



LUBBOCK, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

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

For the Year Ended
September 30, 2020

Tim Schwartz
Director of Finance

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SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2020

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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, 2021

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, 2020 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

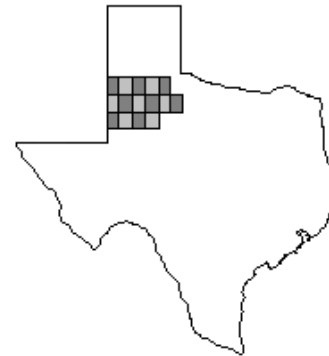
Management of the Association is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) 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 37 member Board of Directors which includes a 9-member Executive Committee. Bylaws of the Association, adopted in 1969, outline the types, conditions and dues structure for membership in the Association. In 2020, the Association's membership consisted of 68 local entities, i.e., 15 counties, 44 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, 314 loans totaling \$135,456,000 have been made and a total of 6,157 jobs have been created or retained. In the lifetime of the revolving loan fund, 85 loans totaling \$11,306,497 have been made and a total of 1,831 jobs have been created or retained. During the beginning of the COVID-19 Pandemic, SPAG partnered with LEDA to provide relief financing to 60 small businesses totaling \$2,000,000. Additionally, SPAG received a \$4,000,000 grant to establish the SPAG CORE COVID-19 Relief Financing.

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 2020, the SPAG Regional Law Enforcement Academy held 39 classes and trained 368 officers. Total contact hours for 2020 were 30,231.

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 did not increase from the previous year. The City of Lubbock's unemployment rate as of September 30, 2020, was 6.0% compared with last year's rate of 4.4%. Lubbock County's median household income of \$55,003 lags behind the Texas median household income of \$64,034 (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

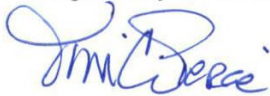
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Plains Association of Governments for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was 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

Mayor Barbra Pinner, Secretary
City of Levelland

Mayor John Baker, 1st Vice President
City of Tahoka

Commissioner Gilbert Flores, Treasurer
Lubbock County

Judge Him Meador, 2nd Vice President
Motley County

Mr. Calvin Davis
Designated Member

Councilmember Jeff Griffith, 3rd Vice President
City of Lubbock

Vacant

Judge Mike DeLoach, 4th 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

Mayor, Lynn Nowlin
Lubbock County

Commissioner Tom Clevenger
Hockley County

Mayor Geronimo Gonzales
City of Brownfield

Judge Jim Barron
Yoakum County

Mr. Floyd Price
Designated Member

Councilmember Karen Boyce
Hale County

Mayor Blake Cate
City of Anton

Judge Curtis Parrish
Lubbock County

Judge Woodie McArthur
Special Purpose District

Judge Duane Daniel
King County

Commissioner Mike Slayden
Bailey County

Judge Jackie "Butch" Wagner
Terry County

Judge Rusty Forbes
Crosby County

Commissioner Chad Seay
Lubbock County

Judge Kevin Brendle
Dickens County

Judge Marty Lucke
Floyd County

Mr. Armando Lopez
Designated Member

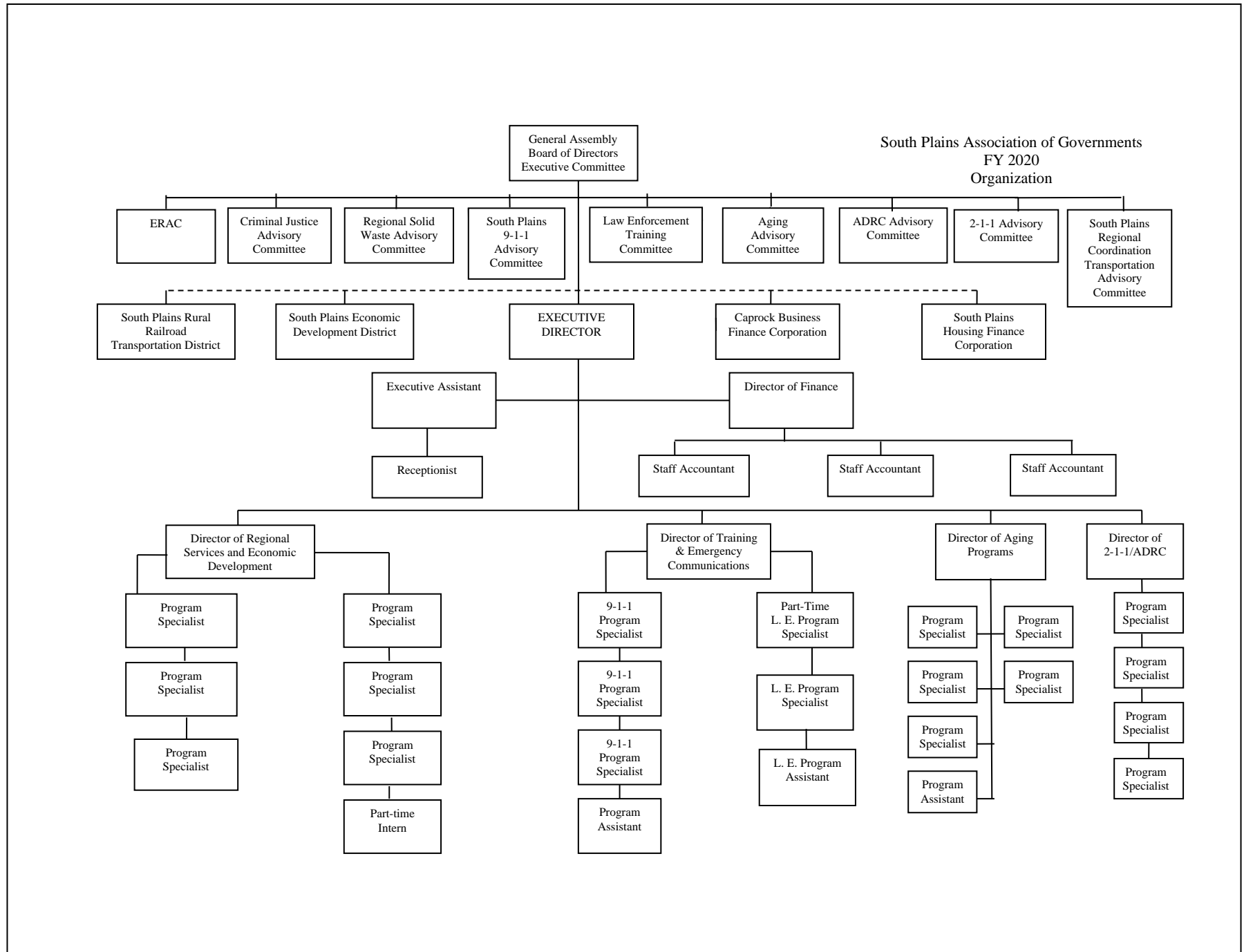
Commissioner Jason Corley
Lubbock County

Councilmember Sheila Patterson-
Harris
City of Lubbock

Senator Charles Perry
Designated Legislative Member

Judge David Mull
Hale County

Mrs. Lottie Spencer
Designated Member





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, 2019

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, 2020, 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, 2020, 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, 2021 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, 2021

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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, 2020. 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 \$9,082,850 as of September 30, 2020. Of this amount, \$1,741,668 is available to meet the Association's ongoing obligations.
- Total revenues of \$7,676,252 were more than total expenses of \$5,657,739 by \$2,018,513.
- The 2020 Financial Plan for the Association included \$4,993,414 in planned expenditures, resulting in a variance of 13%. 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 \$39,737 or 0.7% when compared to last year's costs.
- The General Fund reported an increase of \$115,281 in fund balance this year. Decreased use of General Fund resources for grant programs has resulted in a larger increase as opposed to last year's increase of \$15,344.
- The Association's business-type activities, which consist of Economic Development revolving loan funds, reported an increase in net position of \$2,063,518. Operating revenues of \$111,997 and non-operating revenues of \$2,013,105 exceeded operating expense of \$61,584.

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 13 individual governmental funds. The major funds presented separately are: the General Fund, the Texas Department on Aging and Disability Services, the Commission on State Emergency Communications and the Office of the Governor Homeland Security Grant Division. Although, the Office of the Governor Homeland Security Grant Division fund did not meet the criteria to qualify as a major fund, it was the management's choice to present it as a major fund. 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, 2020, South Plains Association of Governments' assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,082,850.

A portion of the net position of the Association is classified as invested in capital assets \$1,417,418. 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 \$5,923,764 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, 65%. Unrestricted net position, however, may be used for future operating needs. This amount totaled \$1,741,668 at September 30, 2020.

