



LUBBOCK, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
SOUTH PLAINS ASSOCIATION OF GOVERNMENTS
LUBBOCK, TEXAS**

For the Year Ended
September 30, 2019

Tim Schwartz
Director of Finance

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

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South Plains Association of Governments

Judge Lee Norman, Garza County
PRESIDENT

Tim C. Pierce
EXECUTIVE DIRECTOR

March 31, 2020

South Plains Association of Governments
P. O. Box 3730, Freedom Station
Lubbock, Texas 79452-3730

Dear Members of the Board of Directors:

The comprehensive annual financial report for the South Plains Association of Governments (SPAG) for the fiscal year ended September 30, 2019, is submitted herewith. This report is in accordance with Governmental Accounting Standards Board (GASB) Cod. Sec. 2200 and is primarily intended to meet the Association's accountability requirements to funding agencies as stated in grant agreements or contracts and in accordance with Generally Accepted Accounting Principles (GAAP). SPAG management is also an intended user of the report. The financial statements should be read in conjunction with this Letter of Transmittal, the Management's Discussion and Analysis (pages 4 – 7) and the Notes to the Financial Statements (pages 20 – 34).

INDEPENDENT AUDIT

Article IX, Section G of the Association's Bylaws requires an annual audit of the financial accounts and transactions of the Association. In addition, the audit was designed to meet the requirements of the U.S. Office of Management and Budget Uniform Guidance and Uniform Grant Management Standards, issued by the Governor's Office of Budget and Planning. The auditors' report on the financial statements is included in the financial section of this report. The auditors' report related specifically to the single audit is included in the Single Audit Section.

The management of South Plains Association of Governments is responsible for the contents of this report. Our independent auditors, Pattillo, Brown & Hill, L.L.P., have rendered an opinion that the audited financial statements are presented fairly and in conformity with GAAP after performing tests on the amounts and disclosures in the statements. They have found no material weaknesses in our accounting controls despite the limitations inherent in the size of our organization. Their informed and objective professional assessment supports the reliability of the information presented herewith.

INTERNAL CONTROLS

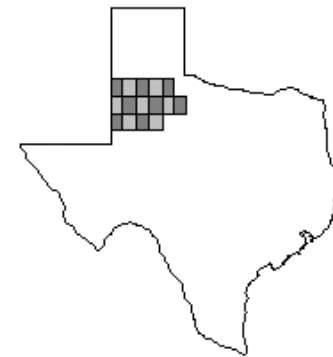
Management of the Association is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of a benefit should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. The Association's internal accounting controls are considered to be adequate to safeguard the assets and provide reasonable assurance of proper recording of financial transactions.

The auditors' report on internal controls and compliance is found on pages 68 – 69. This report is required since SPAG is subject to the provisions of the Uniform Guidance and the State of Texas Single Audit Circular. Compliance with the requirements of laws, regulations, and the terms of grants and contracts applicable to each of our major federal and state programs was tested, and a reasonable assurance of compliance in all material respects was obtained with no reportable conditions. SPAG is considered a low risk auditee.

BACKGROUND

The South Plains Association of Governments is a voluntary membership organization of the local governments within the 15-county area of Texas State Planning Region 2. SPAG was created on June 7, 1967, to provide local governments a formal and systematic arrangement to conduct regional planning, to engage in cooperative endeavors, to provide mutual assistance, and to promote other types of intergovernmental cooperation.

Bailey	Lamb	Hale	Floyd	Motley	
Cochran	Hockley	Lubbock	Crosby	Dickens	King
Yoakum	Terry	Lynn	Garza		



SPAG is governed by a General Assembly of 69 local elected officials, a 36 member Board of Directors which includes a 10-member Executive Committee. Bylaws of the Association, adopted in 1969, outline the types, conditions and dues structure for membership in the Association. In 2018, the Association's membership consisted of 69 local entities, i.e., 15 counties, 45 cities, 3 special purpose districts, and 6 school districts. According to the 2010 census, they represented a population of 411,659 and an area of 13,737 square miles.

REPORTING ENTITY

In conformance with GASB Statement 14, The Financial Reporting Entity, the Association includes all funds and account groups that are financially accountable to the South Plains Association of Governments. The financial statements present SPAG, the primary government, and its discretely presented component unit, South Plains Economic Development District (SPEDD).

SPEDD, a legally separate nonprofit organization, was established by the Association for the general purpose of fostering regional economic development. The Association's Board of Directors appoints SPEDD's governing body. Due to the Association's financial accountability, SPEDD is reported as a discretely presented component unit.

FINANCIAL INFORMATION

SPAG uses fund accounting and follows the generally accepted principles of accounting and financial reporting applicable to government units. The financial statements contained are prepared on both a full accrual basis for the government wide statements and modified accrual basis. Since our books are kept on a modified accrual basis, this does not mean that we keep two sets of books. We simply make adjustments in worksheets and convert the modified accrual numbers to full accrual in order to meet the requirements of GASB 34.

THE FINANCIAL PLAN

The Association prepares an annual financial plan. It is reviewed, approved, and adopted by the Association's Board of Directors and General Assembly. The financial plan is not subject to appropriation and is not considered a legally adopted budget. The financial plan is prepared by program and general ledger line item for the General and Special Revenue Funds as well as the component unit. Revenue estimates are based on grants expected to be received from various federal and state grantors, membership dues, local contributions, contract revenues, program income, in-kind match and other expected receipts from local sources. The financial plan represents the amounts the Association expects to receive on a fiscal year basis with planned expenditures at or below planned revenue levels. Control is maintained by budget comparison reports and monthly analysis by management. However, generally no formal changes are made to an approved budget during the fiscal year.

As demonstrated by the statements and schedules included in the financial section of this report, the Association continues to meet its responsibility for sound financial management.

SERVICES

The services we offer our members are diverse due to fluctuating concerns of the region. Active programs of the Association are Elderly Assistance, Area Information Center – 2-1-1 Texas, Economic Development, Law Enforcement Training, 9-1-1 Emergency Communications, and Regional Services.

9-1-1 Emergency Communications. The primary accomplishment of the department in FY 2016 was to continue working with mapping software for next generation 9-1-1 technology. The 9-1-1 department worked with vendors to create a mapping program that would enhance the operations of the 9-1-1 answering points. Upon completion of the installation of the program on each operator's console, dispatchers will be able to plot a cellular phone caller and locate them for first responders. Implementation of Phase II has greatly enhanced the level of service available to the South Plains citizens. The purchase and installation of a 9-1-1 regional network establishes greater efficiency to the rural communities.

SPAG has served as the designated Area Agency on Aging (AAA) since 1977. As the AAA for the South Plains region, the Association has the responsibility to administer Title III funds allocated under the Older Americans Act and channeled through the Department of Aging and Disability Services (DADS). Other federal funds administered include Title III funds for *Congregate and Home-Delivered Meals* programs. A network of private sector vendors (including local governments), senior citizen center associations, and other nonprofit organizations support the elderly in the region with durable medical equipment, nutrition, counseling, and transportation. Through SPAG's *AAA Information, Referral, and Assistance* program, services are provided in person, by mail, and through a widely publicized toll-free telephone number. The *Care Coordination* Program aids persons 60 years of age or older through the procurement of eye glasses, hearing aids, homemaker services, residential repair, emergency response systems, transportation, and prescription medications. The Long-term Care *Ombudsman* program works directly with nursing home and assisted living residents, family members, guardians, and staff to ensure that persons living in those facilities receive the level of care mandated by law and have their rights protected. The *Caregiver Support* program gives information, resources, and support services such as respite care to temporarily relieve caregivers from their care giving responsibilities. The *Legal/Benefits Counseling* Program is designed to advise and counsel individuals concerning health care benefits. All these programs are provided to allow the South Plains elderly or disabled to live dignified, independent, and productive lives.

Area Information Center, 2-1-1 Texas is a service administered by SPAG since FY 2005. The Center provides information and referral to all populations and all ages. It refers persons that need information and referral to various health and human service organizations. Requests vary from drug counseling to basic needs such as rent, food, and utility assistance. During times of disaster, 2-1-1 serves as a point of contact for persons across the state in "designated disaster areas." 2-1-1 Texas South Plains provides support to the State of Texas via a statewide integrated network system. Access to 2-1-1 is available 24 hours a day, 7 days a week via phone (211), as well as internet (www.211texas.org) and email.

Economic Development is active in the promotion and retention of area employment through diversification and expansion of current or new businesses in the region. The Association's economic development program provides technical assistance to cities and counties in the application and administration of Economic Development Administration programs. In addition to administering a revolving loan fund, the Economic Development program markets, packages, closes, and services SBA 504 loans. In the lifetime of the 504-loan program, 305 loans totaling \$130,812,000 have been made and a total of 5,992 jobs have been created or retained. In the lifetime of the revolving loan fund, 84 loans totaling \$11,276,097 have been made and a total of 1,817 jobs have been created or retained.

The Law Enforcement Academy educates and provides well-trained law enforcement officers to the SPAG 15 county region. Classes offered through the Law Enforcement Academy include Basic Licensing courses for Peace Officers and County Jailers. The Academy also offers intermediate and advanced courses in areas of firearms, defensive tactics, use of force, Spanish, searches, ethics and leadership training. SPAG Academy offers continuing education courses to enhance certification and meet the needs of the rural community. The services provided by the SPAG Regional Law Enforcement Academy are funded partly through the Criminal Justice Division of the Governors office and tuition costs. Police Chiefs and Sheriffs work closely with the Academy staff to ensure that the needs of the rural communities are being met. In 2019, the SPAG Regional Law Enforcement Academy held 69 classes and trained 866 officers. Total contact hours for 2019 were 42,955.

Regional Services – The Regional Services Department operates a variety of programs that directly impact the SPAG membership. Several of these programs, such as the Solid Waste Program, funded through the Texas Commission on Environmental Quality (TCEQ), the Community and Economic Development Assistance Funds (CEDAF) funded through the Texas Department of Agriculture and the coordination, writing and administration of various grant programs provide regional municipalities, counties and others with funding and technical assistance to address their community development needs. Additionally, the Regional Services Department manages two programs through the Office of the Governor (OOG) that have a direct impact on regional public safety. The Criminal Justice program provides technical assistance, strategic planning and grant prioritization for agencies and entities utilizing funding from the OOG, Criminal Justice Division and the Homeland Security program provides technical assistance, emergency preparedness planning and risk assessments, and grant prioritization for entities utilizing the OOG, Homeland Security Grants Program. The department also coordinates the Llano Estacado Regional Water Planning Group (Region O) through the Texas Water Development Board, Region III Texas Municipal League Quarterly Meetings, the South Plains Rural Planning Organization (RPO) through the Lubbock District of the Texas Department of Transportation (TxDOT), and the South Plains Regional Coordination Transportation Advisory Committee (SPRCTAC) which is funded through the Public Transportation Division of TxDOT.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

The information presented in our financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which SPAG operates.

The region's economic base is agriculture, manufacturing, wholesale and retail trade, with contributions from government, education, oil production, and health care. The City of Lubbock continues to be the hub of the region's economic activity; the Lubbock Economic Index increased by .2% from the previous year. The City of Lubbock's unemployment rate as of September 30, 2019, was 4.4% compared with last year's rate of 3.0%. Lubbock County's median household income of \$50,473 lags behind the Texas median household income of \$60,293 (U. S. Census Bureau).

LONG TERM FINANCIAL PLANNING

The general fund balance will continue to act as a cash-flow resource for the South Plains Association of Governments. Our target is to increase the general fund balance to 25% of our annual expenses.

RELEVANT FINANCIAL POLICIES

South Plains Association of Governments has several financial policies and procedures that keep the financial records in compliance and free from material misstatement. The Fraud Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against SPAG. The Investment Policy insures that SPAG's funds are properly accounted for and invested with the primary objectives, in priority order, of safety, liquidity and yield. The Fund Balance Policy's purpose is to establish a key element of the financial stability of SPAG by setting guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that SPAG maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The Cost Policies identify the various elements of cost within SPAG and the methods of allocations and procedures. Finally, our Procurement and Property Management Policies establish consistent practices for acquisition and disposition of property which will provide for equity, economy, compliance and accountability in the use of public funds.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Plains Association of Governments for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the 34th time that the Association has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

This report could not have been accomplished without the dedication and efficiency of the Association's financial, administrative, and program management staff. Special acknowledgement should also be given to the Association's auditors, Pattillo, Brown & Hill, L.L.P., whose expertise lent greatly to this report's completion. We would also like to thank the members of the Board of Directors and its Executive Committee for their interest and support in planning and conducting the financial operations of the Association in a responsible and progressive manner.

