job title and hourly wage.

Case note did not note that WF-42 was sent password protected or encrypted

Reporting Unemployment Benefits Eligibility Issues-To report a potential eligibility issue, Workforce Solutions office staff: Saves the WF-42 form as a Word document, password protects the document, and emails it as an attachment to the local WFUI coordinator; and sends a mandatory follow up

email containing the password to open the WF-42 for to the local WFUI coordinator.

Corrective Action:

Notification is a first time finding – Mandatory one on one training by the Contractor with case manager. Documentation must be submitted to the Board with agenda, sign-in and date of training.

Board Recommendation:

Documentation of Corrective Action needs to be provided to the Board 10 days after the Board meeting. **Notification** is an area that is most in need of training for staff.

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

August 13, 2026

Action Item

Workforce Programs Board Monitoring Reports for Priority of Service

PURPOSE

Provide an update on all Workforce Programs Monitoring and Oversight.

DISCUSSION

The following is the report for April and May 2026 Monitoring:

Priority of Service					
Scope of Review	**April and May 2026**				
Attribute	**Total # of files reviewed**				**20**
Eligibility	Error Rate	Yes	No	N/A	Total Y+N
Has Customer or spouse served in the military?	0.00%	20	0	0	20
Is eligible veteran or eligible spouse receiving VA disability, Homeless or At Risk, recently separated service member unemployed for 27 weeks or more, was or is incarcerated, lacks a high school diploma or equivalent certificate and or is low income, receiving public assistance, housing, food, TANF, or other programs?	0.00%	12	0	8	20
Was an Eligibility Triage Form completed and uploaded with a case note	31.58%	13	6	1	20
Foster Youth/Former Foster Youth	Error Rate	Yes	No	N/A	Total Y+N
Is the Customer a Foster Youth	0.00%	0	0	20	20

Findings

Eligibility

No case note regarding triage form being completed

WD 06-25, Change 1: Identifying Eligible Individuals to receive services from DVOP Specialists and Consolidated DVOP/LVER staff members-Boards must ensure Workforce Solutions Office intake staff screens individuals for eligibility for DVOP and consolidated DVOP/LVER services using the DVOP Eligibility Screening Tool (Attachment 1). Boards must ensure Workforce Solutions Office intake staff uploads the completed DVOP Eligibility Screening Tool into the individual's Personal Profile in WorkInTexas.com.

No triage form was completed and a case note was not added in WIT

WD 06-25, Change 1: Identifying Eligible Individuals to receive services from DVOP Specialists and Consolidated DVOP/LVER staff members-Boards must ensure Workforce Solutions Office intake staff screens individuals for eligibility for DVOP and consolidated DVOP/LVER services using the DVOP Eligibility Screening Tool (Attachment 1). Boards must ensure Workforce Solutions Office intake staff uploads the completed DVOP Eligibility Screening Tool into the individual's Personal Profile in WorkInTexas.com.

No triage form was completed and uploaded into WIT

WD 06-25, Change 1: Identifying Eligible Individuals to receive services from DVOP Specialists and Consolidated DVOP/LVER staff members-Boards must ensure Workforce Solutions Office intake staff screens individuals for eligibility for DVOP and consolidated DVOP/LVER services using the DVOP Eligibility Screening Tool (Attachment 1). Boards must ensure Workforce Solutions Office intake staff uploads the completed DVOP Eligibility Screening Tool into the individual's Personal Profile in WorkInTexas.com.

Corrective Action:

Eligibility is a repetitive finding: Board staff will present to the Board of Directors a recommendation that the Contractor be put on a probationary period, with conditions to be set by the Board of Directors. This finding has been cited three times.

Board Recommendation:

Documentation of Corrective Action needs to be provided to the Board 10 days after the Board meeting. **Eligibility** is an area that is most in need of re-training for staff.

Workforce Solutions Middle Rio Grande Board

Monitoring & Oversight Committee

August 13, 2026

Information Item

Workforce Programs Report

PURPOSE

Provide the Board with an update of the Workforce Programs

DISCUSSION

1. The Monthly Performance Report (MPR) provides performance data which allows Boards to monitor performance targets for the contracted Program Year. Attached is the April 2026 MPR report. The MPR indicates that the following measures are not being met: Child Care Initial Job Search, Claimant Reemployment within 10 weeks, Youth Credential Rate and Youth Median Earnings Q2. This report still has suppressed data.

2. Workforce WIOA Participatory report for October 2025:

October 2025	Report Total: 96
November 2025	Report Total: 108
December 2025	Report Total: 108
January 2026	Report Total: 100
February 2026	Report Total: 102
March 2026	Report Total: 96
April 2026	Report Total: 100
May 2026	Report Total: 92

3. The Board is still working with TWC and the Contractor on the Corrective Action Plans (CAP).

4. Below is the FY2026 RESEA Performance report. The performance target is 77% which we have achieved for Quarter 1 (October – December 2025) and Quarter 2 (January - March 2026) as per TWC reports.