Table 1: Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,484,103	\$ 2,116,591	\$ 5,920,147	\$ 3,856,629	\$ 8,404,250	\$ 5,973,220
Capital assets	<u>1,417,418</u>	<u>1,686,694</u>	<u>-</u>	<u>-</u>	<u>1,417,418</u>	<u>1,686,694</u>
Total assets	<u>3,901,521</u>	<u>3,803,285</u>	<u>5,920,147</u>	<u>3,856,629</u>	<u>9,821,668</u>	<u>7,659,914</u>
Deferred outflows of resources	<u>258,920</u>	<u>461,555</u>	<u>-</u>	<u>-</u>	<u>258,920</u>	<u>461,555</u>
Total deferred outflows of resources	<u>258,920</u>	<u>461,555</u>	<u>-</u>	<u>-</u>	<u>258,920</u>	<u>461,555</u>
Current liabilities	649,308	530,222	-	-	649,308	530,222
Noncurrent liabilities	<u>132,150</u>	<u>295,854</u>	<u>-</u>	<u>-</u>	<u>132,150</u>	<u>295,854</u>
Total liabilities	<u>781,458</u>	<u>826,076</u>	<u>-</u>	<u>-</u>	<u>781,458</u>	<u>826,076</u>
Deferred inflows of resources	<u>216,280</u>	<u>231,056</u>	<u>-</u>	<u>-</u>	<u>216,280</u>	<u>231,056</u>
Total deferred inflows of resources	<u>216,280</u>	<u>231,056</u>	<u>-</u>	<u>-</u>	<u>216,280</u>	<u>231,056</u>
Net position:						
Net investment in capital assets	1,417,418	1,686,694	-	-	1,417,418	1,686,694
Restricted	3,617	11,559	5,920,147	3,856,629	5,923,764	3,868,188
Unrestricted	<u>1,741,668</u>	<u>1,509,455</u>	<u>-</u>	<u>-</u>	<u>1,741,668</u>	<u>1,509,455</u>
Total net position	<u>\$ 3,162,703</u>	<u>\$ 3,207,708</u>	<u>\$ 5,920,147</u>	<u>\$ 3,856,629</u>	<u>\$ 9,082,850</u>	<u>\$ 7,064,337</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, 2020. 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 4,685,862	\$ 4,696,985	\$ -	\$ -	\$ 4,685,862	\$ 4,696,985
Charges for services	847,897	699,003	111,997	84,353	959,894	783,356
Non-operating revenues	-	-	2,000,000	-	2,000,000	-
General revenue:						
Investment earnings	4,646	10,759	13,105	24,404	17,751	35,163
Miscellaneous income	12,745	3,126	-	-	12,745	3,126
Total revenues	<u>5,551,150</u>	<u>5,409,873</u>	<u>2,125,102</u>	<u>108,757</u>	<u>7,676,252</u>	<u>5,518,630</u>
Expenses:						
General government	553,614	532,199	-	-	553,614	532,199
Environmental quality	72,638	188,828	-	-	72,638	188,828
Emergency communications	1,297,499	1,256,496	-	-	1,297,499	1,256,496
Emergency management	348,464	416,087	-	-	348,464	416,087
Community development	83,172	5,203	-	-	83,172	5,203
Health and human services	239,283	249,417	-	-	239,283	249,417
Aging	2,295,532	2,206,282	-	-	2,295,532	2,206,282
Transportation	36,818	87,585	-	-	36,818	87,585
Economic development	42,643	-	61,584	45,486	104,227	45,486
Water Development	271,508	277,942	-	-	271,508	277,942
Criminal justice	354,984	352,478	-	-	354,984	352,478
Total expenses	<u>5,596,155</u>	<u>5,572,516</u>	<u>61,584</u>	<u>45,486</u>	<u>5,657,739</u>	<u>5,618,002</u>
Change in net position	(45,005)	(162,643)	2,063,518	63,271	2,018,513	(99,372)
Net position, beginning	<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>
Net position, ending	<u>\$ 3,162,703</u>	<u>\$ 3,207,708</u>	<u>\$ 5,920,147</u>	<u>\$ 3,856,629</u>	<u>\$ 9,082,850</u>	<u>\$ 7,064,337</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 2019 and Fiscal Year 2020

Total expenses increased by \$39,737 from the previous year. The majority of this difference are increases in funding availability in the Aging, Economic Development and Emergency Communications 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, 2020, the Association's governmental funds reported combined ending fund balances of \$1,693,708 (reference page 11-12). Beginning on page 13 of this report, there is a more detailed presentation of governmental funds revenues and expenditures.

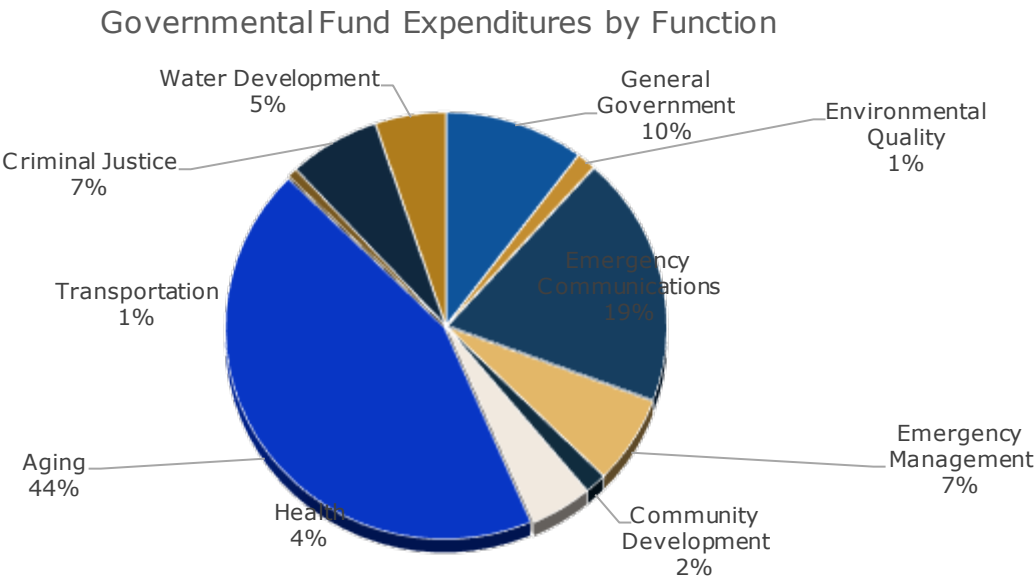
The General Fund balance increased by \$115,281. This is due to an increase in local revenue from the previous year.

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 \$5,920,147 reflects a total increase in net position of \$2,063,518.

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 69% 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 \$1,417,418, 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	
	2020	2019
Land	\$ 131,605	\$ 131,605
Depreciable assets:		
Building	635,342	635,342
Furniture and equipment	2,725,491	2,716,897
Less: accumulated depreciation	(2,075,020)	(1,797,150)
Total capital assets, net	\$ 1,417,418	\$ 1,686,694

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	SPEDD
ASSETS				
Cash and cash equivalents	\$ 1,046,981	\$ 2,329,054	\$ 3,376,035	\$ 25,672
Receivables				
Grantors	1,049,314	-	1,049,314	68,626
Accounts	161,233	-	161,233	-
Loans	-	3,617,608	3,617,608	-
Due from component unit	57,136	-	57,136	-
Internal balances	26,515	(26,515)	-	-
Prepays	1,837	-	1,837	-
Net pension asset	141,087	-	141,087	-
Capital assets not being depreciated:				
Land	131,605	-	131,605	-
Capital assets, net of accumulated depreciation:				
Buildings and improvements	190,161	-	190,161	-
Furniture, fixtures, and equipment	1,095,652	-	1,095,652	-
Total assets	<u>3,901,521</u>	<u>5,920,147</u>	<u>9,821,668</u>	<u>94,298</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	<u>258,920</u>	<u>-</u>	<u>258,920</u>	<u>-</u>
Total deferred outflows of resources	<u>258,920</u>	<u>-</u>	<u>258,920</u>	<u>-</u>
LIABILITIES				
Accounts payable	437,773	-	437,773	37,162
Accrued liabilities	103,676	-	103,676	-
Due to primary government	-	-	-	57,136
Unearned revenue	107,859	-	107,859	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	100,280	-	100,280	-
Due in more than one year:				
Compensated absences	<u>31,870</u>	<u>-</u>	<u>31,870</u>	<u>-</u>
Total liabilities	<u>781,458</u>	<u>-</u>	<u>781,458</u>	<u>94,298</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	<u>216,280</u>	<u>-</u>	<u>216,280</u>	<u>-</u>
Total deferred outflows of resources	<u>216,280</u>	<u>-</u>	<u>216,280</u>	<u>-</u>
NET POSITION				
Net position, investment in capital assets	1,417,418	-	1,417,418	-
Restricted for:				
Economic development	-	5,920,147	5,920,147	-
Health and human services	3,617	-	3,617	-
Unrestricted	<u>1,741,668</u>	<u>-</u>	<u>1,741,668</u>	<u>-</u>
Total net position	<u>\$ 3,162,703</u>	<u>\$ 5,920,147</u>	<u>\$ 9,082,850</u>	<u>\$ -</u>

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

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 477,230	\$ 76,384	\$ 553,614	\$ 719,967	\$ -
Environmental quality	64,892	7,746	72,638	36	74,213
Emergency communications	1,247,050	50,449	1,297,499	1,427	1,017,483
Emergency management	324,822	23,642	348,464	-	345,274
Community development	76,389	6,783	83,172	-	85,016
Health and human services	214,232	25,051	239,283	-	236,647
Aging	2,212,655	82,877	2,295,532	21,978	2,300,968
Transportation	32,734	4,084	36,818	-	33,387
Economic development	38,653	3,990	42,643	-	78,589
Water Development	271,508	-	271,508	60	277,470
Criminal justice	326,470	28,514	354,984	104,429	236,815
Indirect costs	309,520	(309,520)	-	-	-
Total governmental activities	5,596,155	-	5,596,155	847,897	4,685,862
Business-type activities:					
Economic development	61,584	-	61,584	111,997	2,000,000
Total business-type activities	61,584	-	61,584	111,997	2,000,000
Total primary government	\$ 5,657,739	\$ -	\$ 5,657,739	\$ 959,894	\$ 6,685,862
Component Unit:					
SPEDD	\$ 125,726	\$ 9,609	\$ 135,335	\$ 17	\$ 107,538
Total component unit	\$ 125,726	\$ 9,609	\$ 135,335	\$ 17	\$ 107,538
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
\$ 166,353	\$ -	\$ 166,353	\$ -
1,611	-	1,611	-
(278,589)	-	(278,589)	-
(3,190)	-	(3,190)	-
1,844	-	1,844	-
(2,636)	-	(2,636)	-
27,414	-	27,414	-
(3,431)	-	(3,431)	-
35,946	-	35,946	-
6,022	-	6,022	-
(13,740)	-	(13,740)	-
-	-	-	-
(62,396)	-	(62,396)	-
-	2,050,413	2,050,413	-
-	2,050,413	2,050,413	-
(62,396)	2,050,413	1,988,017	-
			(27,780)
			(27,780)
4,646	13,105	17,751	-
12,745	-	12,745	27,780
17,391	13,105	30,496	27,780
(45,005)	2,063,518	2,018,513	-
3,207,708	3,856,629	7,064,337	-
\$ 3,162,703	\$ 5,920,147	\$ 9,082,850	\$ -