Respectfully submitted,



Tim C. Pierce
Executive Director



Tim Schwartz
Director of Finance

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

EXECUTIVE STAFF

Executive Director

Tim C. Pierce

Department Directors

Director of Aging

Liz Castro

Director of Economic Development and Regional Services

Kelly Davila

Director of Finance

Tim Schwartz

Director of Training and Emergency Communications

Gay Lynn Mosher

Director of Area Information Center, 211 Texas

Ayda Chapa

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

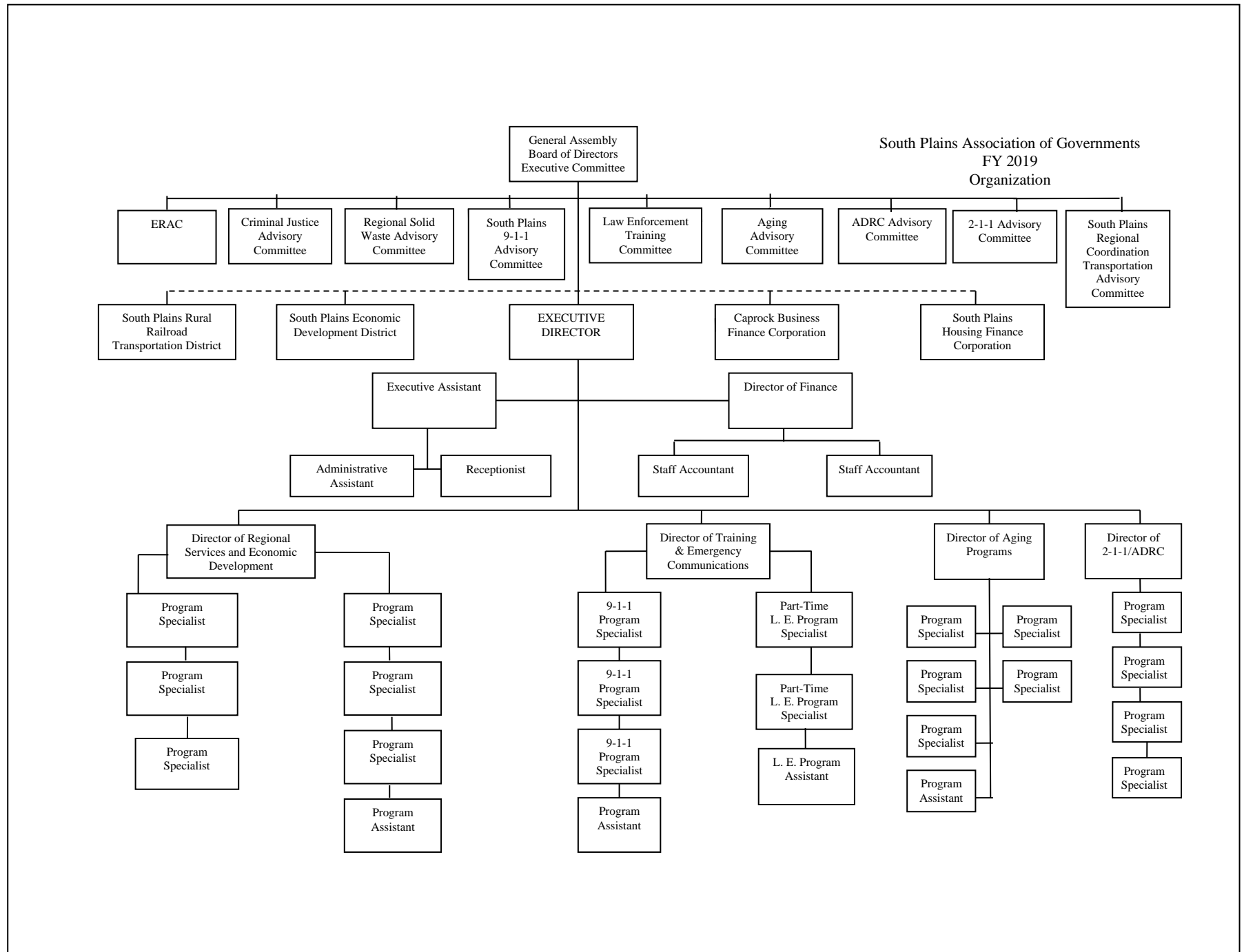
GOVERNING BODY

EXECUTIVE COMMITTEE

Judge Lee Norman, President Garza County	Vacant, Secretary Vacant
Mayor John Baker, 1 st Vice President City of Tahoka	Commissioner Gilbert Flores, Treasurer Lubbock County
Judge Him Meador, 2 nd Vice President Motley County	Mr. Calvin Davis Designated Member
Councilmember Jeff Griffith, 3 rd Vice President City of Lubbock	Vacant Designated Member
Judge Mike DeLoach, 4 th Vice President Lamb County	Mayor Wendell Dunlap, Immediate Past President, City of Plainview

BOARD OF DIRECTORS

Mayor Clinton Sawyer City of Amherst	Councilmember Juan Chadis City of Lubbock	Councilmember Steve Massengale City of Lubbock
Commissioner Mario Martinez Designated Member	Councilmember Latrelle Joy City of Lubbock	Judge Pat Sabala Henry Cochran County
Vacant City of Slaton	Commissioner Tom Clevenger Hockley County	Geronimo Gonzales City of Brownfield
Judge Jim Barron Yoakum County	Mr. Floyd Price Designated Member	Vacant City of Abernathy
Mayor Blake Cate City of Anton	Judge Curtis Parrish Lubbock County	Judge Woodie McArthur Special Purpose District
Mr. John P. Cervantez Designated Member	Mayor Cliff Black City of Muleshoe	Mayor Barbra Pinner City of Levelland
Judge Duane Daniel King County	Commissioner Chad Seay Lubbock County	Judge Jackie "Butch" Wagner Terry County
Judge Rusty Forbes Crosby County	Mr. Armando Lopez Designated Member	Judge Kevin Brendle Dickens County
Judge Marty Lucke Floyd County	Senator Charles Perry Designated Legislative Member	Commissioner Jason Corley Lubbock County
Councilmember Sheila Patterson- Harris City of Lubbock	Mrs. Lottie Spencer Designated Member	Judge David Mull Hale County





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**South Plains Association of Governments
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Plains Association of Governments
Lubbock, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the South Plains Association of Governments (the "Association") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OFFICE LOCATIONS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the South Plains Association of Governments, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supplemental schedules, and statistical section are presented for purposes for additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state award is presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Guidance*, and *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the supplemental 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of the Association'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 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 Association's internal control over financial reporting and compliance.

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

Waco, Texas
March 31, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

Our discussion and analysis of South Plains Association of Governments' financial performance provides an overview of financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with both the transmittal letter starting on page i and the Association's basic financial statements, which begin on page 8.

Financial Highlights

- The Association's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,064,337 as of September 30, 2019. Of this amount, \$1,509,455 is available to meet the Association's ongoing obligations.
- Total revenues of \$5,518,630 were less than total expenses of \$5,618,002 by \$99,372.
- The 2019 Financial Plan for the Association included \$5,079,071 in planned expenditures, resulting in a variance of 11%. A large portion of this variance is related to the Emergency Communication and Aging departments actual costs being larger than anticipated in the financial plan. The financial plan is based on the modified accrual basis of accounting and treats capital assets acquisitions as expenditures. The Financial Plan for the Association is not a legally adopted budget and, accordingly, more detailed comparative budget information is not presented in this report.
- The total cost of all our programs increased by \$423,381 or 8.2% when compared to last year's costs.
- The General Fund reported an increase of \$15,344 in fund balance this year. Increased use of General Fund resources for grant programs has resulted in a smaller increase as opposed to last year's increase of \$70,001.
- The Association's business-type activities, which consist of Economic Development revolving loan funds, reported an increase in net position of \$63,271. Operating revenues of \$84,353 and non-operating revenues of \$24,404 exceeded operating expense of \$45,486.

Using This Annual Report

This annual report consists of a series of financial statements:

- **Government-wide Financial Statements** serve as an introduction and broad overview to the Association's finances in a manner similar to a private-sector business. They may be found beginning on page 8 of this report.
 - *The Statement of Net Position* presents information on the Association's assets and liabilities with the difference reported as net position.
 - *The Statement of Activities* shows how net position changed during the fiscal year. This statement reports increases or decreases in assets when an underlying event occurs regardless of the timing of cash flows.
- **Fund Financial Statements** contain reports that reflect the use of a related group of accounts that segregate and maintain control over resources. They are segregated for specific activities or objectives as legally required.

- *Governmental Funds* statements report the same functions as government-wide statements but with a focus on current sources and uses of expendable resources including the balances available at the end of the year. Comparison of these statements with the government-wide statements demonstrates the impact of near-term financing decisions. We maintain 12 individual governmental funds. The major funds presented separately are: the General Fund, the Texas Department on Aging and Disability Services and the Commission on State Emergency Communications. The governmental fund financial statements begin on page 11 of this report. The Board of Directors approves a financial plan each year for revenues and expenditures in each fund. Although the financial plan is reviewed and approved by the Board, it is not considered a legally binding budget. Comparative budget information, accordingly, is not presented in this report.
- *Proprietary Funds* provide the same type of information as government-wide financial statements, only in more detail. This information reinforces the information provided in the government-wide financial statements. The proprietary fund financial statements provide separate information for the EDA Revolving Loan and the SPAG Revolving Loan. The EDA Revolving Loan Fund is considered a major fund. The basic proprietary fund financial statements can be found on pages 16–18 of this report.
- **Notes to the Financial Statements** provide information necessary to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements begin on page 20.
- **Other Information** includes combining fund statements and other schedules that further expand upon and support the previous information. The combining fund statements for nonmajor funds and other schedules may be found beginning on page 39.

Government-wide Financial Analysis

As discussed earlier, changes in net position serve over time to indicate an organization's financial position. As of September 30, 2019, South Plains Association of Governments' assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,064,337.

A portion of the net position of the Association is classified as invested in capital assets \$1,686,694. The Association uses these capital assets to provide a variety of services to the region. Accordingly, these assets are not available for future spending. An additional portion of the Association's net position \$3,868,188 represents resources that are subject to external restrictions on how they may be used. This is by far the largest portion of the Association's net position, 55%. Unrestricted net position, however, may be used for future operating needs. This amount totaled \$1,509,455 at September 30, 2019.

Table 1: Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,116,591	\$ 2,149,697	\$ 3,856,629	\$ 3,793,358	\$ 5,973,220	\$ 5,943,055
Capital assets	<u>1,686,694</u>	<u>1,901,336</u>	<u>-</u>	<u>-</u>	<u>1,686,694</u>	<u>1,901,336</u>
Total assets	<u>3,803,285</u>	<u>4,051,033</u>	<u>3,856,629</u>	<u>3,793,358</u>	<u>7,659,914</u>	<u>7,844,391</u>
Deferred outflows of resources	<u>461,555</u>	<u>356,518</u>	<u>-</u>	<u>-</u>	<u>461,555</u>	<u>356,518</u>
Total deferred outflows of resources	<u>461,555</u>	<u>356,518</u>	<u>-</u>	<u>-</u>	<u>461,555</u>	<u>356,518</u>
Current liabilities	530,222	576,513	-	-	530,222	576,513
Noncurrent liabilities	<u>295,854</u>	<u>207,106</u>	<u>-</u>	<u>-</u>	<u>295,854</u>	<u>207,106</u>
Total liabilities	<u>826,076</u>	<u>783,619</u>	<u>-</u>	<u>-</u>	<u>826,076</u>	<u>783,619</u>
Deferred inflows of resources	<u>231,056</u>	<u>253,581</u>	<u>-</u>	<u>-</u>	<u>231,056</u>	<u>253,581</u>
Total deferred inflows of resources	<u>231,056</u>	<u>253,581</u>	<u>-</u>	<u>-</u>	<u>231,056</u>	<u>253,581</u>
Net position:						
Net investment in capital assets	1,686,694	1,901,336	-	-	1,686,694	1,901,336
Restricted	11,559	13,718	3,856,629	3,793,358	3,868,188	3,807,076
Unrestricted	<u>1,509,455</u>	<u>1,455,297</u>	<u>-</u>	<u>-</u>	<u>1,509,455</u>	<u>1,455,297</u>
Total net position	<u>\$ 3,207,708</u>	<u>\$ 3,370,351</u>	<u>\$ 3,856,629</u>	<u>\$ 3,793,358</u>	<u>\$ 7,064,337</u>	<u>\$ 7,163,709</u>

Analysis of the Association's Operations

The basic financial statements contain the information necessary to analyze the Association's operations. The following table provides a summary of operations for the year ended September 30, 2019. The following table, Changes in Net Position, contains information from page 9, Statement of Activities.

Table 2: Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 4,696,985	\$ 4,578,993	\$ -	\$ -	\$ 4,696,985	\$ 4,578,993
Charges for services	699,003	741,162	84,353	94,163	783,356	835,325
General revenue:						
Investment earnings	10,759	6,239	24,404	10,677	35,163	16,916
Miscellaneous income	3,126	1,459	-	-	3,126	1,459
Total revenues	<u>5,409,873</u>	<u>5,327,853</u>	<u>108,757</u>	<u>104,840</u>	<u>5,518,630</u>	<u>5,432,693</u>
Expenses:						
General government	532,199	498,704	-	-	532,199	498,704
Environmental quality	188,828	70,890	-	-	188,828	70,890
Emergency communications	1,256,496	1,567,986	-	-	1,256,496	1,567,986
Emergency management	416,087	291,568	-	-	416,087	291,568
Community development	5,203	4,744	-	-	5,203	4,744
Health and human services	249,417	234,876	-	-	249,417	234,876
Aging	2,206,282	1,841,624	-	-	2,206,282	1,841,624
Transportation	87,585	93,661	-	-	87,585	93,661
Economic development	-	-	45,486	48,464	45,486	48,464
Water Development	277,942	150,906	-	-	277,942	150,906
Criminal justice	352,478	391,198	-	-	352,478	391,198
Total expenses	<u>5,572,516</u>	<u>5,146,157</u>	<u>45,486</u>	<u>48,464</u>	<u>5,618,002</u>	<u>5,194,621</u>
Change in net position	(162,643)	181,696	63,271	56,376	(99,372)	238,072
Net position, beginning	<u>3,370,351</u>	<u>3,188,655</u>	<u>3,793,358</u>	<u>3,736,982</u>	<u>7,163,709</u>	<u>6,925,637</u>
Net position, ending	<u>\$ 3,207,708</u>	<u>\$ 3,370,351</u>	<u>\$ 3,856,629</u>	<u>\$ 3,793,358</u>	<u>\$ 7,064,337</u>	<u>\$ 7,163,709</u>

Changes in Net Position

In accordance with GASB 34, depreciation expense is allocated in our government-wide statements. Depreciation expense is, however, not allowable under the terms of grant agreements and does not affect our fund balance. This expense is presented for reporting purposes only.

Explanation of the Differences in Expenses Between Fiscal Year 2018 and Fiscal Year 2019

Total expenses increased by \$423,381 from the previous year. The majority of this difference are increases in funding availability in the Emergency Management, Aging, and Water Development programs.

Financial Analysis of the Governmental Funds

Governmental funds analysis includes information on near-term inflows, outflows, and balances of expendable resources. This information is useful in assessing net resources available for spending at the end of the fiscal year.

At the end of the fiscal year ended September 30, 2019, the Association's governmental funds reported combined ending fund balances of \$1,586,369 (reference page 11-12). Beginning on page 13 of this report, there is a more detailed presentation of governmental funds revenues and expenditures.