Middle Rio Grande Quarterly Performance BCY 2026

QUARTER1 BCY 2026 October – December 2025

LWDA Name	Office Numbers	Office Names	RESEA Profile Pool Count	Initial RESEAs Completed	Completion Rate (BC Target: 77%)
Middle Rio Grande	248	248 WF Sol MRG Uvalde	38	27	71%
Middle Rio Grande	249	249 WF Sol MRG Eagle Pass	79	61	77%
Middle Rio Grande	252	252 WF Sol MRG Carrizo Springs	5	4	80%
Middle Rio Grande	259	259 WF Sol MRG Cotulla	3	2	67%
Middle Rio Grande	275	275 WF Sol MRG Crystal City	13	10	77%
Middle Rio Grande	276	276 WF Sol MRG Del Rio	30	26	87%
Middle Rio Grande	**SubTotal**	**Subtotal**	**168**	**130**	**77%**

QUARTER2 BCY 2026 ONLY January & February 2026

LWDA Name	Office Numbers	Office Names	RESEA Profile Pool Count	Initial RESEAs Completed	Completion Rate (BC Target: 77%)
Middle Rio Grande	248	248 WF Sol MRG Uvalde	12	11	92%
Middle Rio Grande	249	249 WF Sol MRG Eagle Pass	51	43	84%
Middle Rio Grande	252	252 WF Sol MRG Carrizo Springs	5	3	60%
Middle Rio Grande	259	259 WF Sol MRG Cotulla	3	3	100%
Middle Rio Grande	275	275 WF Sol MRG Crystal City	4	4	100%
Middle Rio Grande	276	276 WF Sol MRG Del Rio	19	14	74%
Middle Rio Grande	**SubTotal**	**Subtotal**	**94**	**78**	**83%**

QUARTER3 BCY 2026

LWDA Name	Office Numbers	Office Names	RESEA Profile Pool Count	Initial RESEAs Completed	Completion Rate (BC Target: 77%)
Middle Rio Grande	248	248 WF Sol MRG Uvalde	15	11	73%
Middle Rio Grande	249	249 WF Sol MRG Eagle Pass	52	44	85%
Middle Rio Grande	252	252 WF Sol MRG Carrizo Springs	8	6	75%
Middle Rio Grande	259	259 WF Sol MRG Cotulla	2	0	0%
Middle Rio Grande	275	275 WF Sol MRG Crystal City	12	9	75%
Middle Rio Grande	276	276 WF Sol MRG Del Rio	28	20	71%
Middle Rio Grande	**SubTotal**	**Subtotal**	**117**	**90**	**77%**

VOSGreeter® - by Office

JULY 2026

Region/LWDB: Middle Rio Grande WF Board
Start Date: 07/01/2026
End Date: 07/31/2026
Report Run Time: 8/3/2026 11:26:07 AM

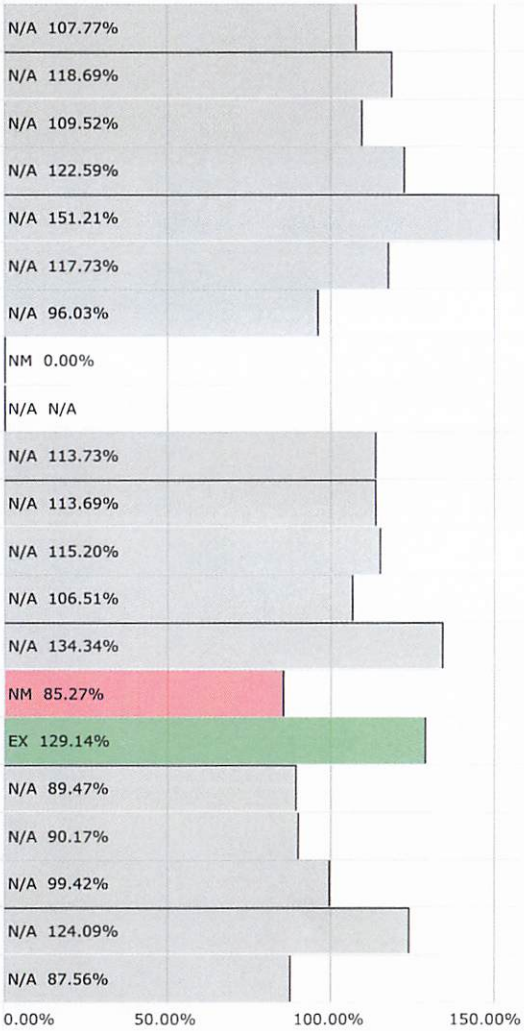
Office	Individuals	Veterans	Left Office without receiving service	Customers seen by staff
248 WF Sol MRG Uvalde	969	2	1	366
249 WF Sol MRG Eagle Pass	2,775	9	1	826
252 WF Sol MRG Carrizo Springs	627	6	1	164
259 WF Sol MRG Cotulla	160	0	3	45
275 WF Sol MRG Crystal City	217	1	0	86
276 WF Sol MRG Del Rio	754	21	1	337
Total Check-Ins:	5,502			
Total Unique Check-Ins:	2095			

This report is provided by MRGDC. TWC has not released an official VOS report due to adjustments and issues that need to be corrected. Check In do not equal customers seen.

