



LUBBOCK, TEXAS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

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

For the Year Ended
September 30, 2022

Tim Schwartz
Director of Finance

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2022

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INTRODUCTORY SECTION

South Plains Association of Governments

Judge Jim Meador, Motley County
PRESIDENT

Tim C. Pierce
EXECUTIVE DIRECTOR

March 31, 2023

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

Dear Members of the Board of Directors:

The annual comprehensive financial report for the South Plains Association of Governments (SPAG) for the fiscal year ended September 30, 2022 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 21 – 36).

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

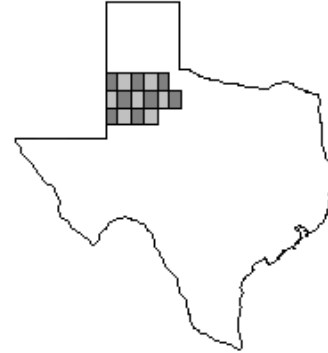
Management of the Association is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) 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 71 – 72. 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 2022, 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 2020 census, they represented a population of 434,716 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 2012 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 Health and Human Service Commission (HHSC). 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, minor residential repair, 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, minor 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 individuals 60 plus 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, 344 loans totaling \$155,422,000 have been made and a total of 6,624 jobs have been created or retained. In the lifetime of the revolving loan fund, 98 loans totaling \$12,914,400 have been made and a total of 1,947 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. To date, 41 loans totaling \$4,100,000 have been financed.

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 Governor's 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 2022, the SPAG Regional Law Enforcement Academy held 29 classes and trained 237 officers. Total contact hours for 2022 were 23,758.

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) and Upper Brazos Regional Flood Planning Group (Region 7) through the Texas Water Development Board, Region III, 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, 2022, was 2.9% compared with last year's rate of 3.9%. Lubbock County's median household income of \$56,529 lags behind the Texas median household income of \$67,321 (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 annual comprehensive financial report for the fiscal year ended September 30, 2021. This was the 36th 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 annual comprehensive 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 annual comprehensive 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 Martinez

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

GOVERNING BODY

EXECUTIVE COMMITTEE

Mayor John Baker, President
City of Tahoka

Commissioner Gilbert Flores, Secretary
Lubbock County

Judge Jim Meador, 1st Vice President
Motley County

Mayor Blake Cate, Treasurer
City of Anton

Councilmember Jeff Griffith, 2nd Vice President
City of Lubbock

Vacant
Designated Member

Judge Mike DeLoach, 3rd Vice President
Lamb County

Vacant
Designated Member

Mayor Barbra Pinner, 4th Vice President
City of Levelland

Judge Lee Norman, Immediate Past
President, Garza County

BOARD OF DIRECTORS

Mayor Clinton Sawyer
City of Amherst

Councilmember Christy Martinez-
Garcia
City of Lubbock

Councilmember Steve Massengale
City of Lubbock

Mr. Mario Martinez
Designated Member

Councilmember Latrelle Joy
City of Lubbock

Judge Pat Sabala Henry
Cochran County

Commissioner Terence Kovar
Lubbock County

Judge Sharla Baldrige
Hockley County

Mayor Tom Hesse
City of Brownfield

Judge Michael Ybarra
Yoakum County

Mr. Floyd Price
Designated Member

Councilmember Karen Boyce
Hale County

Mayor Charles Starnes
City of Plainview

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

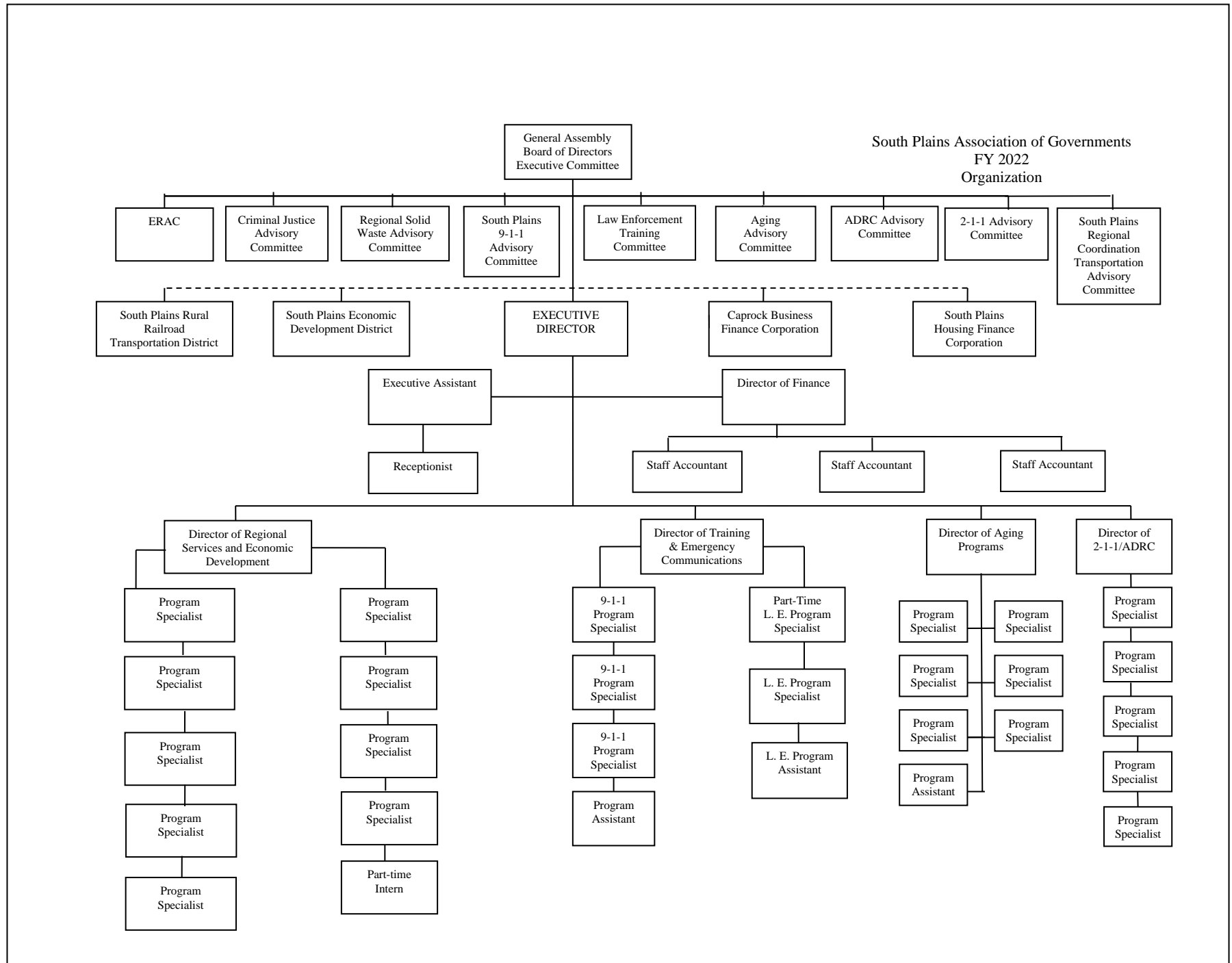
Mrs. Lottie Spencer
Designated Member

Ms. Tina Betts
Designated Member

Mr. Kevin Hearn
Designated Member

Ms. Carmen Vige
Designated Member

Councilmember Mark McBrayer
City of Lubbock





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**South Plains Association of Governments
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Plains Association of Governments
Lubbock, Texas

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Association as of September 30, 2022, 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.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2022 the Association adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

OFFICE LOCATIONS

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

Supplementary 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 supplemental schedules as listed in the table of contents and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Uniform Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

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

Waco, Texas
March 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2022. 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 \$16,034,759 as of September 30, 2022. Of this amount, \$1,859,404 is available to meet the Association's ongoing obligations.
- Total revenues of \$10,705,085 were more than total expenses of \$6,606,159 by \$4,098,926.
- The 2022 Financial Plan for the Association included \$6,197,315 in planned expenditures, resulting in a variance of 7%. A large portion of this variance is related to the Emergency Communication and Aging departments actual costs being more 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 \$167,290 or 2.6% when compared to last year's costs.
- The General Fund reported an increase of \$114,620 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 \$13,710.
- The Association's business-type activities, which consist of Economic Development revolving loan funds, reported an increase in net position of \$3,994,046. Operating revenues of \$212,291 and non-operating revenues of \$3,816,856 exceeded operating expense of \$35,101.

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 Texas Water Development Board 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, Support Lubbock and the SPAG Revolving Loan. All 3 funds are considered major funds. 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 21.
- **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, 2022, South Plains Association of Governments' assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,034,759.

A portion of the net position of the Association is classified as invested in capital assets \$2,116,910. 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 \$12,058,445 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, 75%. Unrestricted net position, however, may be used for future operating needs. This amount totaled \$1,859,404 at September 30, 2022.