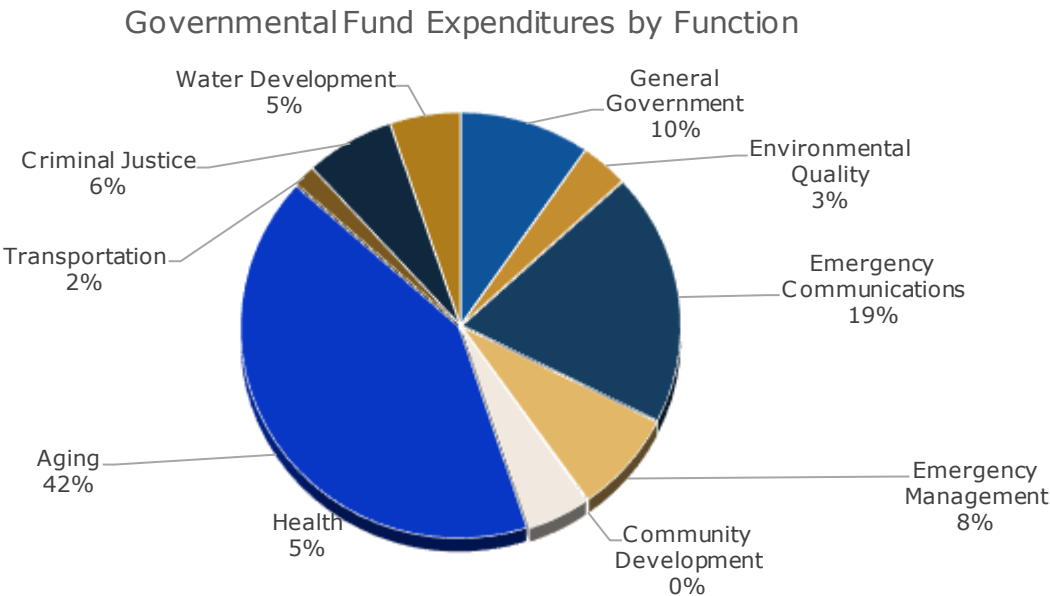
The General Fund balance increased by \$15,344. This is due to a decrease in local revenue and an increase in general government expenditures from the previous year.

Proprietary funds statements, beginning on page 16, provide the same type of information found for the business-type activities in the government-wide financial statements, but in more detail. Restricted net position of \$3,856,629 reflects a total increase in net position of \$63,271.

Governmental Funds Expenditures

The following chart illustrates the distribution of costs throughout the Governmental Funds by functional departments. Aging, Emergency Management and Emergency Communications expenditures combined make up 68% of the total.

Criminal Justice programs, Environmental Quality, Community Development, General Government, Health and Human Services, Economic Development, Water Development, and Transportation costs make up the balance of total expenditures at South Plains Association of Governments.



Capital Assets for the Association represent an investment of \$1,686,694, net of accumulated depreciation. This investment includes land, building, furniture, fixtures, and equipment. All capital assets held by the Association are classified as governmental activities. Business-type activities have no capital assets in the Association. Information on capital assets may be found in the notes to the financial statements on page 28.

Table 3: Capital Assets

	Governmental Activities	
	2019	2018
Land	\$ 131,605	\$ 131,605
Depreciable assets:		
Building	635,342	635,342
Furniture and equipment	2,716,897	3,168,872
Less: accumulated depreciation	(1,797,150)	(2,034,483)
Total capital assets, net	\$ 1,686,694	\$ 1,901,336

Requests for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance’s office, 1323 58th Street, Lubbock, Texas 79412. This report is designed to provide an overview of the information contained in the Basic Financial Statements.

BASIC FINANCIAL STATEMENTS

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SPEDD
ASSETS				
Cash and cash equivalents	\$ 1,117,709	\$ 2,203,791	\$ 3,321,500	\$ 36,237
Receivables				
Grantors	770,792	-	770,792	8,507
Accounts	82,491	-	82,491	-
Loans	-	1,752,044	1,752,044	-
Due from component unit	44,562	-	44,562	-
Internal balances	99,206	(99,206)	-	-
Prepays	1,831	-	1,831	-
Capital assets not being depreciated:				
Land	131,605	-	131,605	-
Capital assets, net of accumulated depreciation:				
Buildings and improvements	206,045	-	206,045	-
Furniture, fixtures, and equipment	<u>1,349,044</u>	<u>-</u>	<u>1,349,044</u>	<u>-</u>
Total assets	<u>3,803,285</u>	<u>3,856,629</u>	<u>7,659,914</u>	<u>44,744</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	<u>461,555</u>	<u>-</u>	<u>461,555</u>	<u>-</u>
Total deferred outflows of resources	<u>461,555</u>	<u>-</u>	<u>461,555</u>	<u>-</u>
LIABILITIES				
Accounts payable	355,910	-	355,910	182
Accrued liabilities	96,380	-	96,380	-
Due to primary government	-	-	-	44,562
Unearned revenue	77,932	-	77,932	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	91,746	-	91,746	-
Due in more than one year:				
Compensated absences	30,976	-	30,976	-
Net Pension Liability	<u>173,132</u>	<u>-</u>	<u>173,132</u>	<u>-</u>
Total liabilities	<u>826,076</u>	<u>-</u>	<u>826,076</u>	<u>44,744</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	<u>231,056</u>	<u>-</u>	<u>231,056</u>	<u>-</u>
Total deferred outflows of resources	<u>231,056</u>	<u>-</u>	<u>231,056</u>	<u>-</u>
NET POSITION				
Net position, investment in capital assets	1,686,694	-	1,686,694	-
Restricted for:				
Economic development	-	3,856,629	3,856,629	-
Health and human services	11,559	-	11,559	-
Unrestricted	<u>1,509,455</u>	<u>-</u>	<u>1,509,455</u>	<u>-</u>
Total net position	<u>\$ 3,207,708</u>	<u>\$ 3,856,629</u>	<u>\$ 7,064,337</u>	<u>\$ -</u>

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

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Program Revenues	
				Charges for Services	Operating Grants and Contributions
Primary Government:					
Governmental activities:					
General government	\$ 447,487	\$ 84,712	\$ 532,199	\$ 563,667	\$ -
Environmental quality	178,372	10,456	188,828	60	190,136
Emergency communications	1,202,691	53,805	1,256,496	1,703	1,039,466
Emergency management	388,540	27,547	416,087	-	416,747
Community development	4,382	821	5,203	-	5,241
Health and human services	219,507	29,910	249,417	168	248,915
Aging	2,122,080	84,202	2,206,282	20,177	2,207,242
Transportation	76,510	11,075	87,585	-	83,385
Water Development	277,942	-	277,942	90	279,865
Criminal justice	318,737	33,741	352,478	113,138	225,988
Indirect costs	<u>336,269</u>	<u>(336,269)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>5,572,516</u>	<u>-</u>	<u>5,572,516</u>	<u>699,003</u>	<u>4,696,985</u>
Business-type activities:					
Economic development	<u>45,486</u>	<u>-</u>	<u>45,486</u>	<u>84,353</u>	<u>-</u>
Total business-type activities	<u>45,486</u>	<u>-</u>	<u>45,486</u>	<u>84,353</u>	<u>-</u>
Total primary government	<u>\$ 5,618,002</u>	<u>\$ -</u>	<u>\$ 5,618,002</u>	<u>\$ 783,356</u>	<u>\$ 4,696,985</u>
Component Unit:					
SPEDD	<u>\$ 66,072</u>	<u>\$ 8,045</u>	<u>\$ 74,117</u>	<u>\$ 25</u>	<u>\$ 51,950</u>
Total component unit	<u>\$ 66,072</u>	<u>\$ 8,045</u>	<u>\$ 74,117</u>	<u>\$ 25</u>	<u>\$ 51,950</u>
General revenues:					
Investment earnings					
Miscellaneous income					
Total general revenues					
Change in net position					
Net position, beginning					
Net position, ending					

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	SPEDD
\$ 31,468	\$ -	\$ 31,468	\$ -
1,368	-	1,368	-
(215,327)	-	(215,327)	-
660	-	660	-
38	-	38	-
(334)	-	(334)	-
21,137	-	21,137	-
(4,200)	-	(4,200)	-
2,013	-	2,013	-
(13,352)	-	(13,352)	-
-	-	-	-
(176,528)	-	(176,528)	-
-	38,867	38,867	-
-	38,867	38,867	-
(176,528)	38,867	(137,661)	-
			(22,142)
			(22,142)
10,759	24,404	35,163	-
3,126	-	3,126	22,142
13,885	24,404	38,289	22,142
(162,643)	63,271	(99,372)	-
3,370,351	3,793,358	7,163,709	-
\$ 3,207,708	\$ 3,856,629	\$ 7,064,337	\$ -

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>General</u>	<u>Texas Department on Aging and Disability Services</u>
ASSETS		
Cash and cash equivalents	\$ 828,212	\$ -
Accounts receivable:		
Grantors	-	290,012
Accounts	76,947	136
Due from other funds	755,594	-
Due from component unit	44,562	-
Prepaid items	<u>1,831</u>	<u>-</u>
Total assets	\$ <u>1,707,146</u>	\$ <u>290,148</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 21,832	\$ 143,730
Due to other funds	-	146,418
Accrued liabilities	96,380	-
Unearned revenue	<u>14,124</u>	<u>-</u>
Total liabilities	<u>132,336</u>	<u>290,148</u>
Fund balance:		
Nonspendable - prepaid items	1,831	-
Restricted for health and human services	-	-
Assigned for:		
Health and human services	2,000	-
Law enforcement training	25,691	-
Paving project	50,000	-
Unassigned	<u>1,495,288</u>	<u>-</u>
Total fund balances	<u>1,574,810</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>1,707,146</u>	\$ <u>290,148</u>

Amounts reported for governmental activities in the statement of net position are different because:

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

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net position of governmental activities

<u>Commission on State Emergency Communications</u>	<u>Other Governmental</u>	<u>Totals Governmental Funds</u>
\$ 231,587	\$ 57,910	\$ 1,117,709
79,202	401,578	770,792
-	5,408	82,491
-	50,621	806,215
-	-	44,562
-	-	1,831
<u>\$ 310,789</u>	<u>\$ 515,517</u>	<u>\$ 2,823,600</u>
\$ 39,029	\$ 151,319	\$ 355,910
271,760	288,831	707,009
-	-	96,380
-	63,808	77,932
<u>310,789</u>	<u>503,958</u>	<u>1,237,231</u>
-	-	1,831
-	11,559	11,559
-	-	2,000
-	-	25,691
-	-	50,000
-	-	1,495,288
-	11,559	1,586,369
<u>\$ 310,789</u>	<u>\$ 515,517</u>	
		1,686,694
		(65,355)
		<u>\$ 3,207,708</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Texas Department of Aging and Disability Services
REVENUES		
Grant	\$ -	\$ 2,005,195
Local	501,027	20,196
Other	<u>76,517</u>	<u>-</u>
Total revenues	<u>577,544</u>	<u>2,025,391</u>
EXPENDITURES		
Current:		
General government	518,854	-
Environmental quality	-	-
Water development	-	-
Emergency communications	-	-
Emergency management	-	-
Community development	-	-
Health and human services	-	-
Aging	-	2,045,644
Transportation	-	-
Criminal justice	<u>-</u>	<u>-</u>
Total expenditures	<u>518,854</u>	<u>2,045,644</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>58,690</u>	<u>(20,253)</u>
OTHER FINANCING SOURCES (USES)		
Transfer in	-	20,253
Transfer out	<u>(43,346)</u>	<u>-</u>
Total other financing sources (uses)	<u>(43,346)</u>	<u>20,253</u>
NET CHANGE IN FUND BALANCES	15,344	-
FUND BALANCES, BEGINNING	<u>1,559,466</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,574,810</u>	<u>\$ -</u>

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

<u>Commission on State Emergency Communications</u>	<u>Other Governmental</u>	<u>Totals Governmental Funds</u>
\$ 1,039,466	\$ 1,652,324	\$ 4,696,985
-	113,288	634,511
<u>1,710</u>	<u>150</u>	<u>78,377</u>
<u>1,041,176</u>	<u>1,765,762</u>	<u>5,409,873</u>
-	-	518,854
-	190,196	190,196
-	279,955	279,955
1,041,176	-	1,041,176
-	419,101	419,101
-	5,241	5,241
-	251,224	251,224
-	202,047	2,247,691
-	88,219	88,219
-	<u>355,031</u>	<u>355,031</u>
<u>1,041,176</u>	<u>1,791,014</u>	<u>5,396,688</u>
<u>-</u>	<u>(25,252)</u>	<u>13,185</u>
-	23,093	43,346
-	-	<u>(43,346)</u>
-	<u>23,093</u>	<u>-</u>
-	(2,159)	13,185
-	<u>13,718</u>	<u>1,573,184</u>
\$ <u>-</u>	\$ <u>11,559</u>	\$ <u>1,586,369</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Net change in fund balances - total governmental funds (pages 13-14)	\$ 13,185
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(214,642)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>38,814</u>
Change in net position of governmental activities (page 10)	<u>\$(162,643)</u>