ACTION: No action required.

Monthly Performance Report | **Official Release** | **April 2026** | **Report Type:** Board Contracted | **Area:** Board | **LWDA:** 27: Middle Rio Grande
Release Date: 07/10/2026

Measure	Numerator	Denominator	Performance	Current Target	EOY Target	% Current Target	From	To	Notes
Adult: Credential Rate	53	59	89.83%	83.35%	83.35%	107.77%	01/24	09/24	18
Adult: Employed Q2	60	63	95.24%	80.24%	80.24%	118.69%	07/24	03/25	18
Adult: Employed Q4	72	82	87.80%	80.17%	80.17%	109.52%	01/24	09/24	18
Adult: Measurable Skill Gains	39	45	86.67%	70.70%	70.70%	122.59%	07/25	04/26	18
Adult: Median Earnings Q2	N/A	60	$12,595.67	$8,330	$8,330	151.21%	07/24	03/25	18
C&T: Credential Rate	83	94	88.30%	75.00%	75.00%	117.73%	01/24	09/24	18
Child Care: Average # Children Served Per Day - Combined	202,302	152	1,331	1,386	1,386	96.03%	10/25	04/26	22
Child Care: Initial Job Search Success Rate	0	3	0.00%	56.91%	56.91%	0.00%	06/25	12/25	23
Choices/TANF: Full Engagement Rate - All-Family	N/A	N/A	N/A	50.00%	50.00%	N/A	10/25	04/26	14
DW: Credential Rate	29	30	96.67%	85.00%	85.00%	113.73%	01/24	09/24	18
DW: Employed Q2	44	47	93.62%	82.35%	82.35%	113.69%	07/24	03/25	18
DW: Employed Q4	37	38	97.37%	84.52%	84.52%	115.20%	01/24	09/24	18
DW: Measurable Skill Gains	34	42	80.95%	76.00%	76.00%	106.51%	07/25	04/26	18
DW: Median Earnings Q2	N/A	44	$13,326.59	$9,920	$9,920	134.34%	07/24	03/25	18
Reemployment: Claimant Reemployment within 10 Weeks	1,041	1,972	52.79%	61.91%	61.91%	85.27%	07/25	01/26	N/A
Reemployment: Employers Receiving Texas Talent Assistance	851	1	851	659	1,019	129.14%	10/25	04/26	N/A
Youth: Credential Rate	10	18	55.56%	62.10%	62.10%	89.47%	01/24	09/24	18
Youth: Employed/Enrolled Q2	16	22	72.73%	80.66%	80.66%	90.17%	07/24	03/25	18
Youth: Employed/Enrolled Q4	23	29	79.31%	79.77%	79.77%	99.42%	01/24	09/24	18
Youth: Measurable Skill Gains	47	58	81.03%	65.30%	65.30%	124.09%	07/25	04/26	18
Youth: Median Earnings Q2	N/A	16	$3,502.58	$4,000	$4,000	87.56%	07/24	03/25	18



14 Release of Choices visualization is pending resolution of issues in GSI's data interface with HHSC.

18 In some instances, services used to identify the Population Groups (Adult, DW, Youth) mistakenly include reportable and follow-up services and may inflate or deflate performance rate. Performance status currently suppressed.

22 Performance status currently suppressed to allow boards to adjust to new targets approved in March 2026 and to evaluate target forecasting for BCY 27.

23 Changes to coding of IJS calculation incorporated and reflected in April 2026 MPR. Please review FAQ in Technical Assistance.