Table 1: Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 4,233,469	\$ 2,569,152	\$ 12,057,688	\$ 8,063,642	\$ 16,291,157	\$ 10,632,794
Capital assets	1,679,228	2,330,058	-	-	1,679,228	2,330,058
Right to use assets	437,682	-	-	-	437,682	-
Total assets	<u>6,350,379</u>	<u>4,899,210</u>	<u>12,057,688</u>	<u>8,063,642</u>	<u>18,408,067</u>	<u>12,962,852</u>
Deferred outflows of resources	369,136	395,413	-	-	369,136	395,413
Total deferred outflows of resources	<u>369,136</u>	<u>395,413</u>	<u>-</u>	<u>-</u>	<u>369,136</u>	<u>395,413</u>
Current liabilities	1,139,005	765,587	-	-	1,139,005	765,587
Noncurrent liabilities	575,317	125,069	-	-	575,317	125,069
Total liabilities	<u>1,714,322</u>	<u>890,656</u>	<u>-</u>	<u>-</u>	<u>1,714,322</u>	<u>890,656</u>
Deferred inflows of resources	1,028,122	182,059	-	-	1,028,122	182,059
Total deferred inflows of resources	<u>1,028,122</u>	<u>182,059</u>	<u>-</u>	<u>-</u>	<u>1,028,122</u>	<u>182,059</u>
Net position:						
Net investment in capital assets	2,116,910	2,330,058	-	-	2,116,910	2,330,058
Restricted	757	2,394	12,057,688	8,063,642	12,058,445	8,066,036
Unrestricted	<u>1,859,404</u>	<u>1,889,456</u>	<u>-</u>	<u>-</u>	<u>1,859,404</u>	<u>1,889,456</u>
Total net position	<u>\$ 3,977,071</u>	<u>\$ 4,221,908</u>	<u>\$ 12,057,688</u>	<u>\$ 8,063,642</u>	<u>\$ 16,034,759</u>	<u>\$ 12,285,550</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, 2022. 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 5,727,221	\$ 6,168,266	\$ 3,809,600	\$ 2,532,150	\$ 9,536,821	\$ 8,700,416
Charges for services	942,985	759,846	212,291	176,832	1,155,276	936,678
General revenue:						
Investment earnings	2,938	731	7,256	1,354	10,194	2,085
Miscellaneous income	2,794	2,390	-	-	2,794	2,390
Total revenues	<u>6,675,938</u>	<u>6,931,233</u>	<u>4,029,147</u>	<u>2,710,336</u>	<u>10,705,085</u>	<u>9,641,569</u>
Expenses:						
General government	672,561	523,231	-	-	672,561	523,231
Environmental quality	109,141	174,929	-	-	109,141	174,929
Emergency communications	1,399,401	1,271,325	-	-	1,399,401	1,271,325
Emergency management	264,171	309,448	-	-	264,171	309,448
Community development	10,417	10,438	-	-	10,417	10,438
Health and human services	220,496	234,323	-	-	220,496	234,323
Aging	2,573,431	2,580,629	-	-	2,573,431	2,580,629
Transportation	124,036	83,162	-	-	124,036	83,162
Economic development	202,951	157,853	35,101	566,841	238,052	724,694
Water Development	650,862	237,392	-	-	650,862	237,392
Criminal justice	326,422	289,298	-	-	326,422	289,298
Interest	17,169	-	-	-	17,169	-
Total expenses	<u>6,571,058</u>	<u>5,872,028</u>	<u>35,101</u>	<u>566,841</u>	<u>6,606,159</u>	<u>6,438,869</u>
Change in net position	<u>104,880</u>	<u>1,059,205</u>	<u>3,994,046</u>	<u>2,143,495</u>	<u>4,098,926</u>	<u>3,202,700</u>
Net position, beginning	4,221,908	3,162,703	8,063,642	5,920,147	12,285,550	9,082,850
Prior period adjustment	(349,717)	-	-	-	(349,717)	-
Net position, ending	<u>\$ 3,977,071</u>	<u>\$ 4,221,908</u>	<u>\$ 12,057,688</u>	<u>\$ 8,063,642</u>	<u>\$ 16,034,759</u>	<u>\$ 12,285,550</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 2021 and Fiscal Year 2022

Total expenses increased by \$167,290 from the previous year. The majority of this difference are increases in funding availability in the Aging, Economic Development, and Water Development departments.

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, 2022, the Association's governmental funds reported combined ending fund balances of \$1,819,178 (reference page 11-12). Beginning on page 13 of this report, there is a more detailed presentation of governmental funds revenues and expenditures.

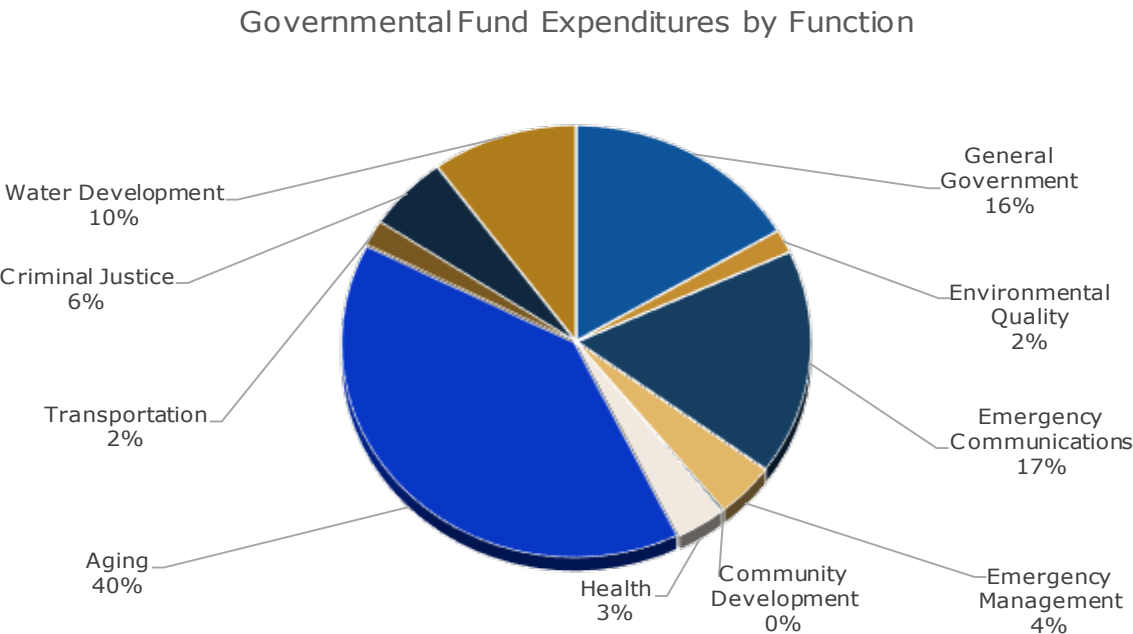
The General Fund balance increased by \$114,620. This is due to an increase in local revenue from the previous year.

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 \$12,057,688 reflects a total increase in net position of \$3,994,046.

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 59% 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 \$2,116,910, 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	
	2022	2021
Non-depreciable assets:		
Land	\$ 131,605	\$ 131,605
Depreciable assets:		
Building	635,342	635,342
Furniture and equipment	2,876,763	2,828,733
Right to use - land	15,903	-
Right to use - building	401,749	-
Right to use - equipment	20,030	-
Less: accumulated depreciation	(1,964,482)	(1,265,622)
Total capital assets, net	\$ 2,116,910	\$ 2,330,058

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

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total	SPEDD
ASSETS				
Cash and cash equivalents	\$ 1,320,545	\$ 3,897,767	\$ 5,218,312	\$ 55,135
Receivables				
Grantors	1,214,013	-	1,214,013	97,534
Accounts	190,040	-	190,040	-
Loans	-	8,238,692	8,238,692	-
Lease	407,156	-	407,156	-
Due from component unit	151,736	-	151,736	-
Internal balances	78,771	(78,771)	-	-
Prepays	3,078	-	3,078	-
Net pension asset	868,130	-	868,130	-
Capital assets not being depreciated	131,605	-	131,605	-
Capital assets, net of accumulated depreciation/ amortization	1,985,305	-	1,985,305	-
Total assets	<u>6,350,379</u>	<u>12,057,688</u>	<u>18,408,067</u>	<u>152,669</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	369,136	-	369,136	-
Total deferred outflows of resources	<u>369,136</u>	<u>-</u>	<u>369,136</u>	<u>-</u>
LIABILITIES				
Accounts payable	772,666	-	772,666	933
Accrued liabilities	120,739	-	120,739	-
Due to primary government	-	-	-	151,736
Unearned revenue	245,600	-	245,600	-
Noncurrent liabilities:				
Due within one year:				
Lease	31,188	-	31,188	-
Compensated absences	105,143	-	105,143	-
Due in more than one year:				
Lease	412,701	-	412,701	-
Compensated absences	26,285	-	26,285	-
Total liabilities	<u>1,714,322</u>	<u>-</u>	<u>1,714,322</u>	<u>152,669</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related	407,156	-	407,156	-
Deferred inflows - pensions	620,966	-	620,966	-
Total deferred outflows of resources	<u>1,028,122</u>	<u>-</u>	<u>1,028,122</u>	<u>-</u>
NET POSITION				
Net position, investment in capital assets	2,116,910	-	2,116,910	-
Restricted for:				
Economic development	-	12,057,688	12,057,688	-
Health and human services	757	-	757	-
Unrestricted	1,859,404	-	1,859,404	-
Total net position	<u>\$ 3,977,071</u>	<u>\$ 12,057,688</u>	<u>\$ 16,034,759</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, 2022