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	<u>General</u>	<u>Texas Department on Aging and Disability Services</u>
ASSETS		
Cash and cash equivalents	\$ 857,379	\$ -
Accounts receivable:		
Grantors	-	435,665
Accounts	157,070	136
Due from other funds	784,823	-
Due from component unit	57,136	-
Prepaid items	<u>1,837</u>	<u>-</u>
Total assets	\$ <u>1,858,245</u>	\$ <u>435,801</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 49,955	\$ 325,550
Due to other funds	-	110,251
Accrued liabilities	103,676	-
Unearned revenue	<u>14,523</u>	<u>-</u>
Total liabilities	<u>168,154</u>	<u>435,801</u>
Fund balance:		
Nonspendable - prepaid items	1,837	-
Restricted for health and human services	-	-
Assigned for:		
Health and human services	2,000	-
Law enforcement training	8,763	-
Paving project	100,000	-
Unassigned	<u>1,577,491</u>	<u>-</u>
Total fund balances	<u>1,690,091</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>1,858,245</u>	\$ <u>435,801</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>Office of the Governor Homeland Security Grant Division</u>	<u>Other Governmental</u>	<u>Totals Governmental Funds</u>
\$ 49,773	\$ -	\$ 139,829	\$ 1,046,981
78,453	86,570	448,626	1,049,314
-	299	3,728	161,233
-	-	-	784,823
-	-	-	57,136
-	-	-	1,837
<u>\$ 128,226</u>	<u>\$ 86,869</u>	<u>\$ 592,183</u>	<u>\$ 3,101,324</u>
\$ 44,038	\$ 219	\$ 18,011	\$ 437,773
84,188	86,650	477,219	758,308
-	-	-	103,676
-	-	93,336	107,859
<u>128,226</u>	<u>86,869</u>	<u>588,566</u>	<u>1,407,616</u>
-	-	-	1,837
-	-	3,617	3,617
-	-	-	2,000
-	-	-	8,763
-	-	-	100,000
-	-	-	1,577,491
-	-	3,617	1,693,708
<u>\$ 128,226</u>	<u>\$ 86,869</u>	<u>\$ 592,183</u>	
			1,417,418
			<u>51,577</u>
			<u>\$ 3,162,703</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General	Texas Department of Aging and Disability Services
REVENUES		
Grant	\$ -	\$ 2,038,829
Local	656,550	21,978
Other	<u>80,808</u>	<u>-</u>
Total revenues	<u>737,358</u>	<u>2,060,807</u>
EXPENDITURES		
Current:		
General government	548,433	-
Environmental quality	-	-
Water development	-	-
Emergency communications	-	-
Emergency management	-	-
Community development	-	-
Health and human services	-	-
Aging	-	2,082,315
Transportation	-	-
Economic Development	-	-
Criminal justice	-	-
Capital Outlay	<u>19,059</u>	<u>-</u>
Total expenditures	<u>567,492</u>	<u>2,082,315</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>169,866</u>	<u>(21,508)</u>
OTHER FINANCING SOURCES (USES)		
Transfer in	-	21,508
Transfer out	<u>(54,585)</u>	<u>-</u>
Total other financing sources (uses)	<u>(54,585)</u>	<u>21,508</u>
NET CHANGE IN FUND BALANCES	115,281	-
FUND BALANCES, BEGINNING	<u>1,574,810</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>1,690,091</u>	\$ <u>-</u>

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

<u>Commission on State Emergency Communications</u>	<u>Office of the Governor Homeland Security Grant Division</u>	<u>Other Governmental</u>	<u>Totals Governmental Funds</u>
\$ 1,017,483	\$ 240,911	\$ 1,363,639	\$ 4,660,862
-	-	104,429	782,957
<u>1,427</u>	<u>-</u>	<u>96</u>	<u>82,331</u>
<u>1,018,910</u>	<u>240,911</u>	<u>1,468,164</u>	<u>5,526,150</u>
-	-	-	548,433
-	-	74,249	74,249
-	-	277,530	277,530
1,018,910	-	-	1,018,910
-	243,860	112,332	356,192
-	-	85,016	85,016
-	-	244,589	244,589
-	-	262,139	2,344,454
-	-	37,634	37,634
-	-	43,589	43,589
-	-	359,156	359,156
-	-	<u>10,000</u>	<u>29,059</u>
<u>1,018,910</u>	<u>243,860</u>	<u>1,506,234</u>	<u>5,418,811</u>
<u>-</u>	<u>(2,949)</u>	<u>(38,070)</u>	<u>107,339</u>
-	2,949	30,128	54,585
<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,585)</u>
<u>-</u>	<u>2,949</u>	<u>30,128</u>	<u>-</u>
-	-	(7,942)	107,339
-	-	<u>11,559</u>	<u>1,586,369</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,617</u>	\$ <u>1,693,708</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, 2020

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

Net change in fund balances - total governmental funds (pages 13-14)	\$ 107,339
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.	(269,276)
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>116,932</u>
Change in net position of governmental activities (page 10)	<u>\$(45,005)</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2020

	Business-type Activities			
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan (Nonmajor Fund)	Totals Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,075,470	\$ 79,258	\$ 174,326	\$ 2,329,054
Loans receivable, net of allocane for uncollectible accounts	<u>1,670,608</u>	<u>1,947,000</u>	<u>-</u>	<u>3,617,608</u>
Total current assets	<u>3,746,078</u>	<u>2,026,258</u>	<u>174,326</u>	<u>5,946,662</u>
 Total assets	 <u>3,746,078</u>	 <u>2,026,258</u>	 <u>174,326</u>	 <u>5,946,662</u>
LIABILITIES				
Current liabilities:				
Due to other funds	<u>13,885</u>	<u>12,630</u>	<u>-</u>	<u>26,515</u>
Total current liabilities	<u>13,885</u>	<u>12,630</u>	<u>-</u>	<u>26,515</u>
 Total liabilities	 <u>13,885</u>	 <u>12,630</u>	 <u>-</u>	 <u>26,515</u>
NET POSITION				
Restricted for Economic Development	<u>3,732,193</u>	<u>2,013,628</u>	<u>174,326</u>	<u>5,920,147</u>
 Total net position	 <u>\$ 3,732,193</u>	 <u>\$ 2,013,628</u>	 <u>\$ 174,326</u>	 <u>\$ 5,920,147</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities			
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan (Nonmajor Fund)	Totals Enterprise Funds
OPERATING REVENUES				
Interest on loans	\$ 84,552	26,342	-	\$ 110,894
Origination fees	930	-	-	930
Miscellaneous income	173	-	-	173
Total operating revenues	<u>85,655</u>	<u>26,342</u>	<u>-</u>	<u>111,997</u>
OPERATING EXPENSES				
Administrative fees	48,870	12,714	-	61,584
Total operating expenses	<u>48,870</u>	<u>12,714</u>	<u>-</u>	<u>61,584</u>
OPERATING INCOME (LOSS)	<u>36,785</u>	<u>13,628</u>	<u>-</u>	<u>50,413</u>
NONOPERATING REVENUES				
Interest on investments	12,451	-	654	13,105
Interlocal revenue	-	2,000,000	-	2,000,000
Total nonoperating revenues	<u>12,451</u>	<u>2,000,000</u>	<u>654</u>	<u>2,013,105</u>
CHANGE IN NET POSITION	49,236	2,013,628	654	2,063,518
NET POSITION, BEGINNING	<u>3,682,957</u>	<u>-</u>	<u>173,672</u>	<u>3,856,629</u>
NET POSITION, ENDING	\$ <u>3,732,193</u>	\$ <u>2,013,628</u>	\$ <u>174,326</u>	\$ <u>5,920,147</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, 2020

	Business-type Activities			Totals Enterprise Funds
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan (Nonmajor Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 167,091	\$(1,920,658)	\$ -	\$(1,753,567)
Cash payments for administrative services	(134,191)	(84)	-	(134,275)
Cash used by operating activities	<u>32,900</u>	<u>(1,920,742)</u>	<u>-</u>	<u>(1,887,842)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>12,451</u>	<u>-</u>	<u>654</u>	<u>13,105</u>
Cash provided by investing activities	<u>12,451</u>	<u>-</u>	<u>654</u>	<u>13,105</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from interlocal revenue	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Cash provided (used) by noncapital financing activities	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>45,351</u>	<u>79,258</u>	<u>654</u>	<u>(1,874,737)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,030,119</u>	<u>-</u>	<u>173,672</u>	<u>2,203,791</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,075,470</u>	<u>\$ 79,258</u>	<u>\$ 174,326</u>	<u>\$ 2,329,054</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 36,785	\$ 13,628	\$ -	\$ 50,413
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Decrease (increase) in loans receivable	81,436	(1,947,000)	-	(1,865,564)
Increase (decrease) in due to other funds	(85,321)	12,630	-	(72,691)
Total adjustments	<u>(3,885)</u>	<u>(1,934,370)</u>	<u>-</u>	<u>(1,938,255)</u>
Net cash used by operating activities	<u>\$ 32,900</u>	<u>\$(1,920,742)</u>	<u>\$ -</u>	<u>\$(1,887,842)</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, 2020

	<u>Agency Fund</u>
Assets:	
Cash and investments	\$ <u>199,254</u>
Total assets	\$ <u><u>199,254</u></u>
Liabilities:	
Due to others	\$ <u>199,254</u>
Total liabilities	\$ <u><u>199,254</u></u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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

The Association reports the following major enterprise funds:

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

The **Support Lubbock Fund** accounts for loans provided by and administered by the Association's Support Lubbock 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, 2020.