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-type Activities		
	EDA Revolving Loan	SPAG Revolving Loan (Nonmajor Fund)	Totals Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,030,119	\$ 173,672	\$ 2,203,791
Loans receivable, net of allowance for uncollectible accounts	<u>1,752,044</u>	<u>-</u>	<u>1,752,044</u>
Total current assets	<u>3,782,163</u>	<u>173,672</u>	<u>3,955,835</u>
 Total assets	 <u>3,782,163</u>	 <u>173,672</u>	 <u>3,955,835</u>
LIABILITIES			
Current liabilities:			
Due to other funds	<u>99,206</u>	<u>-</u>	<u>99,206</u>
Total current liabilities	<u>99,206</u>	<u>-</u>	<u>99,206</u>
 Total liabilities	 <u>99,206</u>	 <u>-</u>	 <u>99,206</u>
NET POSITION			
Restricted for Economic Development	<u>3,682,957</u>	<u>173,672</u>	<u>3,856,629</u>
 Total net position	 <u>\$ 3,682,957</u>	 <u>\$ 173,672</u>	 <u>\$ 3,856,629</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTSSTATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities		
	EDA Revolving Loan	SPAG Revolving Loan (Nonmajor Fund)	Totals Enterprise Funds
OPERATING REVENUES			
Interest on loans	\$ 80,876	\$ -	\$ 80,876
Origination fees	3,304	-	3,304
Miscellaneous income	173	-	173
Total operating revenues	<u>84,353</u>	<u>-</u>	<u>84,353</u>
OPERATING EXPENSES			
Administrative fees	45,486	-	45,486
Total operating expenses	<u>45,486</u>	<u>-</u>	<u>45,486</u>
OPERATING INCOME (LOSS)	<u>38,867</u>	<u>-</u>	<u>38,867</u>
NONOPERATING REVENUES			
Interest on investments	22,714	1,690	24,404
Total nonoperating revenues	<u>22,714</u>	<u>1,690</u>	<u>24,404</u>
CHANGE IN NET POSITION	61,581	1,690	63,271
NET POSITION, BEGINNING	<u>3,621,376</u>	<u>171,982</u>	<u>3,793,358</u>
NET POSITION, ENDING	<u>\$ 3,682,957</u>	<u>\$ 173,672</u>	<u>\$ 3,856,629</u>

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

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities		
	EDA Revolving Loan	SPAG Revolving Loan (Nonmajor Fund)	Totals Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 27,761	\$ -	\$ 27,761
Cash payments for administrative services	34	-	34
Cash used by operating activities	<u>27,795</u>	<u>-</u>	<u>27,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>22,714</u>	<u>1,690</u>	<u>24,404</u>
Cash provided by investing activities	<u>22,714</u>	<u>1,690</u>	<u>24,404</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,509	1,690	52,199
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,979,610</u>	<u>171,982</u>	<u>2,151,592</u>
CASH AND CASH EQUIVALENTS, ENDING	\$ <u>2,030,119</u>	\$ <u>173,672</u>	\$ <u>2,203,791</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 38,867	\$ -	\$ 38,867
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
Decrease (increase) in loans receivable	(56,592)	-	(56,592)
Increase (decrease) in due to other funds	<u>45,520</u>	<u>-</u>	<u>45,520</u>
Total adjustments	<u>(11,072)</u>	<u>-</u>	<u>(11,072)</u>
Net cash used by operating activities	\$ <u>27,795</u>	\$ <u>-</u>	\$ <u>27,795</u>
SCHEDULE OF NON-CASH INVESTING ACTIVITIES			
Satisfaction of loan receivable through possession of real estate	\$ -	\$ -	\$ -

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

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2019

	<u>Agency Fund</u>
Assets:	
Cash and investments	\$ <u>200,027</u>
Total assets	\$ <u><u>200,027</u></u>
Liabilities:	
Due to others	\$ <u>200,027</u>
Total liabilities	\$ <u><u>200,027</u></u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The South Plains Association of Governments is a political subdivision of the State of Texas and a voluntary association of local governments within the 15-county South Plains Region. The Association was established in 1967 to study and resolve area-wide problems through the cooperation and coordinated action of member cities, counties, school districts and special purpose districts of the South Plains region. Membership in the Association is voluntary. Any county, city or special purpose district within the South Plains region may become a member of the independent association by passing a resolution to join the Association and paying annual dues. Each member government is entitled to have voting representation on the Board of Directors, which is the Association's governing body.

The accompanying financial statements present the Association and its component units, entities for which the government is considered to be financially accountable. The Association reports one discretely presented component unit in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Association.

Discretely Presented Component Unit

South Plains Economic Development District (SPEDD) is a legally separate organization established to support the region's economic development goals and objectives. The Association's Board of Directors appoints SPEDD's governing body. The Association has the ability to modify and approve SPEDD's budget, and the Association can appoint, hire, reassign, and dismiss SPEDD's employees. Because the two governing bodies are not substantially the same and because SPEDD's services are not entirely or almost entirely for the benefit of the Association, SPEDD is reported as a discretely presented component unit.

A complete set of the component unit's financial statements can be obtained by contacting the Association's office.

B. Government-wide and Fund Financial Statements – Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category— governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The Association reports the following major governmental funds:

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

The **Texas Department on Aging and Disability Services Fund** is used to account for federal and state funds awarded to South Plains Association of Governments by the Texas Department on Aging and Disability Services.

The **Commission on State Emergency Communication Fund** is used to account for state grants awarded to South Plains Association of Governments by the Commission on State Emergency Communication.

The Association reports the following major enterprise fund:

The **EDA Revolving Loan Fund** accounts for loans provided by and administered by the Association's EDA Revolving Loan Program.

Additionally, the Association reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Enterprise Funds account for the Association's ongoing organizations and activities which are similar to those found in the private sector.

Fiduciary Funds account for assets the Association holds as an agent for the Rural Rail Transportation District, Texas Municipal League, and the South Plains Housing Finance Corporation.

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

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Association considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant revenue, state financial assistance, membership dues and interest are susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Association.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

Cash and equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with maturities of three months or less at the time of purchase may be classified as cash equivalents. Cash and cash equivalents in the Association's financial statements include amounts in demand deposits, certificates of deposits, and public fund investment pools.

Grants Receivable

Grants receivable represent amounts due from federal and state agencies for the various programs administered by the Association. The receivable includes amounts due on programs closed-out and those in progress as of September 30, 2019.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." The Association had no "advances to/from other funds" at September 30, 2019.

Other receivables represent amounts due from subcontractors, amounts due for services, and other miscellaneous receivables.

In conjunction with the Association's Economic Development Revolving Loan Fund Grants, the Association provides loans to area businesses to maintain or increase jobs in the South Plains area. The Association's policy states that it is at the discretion of the revolving loan fund committee to determine collateral requirements, with consideration given to the merits and economic benefits of each project. Collateral may include such items as liens on inventories, receivables, and fixed or other assets; assignments of patents and licenses; the acquisition of hazard and other forms of insurance; and such other additional security as they determine is necessary to support the revolving loan fund's exposure.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The Association uses the consumption method to account for prepaid items.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Equipment of the primary government is depreciated using the straight-line method with a useful life of 3 –7 years. Buildings and improvements are depreciated using the straight-line method with a useful life of 40 years.

Pensions

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

Deferred outflows/inflows of resources

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

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – This difference is deferred and amortized over a seven year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Association only has one type of item that qualifies for reporting in this category. The item is only recorded in the full accrual basis of accounting and results from the difference between expected and actual pension experience. This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Fund Balance Classification

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes determined by a formal action of the Board of Directors, the government's highest level of decision-making authority. A commitment of funds requires the passage of a resolution by a simple majority vote. Governing action to commit fund balance must occur within the fiscal reporting period, no later than September 30th of the applicable fiscal year. If the actual amount of the commitment is not available by September 30th, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment (passage of a resolution).
- **Assigned:** This classification includes amounts that are constrained by the Association's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Directors has the authority to assign funds for specific purposes. Assignment of funds by the Board of Directors requires a simple majority vote, and such action must be recorded in the Board Minutes. Through passage of a resolution, the Board of Directors has authorized the Executive Director of South Plains Association of Governments to assign funds for the specific purposes. Such assignments cannot exceed the available unassigned fund balance of a given fund. Any assignments made by the Executive Director must be reported to the Board of Directors at their next regular meeting. The Board of Directors may change or remove any assignment of funds by a simple majority vote.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. It is the goal of the Association to maintain an unassigned fund balance in the General Fund of at least \$800,000. The association considers an unassigned fund balance of less than this amount to be cause for concern, barring unusual or deliberate circumstances, but in that event the fund balance policy does not dictate any specific response.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the Association's policy to consider restricted fund balance to have been spent first. Further, when the components of unrestricted fund balance can be used for the same purpose, the Association considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position Flow Assumption

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

E. Revenues and Expenditures/Expenses

Program revenues

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenue are reported instead as *general revenue*.

Indirect Costs

General and administrative costs are recorded in the General Fund as indirect costs in the Association's accounting system and allocated to Special Revenue Funds based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget Uniform Grant Guidance, Attachment "A" as costs "(a) incurred for a common or joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved." The Association's indirect cost rate is based upon prior cost experience, documented by a cost allocation plan, and is approved by a federal agency. It is the Association's policy to negotiate with the agency a fixed carry forward rate which is used for billing purposes during the Association's fiscal year. Upon the completion of an independent audit at the end of each fiscal year, the indirect cost rate is finalized with the agency.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Association's Enterprise Funds are charges to customers for loan interest and origination fees. Operating expenses associated with Enterprise Funds include the cost of administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Compensated Absences

The Association's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Accumulated sick leave lapses when employees leave the employ of the government and, upon separation from service, no monetary obligation exists.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(214,642) difference are as follows:

Capital outlay	\$ 83,219
Depreciation expense	(297,861)
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$(214,642)

3. BUDGETARY INFORMATION

The Association's financial plan is controlled at the fund and project level with management authorized to make transfers of budgeted amounts between object class levels within a fund or project, within restrictions imposed by grantor agencies. The Board approves the financial plan for revenue and expenditures in all funds. Although the financial plans are reviewed and approved by SPAG's Board, they are not considered legally adopted budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

4. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. State statutes require that all of the Association's deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2019, the Association's deposit balance was fully collateralized with securities held by the pledging financial institution in the Association's name or by FDIC insurance.

B. Investments

The Association invests in local government investment pools and reports these amounts as cash equivalents. As of September 30, 2019, the Association had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard & Poor's Current Rating</u>
TexPool	\$ 739,938	63	AAAm

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Association to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Association to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust test procedures related to investment practices as provided by the Act. The Association is in substantial compliance with the requirements of the Act and with local policies.

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

The Association's investments in the pool are reported at share value, which is maintained so as to approximate fair value.

Interest Rate Risk. In accordance with its investment policy, the Association manages its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolios to a maximum of 90 days.

Credit Risk. It is the Association's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The Association's investment pool was rated AAAM by Standard & Poor's Investors Service.

C. **Receivables**

Receivables as of year-end for the Association's individual major funds and nonmajor funds in the aggregate are as follows:

	General	Texas Department of Aging and Disability Services	Commission on State Emergency Communication	Other Governmental Funds	EDA Revolving Loan	Total Primary Government
Receivables:						
Grants	\$ -	\$ 290,012	\$ 79,202	\$ 401,578	\$ -	\$ 770,792
Accounts	76,947	136	-	5,408	-	82,491
Loans	-	-	-	-	1,752,044	1,752,044
Total						
receivables	\$ <u>76,947</u>	\$ <u>290,148</u>	\$ <u>79,202</u>	\$ <u>406,986</u>	\$ <u>1,752,044</u>	\$ <u>2,605,327</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 131,605	\$ -	\$ -	\$ 131,605
Total capital assets not being depreciated	131,605	-	-	131,605
Capital assets, being depreciated:				
Buildings and improvements	635,342	-	-	635,342
Furniture, fixtures and equipment	3,168,872	83,219	(535,194)	2,716,897
Total capital assets being depreciated	3,804,214	83,219	(535,194)	3,352,239
Less accumulated depreciation:				
Buildings	(413,413)	(15,884)	-	(429,297)
Furniture, fixtures and equipment	(1,621,070)	(281,977)	535,194	(1,367,853)
Total accumulated depreciation	(2,034,483)	(297,861)	535,194	(1,797,150)
Total capital assets net of accumulated depreciation	\$ 1,901,336	\$ (214,642)	\$ -	\$ 1,686,694

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 17,077
Emergency communications	278,842
Aging	1,942
Total depreciation expense - governmental activities	\$ 297,861

E. Long-term Liabilities

The following is a summary of the long-term liability transactions of the Association for the year ended September 30, 2019.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	\$ 94,854	\$ 87,011	\$ 59,143	\$ 122,722	\$ 91,746
Total governmental activities	\$ 94,854	\$ 87,011	\$ 59,143	\$ 122,722	\$ 91,746

Compensated absences and net pension liability typically have been liquidated by all governmental funds and departments that have salary costs.

F. Interfund Receivables, Payables and Transfers

The Association uses a pooled cash account which it accounts for within the General Fund. All expenditures are paid out of this cash account, and appropriate interfund balances are recorded to reflect this activity. The composition of interfund balances as of September 30, 2019, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Texas Department on Aging & Disability Services	\$ 95,797
	Commission on State Emergency Communications	271,760
	Nonmajor Governmental	288,831
	EDA Revolving Loan	99,206
Nonmajor Governmental	Texas Department on Aging & Disability Services	50,621
		\$ 806,215

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers:

	Transfers In		
	Texas Department of Aging and Disability Services	Nonmajor Governmental	Total
Transfers Out:			
General Fund	\$ 20,253	\$ 23,093	\$ 43,346
Total	\$ 20,253	\$ 23,093	\$ 43,346

Transfers are used to: (1) fund the Association's match portion for grants; and (2) fund any other grant-related expenditures not provided for by state and federal awards.

5. OTHER INFORMATION

A. Risk Management

SPAG is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SPAG maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. SPAG management believes such coverage is sufficient to preclude any significant uninsured losses to SPAG. There were no significant reductions in insurance coverage from coverage in the prior year. There were no insurance settlements, which exceeded insurance coverage in any of the past three years.

B. Contingencies

SPAG contracts with local governments or other local agencies to perform the specific services set forth in certain grant agreements. SPAG disburses grant funds to the agencies based on expenditure reports received from each agency.

Agencies expending \$750,000 or more in SPAG grant funds are required to have an independent audit each year. Copies of such audits are required to be submitted to SPAG. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursements of the disallowed costs either from SPAG or the subcontractor. SPAG generally has the right of recovery from the subcontracted agencies.

Audits of the agency's expenditures for the year ended September 30, 2019, have not been completed. Based on prior experience, SPAG management believes that SPAG will not incur significant losses from possible grant disallowances.

C. Related Party Transactions

During the fiscal year ended September 30, 2019, SPAG conducted business with a company partially owned by a Board member. Expenditures during the fiscal year amounted to \$5,185.

D. Employees' Pension Plan

Plan Description

SPAG participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tcdrs.org.