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	\$ 565,011	\$ 107,550	\$ 672,561	\$ 806,980	\$ -
Environmental quality	102,277	6,864	109,141	-	114,365
Emergency communications	1,349,484	49,917	1,399,401	655	1,148,893
Emergency management	245,042	19,129	264,171	-	279,064
Community development	8,871	1,546	10,417	-	10,441
Health and human services	196,110	24,386	220,496	-	229,478
Aging	2,473,669	99,762	2,573,431	11,854	2,680,827
Transportation	108,634	15,402	124,036	-	130,010
Economic development	178,475	24,476	202,951	-	199,689
Water Development	646,233	4,629	650,862	-	682,162
Criminal justice	302,130	24,292	326,422	123,496	252,292
Indirect costs	377,953	(377,953)	-	-	-
Interest	17,169	-	17,169	-	-
Total governmental activities	<u>6,571,058</u>	<u>-</u>	<u>6,571,058</u>	<u>942,985</u>	<u>5,727,221</u>
Business-type activities:					
Economic development	<u>35,101</u>	<u>-</u>	<u>35,101</u>	<u>212,291</u>	<u>3,809,600</u>
Total business-type activities	<u>35,101</u>	<u>-</u>	<u>35,101</u>	<u>212,291</u>	<u>3,809,600</u>
Total primary government	<u>\$ 6,606,159</u>	<u>\$ -</u>	<u>\$ 6,606,159</u>	<u>\$ 1,155,276</u>	<u>\$ 9,536,821</u>
Component Unit:					
SPEDD	<u>\$ 228,931</u>	<u>\$ 15,323</u>	<u>\$ 244,254</u>	<u>\$ 22</u>	<u>\$ 215,446</u>
Total component unit	<u>\$ 228,931</u>	<u>\$ 15,323</u>	<u>\$ 244,254</u>	<u>\$ 22</u>	<u>\$ 215,446</u>
General revenues:					
Investment earnings					
Miscellaneous income					
Total general revenues					
Change in net position					
Net position, beginning					
Prior period adjustment					
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
\$ 134,419	\$ -	\$ 134,419	\$ -
5,224	-	5,224	-
(249,853)	-	(249,853)	-
14,893	-	14,893	-
24	-	24	-
8,982	-	8,982	-
119,250	-	119,250	-
5,974	-	5,974	-
(3,262)	-	(3,262)	-
31,300	-	31,300	-
49,366	-	49,366	-
-	-	-	-
(17,169)	-	(17,169)	-
<u>99,148</u>	<u>-</u>	<u>99,148</u>	<u>-</u>
<u>-</u>	<u>3,986,790</u>	<u>3,986,790</u>	<u>-</u>
<u>-</u>	<u>3,986,790</u>	<u>3,986,790</u>	<u>-</u>
99,148	3,986,790	4,085,938	-
			(28,786)
			(28,786)
2,938	7,256	10,194	-
<u>2,794</u>	<u>-</u>	<u>2,794</u>	<u>28,786</u>
<u>5,732</u>	<u>7,256</u>	<u>12,988</u>	<u>28,786</u>
104,880	3,994,046	4,098,926	-
4,221,908	8,063,642	12,285,550	-
(349,717)	-	(349,717)	-
<u>\$ 3,977,071</u>	<u>\$ 12,057,688</u>	<u>\$ 16,034,759</u>	<u>\$ -</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2022

	General	Texas Department on Aging and Disability Services
ASSETS		
Cash and cash equivalents	\$ 1,092,157	\$ -
Accounts receivable:		
Grantors	-	564,700
Accounts	143,407	849
Lease	407,156	-
Due from other funds	683,197	-
Due from component unit	151,736	-
Prepaid items	3,078	-
Total assets	<u>\$ 2,480,731</u>	<u>\$ 565,549</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 28,676	\$ 329,377
Due to other funds	91,446	236,172
Accrued liabilities	120,739	-
Unearned revenue	14,293	-
Total liabilities	<u>255,154</u>	<u>565,549</u>
DEFERRED INFLOWS OF RESOURCES		
Lease related	407,156	-
Total deferred inflows of resources	<u>\$ 407,156</u>	<u>\$ -</u>
 Fund balance:		
Nonspendable - prepaid items	3,078	-
Restricted for health and human services	-	-
Assigned for:		
Health and human services	1,833	-
Paving project	100,000	-
Unassigned	1,713,510	-
Total fund balances	<u>1,818,421</u>	<u>-</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 2,480,731</u>	<u>\$ 565,549</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>Texas Water Development Board</u>	<u>Other Governmental</u>	<u>Totals Governmental Funds</u>
\$ 37,719	\$ 43,073	\$ 147,596	\$ 1,320,545
-	352,008	297,305	1,214,013
-	-	45,784	190,040
-	-	-	407,156
91,446	-	-	774,643
-	-	-	151,736
-	-	-	3,078
<u>\$ 129,165</u>	<u>\$ 395,081</u>	<u>\$ 490,685</u>	<u>\$ 4,061,211</u>
\$ 83,946	\$ 310,616	\$ 20,051	\$ 772,666
-	84,465	283,789	695,872
-	-	-	120,739
<u>45,219</u>	<u>-</u>	<u>186,088</u>	<u>245,600</u>
<u>129,165</u>	<u>395,081</u>	<u>489,928</u>	<u>1,834,877</u>
-	-	-	407,156
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407,156</u>
-	-	-	3,078
-	-	757	757
-	-	-	1,833
-	-	-	100,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,713,510</u>
<u>-</u>	<u>-</u>	<u>757</u>	<u>1,819,178</u>
<u>\$ 129,165</u>	<u>\$ 395,081</u>	<u>\$ 490,685</u>	
			2,116,910
			<u>40,983</u>
			<u>\$ 3,977,071</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General	Texas Department of Aging and Disability Services	Commission on State Emergency Communications
REVENUES			
Grant	\$ -	\$ 2,434,041	\$ 1,148,893
Local	724,169	11,854	-
Other	<u>100,523</u>	<u>100</u>	<u>803</u>
Total revenues	<u>824,692</u>	<u>2,445,995</u>	<u>1,149,696</u>
EXPENDITURES			
Current:			
General government	681,077	-	-
Environmental quality	-	-	-
Water development	-	-	-
Emergency communications	-	-	1,149,696
Emergency management	-	-	-
Community development	-	-	-
Health and human services	-	-	-
Aging	-	2,446,009	-
Transportation	-	-	-
Economic development	-	-	-
Criminal justice	-	-	-
Debt service:			
Principal	11,590	-	-
Interest	2,232	-	-
Capital outlay	<u>422,894</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,117,793</u>	<u>2,446,009</u>	<u>1,149,696</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(293,101)</u>	<u>(14)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	2,170	14	-
Transfer out	(17,343)	-	-
Leases (as lessee)	<u>422,894</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>407,721</u>	<u>14</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	114,620	-	-
FUND BALANCES, BEGINNING	<u>1,703,801</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>1,818,421</u>	\$ <u>-</u>	\$ <u>-</u>

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

Texas Water Development Board	Other Governmental	Totals Governmental Funds
\$ 682,162	\$ 1,448,318	\$ 5,713,414
-	124,997	861,020
46	32	101,504
<u>682,208</u>	<u>1,573,347</u>	<u>6,675,938</u>
-	-	681,077
-	114,397	114,397
682,208	-	682,208
-	-	1,149,696
-	276,894	276,894
-	10,918	10,918
-	231,115	231,115
-	246,686	2,692,695
-	130,010	130,010
-	199,689	199,689
-	343,505	343,505
-	21,992	33,582
-	14,937	17,169
-	-	422,894
<u>682,208</u>	<u>1,590,143</u>	<u>6,985,849</u>
-	(16,796)	(309,911)
-	17,329	19,513
-	(2,170)	(19,513)
-	-	422,894
<u>-</u>	<u>15,159</u>	<u>422,894</u>
-	(1,637)	112,983
-	2,394	1,706,195
<u>\$ -</u>	<u>\$ 757</u>	<u>\$ 1,819,178</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, 2022

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

Net change in fund balances - total governmental funds (pages 13-14)	\$	112,983
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.		81,992
Long-term liabilities, including leases and compensated absences, are not due and payable in the current period and are therefore not reported in the funds.	(395,671)
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>305,576</u>
Change in net position of governmental activities (page 10)	\$	<u>104,880</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2022

	Business-type Activities			
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	Totals Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,322,765	\$ 899,907	\$ 675,095	\$ 3,897,767
Loans receivable, net of allocane for uncollectible accounts	<u>3,895,279</u>	<u>703,899</u>	<u>3,639,514</u>	<u>8,238,692</u>
Total current assets	<u>6,218,044</u>	<u>1,603,806</u>	<u>4,314,609</u>	<u>12,136,459</u>
 Total assets	 <u>6,218,044</u>	 <u>1,603,806</u>	 <u>4,314,609</u>	 <u>12,136,459</u>
LIABILITIES				
Current liabilities:				
Due to other funds	<u>47,217</u>	<u>13,206</u>	<u>18,348</u>	<u>78,771</u>
Total current liabilities	<u>47,217</u>	<u>13,206</u>	<u>18,348</u>	<u>78,771</u>
 Total liabilities	 <u>47,217</u>	 <u>13,206</u>	 <u>18,348</u>	 <u>78,771</u>
NET POSITION				
Restricted for Economic Development	<u>6,170,827</u>	<u>1,590,600</u>	<u>4,296,261</u>	<u>12,057,688</u>
 Total net position	 <u>\$ 6,170,827</u>	 <u>\$ 1,590,600</u>	 <u>\$ 4,296,261</u>	 <u>\$ 12,057,688</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities			
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	Totals Enterprise Funds
OPERATING REVENUES				
Interest on loans	121,028	34,036	51,007	\$ 206,071
Origination fees	4,353	-	-	4,353
Miscellaneous income	642	410	815	1,867
Total operating revenues	<u>126,023</u>	<u>34,446</u>	<u>51,822</u>	<u>212,291</u>
OPERATING EXPENSES				
Administrative fees	35,101	-	-	35,101
Total operating expenses	<u>35,101</u>	<u>-</u>	<u>-</u>	<u>35,101</u>
OPERATING INCOME (LOSS)	<u>90,922</u>	<u>34,446</u>	<u>51,822</u>	<u>177,190</u>
NONOPERATING REVENUES				
Interest on investments	6,450	219	587	7,256
Interlocal revenue	1,533,350	-	2,276,250	3,809,600
Total nonoperating revenues	<u>1,539,800</u>	<u>219</u>	<u>2,276,837</u>	<u>3,816,856</u>
CHANGE IN NET POSITION	1,630,722	34,665	2,328,659	3,994,046
NET POSITION, BEGINNING	<u>4,540,105</u>	<u>1,555,935</u>	<u>1,967,602</u>	<u>8,063,642</u>
NET POSITION, ENDING	\$ <u>6,170,827</u>	\$ <u>1,590,600</u>	\$ <u>4,296,261</u>	\$ <u>12,057,688</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, 2022