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, 2020.

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:

- 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.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

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 has the following items that qualify for reporting in this category.

- 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.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

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 \$(269,276) difference are as follows:

Capital outlay	\$ 54,059
Depreciation expense	(323,335)
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>	\$(269,276)

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, 2020, 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, 2020, 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	\$ <u>746,681</u>	38	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	Office of the Governor Homeland Security Grant Division	Other Governmental Funds	EDA Revolving Loan	Support Lubbock	Total Primary Government
Receivables:								
Grants	\$ -	\$ 435,665	\$ 78,453	\$ 221,767	\$ 313,429	\$ -	\$ -	\$ 1,049,314
Accounts	157,070	136	-	299	3,728	-	-	161,233
Loans	-	-	-	-	-	1,670,608	1,947,000	3,617,608
Total								
receivables	<u>\$ 157,070</u>	<u>\$ 435,801</u>	<u>\$ 78,453</u>	<u>\$ 222,066</u>	<u>\$ 317,157</u>	<u>\$ 1,670,608</u>	<u>\$ 1,947,000</u>	<u>\$ 4,828,155</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2020, 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	<u>131,605</u>	<u>-</u>	<u>-</u>	<u>131,605</u>
Capital assets, being depreciated:				
Buildings and improvements	635,342	-	-	635,342
Furniture, fixtures and equipment	<u>2,716,897</u>	<u>54,059</u>	<u>(45,465)</u>	<u>2,725,491</u>
Total capital assets being depreciated	<u>3,352,239</u>	<u>54,059</u>	<u>(45,465)</u>	<u>3,360,833</u>
Less accumulated depreciation:				
Buildings	(429,297)	(15,884)	-	(445,181)
Furniture, fixtures and equipment	<u>(1,367,853)</u>	<u>(307,451)</u>	<u>45,465</u>	<u>(1,629,839)</u>
Total accumulated depreciation	<u>(1,797,150)</u>	<u>(323,335)</u>	<u>45,465</u>	<u>(2,075,020)</u>
Total capital assets net of accumulated depreciation	<u>\$ 1,686,694</u>	<u>\$ (269,276)</u>	<u>\$ -</u>	<u>\$ 1,417,418</u>

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

Governmental activities:

General government	\$ 17,078
Emergency communications	300,695
Aging	1,942
Criminal Justice	<u>3,620</u>
Total depreciation expense - governmental activities	<u>\$ 323,335</u>

E. Long-term Liabilities

The following is a summary of the long-term liability transactions of the Association for the year ended September 30, 2020.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	\$ 122,722	\$ 94,833	\$ 85,405	\$ 132,150	\$ 100,280
Total governmental activities	<u>\$ 122,722</u>	<u>\$ 94,833</u>	<u>\$ 85,405</u>	<u>\$ 132,150</u>	<u>\$ 100,280</u>

Accrued Compensated Absences

Accrued compensated absences (vested vacation leave) are payable from the fund responsible for the employee's compensation. Of the liability attributed to governmental activities at September 30, 2020, significantly all is payable from the General Fund.

Net pension liability and Total Other Post Employment Benefit (OPEB) Liabilities

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

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, 2020, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Texas Department on Aging & Disability Services	\$ 110,251
	Commission on State Emergency Communications	84,188
	Governor Homeland Security Grant	221,820
	Nonmajor Governmental	342,049
	EDA Revolving Loan	13,885
	Support Lubbock	<u>12,630</u>
		<u>\$ 784,823</u>

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:

	<u>Transfers In</u>			<u>Total</u>
	<u>Texas Department of Aging and Disability Services</u>	<u>Office of the Governor Homeland Security Grant Division</u>	<u>Nonmajor Governmental</u>	
Transfers Out:				
General Fund	<u>\$ 21,508</u>	<u>\$ 2,949</u>	<u>\$ 30,128</u>	<u>\$ 54,585</u>
Total	<u>\$ 21,508</u>	<u>\$ 2,949</u>	<u>\$ 30,128</u>	<u>\$ 54,585</u>

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, 2020, 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, 2020, SPAG conducted business with a company partially owned by a Board member. Expenditures during the fiscal year amounted to \$2,851.

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 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>33</u>
	<u><u>70</u></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 8.58% and 7.80% in calendar years 2019 and 2020, respectively. The Association's contributions to TCDRS for the year ended September 30, 2020, were \$229,827, and were \$100,000 greater than the required contributions.

Net Pension Liability/ (Asset)

The Association's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019, 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, 2019, 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 8.10%. 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 April 2020 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	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
International Equities - Developed	MSCI World Ex USA (net)	7.00%	5.20%
International Equities - Emerging	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 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/ (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 3,030,623	\$ 2,857,491	\$ 173,132
Changes for the year:			
Service cost	209,034	-	209,034
Interest on total pension liability ⁽¹⁾	260,571	-	260,571
Effect of economic/demographic gains or losses	6,741	-	6,741
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(10,497)	(10,497)	-
Benefit payments	(35,875)	(35,875)	-
Administrative expenses	-	(2,745)	2,745
Member contributions	-	107,668	(107,668)
Net investment income	-	468,985	(468,985)
Employer contributions	-	206,971	(206,971)
Other ⁽²⁾	-	9,686	(9,686)
Balance at 12/31/2019	\$ <u>3,460,597</u>	\$ <u>3,601,684</u>	\$ <u>(141,087)</u>

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

⁽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	\$ 3,957,832	\$ 3,460,597	\$ 3,046,198
Fiduciary net position	<u>3,601,684</u>	<u>3,601,684</u>	<u>3,601,684</u>
Net pension liability/(asset)	\$ <u>356,148</u>	\$ <u>(141,087)</u>	\$ <u>(555,486)</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, 2020, the Association recognized pension expense of \$103,466. At September 30, 2020, 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	\$ 49,988	\$ 152,680
Changes in actuarial assumptions	12,969	-
Difference between projected and actual investment earnings	-	63,600
Contributions subsequent to the measurement date	<u>195,963</u>	<u>-</u>
Total	<u>\$ 258,920</u>	<u>\$ 216,280</u>

\$195,963 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date, but before September 30, 2020, will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. 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>	
2021	\$(42,265)
2022	(63,445)
2023	(3,641)
2024	(43,972)

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**REQUIRED SUPPLEMENTARY
INFORMATION**

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 (asset) - ending (a) - (b)	\$ <u>771,769</u>	\$ <u>510,081</u>
Fiduciary net position as a percentage of total pension liability (asset)	62.16%	74.91%
Pensionable covered payroll	\$ 1,531,116	\$ 1,557,664
Net pension liability (asset) 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	2019
\$ 227,087	\$ 192,444	\$ 201,728	\$ 209,034
173,330	203,704	235,351	260,571
-	-	-	-
-	13,449	-	-
(88,755)	25,867	(68,381)	6,741
(8,948)	(26,959)	(82,220)	(46,372)
302,714	408,505	286,478	429,974
<u>2,032,926</u>	<u>2,335,640</u>	<u>2,744,145</u>	<u>3,030,623</u>
<u>\$ 2,335,640</u>	<u>\$ 2,744,145</u>	<u>\$ 3,030,623</u>	<u>\$ 3,460,597</u>
\$ 245,934	\$ 246,844	\$ 244,045	\$ 206,971
103,081	104,995	103,950	107,668
114,583	298,082	(46,063)	468,985
(8,948)	(26,959)	(82,220)	(46,372)
(1,246)	(1,750)	(2,295)	(2,745)
<u>30,095</u>	<u>4,337</u>	<u>8,181</u>	<u>9,686</u>
483,499	625,549	225,598	744,193
<u>1,522,845</u>	<u>2,006,344</u>	<u>2,631,893</u>	<u>2,857,491</u>
<u>\$ 2,006,344</u>	<u>\$ 2,631,893</u>	<u>\$ 2,857,491</u>	<u>\$ 3,601,684</u>
<u>\$ 329,296</u>	<u>\$ 112,252</u>	<u>\$ 173,132</u>	<u>\$ (141,087)</u>
85.90%	95.91%	94.29%	104.08%
\$ 1,472,592	\$ 1,499,935	\$ 1,484,994	\$ 1,538,117
22.36%	7.48%	11.66%	-9.17%

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**SCHEDULE OF EMPLOYER CONTRIBUTIONS****FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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%
2020	129,827	229,827	(100,000)	1,624,985	14.1%

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, 2020

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	11.2 years (based on contribution rate calculated in 12/31/2019 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.

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**COMBINING FUND FINANCIAL
STATEMENTS**

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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.

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.