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.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, 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 eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's 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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	27
Active employees	<u>35</u>
	<u>67</u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for SPAG were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Association were 9.79% and 9.70% in calendar years 2018 and 2019, respectively. The Association's contributions to TCDRS for the year ended September 30, 2019, were \$208,604, and were \$75,000 greater than the required contributions.

Net Pension Liability

The Association's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	0% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

The Association has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the Association may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2018, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except for mortality assumptions. Mortality assumptions were updated for the 2017 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2018 information for a 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.40%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays Capital U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LST A Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

⁽¹⁾ Target asset allocation adopted at the April 2019 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 2,744,145	\$ 2,631,893	\$ 112,252
Changes for the year:			
Service cost	201,728	-	201,728
Interest on total pension liability ⁽¹⁾	235,351	-	235,351
Effect of economic/demographic gains or losses	(68,381)	-	(68,381)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(56,347)	(56,347)	-
Benefit payments	(25,873)	(25,873)	-
Administrative expenses	-	(2,295)	2,295
Member contributions	-	103,950	(103,950)
Net investment income	-	(46,063)	46,063
Employer contributions	-	244,045	(244,045)
Other ⁽²⁾	-	8,181	(8,181)
Balance at 12/31/2018	\$ 3,030,623	\$ 2,857,491	\$ 173,132

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

⁽²⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the Association, calculated using the discount rate of 8.1%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 3,477,834	\$ 3,030,623	\$ 2,658,879
Fiduciary net position	<u>2,857,491</u>	<u>2,857,491</u>	<u>2,857,491</u>
Net pension liability/(asset)	\$ <u>620,343</u>	\$ <u>173,132</u>	\$ <u>(198,612)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The 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 year ended September 30, 2019, the Association recognized pension expense of \$143,327. At September 30, 2019, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 84,016	\$ 231,056
Changes in actuarial assumptions	19,454	-
Difference between projected and actual investment earnings	184,978	-
Contributions subsequent to the measurement date	<u>173,107</u>	<u>-</u>
Total	<u>\$ 461,555</u>	<u>\$ 231,056</u>

\$173,107 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date, but before September 30, 2019, will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended September 30,</u>		
2020	\$	34,828
2021		1,707
2022	(19,474)
2023		40,331

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Plan Year Ended December 31

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 157,941	\$ 168,603
Interest total pension liability	129,349	171,190
Effect of plan changes	(507)	(37,196)
Effect of assumption changes or inputs	-	26,564
Effect of economic/demographic (gains) or losses	239,737	(328,649)
Benefit payments/refunds of contributions	(13,258)	(7,063)
Net change in total pension liability	513,262	(6,551)
Total pension liability - beginning	<u>1,526,215</u>	<u>2,039,477</u>
Total pension liability - ending (a)	\$ <u>2,039,477</u>	\$ <u>2,032,926</u>
Plan Fiduciary Net Position		
Employer contributions	\$ 232,858	\$ 204,038
Member contributions	91,867	109,037
Investment income net of investment expenses	59,721	(49,794)
Benefit payments refunds of contributions	(13,258)	(7,063)
Administrative expenses	(843)	(1,021)
Other	(58)	(61)
Net change in plan fiduciary net position	370,287	255,136
Plan fiduciary net position - beginning	<u>897,421</u>	<u>1,267,709</u>
Plan fiduciary net position - ending (b)	\$ <u>1,267,708</u>	\$ <u>1,522,845</u>
Net pension liability - ending (a) - (b)	\$ <u>771,769</u>	\$ <u>510,081</u>
Fiduciary net position as a percentage of total pension liability	62.16%	74.91%
Pensionable covered payroll	\$ 1,531,116	\$ 1,557,664
Net pension liability as a percentage of covered payroll	50.41%	32.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

2016	2017	2018
\$ 227,087	\$ 192,444	\$ 201,728
173,330	203,704	235,351
-	-	-
-	13,449	-
(88,755)	25,867	(68,381)
(8,948)	(26,959)	(82,220)
302,714	408,505	286,478
<u>2,032,926</u>	<u>2,335,640</u>	<u>2,744,145</u>
\$ <u>2,335,640</u>	\$ <u>2,744,145</u>	\$ <u>3,030,623</u>
\$ 245,934	\$ 246,844	\$ 244,045
103,081	104,995	103,950
114,583	298,082	(46,063)
(8,948)	(26,959)	(82,220)
(1,246)	(1,750)	(2,295)
<u>30,095</u>	<u>4,337</u>	<u>8,181</u>
483,499	625,549	225,598
<u>1,522,845</u>	<u>2,006,344</u>	<u>2,631,893</u>
\$ <u>2,006,344</u>	\$ <u>2,631,893</u>	\$ <u>2,857,491</u>
\$ <u>329,296</u>	\$ <u>112,252</u>	\$ <u>173,132</u>
85.90%	95.91%	94.29%
\$ 1,472,592	\$ 1,499,935	\$ 1,484,994
22.36%	7.48%	11.66%

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**SCHEDULE OF EMPLOYER CONTRIBUTIONS****FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2015	\$ 158,986	\$ 203,986	\$ (45,000)	\$ 1,553,332	13.1%
2016	156,997	204,038	(47,041)	1,569,969	13.0%
2017	139,757	239,757	(100,000)	1,423,896	16.8%
2018	143,729	243,729	(100,000)	1,478,274	16.5%
2019	133,604	208,604	(75,000)	1,523,867	13.7%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Methods and assumptions used to determine contributions rates:	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.5 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	Members who are legible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that the member contribution rate was increased to 7%. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

**COMBINING FUND FINANCIAL
STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted or committed to expenditure for particular purposes.

Texas Commission on Environmental Quality – This fund is used to account for state grants awarded to South Plains Association of Governments by the Texas Commission on Environmental Quality.

Texas Department of Agriculture – This fund is used to account for federal funds awarded to South Plains Association of Governments by the Texas Department of Agriculture.

Area Information Center 2-1-1 – This fund is used to account for state grants awarded to South Plains Association of Governments by the Texas Health and Human Services Commission.

Governor's Office, Criminal Justice Division – This fund is used to account for federal and state grants awarded to South Plains Association of Governments by the Office of the Governor, Criminal Justice Division.

Texas Department of Transportation – This fund is used to account for federal grants awarded to South Plains Association of Governments by the Texas Department of Transportation.

Aging and Disability Resource Center – This fund is used to account for federal grants awarded to South Plains Association of Governments by the Lubbock Regional Mental Health Mental Retardation Center.

Texas Water Development Board – This fund is used to account for state grants awarded to South Plains Association of Governments by the Texas Water Development Board.

Office of the Governor, Homeland Security Grant Division – This fund is used to account for federal funds granted to South Plains Association of Governments by the Governor's Department of Emergency Management.

Texas Department of Public Safety – This fund is used to account for federal funds granted to South Plains Association of Governments by the Texas Department of Public Safety.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	Special Revenue			
	Texas Commission on Environmental Quality	Texas Department of Agriculture	Area Information Center 2-1-1	Governor's Office, Criminal Justice Division
ASSETS				
Cash and cash equivalents	\$ 23,254	\$ -	\$ -	\$ -
Accounts receivable:				
Grantors	-	5,390	36,407	59,727
Accounts	138	-	138	4,649
Due from other funds	<u>1,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 24,393</u>	<u>\$ 5,390</u>	<u>\$ 36,545</u>	<u>\$ 64,376</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 1,140	\$ 9	\$ 4,117	\$ 2,101
Due to other funds	-	5,381	20,869	56,376
Unearned revenue	<u>23,253</u>	<u>-</u>	<u>-</u>	<u>5,899</u>
Total liabilities	<u>24,393</u>	<u>5,390</u>	<u>24,986</u>	<u>64,376</u>
Fund balance:				
Restricted for health and human services	<u>-</u>	<u>-</u>	<u>11,559</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>11,559</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 24,393</u>	<u>\$ 5,390</u>	<u>\$ 36,545</u>	<u>\$ 64,376</u>

Special Revenue					
Texas Department of Transportation	Aging & Disability Resource Center	Texas Water Development Board	Office of the Governor Homeland Security Grant Division	Texas Department of Public Safety	Total
\$ -	\$ -	\$ 34,656	\$ -	\$ -	\$ 57,910
41,694	76,034	-	141,543	40,783	401,578
-	184	-	299	-	5,408
-	-	49,620	-	-	50,621
<u>\$ 41,694</u>	<u>\$ 76,218</u>	<u>\$ 84,276</u>	<u>\$ 141,842</u>	<u>\$ 40,783</u>	<u>\$ 515,517</u>
\$ 348	\$ 6,416	\$ 49,620	\$ 48,796	\$ 38,772	\$ 151,319
41,346	69,802	-	93,046	2,011	288,831
-	-	34,656	-	-	63,808
<u>41,694</u>	<u>76,218</u>	<u>84,276</u>	<u>141,842</u>	<u>40,783</u>	<u>503,958</u>
-	-	-	-	-	11,559
-	-	-	-	-	11,559
<u>\$ 41,694</u>	<u>\$ 76,218</u>	<u>\$ 84,276</u>	<u>\$ 141,842</u>	<u>\$ 40,783</u>	<u>\$ 515,517</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			Governor's Office, Criminal Justice Division
	Texas Commission on Environmental Quality	Texas Department of Agriculture	Area Information Center 2-1-1	
REVENUES				
Grant	\$ 190,136	\$ 5,241	\$ 248,915	\$ 225,988
Local	-	-	150	113,138
Other	60	-	-	-
Total revenues	<u>190,196</u>	<u>5,241</u>	<u>249,065</u>	<u>339,126</u>
EXPENDITURES				
Environmental quality	190,196	-	-	-
Water Development	-	-	-	-
Emergency management	-	-	-	-
Community development	-	5,241	-	-
Health and human services	-	-	251,224	-
Aging	-	-	-	-
Transportation	-	-	-	-
Criminal justice	-	-	-	355,031
Total expenditures	<u>190,196</u>	<u>5,241</u>	<u>251,224</u>	<u>355,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(2,159)</u>	<u>(15,905)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	15,905
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,905</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(2,159)</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>13,718</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,559</u>	<u>\$ -</u>

Special Revenue					
Texas Department of Transportation	Aging & Disability Resource Center	Texas Water Development Board	Office of the Governor Homeland Security Grant Division	Texas Department of Public Safety	Total
\$ 83,385	\$ 202,047	\$ 279,865	\$ 315,751	\$ 100,996	\$ 1,652,324
-	-	-	-	-	113,288
-	-	90	-	-	150
<u>83,385</u>	<u>202,047</u>	<u>279,955</u>	<u>315,751</u>	<u>100,996</u>	<u>1,765,762</u>
-	-	-	-	-	190,196
-	-	279,955	-	-	279,955
-	-	-	315,751	103,350	419,101
-	-	-	-	-	5,241
-	-	-	-	-	251,224
-	202,047	-	-	-	202,047
88,219	-	-	-	-	88,219
-	-	-	-	-	355,031
<u>88,219</u>	<u>202,047</u>	<u>279,955</u>	<u>315,751</u>	<u>103,350</u>	<u>1,791,014</u>
(4,834)	-	-	-	(2,354)	(25,252)
<u>4,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,354</u>	<u>23,093</u>
<u>4,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,354</u>	<u>23,093</u>
-	-	-	-	-	(2,159)
-	-	-	-	-	13,718
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,559</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUND****AGENCY FUND****FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending of Year</u>
<u>RURAL RAIL TRANSPORTATION DISTRICT</u>				
Assets:				
Cash and investments	\$ <u>11,396</u>	\$ <u>6</u>	\$ <u>-</u>	\$ <u>11,402</u>
Liabilities:				
Due to others	\$ <u>11,396</u>	\$ <u>6</u>	\$ <u>-</u>	\$ <u>11,402</u>
<u>SOUTH PLAINS HOUSING FINANCE CORPORATION</u>				
Assets:				
Cash and investments	\$ <u>174,623</u>	\$ <u>1,770</u>	\$ <u>-</u>	\$ <u>176,393</u>
Liabilities:				
Due to others	\$ <u>174,623</u>	\$ <u>1,770</u>	\$ <u>-</u>	\$ <u>176,393</u>
<u>TEXAS MUNICIPAL LEAGUE</u>				
Assets:				
Cash and investments	\$ <u>8,377</u>	\$ <u>3,855</u>	\$ <u>-</u>	\$ <u>12,232</u>
Liabilities:				
Due to others	\$ <u>8,377</u>	\$ <u>3,855</u>	\$ <u>-</u>	\$ <u>12,232</u>
<u>TOTALS - AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ <u>194,396</u>	\$ <u>5,631</u>	\$ <u>-</u>	\$ <u>200,027</u>
Liabilities:				
Due to others	\$ <u>194,396</u>	\$ <u>5,631</u>	\$ <u>-</u>	\$ <u>200,027</u>

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SUPPLEMENTAL SCHEDULES

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>
Salaries	\$ 153,245		\$ 141,984
Benefits	<u>89,915</u>		<u>76,779</u>
Total personnel costs	243,160		218,763
Travel	16,250		10,282
Conferences	500		3,731
Printing/copying	2,000		1,523
Insurance/bonding	9,000		9,707
Telecommunications	3,006		3,294
Postage	2,522		3,858
Organizational memberships	12,500		13,564
Professional services	3,972		6,741
Maintenance/utilities	5,147		5,610
Internal services	37,164		18,404
Miscellaneous other expenditures:			
Supplies	9,000		12,377
Public information/notices	1,200		2,019
Other miscellaneous	<u>4,140</u>		<u>19,687</u>
Total indirect costs	\$ <u>349,561</u>		\$ 329,560
Total indirect costs recovered			<u>344,314</u>
Indirect costs under (over) recovered	\$(<u>1,169</u>)		\$(<u>14,754</u>)
Total Budgeted	\$ <u>348,392</u>		
Total salaries and wages	\$ 1,405,282		\$ 1,379,189
Less: indirect salary costs	(153,245)		(141,984)
merit pool	<u>-</u>		
Equals direct salaries and wages cost base		\$ <u>1,252,037</u>	\$ <u>1,237,205</u>
 <u>Total indirect costs</u>	 <u>348,392</u>	 = 27.83%	 <u>329,560</u> = 26.64%
Divided by direct personnel cost base	1,252,037		1,237,205
 Indirect rate applied to department salaries and wages		 = 27.83%	 = 26.64%
 <u>Total indirect costs</u>	 <u>348,392</u>	 = 8.86%	 <u>329,560</u> = 6.35%
Total direct expenditures	3,930,273		5,186,731
Indirect rate applied to total direct expenditures		= 8.86%	= 6.35%