	Business-type Activities			
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	Totals Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from loan repayments	\$ -	\$ 377,725	\$ -	\$ 377,725
Cash payments for loans	(1,184,202)	-	(2,427,169)	(3,611,371)
Cash payments for administrative services	(35,101)	-	-	(35,101)
Cash used by operating activities	(1,219,303)	377,725	(2,427,169)	(3,268,747)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	6,450	219	587	7,256
Cash provided by investing activities	6,450	219	587	7,256
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from interlocal revenue	1,533,350	-	2,276,250	3,809,600
Cash provided (used) by noncapital financing activities	1,533,350	-	2,276,250	3,809,600
NET INCREASE IN CASH AND CASH EQUIVALENTS	320,497	377,944	(150,332)	(3,261,491)
CASH AND CASH EQUIVALENTS, BEGINNING	2,002,268	521,963	825,427	3,349,658
CASH AND CASH EQUIVALENTS, ENDING	\$ 2,322,765	\$ 899,907	\$ 675,095	\$ 3,897,767
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 90,922	\$ 34,446	\$ 51,822	\$ 177,190
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Decrease (increase) in loans receivable	(1,349,782)	341,550	(2,493,496)	(3,501,728)
Decrease (increase) in accounts receivable	204	-	-	204
Increase (decrease) in due to other funds	39,353	1,729	14,505	55,587
Total adjustments	(1,310,225)	343,279	(2,478,991)	(3,445,937)
Net cash used by operating activities	\$(1,219,303)	\$ 377,725	\$(2,427,169)	\$(3,268,747)

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

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 197,822
Total assets	<u>197,822</u>
LIABILITIES	
Due to other governments	<u>18,906</u>
Total liabilities	<u>18,906</u>
NET POSITION	
Restricted for individuals, organizations and other governments	<u>178,916</u>
Total net position	<u>\$ 178,916</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Custodial Funds
ADDITIONS	
Interest	\$ 469
TML Reg Fees	<u>16,591</u>
Total additions	<u>17,060</u>
DEDUCTIONS	
Organizational membership	13,440
Payments to other entities	<u>23,639</u>
Total deductions	<u>37,079</u>
NET INCREASE (DECREASE)	
IN FIDUCIARY NET POSITION	(<u>20,019</u>)
NET POSITION, BEGINNING	<u>198,935</u>
NET POSITION, ENDING	\$ <u><u>178,916</u></u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 **Texas Water Development Board** accounts for state grants awarded to South Plains Association of Governments by the Texas Water Development Board.

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.

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

Additionally, the Association reports the following fund types:

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

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

Custodial 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, 2022.

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, 2022.

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 assets 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 assets 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.

Leases

The Association has entered into various lease agreements as either lessee and lessor. Key estimates and judgments related to leases include how the Association determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

The Association monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee. The Association is a lessee for noncancellable leases of land, equipment, and buildings. The Association recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the Association initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor. The Association is a lessor in an arrangement with Caprock Business Finance Corporation. In both the government-wide financial statements and the governmental fund financial statements, the Association initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

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 \$81,992 difference are as follows:

Capital outlay	\$ 470,924
Depreciation expense	(388,932)
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>	\$ <u>81,992</u>

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, 2022, 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, 2022, 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>752,310</u>	25	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 fair 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 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	Texas Water Development Board	Other Governmental Funds	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	Total Primary Government
Receivables:								
Grants	\$ -	\$ 564,700	\$ 352,008	\$ 297,305	\$ -	\$ -	\$ -	\$ 1,214,013
Accounts	143,407	849	-	45,784	-	-	-	190,040
Loans	-	-	-	-	3,895,279	703,899	3,639,514	8,238,692
Lease	407,156	-	-	-	-	-	-	407,156
Total receivables	<u>\$ 550,563</u>	<u>\$ 565,549</u>	<u>\$ 352,008</u>	<u>\$ 343,089</u>	<u>\$ 3,895,279</u>	<u>\$ 703,899</u>	<u>\$ 3,639,514</u>	<u>\$ 10,049,901</u>

Lease Receivable

On October 1, 2021, the Association entered into a lease as lessor for the use of land by Caprock Business Finance Corporation. The lessees are required to make monthly payments of \$2,500.

A summary of the Association's lease receivable as of September 30, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Receivable	Interest Current Year	Reductions Current Year	Amounts Receivable 9/30/22
Right to Use:						
Land	3.75%	2021	422,894	15,476	15,738	407,156
Totals				<u>\$ 15,476</u>	<u>\$ 15,738</u>	<u>\$ 407,156</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases/ Adjustments	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	2,828,733	48,030	-	2,876,763
Right to use - land	22,719	-	-	22,719
Right to use - building	31,858	-	-	31,858
Right to use - equipment	-	422,894	-	422,894
Total capital assets being depreciated	<u>3,518,652</u>	<u>470,924</u>	<u>-</u>	<u>3,989,576</u>
Less accumulated depreciation:				
Buildings	(461,065)	(15,884)	-	(476,949)
Furniture, fixtures and equipment	(804,557)	(333,259)	(349,717)	(1,487,533)
Right to use - land	-	(6,816)	-	(6,816)
Right to use - building	-	(21,145)	-	(21,145)
Right to use - equipment	-	(11,828)	-	(11,828)
Total accumulated depreciation	<u>(1,265,622)</u>	<u>(388,932)</u>	<u>(349,717)</u>	<u>(2,004,271)</u>
Total capital assets net of accumulated depreciation	<u>\$ 2,384,635</u>	<u>\$ 81,992</u>	<u>\$ (349,717)</u>	<u>\$ 2,116,910</u>

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

Governmental activities:

General government	\$ 30,827
Emergency communications	302,530
Aging	4,458
Economic development	12,434
Criminal justice	<u>38,684</u>

Total depreciation expense - governmental activities \$ 388,933

E. Long-term Liabilities

The following is a summary of the long-term liability transactions of the Association for the year ended September 30, 2022.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Leases	\$ 54,577	\$ 422,894	\$ 33,582	\$ 443,889	\$ 31,188
Compensated absences payable	<u>125,069</u>	<u>110,428</u>	<u>104,069</u>	<u>131,428</u>	<u>105,143</u>
Total governmental activities	<u>\$ 179,646</u>	<u>\$ 533,322</u>	<u>\$ 137,651</u>	<u>\$ 575,317</u>	<u>\$ 136,331</u>

Lease Payable

During the current year, the Association entered into a 240-month lease as lessee for the right to occupy a building. The Association is required to make a fixed monthly payment of \$2,500.

A summary of the governmental activities long-term lease payable as of September 30, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 9/30/22
Right to Use:					
Postage meter	3.75%	2020	\$ 8,629	\$ 288	\$ 6,675
Copiers	3.75%	2019	16,037	509	11,159
Vehicle	3.75%	2020	7,192	173	2,435
Building	3.75%	2021	422,894	15,476	407,156
Land	3.75%	2019	22,719	724	16,464
Totals				<u>\$ 17,170</u>	<u>\$ 443,889</u>

Annual lease payments to maturity are as follows:

Year Ending September 30,	Lease Payable		Total Requirements
	Principal	Interest	
2023	\$ 31,188	\$ 16,009	\$ 47,197
2024	30,101	14,926	45,027
2025	21,735	13,871	35,606
2026	17,140	13,182	30,322
2027	17,409	12,539	29,948
2028 - 2032	97,465	52,245	149,710
2033 - 2037	117,578	32,072	149,650
2038 - 2041	<u>111,273</u>	<u>8,395</u>	<u>119,668</u>
Totals	<u>\$ 443,889</u>	<u>\$ 163,239</u>	<u>\$ 607,128</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, 2022, 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, 2022, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Texas Department on Aging & Disability Services	\$ 236,172
	Texas Water Development Board	84,465
	Nonmajor Governmental	283,789
	EDA Revolving Loan	47,217
	Support Lubbock	13,206
	SPAG Revolving Loan	18,348
Commission on State Emergency Communications	General Fund	91,446
		<u>\$ 774,643</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:

	Transfers In			
	Texas Department of Aging and Disability Services		Nonmajor Governmental	Total
Transfers Out:	General Fund	Services		
General Fund	\$ -	\$ 14	\$ 17,329	\$ 17,343
Nonmajor Governmental	2,170	-	-	2,170
Total	<u>\$ 2,170</u>	<u>\$ 14</u>	<u>\$ 17,329</u>	<u>\$ 19,513</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.

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, 2022, 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, 2022, SPAG conducted business with a company partially owned by a Board member. Expenditures during the fiscal year amounted to \$1,352.

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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	39
Active employees	<u>35</u>
	<u>81</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 7.03% and 9.20% in calendar years 2021 and 2022, respectively. The Association's contributions to TCDRS for the year ended September 30, 2022, were \$367,974 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, 2021, 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, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Investment rate of return	7.5%, 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	135% of the RP-2014 Active Employee Mortality Pub-2010 General Employees Amount-Weighted Mortality Table for males and Pub-2010 General Employees Amount-Weighted Mortality Table for females, projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions that determined the total pension liability as of December 31, 2021, 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 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2022 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 2021. 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	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net)	5.00%	3.80%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at 12/31/2020	\$ 4,174,504	\$ 4,271,874	\$ (97,370)
Changes for the year:			
Service cost	241,697	-	241,697
Interest on total pension liability ⁽¹⁾	333,409	-	333,409
Effect of economic/demographic gains or losses	(21,126)	-	(21,126)
Effect of assumptions changes or inputs	(6,814)	-	(6,814)
Refund of contributions	(11,238)	(11,238)	-
Benefit payments	(48,328)	(48,328)	-
Administrative expenses	-	(2,992)	2,992
Member contributions	-	125,275	(125,275)
Net investment income	-	970,679	(970,679)
Employer contributions	-	215,812	(215,812)
Other ⁽²⁾	-	9,152	(9,152)
Balance at 12/31/2021	\$ 4,662,104	\$ 5,530,234	\$ (868,130)

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

⁽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 7.6%, 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 (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 5,349,376	\$ 4,662,104	\$ 4,093,753
Fiduciary net position	5,530,234	5,530,234	5,530,234
Net pension liability/(asset)	\$ (180,858)	\$ (868,130)	\$ (1,436,481)

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, 2022, the Association recognized pension expense of \$37,604. At September 30, 2022, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,301	\$ 29,521
Changes in actuarial assumptions	130,259	5,111
Difference between projected and actual investment earnings	-	586,334
Contributions subsequent to the measurement date	<u>235,576</u>	<u>-</u>
Total	<u>\$ 369,136</u>	<u>\$ 620,966</u>

\$235,576 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date, but before September 30, 2022, will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2023	\$(86,076)
2024	(126,407)
2025	(147,867)
2026	(127,056)

6. PRIOR PERIOD ADJUSTMENT

In previous year, the removal of accumulated depreciation exceeded the carrying balance of accumulated depreciation related to CSEC equipment disposed of in prior year. This caused the ending accumulated depreciation balance to be stated incorrectly and understated. The Association corrected the understated balance by proposing a prior period adjustment of \$349,717 to the Governmental Activities Fund presented in the Statement of Activities.