U.S. Department of Commerce, Economic Development – This fund is used to account for grants by U.S Department of Commerce.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	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	\$ 96,107	\$ -	\$ -	\$ -
Accounts receivable:				
Grantors	-	36,303	36,092	77,502
Accounts	<u>138</u>	<u>-</u>	<u>138</u>	<u>3,268</u>
Total assets	<u>\$ 96,245</u>	<u>\$ 36,303</u>	<u>\$ 36,230</u>	<u>\$ 80,770</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 396	\$ 4	\$ 3,132	\$ 5,894
Due to other funds	50,085	36,299	29,481	71,026
Unearned revenue	<u>45,764</u>	<u>-</u>	<u>-</u>	<u>3,850</u>
Total liabilities	<u>96,245</u>	<u>36,303</u>	<u>32,613</u>	<u>80,770</u>
Fund balance:				
Restricted for health and human services	<u>-</u>	<u>-</u>	<u>3,617</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>3,617</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 96,245</u>	<u>\$ 36,303</u>	<u>\$ 36,230</u>	<u>\$ 80,770</u>

Special Revenue

Texas Department of Transportation	Aging & Disability Resource Center	Texas Water Development Board	Texas Department of Public Safety	U.S. Department of Commerce, Economic Development	Total
\$ -	\$ -	\$ 43,722	\$ -	\$ -	\$ 139,829
38,042	71,899	-	135,199	53,589	448,626
<u>-</u>	<u>184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,728</u>
\$ <u>38,042</u>	\$ <u>72,083</u>	\$ <u>43,722</u>	\$ <u>135,199</u>	\$ <u>53,589</u>	\$ <u>592,183</u>
\$ 288	\$ 3,511	\$ -	\$ 27	\$ 4,759	\$ 18,011
37,754	68,572	-	135,172	48,830	477,219
<u>-</u>	<u>-</u>	<u>43,722</u>	<u>-</u>	<u>-</u>	<u>93,336</u>
<u>38,042</u>	<u>72,083</u>	<u>43,722</u>	<u>135,199</u>	<u>53,589</u>	<u>588,566</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,617</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,617</u>
\$ <u>38,042</u>	\$ <u>72,083</u>	\$ <u>43,722</u>	\$ <u>135,199</u>	\$ <u>53,589</u>	\$ <u>592,183</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, 2020

	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	\$ 74,213	\$ 85,016	\$ 236,647	\$ 236,815
Local	-	-	-	104,429
Other	36	-	-	-
Total revenues	<u>74,249</u>	<u>85,016</u>	<u>236,647</u>	<u>341,244</u>
EXPENDITURES				
Environmental quality	74,249	-	-	-
Water Development	-	-	-	-
Emergency management	-	-	-	-
Community development	-	85,016	-	-
Health and human services	-	-	244,589	-
Aging	-	-	-	-
Transportation	-	-	-	-
Economic Development	-	-	-	-
Criminal justice	-	-	-	359,156
Capital Outlay	-	-	-	-
Total expenditures	<u>74,249</u>	<u>85,016</u>	<u>244,589</u>	<u>359,156</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(7,942)</u>	<u>(17,912)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	17,912
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,912</u>
NET CHANGE IN FUND BALANCES	-	-	(7,942)	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>11,559</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,617</u>	<u>\$ -</u>

Special Revenue

Texas Department of Transportation	Aging & Disability Resource Center	Texas Water Development Board	Texas Department of Public Safety	U.S. Department of Commerce, Economic Development	Total
\$ 33,387	\$ 262,139	\$ 277,470	\$ 104,363	\$ 53,589	\$ 1,363,639
-	-	-	-	-	104,429
-	-	60	-	-	96
<u>33,387</u>	<u>262,139</u>	<u>277,530</u>	<u>104,363</u>	<u>53,589</u>	<u>1,468,164</u>
-	-	-	-	-	74,249
-	-	277,530	-	-	277,530
-	-	-	112,332	-	112,332
-	-	-	-	-	85,016
-	-	-	-	-	244,589
-	262,139	-	-	-	262,139
37,634	-	-	-	-	37,634
-	-	-	-	43,589	43,589
-	-	-	-	-	359,156
-	-	-	-	10,000	10,000
<u>37,634</u>	<u>262,139</u>	<u>277,530</u>	<u>112,332</u>	<u>53,589</u>	<u>1,506,234</u>
(4,247)	-	-	(7,969)	-	(38,070)
4,247	-	-	7,969	-	30,128
<u>4,247</u>	<u>-</u>	<u>-</u>	<u>7,969</u>	<u>-</u>	<u>30,128</u>
-	-	-	-	-	(7,942)
-	-	-	-	-	11,559
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,617

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUND****AGENCY FUND****FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<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>11,402</u>	\$ <u>6</u>	\$ <u>-</u>	\$ <u>11,408</u>
Liabilities:				
Due to others	\$ <u>11,402</u>	\$ <u>6</u>	\$ <u>-</u>	\$ <u>11,408</u>
<u>SOUTH PLAINS HOUSING FINANCE CORPORATION</u>				
Assets:				
Cash and investments	\$ <u>176,393</u>	\$ <u>4,151</u>	\$ <u>-</u>	\$ <u>180,544</u>
Liabilities:				
Due to others	\$ <u>176,393</u>	\$ <u>4,151</u>	\$ <u>-</u>	\$ <u>180,544</u>
<u>TEXAS MUNICIPAL LEAGUE</u>				
Assets:				
Cash and investments	\$ <u>12,232</u>	\$ <u>(4,930)</u>	\$ <u>-</u>	\$ <u>7,302</u>
Liabilities:				
Due to others	\$ <u>12,232</u>	\$ <u>(4,930)</u>	\$ <u>-</u>	\$ <u>7,302</u>
<u>TOTALS - AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ <u>200,027</u>	\$ <u>(773)</u>	\$ <u>-</u>	\$ <u>199,254</u>
Liabilities:				
Due to others	\$ <u>200,027</u>	\$ <u>(773)</u>	\$ <u>-</u>	\$ <u>199,254</u>

SUPPLEMENTAL SCHEDULES

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>		<u>Actual</u>
Salaries	\$ 132,410		\$ 145,915
Benefits	<u>75,818</u>		<u>79,512</u>
Total personnel costs	208,228		225,427
Travel	16,250		6,950
Conferences	500		1,718
Printing/copying	2,000		1,285
Insurance/bonding	9,500		11,461
Telecommunications	3,050		3,094
Postage	2,522		3,214
Organizational memberships	12,500		13,573
Professional services	3,940		5,373
Maintenance/utilities	4,666		4,805
Internal services	36,792		19,736
Miscellaneous other expenditures:			
Supplies	9,000		12,715
Public information/notices	1,200		1,707
Other miscellaneous	<u>4,140</u>		<u>14,560</u>
Total indirect costs	\$ <u>314,288</u>		\$ 325,618
Total indirect costs recovered			<u>319,129</u>
Indirect costs under (over) recovered	\$ <u>755</u>		\$ <u>6,489</u>
Total Budgeted	\$ <u>315,043</u>		
Total salaries and wages	\$ 1,426,304		\$ 1,456,506
Less: indirect salary costs	(132,410)		(145,915)
merit pool	<u>-</u>		
Equals direct salaries and wages cost base		\$ <u>1,293,894</u>	\$ <u>1,310,591</u>
Total indirect costs	<u>315,043</u>	= 24.35%	<u>325,618</u> = 24.85%
Divided by direct personnel cost base	1,293,894		1,310,591
Indirect rate applied to department salaries and wages		= 24.35%	= 24.85%
Total indirect costs	<u>315,043</u>	= 8.64%	<u>325,618</u> = 6.16%
Total direct expenditures	3,645,192		5,290,112
Indirect rate applied to total direct expenditures		= 8.64%	= 6.16%

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

EMPLOYEE BENEFIT COST INCURRED

Employer contributions to:	
Social security (FICA)	\$ 124,936
Retirement, pension program	129,690
Group health insurance	325,221
Workers' compensation	5,119
Unemployment insurance	<u>6,040</u>
Total employer direct fringe benefit payments	<u>591,006</u>
Release time, paid:	
Vacation	62,325
Holidays	5,316
Sick leave	131,850
Other release time	<u>3,178</u>
Total release time paid	<u>202,669</u>
Total fringe benefit cost incurred	<u>\$ 793,675</u>

COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE

Total gross salaries paid	\$ 1,456,506
Final fringe rate = Total fringe benefit cost incurred / net chargeable salary (actual)	54.49%
Budgeted fringe rate	57.26%

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

ALLOCATION OF FRINGE BENEFIT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Funding Source:	<u>Chargeable Salaries</u>	<u>Fringe Benefits Allocation</u>	<u>Total Personnel Costs</u>
Texas Department of Aging and Disability Services	\$ 241,636	\$ 131,671	\$ 373,307
Office of the Governor, Criminal Justice Division	117,100	63,809	180,909
Texas Commission on Environmental Quality	31,810	17,334	49,144
Texas Department of Public Safety	97,088	52,904	149,992
Texas Health and Human Services Commission	102,878	56,060	158,938
Commission on State Emergency Communications	207,182	102,888	310,070
Texas Department of Agriculture	27,858	15,227	43,085
Texas Department of Transportation	16,774	9,094	25,868
Lubbock Regional Mental Health Mental Retardation	98,725	53,796	152,521
Economic Development - Revolving Loan Fund	32,113	17,500	49,613
South Plains Economic Development District	39,460	21,502	60,962
Indirect central services	145,915	79,512	225,427
Finance, reception, and system maintenance	213,728	116,465	330,193
Other locally funded activities	<u>84,239</u>	<u>46,128</u>	<u>130,367</u>
Total	\$ <u>1,456,506</u>	\$ <u>783,890</u>	\$ <u>2,240,396</u>

STATISTICAL SECTION

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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			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 1,809,948	\$ 1,669,432	\$ 1,371,510	\$ 1,409,678
Restricted	50,558	50,558	41,571	24,123
Unrestricted	<u>1,242,740</u>	<u>1,233,708</u>	<u>1,365,538</u>	<u>1,393,858</u>
Total governmental activities net position	<u>\$ 3,103,246</u>	<u>\$ 2,953,698</u>	<u>\$ 2,778,619</u>	<u>\$ 2,827,659</u>
Business-type activities:				
Restricted	<u>\$ 3,373,200</u>	<u>\$ 3,446,635</u>	<u>\$ 3,519,758</u>	<u>\$ 35,727,602</u>
Total business-type activities net position	<u>\$ 3,373,200</u>	<u>\$ 3,446,635</u>	<u>\$ 3,519,758</u>	<u>\$ 35,727,602</u>
Primary government:				
Net investment in capital assets	\$ 1,809,948	\$ 1,669,432	\$ 1,371,510	\$ 1,409,678
Restricted	3,423,758	3,497,193	3,561,329	3,596,883
Unrestricted	<u>1,242,740</u>	<u>1,233,708</u>	<u>1,365,538</u>	<u>1,393,858</u>
Total primary government net position	<u>\$ 6,476,446</u>	<u>\$ 6,400,333</u>	<u>\$ 6,298,377</u>	<u>\$ 6,400,419</u>