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

EMPLOYEE BENEFIT COST INCURRED

Employer contributions to:	
Social security (FICA)	\$ 116,913
Retirement, pension program	134,832
Group health insurance	295,372
Workers' compensation	4,330
Unemployment insurance	449
Total employer direct fringe benefit payments	<u>551,896</u>

Release time, paid:	
Vacation	59,143
Holidays	896
Sick leave	130,642
Other release time	<u>3,227</u>
Total release time paid	<u>193,908</u>

Total fringe benefit cost incurred	<u>\$ 745,804</u>
------------------------------------	-------------------

COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE

Total gross salaries paid	\$ 1,379,189
Final fringe rate = Total fringe benefit cost incurred / net chargeable salary (actual)	54.08%
Budgeted fringe rate	58.67%

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

ALLOCATION OF FRINGE BENEFIT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Funding Source:	<u>Chargeable Salaries</u>	<u>Fringe Benefits Allocation</u>	<u>Total Personnel Costs</u>
Texas Department of Aging and Disability Services	\$ 236,091	\$ 127,667	\$ 363,758
Office of the Governor, Criminal Justice Division	121,241	65,563	186,804
Texas Commission on Environmental Quality	35,313	19,096	54,409
Texas Department of Public Safety	98,974	53,521	152,495
Texas Health and Human Services Commission	107,474	58,117	165,591
Commission on State Emergency Communications	193,335	104,547	297,882
Texas Department of Agriculture	2,951	1,596	4,547
Texas Department of Transportation	39,795	21,519	61,314
Lubbock Regional Mental Health Mental Retardation	68,723	36,877	105,600
Economic Development - Revolving Loan Fund	13,703	7,410	21,113
South Plains Economic Development District	28,906	15,631	44,537
Indirect central services	141,984	76,779	218,763
Finance, reception, and system maintenance	194,515	105,185	299,700
Other locally funded activities	<u>96,184</u>	<u>52,002</u>	<u>148,186</u>
Total	\$ <u>1,379,189</u>	\$ <u>745,510</u>	\$ <u>2,124,699</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the South Plains Association of Governments' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Association's overall financial health.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the Association's financial performance and well-being have changed over time.	47-56
Revenue Capacity All of the Association's significant revenue is provided by other governments. It does not impose any taxes or charge any significant fees of its own. Accordingly, revenue capacity schedules are not presented in the statistical section.	57 – 58
Debt Capacity For the purposes of the statistical section, debt is limited to long-term debt instruments, such as bonds, notes, loans and capital leases. The Association has no debt. Therefore, debt capacity information is not presented in the statistical section.	None
Demographic and Economic Indicators These schedules offer demographic and economic indicators to help the reader understand the environment within which the Association's financial activities take place.	59
Operating Information These schedules contain service and capital asset data to help the reader understand how the information in the Association's financial report relates to the services the South Plains Association of Governments provides and the resources it utilizes to provide these services.	60 – 67

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$ 1,795,276	\$ 1,809,948	\$ 1,669,432	\$ 1,371,510
Restricted	-	50,558	50,558	41,571
Unrestricted	<u>1,196,876</u>	<u>1,242,740</u>	<u>1,233,708</u>	<u>1,365,538</u>
Total governmental activities net position	<u>\$ 2,992,152</u>	<u>\$ 3,103,246</u>	<u>\$ 2,953,698</u>	<u>\$ 2,778,619</u>
Business-type activities:				
Restricted	<u>\$ 3,266,125</u>	<u>\$ 3,373,200</u>	<u>\$ 3,446,635</u>	<u>\$ 3,519,758</u>
Total business-type activities net position	<u>\$ 3,266,125</u>	<u>\$ 3,373,200</u>	<u>\$ 3,446,635</u>	<u>\$ 3,519,758</u>
Primary government:				
Net investment in capital assets	\$ 1,795,276	\$ 1,809,948	\$ 1,669,432	\$ 1,371,510
Restricted	3,266,125	3,423,758	3,497,193	3,561,329
Unrestricted	<u>1,196,876</u>	<u>1,242,740</u>	<u>1,233,708</u>	<u>1,365,538</u>
Total primary government net position	<u>\$ 6,258,277</u>	<u>\$ 6,476,446</u>	<u>\$ 6,400,333</u>	<u>\$ 6,298,377</u>

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,409,678	\$ 1,173,491	\$ 2,216,671	\$ 1,926,902	\$ 1,901,336	\$ 1,686,694
24,123	22,315	16,602	14,552	13,718	11,559
<u>1,393,858</u>	<u>1,000,409</u>	<u>1,076,854</u>	<u>1,247,201</u>	<u>1,455,297</u>	<u>1,509,455</u>
<u>\$ 2,827,659</u>	<u>\$ 2,196,215</u>	<u>\$ 3,310,127</u>	<u>\$ 3,188,655</u>	<u>\$ 3,370,351</u>	<u>\$ 3,207,708</u>
<u>\$ 35,727,602</u>	<u>\$ 3,628,038</u>	<u>\$ 3,677,818</u>	<u>\$ 3,736,982</u>	<u>\$ 3,793,358</u>	<u>\$ 3,856,629</u>
<u>\$ 35,727,602</u>	<u>\$ 3,628,038</u>	<u>\$ 3,677,818</u>	<u>\$ 3,736,982</u>	<u>\$ 3,793,358</u>	<u>\$ 3,856,629</u>
\$ 1,409,678	\$ 1,173,491	\$ 2,216,671	\$ 1,926,902	\$ 1,901,336	\$ 1,686,694
3,596,883	3,650,353	3,694,420	3,751,534	3,807,076	3,868,188
<u>1,393,858</u>	<u>1,000,409</u>	<u>1,076,854</u>	<u>1,247,201</u>	<u>1,455,297</u>	<u>1,509,455</u>
<u>\$ 6,400,419</u>	<u>\$ 5,824,253</u>	<u>\$ 6,987,945</u>	<u>\$ 6,925,637</u>	<u>\$ 7,163,709</u>	<u>\$ 7,064,337</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year		
	2010	2011	2012
EXPENSES			
Governmental activities:			
General government	\$ 421,552	\$ 416,874	\$ 551,267
Environmental quality	259,551	268,480	62,325
Emergency communications	1,110,342	1,114,441	1,113,071
Emergency management	2,671,546	2,460,539	1,505,519
Community development	72,407	65,327	4,304
Health and human services	313,907	281,551	291,811
Aging	2,125,097	1,731,363	1,983,044
Transportation	-	-	2,660
Water development	-	-	-
Criminal justice	436,171	342,541	323,748
Economic development	-	-	-
Total governmental activities expenses	<u>7,410,573</u>	<u>6,681,116</u>	<u>5,837,749</u>
Business-type activities:			
Economic development	<u>216,746</u>	<u>78,095</u>	<u>66,234</u>
Total business-type activities expenses	<u>216,746</u>	<u>78,095</u>	<u>66,234</u>
Total primary government program expenses	<u>\$ 7,627,319</u>	<u>\$ 6,759,211</u>	<u>\$ 5,903,983</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government	\$ 497,592	\$ 465,902	\$ 575,522
Environmental quality	-	-	-
Emergency communications	-	-	-
Emergency management	262,234	1,499	182,608
Health and human services	68,689	53,763	49,696
Aging	24,139	24,987	23,540
Criminal justice	110,241	103,730	77,870
Water Development	-	-	-
Operating grants and contributions	<u>7,352,384</u>	<u>6,132,599</u>	<u>4,769,101</u>
Total governmental activities program revenues	<u>8,315,279</u>	<u>6,782,480</u>	<u>5,678,337</u>
Business-type activities:			
Charges for services:			
Economic development	<u>134,188</u>	<u>182,294</u>	<u>136,879</u>
Total business-type activities program revenues	<u>134,188</u>	<u>182,294</u>	<u>136,879</u>
Total primary government program revenues	<u>\$ 8,449,467</u>	<u>\$ 6,964,774</u>	<u>\$ 5,815,216</u>

TABLE 2

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
\$ 704,813	\$ 601,559	\$ 571,916	\$ 545,608	\$ 538,541	\$ 498,704	\$ 532,199
182,372	75,750	183,373	77,403	177,111	70,890	188,828
1,149,118	1,244,978	1,153,863	1,602,809	1,305,810	1,567,986	1,256,496
988,434	520,419	429,096	482,844	278,946	291,568	416,087
4,788	4,845	5,850	3,667	4,941	4,744	5,203
286,644	293,162	294,503	254,423	245,194	234,876	249,417
1,635,889	1,776,582	1,911,841	1,976,473	1,795,910	1,841,624	2,206,282
77,341	80,735	22,896	35,167	19,419	93,661	87,585
-	-	-	2,730	29,562	150,906	277,942
303,535	310,416	354,630	316,788	286,322	391,198	352,478
-	-	1,160	169,552	76,859	-	-
<u>5,332,934</u>	<u>4,908,446</u>	<u>4,929,128</u>	<u>5,467,464</u>	<u>4,758,615</u>	<u>5,146,157</u>	<u>5,572,516</u>
<u>64,174</u>	<u>76,060</u>	<u>51,825</u>	<u>47,064</u>	<u>44,472</u>	<u>48,464</u>	<u>45,486</u>
<u>64,174</u>	<u>76,060</u>	<u>51,825</u>	<u>47,064</u>	<u>44,472</u>	<u>48,464</u>	<u>45,486</u>
<u>\$ 5,397,108</u>	<u>\$ 4,984,506</u>	<u>\$ 4,980,953</u>	<u>\$ 5,514,528</u>	<u>\$ 4,803,087</u>	<u>\$ 5,194,621</u>	<u>\$ 5,618,002</u>
\$ 648,521	\$ 636,042	\$ 607,603	\$ 598,214	\$ 557,454	\$ 594,916	\$ 563,667
38	30	64	38	73	29	60
177	154	143	204	1,368	2,839	1,703
43,748	9,794	13,083	477	-	-	-
43,171	-	-	3,445	960	855	168
25,000	23,804	25,025	25,070	23,184	18,047	20,177
119,685	104,360	94,806	87,721	88,497	124,476	113,138
-	-	-	-	-	-	90
<u>4,242,931</u>	<u>4,168,893</u>	<u>3,983,741</u>	<u>5,860,042</u>	<u>3,954,669</u>	<u>4,578,993</u>	<u>4,696,985</u>
<u>5,123,271</u>	<u>4,943,077</u>	<u>4,724,465</u>	<u>6,575,211</u>	<u>4,626,205</u>	<u>5,320,155</u>	<u>5,395,988</u>
<u>137,297</u>	<u>127,187</u>	<u>104,803</u>	<u>89,605</u>	<u>93,133</u>	<u>94,163</u>	<u>84,353</u>
<u>137,297</u>	<u>127,187</u>	<u>104,803</u>	<u>89,605</u>	<u>93,133</u>	<u>94,163</u>	<u>84,353</u>
<u>\$ 5,260,568</u>	<u>\$ 5,070,264</u>	<u>\$ 4,829,268</u>	<u>\$ 6,664,816</u>	<u>\$ 4,719,338</u>	<u>\$ 5,414,318</u>	<u>\$ 5,480,341</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CHANGES IN NET POSITION (Continued) LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year		
	2010	2011	2012
NET (EXPENSE) REVENUES			
Governmental activities	\$ 904,706	\$ 101,364	\$ (159,412)
Business-type activities	(82,558)	104,199	70,645
Total primary government net expense	<u>822,148</u>	<u>205,563</u>	<u>(88,767)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Interest on deposit	7,075	5,479	4,182
Miscellaneous income	<u>1,919</u>	<u>4,251</u>	<u>5,682</u>
Total governmental activities	<u>8,994</u>	<u>9,730</u>	<u>9,864</u>
Business-type activities:			
Interest on deposit	<u>3,038</u>	<u>2,876</u>	<u>2,790</u>
Total business-type activities	<u>3,038</u>	<u>2,876</u>	<u>2,790</u>
Total primary government	<u>12,032</u>	<u>12,606</u>	<u>12,654</u>
CHANGE IN NET POSITION			
Governmental activities	913,700	111,094	(149,548)
Business-type activities	(79,520)	107,075	73,435
Total primary government	<u>\$ 834,180</u>	<u>\$ 218,169</u>	<u>\$ (76,113)</u>

TABLE 2

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
\$(209,663)	\$ 34,631	\$(204,663)	\$ 1,107,747	\$(132,410)	\$ 173,998	\$(176,528)
<u>73,123</u>	<u>51,127</u>	<u>52,978</u>	<u>42,541</u>	<u>48,661</u>	<u>45,699</u>	<u>38,867</u>
(136,540)	85,758	(151,685)	1,150,288	(83,749)	219,697	(137,661)
3,413	3,341	3,346	3,813	5,095	6,239	10,759
<u>31,171</u>	<u>11,068</u>	<u>6,093</u>	<u>2,348</u>	<u>5,843</u>	<u>1,459</u>	<u>3,126</u>
<u>34,584</u>	<u>14,409</u>	<u>9,439</u>	<u>6,161</u>	<u>10,938</u>	<u>7,698</u>	<u>13,885</u>
-	1,875	2,300	7,239	10,503	10,677	24,404
-	1,875	2,300	7,239	10,503	10,677	24,404
34,584	16,284	11,739	13,400	21,441	18,375	38,289
(175,079)	49,040	(195,224)	1,113,908	(121,472)	181,696	(162,643)
<u>73,123</u>	<u>53,002</u>	<u>55,278</u>	<u>49,780</u>	<u>59,164</u>	<u>56,376</u>	<u>63,271</u>
\$(101,956)	\$ 102,042	\$(139,946)	\$ 1,163,688	\$(62,308)	\$ 238,072	\$(99,372)