**REQUIRED SUPPLEMENTARY
INFORMATION**

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Plan Year Ended December 31

Total Pension Liability

	<u>2014</u>	<u>2015</u>
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	2020	2021
\$ 227,087	\$ 192,444	\$ 201,728	\$ 209,034	\$ 210,516	\$ 241,697
173,330	203,704	235,351	260,571	295,233	333,409
-	-	-	-	-	-
-	13,449	-	-	260,517	(6,814)
(88,755)	25,867	(68,381)	6,741	1,209	(21,126)
(8,948)	(26,959)	(82,220)	(46,372)	(53,568)	(59,566)
302,714	408,505	286,478	429,974	713,907	487,600
<u>2,032,926</u>	<u>2,335,640</u>	<u>2,744,145</u>	<u>3,030,623</u>	<u>3,460,597</u>	<u>4,174,504</u>
<u>\$ 2,335,640</u>	<u>\$ 2,744,145</u>	<u>\$ 3,030,623</u>	<u>\$ 3,460,597</u>	<u>\$ 4,174,504</u>	<u>\$ 4,662,104</u>
\$ 245,934	\$ 246,844	\$ 244,045	\$ 206,971	\$ 229,239	\$ 215,812
103,081	104,995	103,950	107,668	115,984	125,275
114,583	298,082	(46,063)	468,985	372,674	970,679
(8,948)	(26,959)	(82,220)	(46,372)	(53,568)	(59,566)
(1,246)	(1,750)	(2,295)	(2,745)	(3,126)	(2,992)
<u>30,095</u>	<u>4,337</u>	<u>8,181</u>	<u>9,686</u>	<u>8,987</u>	<u>9,152</u>
483,499	625,549	225,598	744,193	670,190	1,258,360
<u>1,522,845</u>	<u>2,006,344</u>	<u>2,631,893</u>	<u>2,857,491</u>	<u>3,601,684</u>	<u>4,271,874</u>
<u>\$ 2,006,344</u>	<u>\$ 2,631,893</u>	<u>\$ 2,857,491</u>	<u>\$ 3,601,684</u>	<u>\$ 4,271,874</u>	<u>\$ 5,530,234</u>
<u>\$ 329,296</u>	<u>\$ 112,252</u>	<u>\$ 173,132</u>	<u>\$ (141,087)</u>	<u>\$ (97,370)</u>	<u>\$ (868,130)</u>
85.90%	95.91%	94.29%	104.08%	102.33%	118.62%
\$ 1,472,592	\$ 1,499,935	\$ 1,484,994	\$ 1,538,117	\$ 1,656,907	\$ 1,789,643
22.36%	7.48%	11.66%	-9.17%	-5.88%	-48.51%

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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%
2021	126,691	216,691	(90,000)	1,755,419	12.3%
2022	267,974	367,974	(100,000)	1,934,496	19.0%

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, 2022

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	17.9 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that the member contribution rate was increased to 7%. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

**COMBINING FUND FINANCIAL
STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Texas 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.

Office of the Governor Homeland Security Grant Division – This fund is used to account for grants by U.S. Department of Homeland Security.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	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	\$ 147,596	\$ -	\$ -	\$ -
Accounts receivable:				
Grantors	-	10,473	42,987	57,730
Accounts	<u>138</u>	<u>-</u>	<u>137</u>	<u>44,585</u>
Total assets	<u>\$ 147,734</u>	<u>\$ 10,473</u>	<u>\$ 43,124</u>	<u>\$ 102,315</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 884	\$ 8	\$ 12,891	\$ 3,683
Due to other funds	5,962	10,465	29,476	53,432
Unearned revenue	<u>140,888</u>	<u>-</u>	<u>-</u>	<u>45,200</u>
Total liabilities	<u>147,734</u>	<u>10,473</u>	<u>42,367</u>	<u>102,315</u>
Fund balance:				
Restricted for health and human services	<u>-</u>	<u>-</u>	<u>757</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>757</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 147,734</u>	<u>\$ 10,473</u>	<u>\$ 43,124</u>	<u>\$ 102,315</u>

Special Revenue					
Texas Department of Transportation	Aging & Disability Resource Center	Texas Department of Public Safety	U.S. Department of Commerce, Economic Development	Office of the Governor Homeland Security Grant Division	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,596
76,550	42,780	1	23,613	43,171	297,305
-	184	6	435	299	45,784
\$ 76,550	\$ 42,964	\$ 7	\$ 24,048	\$ 43,470	\$ 490,685
\$ 407	\$ 1,283	\$ -	\$ -	\$ 895	\$ 20,051
76,143	41,681	7	24,048	42,575	283,789
-	-	-	-	-	186,088
76,550	42,964	7	24,048	43,470	489,928
-	-	-	-	-	757
-	-	-	-	-	757
\$ 76,550	\$ 42,964	\$ 7	\$ 24,048	\$ 43,470	\$ 490,685

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	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	\$ 114,365	\$ 10,441	\$ 229,478	\$ 252,292
Local	-	-	-	111,290
Other	32	-	-	-
Total revenues	<u>114,397</u>	<u>10,441</u>	<u>229,478</u>	<u>363,582</u>
EXPENDITURES				
Environmental quality	114,397	-	-	-
Emergency management	-	-	-	-
Community development	-	10,918	-	-
Health and human services	-	-	231,115	-
Aging	-	-	-	-
Transportation	-	-	-	-
Economic development	-	-	-	-
Criminal justice	-	-	-	343,505
Debt service:				
Principal	-	-	-	21,992
Interest	-	-	-	14,937
Total expenditures	<u>114,397</u>	<u>10,918</u>	<u>231,115</u>	<u>380,434</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(477)</u>	<u>(1,637)</u>	<u>(16,852)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	477	-	16,852
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>477</u>	<u>-</u>	<u>16,852</u>
NET CHANGE IN FUND BALANCES	-	-	(1,637)	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>2,394</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757</u>	<u>\$ -</u>

Special Revenue					
Texas Department of Transportation	Aging & Disability Resource Center	Texas Department of Public Safety	U.S. Department of Commerce, Economic Development	Office of the Governor Homeland Security Grant Division	Total
\$ 130,010	\$ 246,686	\$ 65,055	\$ 185,982	\$ 214,009	\$ 1,448,318
-	-	-	13,707	-	124,997
-	-	-	-	-	32
<u>130,010</u>	<u>246,686</u>	<u>65,055</u>	<u>199,689</u>	<u>214,009</u>	<u>1,573,347</u>
-	-	-	-	-	114,397
-	-	62,885	-	214,009	276,894
-	-	-	-	-	10,918
-	-	-	-	-	231,115
-	246,686	-	-	-	246,686
130,010	-	-	-	-	130,010
-	-	-	199,689	-	199,689
-	-	-	-	-	343,505
-	-	-	-	-	21,992
-	-	-	-	-	14,937
<u>130,010</u>	<u>246,686</u>	<u>62,885</u>	<u>199,689</u>	<u>214,009</u>	<u>1,590,143</u>
-	-	2,170	-	-	(16,796)
-	-	-	-	-	17,329
-	-	(2,170)	-	-	(2,170)
-	-	(2,170)	-	-	15,159
-	-	-	-	-	(1,637)
-	-	-	-	-	2,394
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022

	Custodial Funds			
	Rural Rail Transportation District	South Plains Housing Finance Corporation	Texas Municipal League	Total Custodial Funds
ASSETS				
Cash and investments	\$ 11,419	\$ 181,164	\$ 5,239	\$ 197,822
Total assets	<u>11,419</u>	<u>181,164</u>	<u>5,239</u>	<u>197,822</u>
LIABILITIES				
Due to other governments	<u>-</u>	<u>13,786</u>	<u>5,120</u>	<u>18,906</u>
Total liabilities	<u>-</u>	<u>13,786</u>	<u>5,120</u>	<u>18,906</u>
NET POSITION				
Restricted for individuals, organizations and other governments	<u>11,419</u>	<u>167,378</u>	<u>119</u>	<u>178,916</u>
Total net position	\$ <u>11,419</u>	\$ <u>167,378</u>	\$ <u>119</u>	\$ <u>178,916</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Custodial Funds			
	Rural Rail Transportation District	South Plains Housing Finance Corporation	Texas Municipal League	Total Custodial Funds
ADDITIONS				
Interest	\$ 5	\$ 464	\$ -	\$ 469
TML Reg fees	-	-	16,591	16,591
Total additions	<u>5</u>	<u>464</u>	<u>16,591</u>	<u>17,060</u>
DEDUCTIONS				
IRS 2007A Bond Audit Expense	-	13,440	-	13,440
TML Conf Reg	-	-	1,092	1,092
TML Mileage	-	-	52	52
TML Administrative Fees	-	-	500	500
TML Event Expense	-	-	21,995	21,995
Total deductions	<u>-</u>	<u>13,440</u>	<u>23,639</u>	<u>37,079</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>5</u>	<u>(12,976)</u>	<u>(7,048)</u>	<u>(20,019)</u>
NET POSITION, BEGINNING	<u>11,414</u>	<u>180,354</u>	<u>7,167</u>	<u>198,935</u>
NET POSITION, ENDING	\$ <u>11,419</u>	\$ <u>167,378</u>	\$ <u>119</u>	\$ <u>178,916</u>