STUDENT HIREABILITY NAVIGATOR BOARD REPORT: August 2026

Event	Students	Adults	County
Kinney County Public Library Remote Site Visit		3	Kinney
Trevino's Electric Employer Outreach		4	Uvalde
TWC SHN Monthly Meeting		25	All Counties
Texas Veterans Leadership Program Collaborative		3	All Counties
MET Program LMI/VR Career Exploration Presentation	24	10	Maverick
Electrician Service Employer Outreach		2	Uvalde
Employer outreach Rigos Tires, Café Suzanna, Leonard Funeral Home, Lenny's Garage and Carrizo Springs CISD		7	Dimmit
Crystal City ISD 504/Special Education Presentation		15	Zavala
WFSMRG Board, Contractor, and VR SEAL Meeting		6	All Counties
SSFCU Meeting with Regional Staff		5	Uvalde
Texas Conference for Employers We Hire Vets Recognition		67	All Counties
Region 15 Check In with CTE Specialist and Board Youth Coach		3	All Counties
KWMC Radio Communication/Connection		3	Val Verde
SEAL Meeting		8	All Counties
Belong Collaboration		3	Val Verde
Texas Judicial Juvenile Department (TJJD) Collaboration		5	Uvalde
Belong Collaborative		2	Uvalde
Sim Insights Demonstration for Possible Partnership		3	All Counties
TJJD LMI/Career Exploration	2	5	Uvalde
SWTXC Upward Bound Program LMI/Virtual Reality Career Exploration Presentation	16	3	Maverick
Belong Partnership Collaborative Planning		4	Val Verde
City of Sabinal Remote Site Visit		4	Uvalde
Utopia Memorial Library Remote Site Visit		3	Uvalde
City of Camp Wood Remote Site Visit		3	Real
Region 15 Monthly Check in with CTE Specialist and Board Youth Coach		3	All Counties
Nueces Canyon ISD Outreach		2	Real
Rocksprings ISD Outreach		2	Edwards County
Comstock ISD Outreach		2	Val Verde
Crystal City Housing Authority Outreach		2	Zavala
TWC 2026 Annual Foster Youth Conference		424	All Counties
TWC Workforce Readiness Outreach Summer Convening		34	All Counties
Coordinated TWC We Hire Vets O'Reilly's Auto Parts Recognition Celebration		7	Uvalde
Belong Headsets to Horizons Presentation		34	Val Verde
Email Distributions to ISD's on Pertinent Information		125	All Counties
OUTREACH BY COUNTY	Students	Adults	County
Val Verde		46	
Maverick	40	13	
Uvalde	2	37	
LaSalle			

Zavala		17	
Dimmit		7	
Kinney		3	
Edwards		2	
Real		5	
All Counties		701	
Addition Information:			
Collaborated with TWC to identify and nominate three employers for the We Hire Vets Recognition Program. A total of four employers across the Middle Rio Grande region received recognition.			

YOUTH COACH BOARD REPORT FOR: August

Event	Students	Adults	County
TEAM Uvalde Outreach		33	Uvalde
Uvalde CISD ACE – Summer Program (MJH & HS) – Financial Literacy	23	10	Uvalde
Uvalde CISD ACE - Steering Committee Outreach	15	13	Uvalde
MET program LMI/Career Exploration VR headsets	24	10	Maverick
SJRC Texas/Belong Outreach Session		3	Val Verde
Career Exploration with VR headsets	120	10	Val Verde
Career Exploration with VR headsets	90	10	Maverick
Career Development sessions-Resume Building Workshop	150	19	Val Verde
TJJD – LMI/Career Exploration with VR headsets	2	5	Uvalde
SJRC Texas/Belong Headsets & Horizons follow-up	4		Val Verde
Southwest Texas Upward Bound program-LMI/Career Exploration	16	3	Uvalde
Garfield Summer School Career Fair	150	107	Val Verde
Check in with Janice Luke and Hireability Navigator Region 15 planning session		3	All Counties
2026 Annual Foster Youth Conference		424	All Counties
TWC WRO Summer Convening		34	All Counites
SJRC Texas/Belong Headsets & Horizons presentation		34	All Counties

OUTREACH BY COUNTY	STUDENTS	ADULTS	
Uvalde	56	64	
Maverick	114	20	
Val Verde	424	139	
All Counties		495	

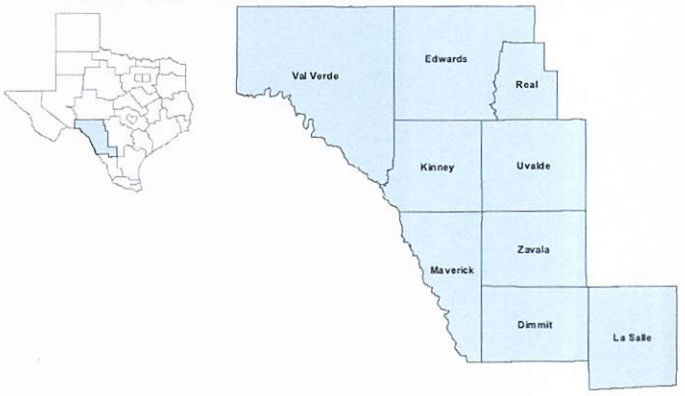
Workforce Solutions Middle Rio Grande

Year	Period	Area	Employment	Civilian Labor Force	Unemployment	Unemployment Rat
2025	June	Middle Rio Grande	64,907	69,673	4,766	6.8
2026	June	Middle Rio Grande	64,993	69,888	4,895	7
2025	June	Dimmit	2,654	2,870	216	7.5
2026	June	Dimmit	2,553	2,788	235	8.4
2025	June	Edwards	764	788	24	3
2026	June	Edwards	845	879	34	3.9
2025	June	Kinney	1,283	1,337	54	4
2026	June	Kinney	1,342	1,411	69	4.9
2025	June	La Salle	2,625	2,750	125	4.5
2026	June	La Salle	2,590	2,728	138	5.1
2025	June	Maverick	22,668	25,176	2,508	10
2026	June	Maverick	23,114	25,311	2,197	8.7
2025	June	Real	1,101	1,144	43	3.8
2026	June	Real	1,051	1,107	56	5.1
2025	June	Uvalde	10,366	10,842	476	4.4
2026	June	Uvalde	10,464	11,063	599	5.4
2025	June	Val Verde	19,740	20,764	1,024	4.9
2026	June	Val Verde	19,458	20,742	1,284	6.2
2025	June	Zavala	3,706	4,002	296	7.4
2026	June	Zavala	3,576	3,859	283	7.3