TABLE 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,173,491	\$ 2,216,671	\$ 1,926,902	\$ 1,901,336	\$ 1,686,694	\$ 1,417,418
22,315	16,602	14,552	13,718	11,559	3,617
<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>1,741,668</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>\$ 3,162,703</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>\$ 5,920,147</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>\$ 5,920,147</u>
\$ 1,173,491	\$ 2,216,671	\$ 1,926,902	\$ 1,901,336	\$ 1,686,694	\$ 1,417,418
3,650,353	3,694,420	3,751,534	3,807,076	3,868,188	5,923,764
<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>1,741,668</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>	<u>\$ 9,082,850</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year		
	2011	2012	2013
EXPENSES			
Governmental activities:			
General government	\$ 416,874	\$ 551,267	\$ 704,813
Environmental quality	268,480	62,325	182,372
Emergency communications	1,114,441	1,113,071	1,149,118
Emergency management	2,460,539	1,505,519	988,434
Community development	65,327	4,304	4,788
Health and human services	281,551	291,811	286,644
Aging	1,731,363	1,983,044	1,635,889
Transportation	-	2,660	77,341
Economic development	-	-	-
Water development	-	-	-
Criminal justice	<u>342,541</u>	<u>323,748</u>	<u>303,535</u>
Total governmental activities expenses	<u>6,681,116</u>	<u>5,837,749</u>	<u>5,332,934</u>
Business-type activities:			
Economic development	<u>78,095</u>	<u>66,234</u>	<u>64,174</u>
Total business-type activities expenses	<u>78,095</u>	<u>66,234</u>	<u>64,174</u>
Total primary government program expenses	<u>\$ 6,759,211</u>	<u>\$ 5,903,983</u>	<u>\$ 5,397,108</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government	\$ 465,902	\$ 575,522	\$ 648,521
Environmental quality	-	-	38
Emergency communications	-	-	177
Emergency management	1,499	182,608	43,748
Health and human services	53,763	49,696	43,171
Aging	24,987	23,540	25,000
Criminal justice	103,730	77,870	119,685
Economic development	-	-	-
Water Development	-	-	-
Operating grants and contributions	<u>6,132,599</u>	<u>4,769,101</u>	<u>4,242,931</u>
Total governmental activities program revenues	<u>6,782,480</u>	<u>5,678,337</u>	<u>5,123,271</u>
Business-type activities:			
Charges for services:			
Economic development	182,294	136,879	137,297
Operating grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>182,294</u>	<u>136,879</u>	<u>137,297</u>
Total primary government program revenues	<u>\$ 6,964,774</u>	<u>\$ 5,815,216</u>	<u>\$ 5,260,568</u>

TABLE 2

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 601,559	\$ 571,916	\$ 545,608	\$ 538,541	\$ 498,704	\$ 532,199	\$ 553,614
75,750	183,373	77,403	177,111	70,890	188,828	72,638
1,244,978	1,153,863	1,602,809	1,305,810	1,567,986	1,256,496	1,297,499
520,419	429,096	482,844	278,946	291,568	416,087	348,464
4,845	5,850	3,667	4,941	4,744	5,203	83,172
293,162	294,503	254,423	245,194	234,876	249,417	239,283
1,776,582	1,911,841	1,976,473	1,795,910	1,841,624	2,206,282	2,295,532
80,735	22,896	35,167	19,419	93,661	87,585	36,818
-	1,160	169,552	76,859	-	-	42,643
-	-	2,730	29,562	150,906	277,942	271,508
<u>310,416</u>	<u>354,630</u>	<u>316,788</u>	<u>286,322</u>	<u>391,198</u>	<u>352,478</u>	<u>354,984</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>5,596,155</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>61,584</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>61,584</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>	<u>\$ 5,657,739</u>
\$ 636,042	\$ 607,603	\$ 598,214	\$ 557,454	\$ 594,916	\$ 563,667	\$ 719,967
30	64	38	73	29	60	36
154	143	204	1,368	2,839	1,703	1,427
9,794	13,083	477	-	-	-	-
-	-	3,445	960	855	168	-
23,804	25,025	25,070	23,184	18,047	20,177	21,978
104,360	94,806	87,721	88,497	124,476	113,138	104,429
-	-	-	-	-	-	-
-	-	-	-	-	90	60
<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>4,685,862</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>5,533,759</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>111,997</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</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>2,111,997</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>	<u>\$ 7,645,756</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

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

	Fiscal Year		
	2011	2012	2013
NET (EXPENSE) REVENUES			
Governmental activities	\$ 101,364	\$(159,412)	\$(209,663)
Business-type activities	<u>104,199</u>	<u>70,645</u>	<u>73,123</u>
Total primary government net expense	<u>205,563</u>	<u>(88,767)</u>	<u>(136,540)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Interest on deposit	5,479	4,182	3,413
Miscellaneous income	<u>4,251</u>	<u>5,682</u>	<u>31,171</u>
Total governmental activities	<u>9,730</u>	<u>9,864</u>	<u>34,584</u>
Business-type activities:			
Interest on deposit	<u>2,876</u>	<u>2,790</u>	<u>-</u>
Total business-type activities	<u>2,876</u>	<u>2,790</u>	<u>-</u>
Total primary government	<u>12,606</u>	<u>12,654</u>	<u>34,584</u>
CHANGE IN NET POSITION			
Governmental activities	111,094	(149,548)	(175,079)
Business-type activities	<u>107,075</u>	<u>73,435</u>	<u>73,123</u>
Total primary government	<u>\$ 218,169</u>	<u>\$(76,113)</u>	<u>\$(101,956)</u>

TABLE 2

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
\$ 34,631	\$ (204,663)	\$ 1,107,747	\$ (132,410)	\$ 173,998	\$ (176,528)	\$ (62,396)
<u>51,127</u>	<u>52,978</u>	<u>42,541</u>	<u>48,661</u>	<u>45,699</u>	<u>38,867</u>	<u>2,050,413</u>
<u>85,758</u>	<u>(151,685)</u>	<u>1,150,288</u>	<u>(83,749)</u>	<u>219,697</u>	<u>137,661</u>	<u>1,988,017</u>
3,341	3,346	3,813	5,095	6,239	10,759	4,646
<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>12,745</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>	<u>17,391</u>
<u>1,875</u>	<u>2,300</u>	<u>7,239</u>	<u>10,503</u>	<u>10,677</u>	<u>24,404</u>	<u>13,105</u>
<u>1,875</u>	<u>2,300</u>	<u>7,239</u>	<u>10,503</u>	<u>10,677</u>	<u>24,404</u>	<u>13,105</u>
<u>16,284</u>	<u>11,739</u>	<u>13,400</u>	<u>21,441</u>	<u>18,375</u>	<u>38,289</u>	<u>30,496</u>
49,040	(195,224)	1,113,908	(121,472)	181,696	(162,643)	(45,005)
<u>53,002</u>	<u>55,278</u>	<u>49,780</u>	<u>59,164</u>	<u>56,376</u>	<u>63,271</u>	<u>2,063,518</u>
\$ <u>102,042</u>	\$ <u>(139,946)</u>	\$ <u>1,163,688</u>	\$ <u>(62,308)</u>	\$ <u>238,072</u>	\$ <u>(99,372)</u>	\$ <u>2,018,513</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 3,454	\$ 5,619	\$ 2,215	\$ 2,488
Restricted	-	-	-	-
Assigned	-	40,123	96,627	78,581
Unassigned	<u>1,319,076</u>	<u>1,269,638</u>	<u>1,344,963</u>	<u>1,413,759</u>
Total general fund	<u>\$ 1,322,530</u>	<u>\$ 1,315,380</u>	<u>\$ 1,443,805</u>	<u>\$ 1,494,828</u>
All other governmental funds				
Restricted	\$ 50,558	\$ 50,558	\$ 41,571	\$ 24,123
Assigned	<u>8,256</u>	<u>8,256</u>	<u>8,256</u>	<u>-</u>
Total all other governmental funds	<u>\$ 58,814</u>	<u>\$ 58,814</u>	<u>\$ 49,827</u>	<u>\$ 24,123</u>

TABLE 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 2,277	\$ 5,472	\$ 1,444	\$ 1,599	\$ 1,831	\$ 1,837
-	16,602	-	-	-	-
70,388	53,768	36,145	94,896	77,691	110,763
<u>1,419,530</u>	<u>1,443,267</u>	<u>1,451,876</u>	<u>1,462,971</u>	<u>1,495,288</u>	<u>1,577,491</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>	\$ <u>1,690,091</u>
\$ 22,315	\$ 16,602	\$ 14,552	\$ 13,718	\$ 11,559	\$ 3,617
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>22,315</u>	\$ <u>16,602</u>	\$ <u>14,552</u>	\$ <u>13,718</u>	\$ <u>11,559</u>	\$ <u>3,617</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Federal and state grants	\$ 5,838,907	\$ 4,818,797	\$ 4,220,277	\$ 4,168,893
Membership dues	71,201	77,872	77,872	77,572
Interest income	5,479	4,182	3,628	3,525
Other local	<u>876,623</u>	<u>787,350</u>	<u>869,483</u>	<u>707,496</u>
Total revenues	<u>6,792,210</u>	<u>5,688,201</u>	<u>5,171,260</u>	<u>4,957,486</u>
Expenditures				
General government	391,682	537,710	613,742	570,813
Environmental quality	267,250	62,304	182,372	75,750
Water development	-	-	-	-
Emergency communications	1,204,159	1,044,527	1,005,012	1,304,072
Emergency management	2,390,978	1,451,105	942,499	515,792
Community development	65,028	4,303	4,788	4,845
Health and human services	280,261	291,715	286,644	293,162
Aging	1,723,429	1,977,387	1,635,889	1,776,582
Transportation	-	2,659	77,341	80,735
Economic development	-	-	-	-
Criminal justice	340,971	323,641	303,535	310,416
Capital outlay	-	-	-	-
Total expenditures	<u>6,663,758</u>	<u>5,695,351</u>	<u>5,051,822</u>	<u>4,932,167</u>
Excess (deficiency) of revenue over expenditures	128,452	(7,150)	119,438	25,319
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>\$ 128,452</u>	<u>\$ (7,150)</u>	<u>\$ 119,438</u>	<u>\$ 25,319</u>