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
General fund				
Nonspendable	\$ 5,394	\$ 3,454	\$ 5,619	\$ 2,215
Restricted	-	-	-	-
Assigned	-	-	40,123	96,627
Unassigned	<u>1,196,940</u>	<u>1,319,076</u>	<u>1,269,638</u>	<u>1,344,963</u>
Total general fund	<u>\$ 1,202,334</u>	<u>\$ 1,322,530</u>	<u>\$ 1,315,380</u>	<u>\$ 1,443,805</u>
All other governmental funds				
Restricted	\$ -	\$ 50,558	\$ 50,558	\$ 41,571
Assigned	<u>50,558</u>	<u>8,256</u>	<u>8,256</u>	<u>8,256</u>
Total all other governmental funds	<u>\$ 50,558</u>	<u>\$ 58,814</u>	<u>\$ 58,814</u>	<u>\$ 49,827</u>

TABLE 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 2,488	\$ 2,277	\$ 5,472	\$ 1,444	\$ 1,599	\$ 1,831
-	-	16,602	-	-	-
78,581	70,388	53,768	36,145	94,896	94,896
<u>1,413,759</u>	<u>1,419,530</u>	<u>1,443,267</u>	<u>1,451,876</u>	<u>1,462,971</u>	<u>1,478,083</u>
\$ <u>1,494,828</u>	\$ <u>1,492,195</u>	\$ <u>1,519,109</u>	\$ <u>1,489,465</u>	\$ <u>1,559,466</u>	\$ <u>1,574,810</u>
\$ 24,123	\$ 22,315	\$ 16,602	\$ 14,552	\$ 13,718	\$ 11,559
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>24,123</u>	\$ <u>22,315</u>	\$ <u>16,602</u>	\$ <u>14,552</u>	\$ <u>13,718</u>	\$ <u>11,559</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Federal and state grants	\$ 7,311,186	\$ 5,838,907	\$ 4,818,797	\$ 4,220,277
Membership dues	71,551	71,201	77,872	77,872
Interest income	7,308	5,479	4,182	3,628
Other local	<u>934,461</u>	<u>876,623</u>	<u>787,350</u>	<u>869,483</u>
Total revenues	<u>8,324,273</u>	<u>6,792,210</u>	<u>5,688,201</u>	<u>5,171,260</u>
Expenditures				
General government	376,630	391,682	537,710	613,742
Environmental quality	260,224	267,250	62,304	182,372
Water development	-	-	-	-
Emergency communications	2,087,191	1,204,159	1,044,527	1,005,012
Emergency management	2,555,662	2,390,978	1,451,105	942,499
Community development	72,631	65,028	4,303	4,788
Health and human services	314,804	280,261	291,715	286,644
Aging	2,117,642	1,723,429	1,977,387	1,635,889
Transportation	-	-	2,659	77,341
Criminal justice	437,292	340,971	323,641	303,535
Economic development	-	-	-	-
Total expenditures	<u>8,222,076</u>	<u>6,663,758</u>	<u>5,695,351</u>	<u>5,051,822</u>
Excess (deficiency) of revenue over expenditures	102,197	128,452	(7,150)	119,438
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 102,197</u>	<u>\$ 128,452</u>	<u>\$ (7,150)</u>	<u>\$ 119,438</u>

TABLE 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,168,893	\$ 3,977,950	\$ 5,860,112	\$ 3,954,669	\$ 4,578,993	\$ 4,696,985
77,572	77,572	77,872	77,872	77,872	77,872
3,525	9,661	68,114	75,966	74,127	78,377
<u>707,496</u>	<u>668,721</u>	<u>575,274</u>	<u>528,636</u>	<u>596,861</u>	<u>556,639</u>
<u>4,957,486</u>	<u>4,733,904</u>	<u>6,581,372</u>	<u>4,637,143</u>	<u>5,327,853</u>	<u>5,409,873</u>
570,813	599,422	562,824	544,105	495,841	518,854
75,750	183,373	77,903	184,379	72,802	190,196
-	-	2,730	30,775	154,975	279,955
1,304,072	935,574	2,668,314	1,074,272	1,600,329	1,041,176
515,792	429,096	483,844	290,394	299,432	419,101
4,845	5,850	3,967	5,144	4,872	5,241
293,162	294,503	258,387	255,256	241,211	251,224
1,776,582	1,911,841	1,988,369	1,869,527	1,891,289	2,247,691
80,735	22,896	36,167	20,216	96,187	88,219
310,416	354,630	324,716	298,072	401,748	355,031
-	1,160	169,552	80,095	-	-
<u>4,932,167</u>	<u>4,738,345</u>	<u>6,576,773</u>	<u>4,652,235</u>	<u>5,258,686</u>	<u>5,396,688</u>
25,319	(4,441)	4,599	(15,092)	69,167	13,185
-	-	-	-	36,756	43,346
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,756)</u>	<u>(43,346)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>25,319</u>	\$ <u>(4,441)</u>	\$ <u>4,599</u>	\$ <u>(15,092)</u>	\$ <u>69,167</u>	\$ <u>13,185</u>

TABLE 5

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

MEMBERSHIP DUES BY ENTITY

LAST TEN FISCAL YEARS

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>COUNTIES:</u>										
Bailey County	\$ 495	\$ 495	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537
Cochran County	280	280	235	235	235	235	235	235	235	235
Crosby County	530	530	454	454	454	454	454	454	454	454
Dickens County	207	207	183	183	183	183	183	183	183	183
Floyd County	583	583	483	483	483	483	483	483	483	483
Garza County	365	365	485	485	485	485	485	485	485	485
Hale County	2,745	2,745	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
Hockley County	1,704	1,704	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720
King County	125	125	125	125	125	125	125	125	125	125
Lamb County	1,103	1,103	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048
Lubbock County	18,197	18,197	20,912	20,912	20,912	20,912	20,912	20,912	20,912	20,912
Lynn County	491	491	444	444	444	444	444	444	444	444
Motley County	125	125	125	125	125	125	125	125	125	125
Terry County	1,007	957	949	949	949	949	949	949	949	949
Yoakum County	549	549	591	591	591	591	591	591	591	591
<u>CITIES:</u>										
City of Abernathy	355	355	350	350	350	350	350	350	350	350
City of Amherst	125	125	125	125	125	125	125	125	125	125
City of Anton	150	150	141	141	141	141	141	141	141	141
City of Brownfield	1,186	1,186	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207
City of Crosbyton	234	234	218	218	218	218	218	218	218	218
City of Denver City	498	498	560	560	560	560	560	560	560	560
City of Dickens	125	125	125	125	125	125	125	125	125	125
City of Earth	139	139	133	133	133	133	133	133	133	133
City of Floydada	460	460	380	380	380	380	380	380	380	380
City of Hale Center	283	283	282	282	282	282	282	282	282	282
City of Idalou	270	270	282	282	282	282	282	282	282	282
City of Levelland	1,608	1,608	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693
City of Littlefield	813	813	797	797	797	797	797	797	797	797
City of Lockney	257	257	230	230	230	230	230	230	230	230
City of Lorenzo	172	172	143	143	143	143	143	143	143	143
City of Lubbock	24,946	24,946	28,697	28,697	28,697	28,697	28,697	28,697	28,697	28,697
City of Matador	125	125	125	125	125	125	125	125	125	125
City of Meadow	125	125	125	125	125	125	125	125	125	125
City of Morton	281	281	251	251	251	251	251	251	251	251
City of Muleshoe	566	566	645	645	645	645	645	645	645	645
City of New Deal	125	125	125	125	125	125	125	125	125	125
City of New Home	125	125	125	125	125	125	125	125	125	125
City of O'Donnell	126	126	125	125	125	125	125	125	125	125
City of Olton	286	286	277	277	277	277	277	277	277	277
Town of Opdyke West	125	125	125	125	125	125	125	125	125	125
City of Petersburg	158	158	150	150	150	150	150	150	150	150
City of Plains	181	181	185	185	185	185	185	185	185	185

TABLE 5

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

MEMBERSHIP DUES BY ENTITY
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2019
<u>CITIES: (continued)</u>										
City of Plainview	\$ 2,792	\$ 2,792	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774
City of Post	464	464	672	672	672	672	672	672	672	672
City of Ralls	282	282	249	249	249	249	249	249	249	249
City of Ransom Canyon	126	126	137	137	137	137	137	137	137	137
City of Roaring Springs	125	125	125	125	125	125	125	125	125	125
City of Ropesville	125	125	125	125	125	125	125	125	125	125
City of Shallowater	261	261	311	311	311	311	311	311	311	311
City of Slaton	764	764	765	765	765	765	765	765	765	765
City of Smyer	125	125	125	125	125	125	125	125	125	125
City of Springlake	125	125	125	125	125	125	125	125	125	125
City of Spur	136	136	165	165	165	165	165	165	165	165
City of Sudan	130	130	125	125	125	125	125	125	125	125
City of Sundown	188	188	174	174	174	174	174	174	174	174
City of Tahoka	364	364	334	334	334	334	334	334	334	334
City of Wellman	125	125	125	125	125	125	125	125	125	125
City of Whiteface	125	125	125	125	125	125	125	125	125	125
City of Wilson	125	125	125	125	125	125	125	125	125	125
City of Wolfforth	319	319	458	458	458	458	458	458	458	458
<u>SPECIAL PURPOSE DISTRICTS:</u>										
Duck Creek SWCD	50	50	50	50	50	50	50	50	50	50
Lubbock County WCID#1	50	50	50	50	50	50	50	50	50	50
Terry County SWCD	-	-	-	-	-	-	-	-	-	-
White River MWD	300	300	300	300	300	300	300	300	300	300
<u>SCHOOL DISTRICTS:</u>										
Brownfield ISD	300	300	300	300	300	300	300	300	300	300
Crosbyton ISD	300	-	-	-	-	-	-	-	-	-
Frenship ISD	300	300	300	300	300	300	300	300	300	300
Plainview ISD	300	300	300	300	300	300	-	300	300	300
Littlefield ISD	300	300	300	300	300	300	300	300	300	300
Lubbock ISD	300	300	300	300	300	300	300	300	300	300
Lubbock-Cooper ISD	300	300	300	300	300	300	300	300	300	300
	<u>\$ 71,551</u>	<u>\$ 71,201</u>	<u>\$ 77,871</u>	<u>\$ 77,871</u>	<u>\$ 77,871</u>	<u>\$ 77,871</u>	<u>\$ 77,571</u>	<u>\$ 77,871</u>	<u>\$ 77,871</u>	<u>\$ 77,871</u>

TABLE 6**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS****DEMOGRAPHIC AND ECONOMIC STATISTICS****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (3)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (1)</u>
2010	411,659	11,883,343	28,867	7.14%
2011	411,159	13,057,205	33,134	7.90%
2012	417,126	14,100,603	34,419	5.30%
2013	421,274	15,186,714	38,381	5.80%
2014	415,159	16,474,411	43,414	5.01%
2015	410,914	16,068,083	41,364	4.68%
2016	432,995	16,402,008	48,223	4.68%
2017	425,698	16,946,733	37,338	3.20%
2018	434,565	17,726,282	41,180	3.30%
2019	437,078	18,505,831	47,276	2.70%

(1) Unemployment rates for 2010 through 2019 come from the Texas Workforce Commission.

(2) The source for 2010 through 2019 is the Bureau of Economic Analysis, U. S. Department of Commerce and is estimated from the Bureau of Economic Analysis latest data.

(3) The population estimates are taken from the Bureau of Economic Analysis, U. S. Department of Commerce with the exception of 2011 through 2019 which were taken from estimates by the Texas State Data Center. 2010 is taken from the 2010 Census data.

TABLE 7

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Texas Tech University	5,505	1	3.47%	10,701	1	7.76%
Covenant Health System	5,102	2	3.21%	5,021	2	3.64%
United Supermarkets (Corporate)	3,915	3	2.47%	2,351	6	1.70%
University Medical Center	3,659	4	2.30%	3,149	4	2.28%
TTU Health Sciences Center	3,635	5	2.29%	2,838	5	2.06%
Lubbock Independent School District	3,487	6	2.20%	3,449	3	2.50%
City of Lubbock	2,369	7	1.49%	2,131	7	1.54%
Frenship ISD	1,240	8	0.78%	-		- %
Lubbock County	1,239	9	0.78%	1,175	8	0.85%
Lubbock State Supported Living Center	856	10	0.54%	-		- %
AT&T Communications				1,120	9	0.81%
Convergys Corporation				1,050	10	0.77%
Total % of Top 10 Employers			<u>19.53%</u>			<u>23.91%</u>

Source: All data were taken from the City of Lubbock's Comprehensive Annual Financial Report for the year ended September 30, 2019.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2010	2011	2012	2013
General Government	6.5	6.5	6.5	6.5
211 Information Center/ADRC	4	4	4	4.5
Aging	9	9	8.5	8.5
Regional Services & Econ Dev	8	8	8	6.5
Emergency Communications	5	5	5	5
Economic Development	4	4	4	4
Law Enforcement	3	3	3	2
	<u>39.5</u>	<u>39.5</u>	<u>39.0</u>	<u>37.0</u>

Source: South Plains Association of Government's Management

TABLE 8

Fiscal Year					
2014	2015	2016	2017	2018	2019
6.5	6.5	6.5	6.5	7.0	7.0
4	4.5	4.5	5.5	5.0	5.0
9	9	10	9	7	7
7.5	7.5	7.5	7.0	4.0	8.0
5	5	5	5	5	5
4	4	4	3	3	-
3	2	2	2	2	2
<u>39.0</u>	<u>38.5</u>	<u>39.0</u>	<u>38.0</u>	<u>33.0</u>	<u>34.0</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function:	Fiscal Year			
	2010	2011	2012	2013
Aging (1)				
Number of Congregate Meals	116,695	79,371	85,675	76,494
Number of congregate clients served	2,668	1,603	2,103	1,799
Number of Home Delivered Meals	70,509	29,818	50,359	45,504
Number of Home Delivered clients served	671	306	629	412
Economic Development				
Number of Loans Funded	24	12	9	6
Number of Jobs Created or Retained	353	274	202	74
Emergency Communications 9-1-1 (2)				
Number of calls	58,873	69,332	82,189	72,432
Criminal Justice				
Number of courses taught-LET Academy	62	51	62	66
Number of officers trained	688	777	565	822
Contact hours Academy	30,100	34,773	23,400	34,120
Applications reviewed by CJAC committee	28	22	12	17
Community Development				
Number of CDBG grants written	15	1	23	4
CDBG grants funded amount	552,500	1,250,000	2,450,000	3,125,000
Environmental Quality				
Number of Solid Waste grants	7	8	4	4
SW grants funded amount	164,983	160,392	120,000	120,000
Health				
2-1-1 Area Information Center				
Number of calls taken	48,776.00	65,009.00	65,664.00	52,174.00