SUPPLEMENTAL SCHEDULES

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budget</u>		<u>Actual</u>
Salaries	\$ 181,682		\$ 162,456
Benefits	<u>101,110</u>		<u>85,020</u>
Total personnel costs	282,792		247,476
Travel	16,250		8,460
Conferences	500		1,632
Printing/copying	2,000		4,944
Insurance/bonding	13,500		13,296
Telecommunications	3,970		3,528
Postage	2,523		5,543
Organizational memberships	12,500		15,137
Professional services	3,428		1,421
Maintenance/utilities	4,417		6,881
Internal services	33,305		14,541
Miscellaneous other expenditures:			
Supplies	10,239		15,658
Public information/notices	1,200		852
Other miscellaneous	<u>9,860</u>		<u>14,038</u>
Total indirect costs	\$ <u>396,484</u>		\$ 353,407
Total indirect costs recovered			<u>393,276</u>
Indirect costs under (over) recovered	\$ (<u>7,510</u>)		\$ (<u>39,869</u>)
Total Budgeted	\$ <u>388,974</u>		
Total salaries and wages	\$ 1,730,157		\$ 1,728,041
Less: indirect salary costs	(181,682)		(162,456)
merit pool	<u>-</u>		
Equals direct salaries and wages cost base		\$ <u>1,548,475</u>	\$ <u>1,565,585</u>
Total indirect costs	<u>388,974</u>	=	<u>353,407</u>
Divided by direct personnel cost base	1,548,475	=	1,565,585
		25.12%	22.57%
Indirect rate applied to department salaries and wages		=	25.12%
		=	22.57%
Total indirect costs	<u>388,974</u>	=	<u>353,407</u>
Total direct expenditures	4,662,702	=	6,911,797
		8.34%	5.11%
Indirect rate applied to total direct expenditures		=	8.34%
		=	5.11%

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

EMPLOYEE BENEFIT COST INCURRED

Employer contributions to:	
Social security (FICA)	\$ 147,511
Retirement, pension program	169,886
Group health insurance	340,422
Workers' compensation	5,262
Unemployment insurance	<u>812</u>
Total employer direct fringe benefit payments	<u>663,893</u>
Release time, paid:	
Vacation	67,968
Holidays	2,276
Sick leave	165,462
Other release time	<u>4,755</u>
Total release time paid	<u>240,461</u>
Total fringe benefit cost incurred	<u>\$ 904,354</u>

COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE

Total gross salaries paid	\$ 1,728,041
Final fringe rate = Total fringe benefit cost incurred / net chargeable salary (actual)	52.33%
Budgeted fringe rate	55.65%

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

ALLOCATION OF FRINGE BENEFIT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Funding Source:	<u>Chargeable Salaries</u>	<u>Fringe Benefits Allocation</u>	<u>Total Personnel Costs</u>
Texas Department of Aging and Disability Services	\$ 307,823	\$ 161,099	\$ 468,922
Office of the Governor, Criminal Justice Division	96,707	50,610	147,317
Texas Commission on Environmental Quality	27,265	14,269	41,534
Texas Department of Public Safety	77,282	40,444	117,726
Texas Health and Human Services Commission	97,077	50,804	147,881
Commission on State Emergency Communications	198,714	103,995	302,709
Texas Department of Agriculture	6,156	3,222	9,378
Texas Department of Transportation	61,318	32,091	93,409
Texas Water Development Board	18,429	9,644	28,073
Lubbock Regional Mental Health Mental Retardation	89,371	46,773	136,144
Economic Development - Revolving Loan Fund	106,733	55,771	162,504
South Plains Economic Development District	60,998	31,923	92,921
Indirect central services	162,456	85,020	247,476
Finance, reception, and system maintenance	242,795	127,064	369,859
Other locally funded activities	<u>174,917</u>	<u>18,753</u>	<u>193,670</u>
Total	\$ <u>1,728,041</u>	\$ <u>831,482</u>	\$ <u>2,559,523</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the Association's financial performance and well-being have changed over time.	50 - 59
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.	60 - 61
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.	62
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.	63 - 70

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 1,371,510	\$ 1,409,678	\$ 1,173,491	\$ 2,216,671
Restricted	41,571	24,123	22,315	16,602
Unrestricted	<u>1,365,538</u>	<u>1,393,858</u>	<u>1,000,409</u>	<u>1,076,854</u>
Total governmental activities net position	<u>\$ 2,778,619</u>	<u>\$ 2,827,659</u>	<u>\$ 2,196,215</u>	<u>\$ 3,310,127</u>
Business-type activities:				
Restricted	<u>\$ 3,519,758</u>	<u>\$ 35,727,602</u>	<u>\$ 3,628,038</u>	<u>\$ 3,677,818</u>
Total business-type activities net position	<u>\$ 3,519,758</u>	<u>\$ 35,727,602</u>	<u>\$ 3,628,038</u>	<u>\$ 3,677,818</u>
Primary government:				
Net investment in capital assets	\$ 1,371,510	\$ 1,409,678	\$ 1,173,491	\$ 2,216,671
Restricted	3,561,329	3,596,883	3,650,353	3,694,420
Unrestricted	<u>1,365,538</u>	<u>1,393,858</u>	<u>1,000,409</u>	<u>1,076,854</u>
Total primary government net position	<u>\$ 6,298,377</u>	<u>\$ 6,400,419</u>	<u>\$ 5,824,253</u>	<u>\$ 6,987,945</u>

TABLE 1

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,926,902	\$ 1,901,336	\$ 1,686,694	\$ 1,417,418	\$ 2,330,058	\$ 2,116,910
14,552	13,718	11,559	3,617	2,394	757
<u>1,247,201</u>	<u>1,455,297</u>	<u>1,509,455</u>	<u>1,741,668</u>	<u>1,889,456</u>	<u>1,859,404</u>
<u>\$ 3,188,655</u>	<u>\$ 3,370,351</u>	<u>\$ 3,207,708</u>	<u>\$ 3,162,703</u>	<u>\$ 4,221,908</u>	<u>\$ 3,977,071</u>
<u>\$ 3,736,982</u>	<u>\$ 3,793,358</u>	<u>\$ 3,856,629</u>	<u>\$ 5,920,147</u>	<u>\$ 8,063,642</u>	<u>\$ 12,057,688</u>
<u>\$ 3,736,982</u>	<u>\$ 3,793,358</u>	<u>\$ 3,856,629</u>	<u>\$ 5,920,147</u>	<u>\$ 8,063,642</u>	<u>\$ 12,057,688</u>
\$ 1,926,902	\$ 1,901,336	\$ 1,686,694	\$ 1,417,418	\$ 2,330,058	\$ 2,116,910
3,751,534	3,807,076	3,868,188	5,923,764	8,066,036	12,058,445
<u>1,247,201</u>	<u>1,455,297</u>	<u>1,509,455</u>	<u>1,741,668</u>	<u>1,889,456</u>	<u>1,859,404</u>
<u>\$ 6,925,637</u>	<u>\$ 7,163,709</u>	<u>\$ 7,064,337</u>	<u>\$ 9,082,850</u>	<u>\$ 12,285,550</u>	<u>\$ 16,034,759</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
EXPENSES				
Governmental activities:				
General government	\$ 704,813	\$ 601,559	\$ 571,916	\$ 545,608
Environmental quality	182,372	75,750	183,373	77,403
Emergency communications	1,149,118	1,244,978	1,153,863	1,602,809
Emergency management	988,434	520,419	429,096	482,844
Community development	4,788	4,845	5,850	3,667
Health and human services	286,644	293,162	294,503	254,423
Aging	1,635,889	1,776,582	1,911,841	1,976,473
Transportation	77,341	80,735	22,896	35,167
Economic development	-	-	1,160	169,552
Water development	-	-	-	2,730
Criminal justice	303,535	310,416	354,630	316,788
Interest	-	-	-	-
Total governmental activities expenses	<u>5,332,934</u>	<u>4,908,446</u>	<u>4,929,128</u>	<u>5,467,464</u>
Business-type activities:				
Economic development	<u>64,174</u>	<u>76,060</u>	<u>51,825</u>	<u>47,064</u>
Total business-type activities expenses	<u>64,174</u>	<u>76,060</u>	<u>51,825</u>	<u>47,064</u>
Total primary government program expenses	<u>\$ 5,397,108</u>	<u>\$ 4,984,506</u>	<u>\$ 4,980,953</u>	<u>\$ 5,514,528</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 648,521	\$ 636,042	\$ 607,603	\$ 598,214
Environmental quality	38	30	64	38
Emergency communications	177	154	143	204
Emergency management	43,748	9,794	13,083	477
Health and human services	43,171	-	-	3,445
Aging	25,000	23,804	25,025	25,070
Criminal justice	119,685	104,360	94,806	87,721
Water Development	-	-	-	-
Operating grants and contributions	<u>4,242,931</u>	<u>4,168,893</u>	<u>3,983,741</u>	<u>5,860,042</u>
Total governmental activities program revenues	<u>5,123,271</u>	<u>4,943,077</u>	<u>4,724,465</u>	<u>6,575,211</u>
Business-type activities:				
Charges for services:				
Economic development	137,297	127,187	104,803	89,605
Operating grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>137,297</u>	<u>127,187</u>	<u>104,803</u>	<u>89,605</u>
Total primary government program revenues	<u>\$ 5,260,568</u>	<u>\$ 5,070,264</u>	<u>\$ 4,829,268</u>	<u>\$ 6,664,816</u>