TABLE 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,977,950	\$ 5,860,112	\$ 3,954,669	\$ 4,578,993	\$ 4,696,985	\$ 4,660,862
77,572	77,872	77,872	77,872	77,872	77,747
9,661	68,114	75,966	74,127	78,377	82,331
<u>668,721</u>	<u>575,274</u>	<u>528,636</u>	<u>596,861</u>	<u>556,639</u>	<u>705,210</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>	<u>5,526,150</u>
599,422	562,824	544,105	495,841	518,854	548,433
183,373	77,903	184,379	72,802	190,196	74,249
-	2,730	30,775	154,975	279,955	277,530
935,574	2,668,314	1,074,272	1,600,329	1,041,176	1,018,910
429,096	483,844	290,394	299,432	419,101	356,192
5,850	3,967	5,144	4,872	5,241	85,016
294,503	258,387	255,256	241,211	251,224	244,589
1,911,841	1,988,369	1,869,527	1,891,289	2,247,691	2,344,454
22,896	36,167	20,216	96,187	88,219	37,634
1,160	169,552	80,095	-	-	43,589
354,630	324,716	298,072	401,748	355,031	359,156
-	-	-	-	-	29,059
<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>	<u>5,418,811</u>
(4,441)	4,599	(15,092)	69,167	13,185	107,339
-	-	-	36,756	43,346	54,585
<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,756)</u>	<u>(43,346)</u>	<u>(54,585)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$(4,441)</u>	<u>\$ 4,599</u>	<u>\$(15,092)</u>	<u>\$ 69,167</u>	<u>\$ 13,185</u>	<u>\$ 107,339</u>

TABLE 5

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

MEMBERSHIP DUES BY ENTITY

LAST TEN FISCAL YEARS

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>COUNTIES:</u>										
Bailey County	\$ 495	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537
Cochran County	280	235	235	235	235	235	235	235	235	235
Crosby County	530	454	454	454	454	454	454	454	454	454
Dickens County	207	183	183	183	183	183	183	183	183	183
Floyd County	583	483	483	483	483	483	483	483	483	483
Garza County	365	485	485	485	485	485	485	485	485	485
Hale County	2,745	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
Hockley County	1,704	1,720	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	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048
Lubbock County	18,197	20,912	20,912	20,912	20,912	20,912	20,912	20,912	20,912	20,912
Lynn County	491	444	444	444	444	444	444	444	444	444
Motley County	125	125	125	125	125	125	125	125	125	125
Terry County	957	949	949	949	949	949	949	949	949	949
Yoakum County	549	591	591	591	591	591	591	591	591	591
<u>CITIES:</u>										
City of Abernathy	355	350	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	141	141	141	141	141	141	141	141	141
City of Brownfield	1,186	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207
City of Crosbyton	234	218	218	218	218	218	218	218	218	218
City of Denver City	498	560	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	133	133	133	133	133	133	133	133	133
City of Floydada	460	380	380	380	380	380	380	380	380	380
City of Hale Center	283	282	282	282	282	282	282	282	282	282
City of Idalou	270	282	282	282	282	282	282	282	282	282
City of Levelland	1,608	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693
City of Littlefield	813	797	797	797	797	797	797	797	797	797
City of Lockney	257	230	230	230	230	230	230	230	230	230
City of Lorenzo	172	143	143	143	143	143	143	143	143	143
City of Lubbock	24,946	28,697	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	251	251	251	251	251	251	251	251	251
City of Muleshoe	566	645	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	125	125	125	125	125	125	125	125	125
City of Olton	286	277	277	277	277	277	277	277	277	277
Town of Opdyke West	125	125	125	125	125	125	125	125	125	-
City of Petersburg	158	150	150	150	150	150	150	150	150	150
City of Plains	181	185	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									
	2010	2011	2012	2013	2014	2015	2016	2017	2019	2020
<u>CITIES: (continued)</u>										
City of Plainview	\$ 2,792	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774
City of Post	464	672	672	672	672	672	672	672	672	672
City of Ralls	282	249	249	249	249	249	249	249	249	249
City of Ransom Canyon	126	137	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	311	311	311	311	311	311	311	311	311
City of Slaton	764	765	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	165	165	165	165	165	165	165	165	165
City of Sudan	130	125	125	125	125	125	125	125	125	125
City of Sundown	188	174	174	174	174	174	174	174	174	174
City of Tahoka	364	334	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	458	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	-	-	-	-	-	-	-	-	-	-
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>\$ 71,201</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>	<u>\$ 77,746</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>
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%
2020	433,198	16,172,896	44,169	5.60%

(1) Unemployment rates for 2011 through 2020 come from the Texas Workforce Commission.

(2) The source for 2011 through 2020 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 for 2011 through 2020 were taken from estimates by the Texas State Data Center.

TABLE 7**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS****PRINCIPAL EMPLOYERS****CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Texas Tech University	5,507	1	3.62%	4,994	1	3.59%
Covenant Health System	5,492	2	3.61%	4,900	2	3.52%
United Supermarkets (Corporate)	3,913	3	2.57%	2,873	5	2.06%
University Medical Center	3,644	4	2.40%	2,816	6	2.02%
Lubbock Independent School District	3,561	5	2.34%	3,268	4	2.35%
TTU Health Sciences Center	3,330	6	2.19%	3,656	3	2.63%
City of Lubbock	2,355	7	1.55%	2,221	7	1.60%
Frenship ISD	1,250	8	0.82%	-	-	- %
Lubbock County	1,244	9	0.82%	1,062	9	0.76%
Lubbock State Supported Living Center	849	10	0.56%	-	-	- %
G Boren Services				2,012	8	1.45%
Convergys Corporation				1,050	10	0.75%
Total % of Top 10 Employers			<u>20.48%</u>			<u>20.73%</u>

Source: All data were taken from the City of Lubbock's Comprehensive Annual Financial Report for the year ended September 30, 2020.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2011	2012	2013	2014
General Government	6.5	6.5	6.5	6.5
211 Information Center/ADRC	4	4	4.5	4
Aging	9	8.5	8.5	9
Regional Services & Econ Dev	8	8	6.5	7.5
Emergency Communications	5	5	5	5
Economic Development	4	4	4	4
Law Enforcement	3	3	2	3
	<u>39.5</u>	<u>39.0</u>	<u>37.0</u>	<u>39.0</u>

Source: South Plains Association of Government's Management

TABLE 8

Fiscal Year					
2015	2016	2017	2018	2019	2020
6.5	6.5	6.5	7.0	7.0	7.0
4.5	4.5	5.5	5.0	5.0	5.0
9	10	9	7	7	7
7.5	7.5	7.0	4.0	8.0	7.5
5	5	5	5	5	5
4	4	3	3	-	-
2	2	2	2	2	2.5
<u>38.5</u>	<u>39.0</u>	<u>38.0</u>	<u>33.0</u>	<u>34.0</u>	<u>34.0</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function:	Fiscal Year			
	2011	2012	2013	2014
Aging (1)				
Number of Congregate Meals	79,371	85,675	76,494	73,680
Number of congregate clients served	1,603	2,103	1,799	1,800
Number of Home Delivered Meals	29,818	50,359	45,504	40,390
Number of Home Delivered clients served	306	629	412	466
Economic Development				
Number of Loans Funded	12	9	6	10
Number of Jobs Created or Retained	274	202	74	121
Emergency Communications 9-1-1 (2)				
Number of calls	69,332	82,189	72,432	71,324
Criminal Justice				
Number of courses taught-LET Academy	51	62	66	41
Number of officers trained	777	565	822	542
Contact hours Academy	34,773	23,400	34,120	30,282
Applications reviewed by CJAC committee	22	12	17	18
Community Development				
Number of CDBG grants written	1	23	4	20
CDBG grants funded amount	1,250,000	2,450,000	3,125,000	3,050,000
Environmental Quality				
Number of Solid Waste grants	8	4	4	6
SW grants funded amount	160,392	120,000	120,000	119,873
Health				
2-1-1 Area Information Center				
Number of calls taken	65,009	65,664	52,174	57,411
SPADRC calls	-	-	-	-
PHADRC calls	-	-	-	-

TABLE 9

Fiscal Year					
2015	2016	2017	2018	2019	2020
70,957	64,480	112,297	99,777	84,573	51,587
1,729	1,057	1,610	1,431	1,122	1,062
47,673	43,509	62,605	68,730	79,091	137,727
421	268	700	477	465	1,446
3	7	12	3	2	8
97	117	187	125	47	153
79,533	71,559	71,579	56,118	57,476	56,190
41	31	50	40	69	39
466	306	508	521	866	368
28,510	21,805	33,046	35,321	42,955	30,231
25	25	18	19	24	15
20	12	7	4	19	4
550,000	3,131,000	2,125,000	825,000	875,000	1,775,000
6	6	4	4	5	6
109,800	124,945	54,576	81,476	81,476	-
63,789	41,791	42,436	63,193	33,197	54,776
-	-	-	-	-	1,137
-	-	-	-	-	605