TEXAS Labor Market Information

Middle Rio Grande Workforce Development Area

June 2026



WDA Labor Force Statistics

	Jun-26	May-26	Jun-25	Yearly Change
Civilian Labor Force	69,888	69,883	69,673	215
Employed	64,993	65,259	64,907	86
Unemployed	4,895	4,624	4,766	129
Unemployment Rate	7.0%	6.6%	6.8%	0.2%

Texas Labor Force Statistics

	Jun-26	May-26	Jun-25	Yearly Change
Civilian Labor Force	15,921,944	15,915,716	15,866,465	55,479
Employed	15,140,964	15,237,946	15,193,245	-52,281
Unemployed	780,980	677,770	673,220	107,760
Unemployment Rate	4.9%	4.3%	4.2%	0.7%

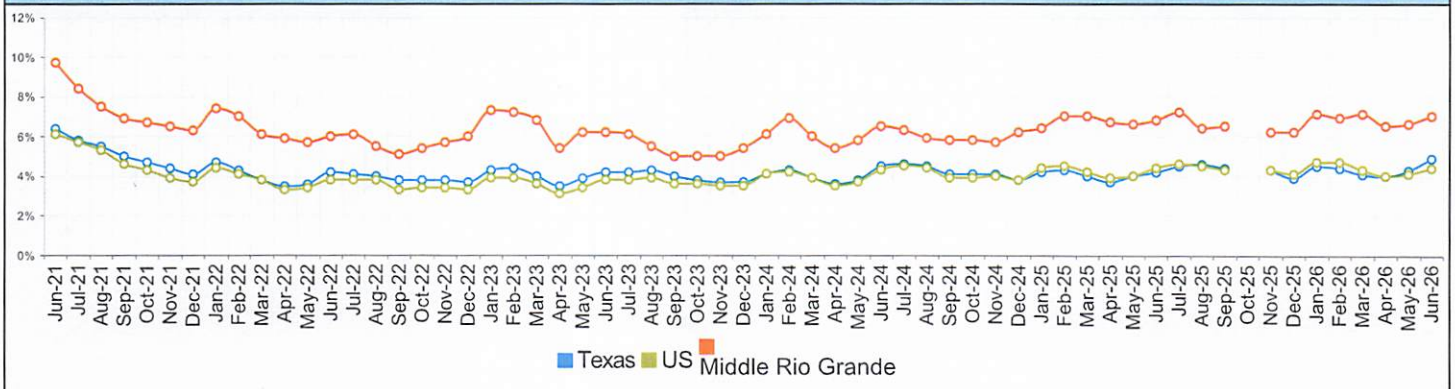
US Labor Force Statistics

	Jun-26	May-26	Jun-25	Yearly Change
Civilian Labor Force	170,198,000	169,801,000	171,343,000	-1,145,000
Employed	162,722,000	162,897,000	163,883,000	-1,161,000
Unemployed	7,476,000	6,904,000	7,460,000	16,000
Unemployment Rate	4.4%	4.1%	4.4%	0.0%

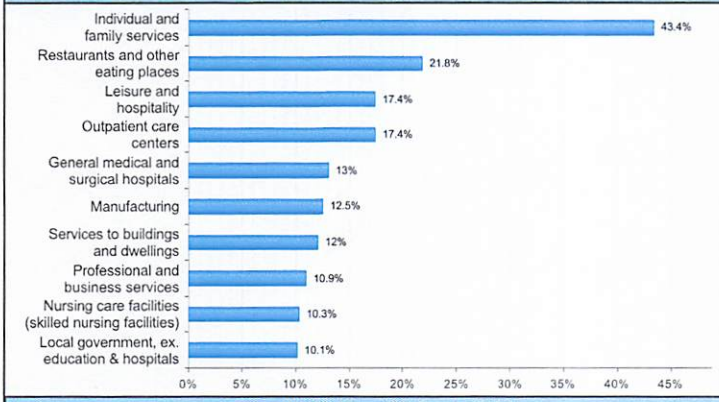
Continued Claims for the Week of the 12th

	Jun-26	May-26	Jun-25	Yearly Change
WDA	963	1,142	1,544	-581
Texas	126,835	121,354	144,987	-18,152