(1) Title III Meal Report

(2) 9-1-1 Database

Source: South Plains Association of Government's Management

TABLE 9

Fiscal Year					
2014	2015	2016	2017	2018	2019
73,680	70,957	64,480	112,297	99,777	84,573
1,800	1,729	1,057	1,610	1,431	1,122
40,390	47,673	43,509	62,605	68,730	79,091
466	421	268	700	477	465
10	3	7	12	3	2
121	97	117	187	125	47
71,324	79,533	71,559	71,579	56,118	57,476
41	41	31	50	40	69
542	466	306	508	521	866
30,282	28,510	21,805	33,046	35,321	42,955
18	25	25	18	19	24
20	20	12	7	4	19
3,050,000	550,000	3,131,000	2,125,000	825,000	875,000
6	6	6	4	4	5
119,873	109,800	124,945	54,576	81,476	81,476
57,411.00	63,789.00	41,791.00	42,436.00	63,193.00	33,197.00

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>General Government</u>				
Buildings	1	1	1	1
Land	1	1	1	1
Parking lot	1	1	1	1
Office furniture and equipment	23	23	23	23
<u>Emergency Communications</u>				
GIS Tracking Software	1	1	1	1
Equipment	15	17	17	18
<u>Aging</u>				
Office furniture and equipment	8	8	8	8
<u>Homeland Security</u>				
Equipment	5	5	5	5
Trailers	1	1	1	1

Notes: Assets in excess of \$5,000

Assets purchased with grant funds but owned by subrecipients are not included

Source: South Plains Association of Government's Management

TABLE 10

2014	2015	2011	2017	2018	2019
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
23	23	23	23	12	12
1	1	1	1	1	1
22	27	29	34	27	27
8	8	8	8	9	3
5	5	5	5	1	1
1	1	1	1	-	-

TABLE 11

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF INSURANCE COVERAGE

AS OF SEPTEMBER 30, 2019

Company	Term	Coverage	Limits/Deductible/Benefits Description
Texas Municipal League - Intergovernmental Risk Pool	10/1/18 - 09/30/19	Workers' Compensation for employees and Board Members	No maximum benefit
Texas Municipal League - Intergovernmental Risk Pool	10/1/18 - 09/30/19	General Liability	2,000,000 Involving Pollution \$2,000,000 Annual Aggregate \$4,000,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/18 - 09/30/19	Real and Personal Property	Limits of coverage \$3,964,592 Deductible per occurrence \$250 Coverage on SPAG building and contents, PSAP equipment at regional locations, LET firing range at 9801 Reese Blvd.
Texas Municipal League - Intergovernmental Risk Pool	10/1/18 - 09/30/19	Automobile Liability	Limits of Liability \$1,000,000 \$250 Deductible for both Collision and Comprehensive \$25,000 Medical Payments Limit Automobile Physical Damage limit \$10,000 each occurrence
Texas Municipal League - Intergovernmental Risk Pool	10/1/18 - 09/30/19	Errors and Omissions Liability	Limit \$2,000,000 Each Wrongful Act \$4,000,000 Annual Aggregate \$2,500 Deductible
Texas Municipal League - Intergovernmental Risk Pool	10/1/18 - 09/30/19	Cyber Liability and Data Breach Response	Annual Aggregate \$1,000,000 Privacy Breach \$25,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/18 - 09/30/19	Public Employee Dishonesty and Forgery or Alteration	Limit of Coverage per Occurrence \$100,000 Deductible \$1,000
Victor O. Schinnerer	10/1/18 - 09/30/19	Public Official Bonds	Two @ \$100,000 each

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SINGLE AUDIT SECTION

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

Board of Directors
South Plains Association of Governments
Lubbock, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the South Plains Association of Governments (the "Association") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated March 31, 2020.

Internal Control over Financial Reporting

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

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

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

OFFICE LOCATIONS

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

Compliance and Other Matters

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

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

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

Waco, Texas
March 31, 2020

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

Board of Directors
South Plains Association of Government
Lubbock, Texas

Report on Compliance for Each Major Federal and State Program

We have audited South Plains Association of Governments' (the Association'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 *Uniform Grant Management Standards* ("UGMS"), issued by the Governor's Office of Budget and Planning, that could have a direct and material effect on each of the Association's major federal and state programs for the year ended September 30, 2019. The Association's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and UGMS. Those standards, the Uniform Guidance, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

OFFICE LOCATIONS

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

Report on Internal Control over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 UGMS. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
March 31, 2020

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
FEDERAL AWARDS				
<u>U. S. Department of Commerce, Economic Development Administration</u>				
Direct:				
Economic Development Support - Planning Assistance - SPEDD	11.302	ED16AUS3020007	\$ 8,442	\$ -
Economic Development Support - Planning Assistance - SPEDD	11.302	ED19AUS3020001	43,507	-
Economic Adjustment Assistance - Revolving Loan Fund	11.307	08-39-02592.01	2,870,737	-
Total Direct			2,922,686	-
Total U. S. Department of Commerce, Economic Development Administration			2,922,686	-
<u>U. S. Department of Housing and Urban Development</u>				
Passed through the Texas Department of Agriculture:				
Community and Economic Development Assistance Funds	14.228	C717220	5,241	-
Total Passed through the Texas Department of Agriculture			5,241	-
Total U. S. Department of Housing and Urban Development			5,241	-
<u>U. S. Department of Justice</u>				
Passed through the Office of the Governor, Criminal Justice Division:				
Law Enforcement Response to Domestic Violence	16.588	2460408	37,222	-
Law Enforcement Response to Domestic Violence	16.588	2460409	1,725	-
Total Passed through the Office of the Governor, Criminal Justice Division			38,947	-
Total U. S. Department of Justice			38,947	-
<u>U. S. Department of Transportation</u>				
Passed through the Texas Department of Transportation:				
Rural Transit Assistance Program	20.505	51R08010519	9,260	-
State Planning and Research - Section 5304	20.505	51R08010518	43,734	-
State Planning and Research - Section 5304	20.505	51R08020518	20,834	-
Total Passed through the Texas Department of Transportation			73,828	-
Total U. S. Department of Transportation			73,828	-

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
U. S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission:				
Title VII-EAP	93.041	539-16-0006-00001	\$ 4,080	\$ -
Subtotal - 93.041			4,080	-
Title VII-OAG	93.042	539-16-0006-00001	21,304	21,304
Subtotal - 93.042			21,304	21,304
Title III-D Evidence Based-Intervention	93.043	539-16-0006-00001	30,013	-
Subtotal - 93.043			30,013	-
Title III-B	93.044	539-16-0006-00001	493,993	95,190
Title III-C	93.045	539-16-0006-00001	902,001	752,283
NSIP	93.053	539-16-0006-00001	95,703	95,703
Subtotal - Aging Cluster			1,491,697	943,176
Title III-E	93.052	539-16-0006-00001	198,405	-
Subtotal - 93.052			198,405	-
ACL-MIPPA Priority 2	93.071	539-16-0006-00001	14,285	-
Subtotal - 93.071			14,285	-
HICAP Basic	93.324	539-16-0006-00001	102,539	-
Subtotal - 93.324			102,539	-
2-1-1 Texas Information and Referral Network - Childcare	93.575	529-16-0006-00011G	14,726	-
2-1-1 Texas Information and Referral Network - Food Stamp	10.561	529-16-0006-00011G	23,944	-
2-1-1 Texas Information and Referral Network - TANF	93.558	529-16-0006-00011G	23,944	-
2-1-1 Texas Information and Referral Network - Refugee	93.566	529-16-0006-00011G	23,944	-
2-1-1 Texas Information and Referral Network - CHIP	93.767	529-16-0006-00011G	23,944	-
2-1-1 Texas Information and Referral Network - Medicaid (Acute Care)	93.778	529-16-0006-00011G	23,944	-
Subtotal - 2-1-1 Texas Information and Referral Network			134,446	-
ADRC Contract - MIPAA	93.071	539-16-0031-00013	11,546	-
ADRC Contract - Housing Navigator	93.791	539-16-0031-00013	41,905	-
ADRC Contract - LCA	93.791	539-16-0031-00013	3,709	-
Subtotal - ADRC Contract			57,160	-
Total Passed through Texas Health and Human Commission			2,053,929	964,480
 Total U. S. Department of Health and Human Services			 2,053,929	 964,480

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
<u>U. S. Department of Homeland Security</u>				
Passed through Texas Department of Public Safety:				
Hazard Mitigation Grant Program	97.039	DR-4272-0017	\$ 56,360	
Hazard Mitigation Grant Program	97.039	DR-4223-024	100,996	-
Subtotal - 97.039			157,356	-
Total Passed through Texas Department of Public Safety			157,356	-
Passed through Office of the Governor, Homeland				
Security Division				
State Homeland Security Program	97.067	2941604	43,544	
State Homeland Security Program	97.067	30001903	2,419	-
State Homeland Security Program	97.067	3706901	4,558	-
State Homeland Security Program	97.067	3462402	13,575	-
State Homeland Security Program	97.067	2941704	165,985	-
State Homeland Security Program - Contract	97.067	30090214	29,310	-
Total Passed through Office of the Governor, Homeland Security Division			259,391	-
Total U. S. Department of Homeland Security			416,747	-
Total Federal Awards			\$ 5,511,378	\$ 964,480

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

State Grantor / Program Title	State Grant Number	Expenditures	Pass-through Expenditures
STATE AWARDS			
<u>Texas Health and Human Services Commission</u>			
State General Revenue - Other	539-16-0006-00001	\$ 101,456	\$ 12,286
OMB ALF Services	539-16-0006-00001	41,413	41,413
PH ADRC SGR	539-16-0031-00013	5,242	-
ADRC SGR	539-16-0031-00013	110,173	-
ADRC Respite	539-16-0031-00013	14,285	-
ADRC PI	539-16-0031-00013	15,187	-
2-1-1 Texas Information and Referral Network	529-16-0006-00011G	114,469	-
Total Texas Health and Human Services Commission		<u>402,225</u>	<u>53,699</u>
<u>Texas Water Development Board</u>			
Water Development Program	1548301843	<u>279,865</u>	-
Total Texas Water Development Board		<u>279,865</u>	-
<u>Office of the Governor, Criminal Justice Division</u>			
Regional Criminal Justice Coordination FY 2019	30090188	54,703	-
Regional Criminal Justice Coordination FY 2020	30001903	<u>4,354</u>	-
Subtotal		<u>59,057</u>	-
Regional Law Enforcement Training Academy	1424316	113,790	-
Regional Law Enforcement Training Academy	1424317	<u>14,194</u>	-
Subtotal		<u>127,984</u>	-
Total Office of the Governor, Criminal Justice Division		<u>187,041</u>	-
<u>Texas Commission on Environmental Quality</u>			
Regional Solid Waste	582-20-10223	9,318	-
Regional Solid Waste	582-18-80548	<u>180,818</u>	-
Total Texas Commission on Environmental Quality		<u>190,136</u>	-
<u>Texas Department of Transportation</u>			
TxDOT RPO	05-20XF7001	397	-
TxDOT Rural Transportation Planning Support	05-9XXF7001	<u>9,160</u>	-
Total Texas Department of Transportation		<u>9,557</u>	-
<u>Commission on State Emergency Communications</u>			
9-1-1 State Grant	CSEC 2017	134,523	-
9-1-1 State Grant	CSEC 2019	837,167	-
9-1-1 State Grant	CSEC 2020	<u>67,776</u>	-
Total Commission on State Emergency Communications		<u>1,039,466</u>	-
Total State Awards		<u>2,108,290</u>	<u>53,699</u>
Total Expenditures of Federal and State Awards		<u>\$ 7,619,668</u>	<u>\$ 1,018,179</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2019

1. GENERAL

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of South Plains Association of Governments. The Association's reporting entity is defined in Note 1 of the basic financial statements. Federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

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

3. COMMISSION ON STATE EMERGENCY COMMUNICATIONS

As reflected in the basic financial statements, the Association has spent all balances and interest earned from emergency service fees for landline and wireless telecommunication services and capital replacement funds as of September 30, 2019.

4. CALCULATION OF FEDERAL AWARDS EXPENDED FOR EDA REVOLVING LOAN FUND

Expenditures for the EDA Revolving Loan Fund were calculated as follows:

Cash and Investment Balance at 9/30/2019	\$ 2,030,120
Balance of outstanding loans at 9/30/2019	1,752,044
Administrative Costs during the fiscal year	<u>45,486</u>
Total EDA Revolving Loan Fund Expenditures	3,827,650
Federal Participation Rate	<u>75%</u>
Total Federal Share of EDA Revolving Loan Fund Expenditures	\$ <u>2,870,738</u>

5. INDIRECT COSTS

The Association has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Summary of Auditors' Results

Financial Statements:

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

Federal and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance the Uniform Guidance or State of Texas Uniform Grant Management Standards?	No
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Identification of major programs:

CFDA Number(s) 93.044, 93.045, 93.053	Name of Federal/State Program or Cluster: Aging Cluster
State	9-1-1 Program

Dollar threshold used to distinguish between type A and type B federal programs	\$750,000
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Dollar threshold used to distinguish between type A and type B state programs	\$300,000
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Auditee qualified as low-risk auditee under the Uniform Guidance?	Yes
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Auditee qualified as low-risk auditee under State of Texas Uniform Grant Management Standards?	Yes
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Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

None

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