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</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	17	17	18	22
<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

2015	2011	2016	2018	2019	2020
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
23	23	23	12	12	8
1	1	1	1	1	1
27	29	32	27	27	27
8	8	8	9	3	3
5	5	5	1	1	1
1	1	1	-	-	-

TABLE 11

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF INSURANCE COVERAGE

AS OF SEPTEMBER 30, 2020

Fiscal Year 2020

Company	Term	Coverage	Limits/Deductible/Benefits Description
Texas Municipal League - Intergovernmental Risk Pool	10/1/19 - 09/30/20	Workers' Compensation for employees and Board Members	No maximum benefit
Texas Municipal League - Intergovernmental Risk Pool	10/1/19 - 09/30/20	General Liability	2,000,000 Involving Pollution \$2,000,000 Annual Aggregate \$4,000,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/19 - 09/30/20	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	10/1/19 - 09/30/20	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	10/1/19 - 09/30/20	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	10/1/19 - 09/30/20	Cyber Liability and Data Breach Response	Annual Aggregate \$1,000,000 Privacy Breach \$25,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/19 - 09/30/20	Public Employee Dishonesty and Forgery or Alteration	Limit of Coverage per Occurrence \$100,000 Deductible \$1,000
Victor O. Schinnerer	10/1/19 - 09/30/20	Public Official Bonds	Two @ \$100,000 each

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, 2020, 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, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, 2021

**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, 2020. 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, 2020.

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, 2021

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	ED19AUS3020001	\$ 64,816	\$ -
Economic Development Support - Planning Assistance - SPEDD COVID	11.307	ED20AUS3070040	42,722	-
Economic Development Support - Planning Assistance - SPAG COVID	11.307	87905415	53,589	-
Economic Adjustment Assistance - Revolving Loan Fund	11.307	08-39-02592.01	2,846,210	-
Total Direct			3,007,337	-
Total U. S. Department of Commerce, Economic Development Administration			3,007,337	-
<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	C719220	7,600	-
Total Passed through the Texas Department of Agriculture			7,600	-
Total U. S. Department of Housing and Urban Development			7,600	-
<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	2460409	36,457	-
Law Enforcement Response to Domestic Violence	16.588	2460410	4,987	-
Total Passed through the Office of the Governor, Criminal Justice Division			41,444	-
Total U. S. Department of Justice			41,444	-
<u>U. S. Department of Transportation</u>				
Passed through the Texas Department of Transportation:				
Rural Transit Assistance Program	20.505	51R08010519	25,740	-
Transportation Coordinated Call Grant	20.505	51008010521	998	-
Transportation 5 Year Plan - Section 5304	20.505	51008040521	1,277	-
Total Passed through the Texas Department of Transportation			28,015	-
Total U. S. Department of Transportation			28,015	-

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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	24,644	24,644
CARES Title VII-OAG	93.042	539-16-0006-00001	2,267	2,267
Subtotal - 93.042			26,911	26,911
Title III-D Evidence Based-Intervention	93.043	539-16-0006-00001	15,527	-
Disaster Flex Title III-D Evidence Based-Intervention	93.043	539-16-0006-00001	11,814	-
Subtotal - 93.043			27,341	-
Title III-B	93.044	539-16-0006-00001	387,903	39,491
CARES Title III-B	93.044	539-16-0006-00001	81,389	74,724
Disaster Flex Title III-B	93.044	539-16-0006-00001	84,756	84,756
Title III-C1	93.045	539-16-0006-00001	236,717	143,455
CARES Title III-C1	93.045	539-16-0006-00001	159	159
Title III-C2	93.045	539-16-0006-00001	417,017	351,548
CARES Title III-C2	93.045	539-16-0006-00001	40,678	40,678
COVID-19 Title III-C2	93.045	539-16-0006-00001	169,641	169,641
NSIP	93.053	539-16-0006-00001	142,865	142,865
Subtotal - Aging Cluster			1,561,125	1,047,317
Title III-E	93.052	539-16-0006-00001	169,657	-
CARES Title III-E	93.052	539-16-0006-00001	1,850	-
Subtotal - 93.052			171,507	-
ACL-MIPPA Priority 2	93.071	539-16-0006-00001	14,123	-
Subtotal - 93.071			14,123	-
HICAP Basic	93.324	539-16-0006-00001	72,166	-
Subtotal - 93.324			72,166	-
2-1-1 Texas Information and Referral Network - Childcare	93.575	529-16-0006-00011C	14,348	-
2-1-1 Texas Information and Referral Network - Food Stamp	10.561	529-16-0006-00011G	22,728	-
2-1-1 Texas Information and Referral Network - TANF	93.558	529-16-0006-00011G	22,728	-
2-1-1 Texas Information and Referral Network - Refugee	93.566	529-16-0006-00011G	22,728	-
2-1-1 Texas Information and Referral Network - CHIP	93.767	529-16-0006-00011G	22,728	-
2-1-1 Texas Information and Referral Network - Medicaid (Acute Care)	93.778	529-16-0006-00011G	22,728	-
Subtotal - 2-1-1 Texas Information and Referral Network			127,988	-
SP ADRC Contract MIPPA	93.071	HHS000270200006	9,346	-
SP ADRC Contract Housing Navigator	93.791	HHS000270200006	23,987	-
SP ADRC Contract LCA	93.791	HHS000270200006	6,124	-
PH ADRC Contract MIPPA	93.071	HHS000541100005	9,498	-
PH ADRC Contract Housing Navigator	93.791	HHS000541100005	16,016	-
PH ADRC Contract - LCA	93.791	HHS000541100005	3,070	-
Subtotal - ADRC Contract			68,041	-
Total Passed through Texas Health and Human Commission			2,073,282	1,074,228
 Total U. S. Department of Health and Human Services			 2,073,282	 1,074,228

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 78,833	-
Hazard Mitigation Grant Program	97.039	DR-4223-024	25,530	-
Subtotal - 97.039			104,363	-
Total Passed through Texas Department of Public Safety			104,363	-
Passed through Office of the Governor, Homeland				
Security Division				
State Homeland Security Program	97.067	2941605	43,544	-
State Homeland Security Program	97.067	2100097	820	-
State Homeland Security Program	97.067	30001903	28,731	-
State Homeland Security Program	97.067	3462403	12,938	-
State Homeland Security Program - Contract	97.067	2941705	154,878	-
Total Passed through Office of the Governor, Homeland Security Division			240,911	-
Total U. S. Department of Homeland Security			345,274	-
Total Federal Awards			\$ 5,502,952	\$ 1,074,228

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 102,875	\$ 14,732
OMB ALF Services	539-16-0006-00001	41,488	41,488
H.Bond	539-16-0031-00013	13,152	-
SGR HDM	539-16-0031-00013	4,061	4,061
PH ADRC SGR	HHS000541100005	70,056	-
PH ADRC Respite	HHS000541100005	1,825	-
PH ADRC PI	HHS000541100005	10,787	-
SP ADRC SGR	HHS000270200006	90,137	-
SP ADRC Respite	HHS000270200006	14,817	-
SP ADRC PI	HHS000270200006	6,476	-
2-1-1 Texas Information and Referral Network	529-16-0006-00011C	108,659	-
Total Texas Health and Human Services Commission		464,333	60,281
<u>Texas Water Development Board</u>			
Water Development Program	1548301843	277,470	-
Total Texas Water Development Board		277,470	-
<u>Office of the Governor, Criminal Justice Division</u>			
Regional Criminal Justice Coordination FY 2020	30001903	54,830	-
Regional Criminal Justice Coordination FY 2021	2100097	1,946	-
Subtotal		56,776	-
Regional Law Enforcement Training Academy	1424317	138,595	-
Subtotal		138,595	-
Total Office of the Governor, Criminal Justice Division		195,371	-
<u>Texas Commission on Environmental Quality</u>			
Regional Solid Waste	582-20-10223	74,213	-
Total Texas Commission on Environmental Quality		74,213	-
<u>Texas Department of Transportation</u>			
TxDOT RPO	05-20XF7001	5,372	-
Total Texas Department of Transportation		5,372	-
<u>TX Department of Agriculture</u>			
TDA Skimmer Grant	TDA-19-ARED-07	77,416	-
Total Texas Department of Agriculture		77,416	-
<u>Commission on State Emergency Communications</u>			
9-1-1 State Grant	CSEC 2019	124,591	-
9-1-1 State Grant	CSEC 2020	815,329	-
9-1-1 State Grant	CSEC 2021	77,563	-
Total Commission on State Emergency Communications		1,017,483	-
Total State Awards		2,111,658	60,281
Total Expenditures of Federal and State Awards		\$ 7,614,610	\$ 1,134,509

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2020

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, 2020.

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 9/30/2020	\$ 2,075,470
Balance of outstanding loans at 9/30/2020	1,670,607
Administrative Costs during the fiscal year	<u>48,870</u>
Total EDA Revolving Loan Fund Expenditures	3,794,947
Federal Participation Rate	<u>75%</u>
Total Federal Share of EDA Revolving Loan Fund Expenditures	\$ <u><u>2,846,210</u></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, 2020

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

Identification of major programs:

CFDA Number(s)

11.307

Name of Federal/State Program or Cluster:
Economic Adjustment Assistance

State

9-1-1 Program

Dollar threshold used to distinguish between type A
and type B federal programs

\$750,000

Dollar threshold used to distinguish between type A
and type B state programs

\$300,000

Auditee qualified as low-risk auditee under the
Uniform Guidance?

Yes

Auditee qualified as low-risk auditee under State
of Texas Uniform Grant Management Standards?

Yes

**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, 2020

None

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