Historical Unemployment Rates



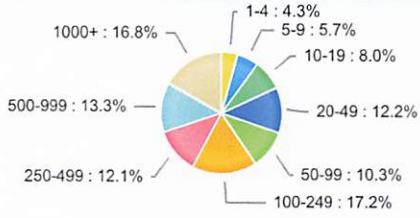
Projected Top Ten Fastest Growing Industries in WDA (% Growth 2024-2034)



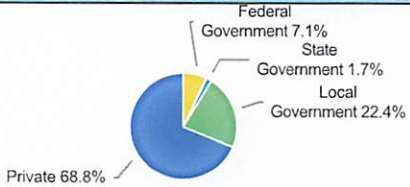
Average Weekly Wage (4th Quarter 2025)

	Q4 2025	Q3 2025	Q4 2024	Quarterly Change	Yearly Change
WDA	$1,063	$1,016	$996	$47	$67
Texas	$1,549	$1,444	$1,488	$105	$61
US	$1,569	$1,459	$1,506	$110	$63

Employment by Size Class (4th Quarter 2025)



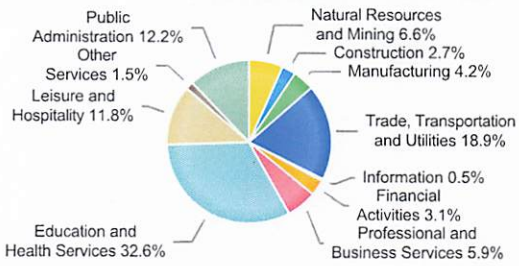
Employment by Ownership (4th Quarter 2025)



Employment by Industry (4th Quarter 2025, Percent Change)

Industry	Employment	% of Total	% Quarterly Change	% Yearly Change
Natural Resources and Mining	3,980	6.6%	3.2%	-3.5%
Construction	1,657	2.7%	-3.2%	0.0%
Manufacturing	2,522	4.2%	-2.7%	-5.3%
Trade, Transportation and Utilities	11,418	18.9%	0.1%	-3.8%
Information	325	0.5%	-2.4%	-4.1%
Financial Activities	1,875	3.1%	1.1%	-0.5%
Professional and Business Services	3,557	5.9%	-1.1%	-2.2%
Education and Health Services	19,698	32.6%	3.1%	2.6%
Leisure and Hospitality	7,170	11.8%	-3.5%	0.2%
Other Services	907	1.5%	-0.3%	0.0%
Public Administration	7,404	12.2%	-0.7%	-0.4%

Employment by Industry (4th Quarter 2025)



WORKFORCE SOLUTIONS MIDDLE RIO GRANDE
PO Box 760 ~ 216 W Main ~ Uvalde ~ Texas ~ 78802 ~ 830-591-0141 ~ 830-591-0004 fax
A proud partner of the AmericanJobCenter network

Board of Directors Executive Committee

Juan Martinez
Chairperson
Private Sector

Juan Carlos Vasquez
Vice Chairperson
Private Sector

Laura Lopez
Secretary
Private Sector

Myrta Garcia
Treasurer
CBO

Rodrigo Jaime
Parliamentarian
Private Sector

Rosie Lozano
Executive Director

To: Board of Directors

From: Rosie Avila-Lozano, Executive Director

Date: August 13, 2026

We completed another successful SEAL program this year. We served 61 participants in gaining work experience. It took a lot of work with the short notice but staff was able to pull it off successfully.

Our training with Garza/Gonzales was very beneficial and provided staff with great information. Handouts will be provided with some great information for the roles of Board Members.

We have finally closed out the Child Care Formula and Child Care Protective funds. The result of unused funds was $153,572 per June 2026 financial report.

We have received planning estimates for PY2027 funding for TANF/Choices and SNAP. We are anticipating an overall 2.2% decrease for TANF/Choices and a 14% increase for SNAP.

The Sunset Advisory Commission review report has been released. The Sunset Advisory Commission is a Texas legislative body that reviews state agencies to improve efficiency, eliminate waste and recommend whether agencies should continue, be restructured or be abolished. It consists of 5 state senators, 5 state representatives, and 2 public members (12 members). TWC has accepted the Sunset Advisory Commission's recommendation which will prohibit a fiscal agent from simultaneously serving as the direct service contractor. This will have a direct impact on the Board.

At the last CEO meeting, we were discussing how it was getting harder to recruit board members and to achieve a quorum and to comply with TWC requirements. I was asked to look into reducing the number of board members.

Workforce Solutions Middle Rio Grande is an equal opportunity Employer / Program. Auxiliary aids and services are available upon request to individuals with disabilities. TTY/TDD via Relay Texas: 711/TDD: 1-800-735-2989 / Voice: 1-800-735-2988

A proud partner of the americanjobcenter network

To: Rosie Lozano, WFS MRG Board Executive Director
From: Michelle Garcia, MRG Executive Director
Date: 7-30-26
Subject: Workforce Solution Summary Report (**May & June 2026**)

Workforce Solution Middle Rio Grande Activity Report

1. **Monthly Caseload Reports:** Each month, a consolidated report is prepared to capture data across key categories, tracking trends and changes in enrollment and participation over time. This reporting helps identify areas of strength, potential gaps in service delivery, and opportunities to enhance outreach and customer support. As of June 27, 2026, there are **147 active cases** including RESEA cases across the region. The SNAP/Choices outreach pool is not included in this total.