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 538,541	\$ 498,704	\$ 532,199	\$ 553,614	\$ 523,231	\$ 672,561
177,111	70,890	188,828	72,638	174,929	109,141
1,305,810	1,567,986	1,256,496	1,297,499	1,271,325	1,399,401
278,946	291,568	416,087	348,464	309,448	264,171
4,941	4,744	5,203	83,172	10,438	10,417
245,194	234,876	249,417	239,283	234,323	220,496
1,795,910	1,841,624	2,206,282	2,295,532	2,580,629	2,573,431
19,419	93,661	87,585	36,818	83,162	124,036
76,859	-	-	42,643	157,853	202,951
29,562	150,906	277,942	271,508	237,392	650,862
286,322	391,198	352,478	354,984	289,298	326,422
-	-	-	-	-	17,169
<u>4,758,615</u>	<u>5,146,157</u>	<u>5,572,516</u>	<u>5,596,155</u>	<u>5,872,028</u>	<u>6,571,058</u>
<u>44,472</u>	<u>48,464</u>	<u>45,486</u>	<u>61,584</u>	<u>566,841</u>	<u>35,101</u>
<u>44,472</u>	<u>48,464</u>	<u>45,486</u>	<u>61,584</u>	<u>566,841</u>	<u>35,101</u>
<u>\$ 4,803,087</u>	<u>\$ 5,194,621</u>	<u>\$ 5,618,002</u>	<u>\$ 5,657,739</u>	<u>\$ 6,438,869</u>	<u>\$ 6,606,159</u>
\$ 557,454	\$ 594,916	\$ 563,667	\$ 719,967	\$ 598,362	\$ 806,980
73	29	60	36	-	-
1,368	2,839	1,703	1,427	655	655
-	-	-	-	41,139	-
960	855	168	-	-	-
23,184	18,047	20,177	21,978	21,336	11,854
88,497	124,476	113,138	104,429	99,009	123,496
-	-	90	60	-	-
<u>3,954,669</u>	<u>4,578,993</u>	<u>4,696,985</u>	<u>4,685,862</u>	<u>6,168,266</u>	<u>5,727,221</u>
<u>4,626,205</u>	<u>5,320,155</u>	<u>5,395,988</u>	<u>5,533,759</u>	<u>6,928,767</u>	<u>6,670,206</u>
<u>93,133</u>	<u>94,163</u>	<u>84,353</u>	<u>111,997</u>	<u>176,832</u>	<u>212,291</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,532,150</u>	<u>3,809,600</u>
<u>93,133</u>	<u>94,163</u>	<u>84,353</u>	<u>2,111,997</u>	<u>2,708,982</u>	<u>4,021,891</u>
<u>\$ 4,719,338</u>	<u>\$ 5,414,318</u>	<u>\$ 5,480,341</u>	<u>\$ 7,645,756</u>	<u>\$ 9,637,749</u>	<u>\$ 10,692,097</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

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

	Fiscal Year			
	2013	2014	2015	2016
NET (EXPENSE) REVENUES				
Governmental activities	\$(209,663)	\$ 34,631	\$(204,663)	\$ 1,107,747
Business-type activities	<u>73,123</u>	<u>51,127</u>	<u>52,978</u>	<u>42,541</u>
Total primary government net expense	<u>(136,540)</u>	<u>85,758</u>	<u>(151,685)</u>	<u>1,150,288</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Interest on deposit	3,413	3,341	3,346	3,813
Miscellaneous income	<u>31,171</u>	<u>11,068</u>	<u>6,093</u>	<u>2,348</u>
Total governmental activities	<u>34,584</u>	<u>14,409</u>	<u>9,439</u>	<u>6,161</u>
Business-type activities:				
Interest on deposit	<u>-</u>	<u>1,875</u>	<u>2,300</u>	<u>7,239</u>
Total business-type activities	<u>-</u>	<u>1,875</u>	<u>2,300</u>	<u>7,239</u>
Total primary government	<u>34,584</u>	<u>16,284</u>	<u>11,739</u>	<u>13,400</u>
CHANGE IN NET POSITION				
Governmental activities	(175,079)	49,040	(195,224)	1,113,908
Business-type activities	<u>73,123</u>	<u>53,002</u>	<u>55,278</u>	<u>49,780</u>
Total primary government	<u>\$(101,956)</u>	<u>\$ 102,042</u>	<u>\$(139,946)</u>	<u>\$ 1,163,688</u>

TABLE 2

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$(132,410)	\$ 173,998	\$(176,528)	\$(62,396)	\$ 1,056,739	\$ 99,148
<u>48,661</u>	<u>45,699</u>	<u>38,867</u>	<u>2,050,413</u>	<u>2,142,141</u>	<u>3,986,790</u>
(83,749)	219,697	(137,661)	1,988,017	3,198,880	4,085,938
5,095	6,239	10,759	4,646	731	2,938
<u>5,843</u>	<u>1,459</u>	<u>3,126</u>	<u>12,745</u>	<u>2,390</u>	<u>2,794</u>
<u>10,938</u>	<u>7,698</u>	<u>13,885</u>	<u>17,391</u>	<u>3,121</u>	<u>5,732</u>
10,503	10,677	24,404	13,105	1,354	7,256
<u>10,503</u>	<u>10,677</u>	<u>24,404</u>	<u>13,105</u>	<u>1,354</u>	<u>7,256</u>
21,441	18,375	38,289	30,496	4,475	12,988
(121,472)	181,696	(162,643)	(45,005)	1,059,860	104,880
<u>59,164</u>	<u>56,376</u>	<u>63,271</u>	<u>2,063,518</u>	<u>2,143,495</u>	<u>3,994,046</u>
\$(62,308)	\$ 238,072	\$(99,372)	\$ 2,018,513	\$ 3,203,355	\$ 4,098,926

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable	\$ 2,215	\$ 2,488	\$ 2,277	\$ 5,472
Restricted	-	-	-	16,602
Assigned	96,627	78,581	70,388	53,768
Unassigned	<u>1,344,963</u>	<u>1,413,759</u>	<u>1,419,530</u>	<u>1,443,267</u>
Total general fund	<u>\$ 1,443,805</u>	<u>\$ 1,494,828</u>	<u>\$ 1,492,195</u>	<u>\$ 1,519,109</u>
All other governmental funds				
Restricted	\$ 41,571	\$ 24,123	\$ 22,315	\$ 16,602
Assigned	<u>8,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 49,827</u>	<u>\$ 24,123</u>	<u>\$ 22,315</u>	<u>\$ 16,602</u>

TABLE 3

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,444	\$ 1,599	\$ 1,831	\$ 1,837	\$ 6,108	\$ 3,078
-	-	-	-	-	-
36,145	94,896	77,691	110,763	102,000	101,833
<u>1,451,876</u>	<u>1,462,971</u>	<u>1,495,288</u>	<u>1,577,491</u>	<u>1,595,693</u>	<u>1,713,510</u>
\$ <u>1,489,465</u>	\$ <u>1,559,466</u>	\$ <u>1,574,810</u>	\$ <u>1,690,091</u>	\$ <u>1,703,801</u>	\$ <u>1,818,421</u>
\$ 14,552	\$ 13,718	\$ 11,559	\$ 3,617	\$ 2,394	\$ 757
-	-	-	-	-	-
\$ <u>14,552</u>	\$ <u>13,718</u>	\$ <u>11,559</u>	\$ <u>3,617</u>	\$ <u>2,394</u>	\$ <u>757</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Federal and state grants	\$ 4,220,277	\$ 4,168,893	\$ 3,977,950	\$ 5,860,112
Membership dues	77,872	77,572	77,572	77,872
Interest income	3,628	3,525	9,661	68,114
Other local	869,483	707,496	668,721	575,274
Total revenues	<u>5,171,260</u>	<u>4,957,486</u>	<u>4,733,904</u>	<u>6,581,372</u>
Expenditures				
General government	613,742	570,813	599,422	562,824
Environmental quality	182,372	75,750	183,373	77,903
Water development	-	-	-	2,730
Emergency communications	1,005,012	1,304,072	935,574	2,668,314
Emergency management	942,499	515,792	429,096	483,844
Community development	4,788	4,845	5,850	3,967
Health and human services	286,644	293,162	294,503	258,387
Aging	1,635,889	1,776,582	1,911,841	1,988,369
Transportation	77,341	80,735	22,896	36,167
Economic development	-	-	1,160	169,552
Criminal justice	303,535	310,416	354,630	324,716
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,051,822</u>	<u>4,932,167</u>	<u>4,738,345</u>	<u>6,576,773</u>
Excess (deficiency) of revenue over expenditures	119,438	25,319	(4,441)	4,599
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Leases (as lessee)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 119,438</u>	<u>\$ 25,319</u>	<u>\$ (4,441)</u>	<u>\$ 4,599</u>

TABLE 4

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 3,954,669	\$ 4,578,993	\$ 4,696,985	\$ 4,660,862	\$ 6,151,752	\$ 5,713,414
77,872	77,872	77,872	77,747	77,747	77,747
75,966	74,127	78,377	82,331	68,802	101,504
<u>528,636</u>	<u>596,861</u>	<u>556,639</u>	<u>705,210</u>	<u>632,932</u>	<u>783,273</u>
<u>4,637,143</u>	<u>5,327,853</u>	<u>5,409,873</u>	<u>5,526,150</u>	<u>6,931,233</u>	<u>6,675,938</u>
544,105	495,841	518,854	548,433	527,796	681,077
184,379	72,802	190,196	74,249	178,408	114,397
30,775	154,975	279,955	277,530	242,112	682,208
1,074,272	1,600,329	1,041,176	1,018,910	2,146,487	1,149,696
290,394	299,432	419,101	356,192	315,601	276,894
5,144	4,872	5,241	85,016	10,646	10,918
255,256	241,211	251,224	244,589	238,982	231,115
1,869,527	1,891,289	2,247,691	2,344,454	2,627,983	2,692,695
20,216	96,187	88,219	37,634	84,815	130,010
80,095	-	-	43,589	184,350	199,689
298,072	401,748	355,031	359,156	319,521	343,505
-	-	-	-	-	33,582
-	-	-	-	-	17,169
-	-	-	29,059	42,045	422,894
<u>4,652,235</u>	<u>5,258,686</u>	<u>5,396,688</u>	<u>5,418,811</u>	<u>6,918,746</u>	<u>6,985,849</u>
(15,092)	69,167	13,185	107,339	12,487	(309,911)
-	36,756	43,346	54,585	47,701	19,513
-	(36,756)	(43,346)	(54,585)	(47,701)	(19,513)
-	-	-	-	-	422,894
-	-	-	-	-	422,894
<u>\$(15,092)</u>	<u>\$ 69,167</u>	<u>\$ 13,185</u>	<u>\$ 107,339</u>	<u>\$ 12,487</u>	<u>\$ 112,983</u>