2. **WIOA-Enrollment:** We continue to provide training services and work experience opportunities for Adults, Dislocated Workers, and Youth. From June 2025 through June 2026, we sponsored **283 clients** across the region.

3. **Employer Engagement Initiatives:**

   We successfully strengthened employer engagement by participating in community events and hosting job fairs, hiring events, and career fairs designed to meet the workforce needs of local employers. These initiatives focused on addressing workforce challenges while promoting the wide range of services available through Workforce Solutions.

   Our goal is to meet and exceed all performance measures as we continue serving employers throughout the Middle Rio Grande Region. We are currently exceeding our performance target for the **Employers Receiving Texas Talent Assistance** measure and are proud to be **ranked #1 across all 28 workforce boards.** This achievement reflects the dedication and hard work of our staff, who remain committed to delivering exceptional service and building strong partnerships with employers across our region.

4. **Outreach Efforts:** Staff continue to actively participate in in-person outreach events across the region, promoting Workforce Solutions services through job fairs, hiring events, youth orientations, and other community engagement activities. These efforts help connect job seekers and employers with valuable workforce services and strengthen our presence throughout the region. Below is a list of the regional events attended by staff.

May 2026
6th Annual State of the Port of Eagle Pass Trade Summit 2026
Job Fair-Del Rio
Team Uvalde Meeting-Uvalde
WIOA Youth Orientation- Eagle Pass & Del Rio
BCFS Interagency Networking & Collaboration Meeting-Del Rio
Crystal City Rapid Response Orientation

June 2026
WIOA-Orientation-Eagle Pass & Del Rio & Uvalde
Job Fair-Del Rio
Team Uvalde Meeting
Career Exploration & Job Fair -Eagle Pass
Job Fair-Crystal City

5. **Corrective Action Plan:** We continue to closely monitor SNAP and Choices activities on a daily, weekly, and monthly basis. Monthly reports are provided to the Board, and staff training is conducted in areas identified for improvement. Daily activity reviews are utilized to track and monitor cases for both the SNAP and Choices programs. Through the use of these monitoring methods, we have identified a reduction in errors and will continue ongoing monitoring and oversight efforts.

In the May Choices program review, TWC identified one error, in the non-compliance attribute. In response, to the finding of the error staff received additional training and technical assistance to address the identified issue and strengthen compliance efforts.

As, of the **May SNAP program review**, Workforce Solutions Middle Rio Grande has been released from the SNAP Corrective Action Plan (CAP). This milestone was achieved after maintaining an error rate of **10 percent or less for four consecutive months**, meeting the required performance standard. We continue to monitor case files and provide ongoing training to staff as needed.

6. The Summer Earn and Learn Program

The Summer Earn and Learn (SEAL) Program is a program to provide opportunities to students with disabilities ages 14-22. Through work-based learning, SEAL participants earn a paycheck as they learn new skills and gain professional skills.

The strong collaboration between TWC–Vocational Rehabilitation staff and Workforce Solutions staff played a key role in the program's success. The program initially had a target of 21 participants; however, an additional 40 participants were awarded, increasing the total enrollment to 61 participants across the Middle Rio Grande region.

From June 15 through July 31, 2026, two groups of participants worked 32 hours per week for five week at $13 per hour and attended work readiness, gaining meaningful hands-on experience while building confidence, developing employability skills, and preparing for future career opportunities. The successful completion of the program reflects the dedication of our staff, employer partners, and community collaborators in providing a positive and impactful work-based learning experience for our youth.

Workforce Solutions MRG Del Rio Center









Workforce Solutions MRG-Eagle Pass Center





Workforce Solutions MRG-Uvalde Center





Workforce Solutions MRG-Carrizo Springs Center



7. The Reemployment Services and Eligibility Assessment (RESEA):

The Reemployment Services and Eligibility Assessment (RESEA) Program has demonstrated exceptional performance and continues to serve as a model of effective service delivery across the state. Since the implementation of Pilot 1A on June 2, 2026, the program has successfully delivered comprehensive reemployment services through a structured three-appointment model consisting of the Initial Appointment, RS1 (7–14 days after the Initial Appointment), and RS2 (7–14 days after RS1). To further strengthen customer outcomes, the program integrated the Big Interview platform, providing participants with valuable resources for resume development, interview preparation, mock interviews, and cover letter creation. The dedication and commitment of the RESEA team have resulted in outstanding performance, exceeding the 77% attendance rate target in all four quarters while achieving an impressive 76% reemployment rate. These accomplishments positioned Workforce Solutions Middle Rio Grande as **the #1 performing RESEA program in Texas**, which Middle Rio Grande received additional funding, reflecting the team's unwavering focus on customer engagement, quality service delivery, and successful employment outcomes.

The staff have consistently demonstrated exceptional professionalism, adaptability, and commitment while implementing significant program changes, ensuring a seamless transition and sustained success. Their efforts continue to set a high standard for excellence and reinforce the Board's mission of connecting job seekers with meaningful employment opportunities while delivering measurable results for the communities we serve.

8. The TANF Subsidized Employment Initiatives:

The TANF Subsidized Employment Initiative is designed to provide low-income youth, ages 14–24, with meaningful work experience opportunities while helping them develop valuable workplace and transferable skills.

Workforce Solutions Middle Rio Grande was awarded 30 youth participant slots for this program. Workforce Solutions staff actively conducted employer outreach and recruitment throughout the region to secure worksites and support the success of this initiative.

The program ran from June 15 through July 24, 2026, for a total of six weeks. Participants worked up to 30 hours per week and earned $13.00 per hour. As the program concludes, participants have successfully completed their work experience, gaining valuable hands-on training, transferable skills, and practical experience that will help prepare them for future employment opportunities.

9. Childcare:

Overview

This report summarizes key Child Care Services (CCS) activities, including enrollments, payments, provider attendance, provider issues, and training for the current reporting period.

Enrollments

- Enrollment remains on hold due to reaching contracted capacity.
- The waitlist includes 350 clients, including current participants needing to add children.
- All clients with waitlist dates before March 1, 2026 have been placed or contacted to apply.

Payments

- Payments from Jan 13 – Sep 30, 2025 fall under the prior fiscal year; corrections allowed through July 15, 2026.
- CLI system issues continue to affect Texas Rising Star (TRS) provider payments:
- Staff continue daily work on payment corrections.
- Child Care Service Department has hired a CCS Financial Manager to oversee and correct payment issues for providers.

Provider Attendance

- Attendance is fully tracked through KinderConnect.
- Initial non-compliance was addressed through targeted outreach using TWC's list.
- All MRGDC providers are now compliant with attendance requirements.
- Child Care Provider Specialist continues to work with clients and providers to make sure attendance is being correctly done in KinderConnect

Training & Provider Support

- Ongoing one-on-one and as-needed training continues to support providers in reviewing attendance, payments, and client information.

WIOA – Adult May-June 2026 (Exhausted all Adult Funds)		
County	**# of clients enrolled**	**Spend**
Dimmit	0	
La Salle	0	
Zavala	0	
Maverick	0	
Val Verde	0	
Kinney	0	
Uvalde	0	
Edwards	0	
Real	0	
Total	**0**	
WIOA – Dislocated May-June 2026		
County	**# of clients enrolled**	**Spend**
Dimmit		
La Salle		
Zavala		
Maverick	5	$22,500
Val Verde	1	4500
Kinney		
Uvalde	2	$9000
Edwards		
Real		
Total	**8**	$36,000
WIOA – Youth May-June 2026		
County	**# of clients enrolled**	**Spend**
Dimmit		
La Salle		
Zavala	1	$4800
Maverick	2	$9000
Val Verde	6	$28,800
Kinney		
Uvalde		
Edwards		
Real		
Total	**9**	**$42,600**

RESEA-May-June 2026		
County	**# of clients enrolled**	
Dimmit	8	
La Salle		
Zavala	8	
Maverick	34	
Val Verde	15	
Kinney		
Uvalde	10	
Edwards		
Real		
Other	3	
Total	**78**	
Choices-May-June 2026		
County	**# of clients enrolled**	**Choices Outreach**
Dimmit	3	3
La Salle		
Zavala	1	
Maverick	1	4
Val Verde	5	4
Kinney		
Uvalde	1	1
Edwards		
Real		
Total	**11**	**12**
SNAP		
County	**# of clients enrolled**	**SNAP Outreach**
Dimmit	1	40
La Salle	1	21
Zavala	2	65
Maverick	0	149
Val Verde	2	150
Kinney	0	
Uvalde	4	104
Edwards	0	
Real	0	
Total	**10**	**529**

Workforce Orientation for Applicants (WOA)		
County	**# of clients for May 2026**	**# of clients for June 2026**
Dimmit	1	
La Salle		
Zavala		
Maverick	1	
Val Verde	4	7
Kinney	1	
Uvalde		
Edwards		
Real		
Total	**7**	**7**
TANF Initiative-(30)		
County	**# of clients enrolled**	
Dimmit	7	
La Salle	3	
Zavala	5	
Maverick		
Val Verde		
Kinney		
Uvalde	7	
Edwards	4	
Real	4	
Total	**30**	
SEAL	**# of clients enrolled**	
Dimmit	**8**	
La Salle	**0**	
Zavala	**4**	
Maverick	**18**	
Val Verde	**9**	
Kinney	**5**	
Uvalde	**11**	
Edwards	**1**	
Real	**4**	
Total	**60**	