TABLE 5

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

MEMBERSHIP DUES BY ENTITY

LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>COUNTIES:</u>										
Bailey County	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537	\$ 537
Cochran County	235	235	235	235	235	235	235	235	235	235
Crosby County	454	454	454	454	454	454	454	454	454	454
Dickens County	183	183	183	183	183	183	183	183	183	183
Floyd County	483	483	483	483	483	483	483	483	483	483
Garza County	485	485	485	485	485	485	485	485	485	485
Hale County	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720	2,720
Hockley County	1,720	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	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048	1,048
Lubbock County	20,912	20,912	20,912	20,912	20,912	20,912	20,912	20,912	20,912	20,912
Lynn County	444	444	444	444	444	444	444	444	444	444
Motley County	125	125	125	125	125	125	125	125	125	125
Terry County	949	949	949	949	949	949	949	949	949	949
Yoakum County	591	591	591	591	591	591	591	591	591	591
<u>CITIES:</u>										
City of Abernathy	350	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	141	141	141	141	141	141	141	141	141	141
City of Brownfield	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207	1,207
City of Crosbyton	218	218	218	218	218	218	218	218	218	218
City of Denver City	560	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	133	133	133	133	133	133	133	133	133	133
City of Floydada	380	380	380	380	380	380	380	380	380	380
City of Hale Center	282	282	282	282	282	282	282	282	282	282
City of Idalou	282	282	282	282	282	282	282	282	282	282
City of Levelland	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693	1,693
City of Littlefield	797	797	797	797	797	797	797	797	797	797
City of Lockney	230	230	230	230	230	230	230	230	230	230
City of Lorenzo	143	143	143	143	143	143	143	143	143	143
City of Lubbock	28,697	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	251	251	251	251	251	251	251	251	251	251
City of Muleshoe	645	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	125	125	125	125	125	125	125	125	125	125
City of Olton	277	277	277	277	277	277	277	277	277	277
Town of Opdyke West	125	125	125	125	125	125	125	-	-	-
City of Petersburg	150	150	150	150	150	150	150	150	150	150
City of Plains	185	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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>CITIES: (continued)</u>										
City of Plainview	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774	\$ 2,774
City of Post	672	672	672	672	672	672	672	672	672	672
City of Ralls	249	249	249	249	249	249	249	249	249	249
City of Ransom Canyon	137	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	311	311	311	311	311	311	311	311	311	311
City of Slaton	765	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	165	165	165	165	165	165	165	165	165	165
City of Sudan	125	125	125	125	125	125	125	125	125	125
City of Sundown	174	174	174	174	174	174	174	174	174	174
City of Tahoka	334	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 Wolforth	458	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>\$ 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>	<u>\$ 77,746</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>
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%
2021	434,716	16,172,896	44,169	4.80%
2022	431,764	16,172,896	44,169	5.23%

(1) Unemployment rates for 2012 through 2021 come from the Texas Workforce Commission.

(2) The source for 2012 through 2021 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 2012 through 2022 were taken from estimates by the Texas State Data Center. The 2022 data was taken from U.S. Census Bureau.

TABLE 7

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Texas Tech University	5,253	1	3.31%	11,376	1	8.10%
Covenant Health System	4,831	2	3.25%	5,000	2	3.56%
United Supermarkets (Corporate)	4,000	3	3.14%	3,622	3	2.58%
Lubbock Independent School District	3,987	4	2.75%	3,456	4	2.46%
University Medical Center	3,684	5	2.34%	3,327	5	2.37%
TTU Health Sciences Center	3,442	6	2.22%	3,280	6	2.34%
City of Lubbock	2,365	7	1.54%	2,256	7	1.61%
Frenship ISD	1,258	8	0.84%	971	10	0.69%
Lubbock County	1,194	9	0.77%	1,271	8	0.91%
Lubbock State Supported Living Center	866	10	0.56%	-	-	- %
Interim Healthcare of West Texas	-	-	- %	1,200	9	0.85%
Total % of Top 10 Employers			<u>20.72%</u>			<u>25.47%</u>

Source: All data were taken from the City of Lubbock's Annual Comprehensive Financial Report for the year ended September 30, 2022.

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2013	2014	2015	2016
General Government	6.5	6.5	6.5	6.5
211 Information Center/ADRC	4.5	4	4.5	4.5
Aging	8.5	9	9	10
Regional Services & Econ Dev	6.5	7.5	7.5	7.5
Emergency Communications	5	5	5	5
Economic Development	4	4	4	4
Law Enforcement	2	3	2	2
	<u>37.0</u>	<u>39.0</u>	<u>39.0</u>	<u>39.0</u>

Source: South Plains Association of Government's Management

TABLE 8

Fiscal Year					
2017	2018	2019	2020	2021	2022
6.5	7.0	7.0	7.0	7.0	7.5
5.5	5.0	5.0	5.0	6.0	6.0
9	7	7	7	8	8
7.0	4.0	8.0	7.5	10.5	10.5
5	5	5	5	5	5
3	3	-	-	-	-
2	2	2	2.5	2.5	2.5
<u>38.0</u>	<u>33.0</u>	<u>34.0</u>	<u>34.0</u>	<u>39.0</u>	<u>39.5</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function:	Fiscal Year			
	2013	2014	2015	2016
Aging (1)				
Number of Congregate Meals	76,494	73,680	70,957	64,480
Number of congregate clients served	1,799	1,800	1,729	1,057
Number of Home Delivered Meals	45,504	40,390	47,673	43,509
Number of Home Delivered clients served	412	466	421	268
Economic Development				
Number of Loans Funded	6	10	3	7
Number of Jobs Created or Retained	74	121	97	117
Emergency Communications 9-1-1 (2)				
Number of calls	72,432	71,324	79,533	71,559
Criminal Justice				
Number of courses taught-LET Academy	66	41	41	31
Number of officers trained	822	542	466	306
Contact hours Academy	34,120	30,282	28,510	21,805
Applications reviewed by CJAC committee	17	18	25	25
Community Development				
Number of CDBG grants written	4	20	20	12
CDBG grants funded amount	3,125,000	3,050,000	550,000	3,131,000
Environmental Quality				
Number of Solid Waste grants	4	6	6	6
SW grants funded amount	120,000	119,873	109,800	124,945
Health				
2-1-1 Area Information Center				
Number of calls taken	52,174	57,411	63,789	41,791
SPADRC calls	-	-	-	-
PHADRC calls	-	-	-	-

TABLE 9

Fiscal Year					
2017	2018	2019	2020	2021	2022
112,297	99,777	84,573	51,587	33,460	49,270
1,610	1,431	1,122	1,062	1,399	914
62,605	68,730	79,091	137,727	140,844	79,000
700	477	465	1,446	2,127	1,527
12	3	2	8	17	44
187	125	47	153	367	250
71,579	56,118	57,476	56,190	56,933	53,692
50	40	69	39	32	29
508	521	866	368	266	237
33,046	35,321	42,955	30,231	24,726	23,758
18	19	24	15	14	26
7	4	19	4	12	8
2,125,000	825,000	875,000	1,775,000	1,400,000	825,000
4	4	5	6	7	5
54,576	81,476	81,476	-	70,352	60,000
42,436	63,193	33,197	54,776	33,141	38,566
-	-	-	1,137	1,036	1,615
-	-	-	605	612	595

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2011</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	18	22	27	29
<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

2016	2017	2018	2020	2021	2022
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
23	23	12	8	8	9
1	1	1	1	1	1
32	34	27	27	27	28
8	8	9	3	3	3
5	5	1	1	1	1
1	1	-	-	-	-

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF INSURANCE COVERAGE

AS OF SEPTEMBER 30, 2022

Fiscal Year 2022			
Company	Term	Coverage	Limits/Deductible/Benefits Description
Texas Municipal League - Intergovernmental Risk Pool	10/1/21 - 09/30/22	Workers' Compensation for employees and Board Members	No maximum benefit
Texas Municipal League - Intergovernmental Risk Pool	10/1/21 - 09/30/22	General Liability	2,000,000 Involving Pollution \$2,000,000 Annual Aggregate \$4,000,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/21 - 09/30/22	Real and Personal Property	Limits of coverage \$4,074,555 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	10/1/21 - 09/30/22	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	10/1/21 - 09/30/22	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	10/1/21 - 09/30/22	Cyber Liability and Data Breach Response	Annual Aggregate \$1,000,000 Privacy Breach \$25,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/21 - 09/30/22	Public Employee Dishonesty and Forgery or Alteration	Limit of Coverage per Occurrence \$100,000 Deductible \$1,000
Victor O. Schinnerer	10/1/21 - 09/30/22	Public Official Bonds	Two @ \$250,000 each

SINGLE AUDIT SECTION

**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, 2022, 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, 2023.

Report on 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.

Report on 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, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL AND STATE PROGRAMS 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 Programs

Opinion on Each Major Federal and State Programs

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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal and State Programs

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

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

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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

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

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

Waco, Texas
March 31, 2023

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	\$ 41,757	\$ -
Economic Development Support - Planning Assistance - SPEDD	11.302	ED22AUS3020006	25,510	-
Subtotal - 11.302			67,267	-
Economic Development Support - Planning Assistance - SPEDD COVID	11.307	ED20AUS3070040	148,179	-
Economic Development Support - SPAG CARES Act RLF	11.307	87905415	3,203,047	-
Economic Adjustment Assistance - Revolving Loan Fund	11.307	08-39-02592.01	2,943,708	-
Economic Development Administration Panhandle CARES Act RLF	11.307	87905502	799,725	-
Economic Development Administration Permian Basin CARES Act RLF	11.307	87905503	989,795	-
Subtotal - Economic Development Cluster			8,084,454	-
Total Direct			8,151,721	-
Total U. S. Department of Commerce, Economic Development Administration			8,151,721	-
<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	10,441	-
Total Passed through the Texas Department of Agriculture			10,441	-
Total U. S. Department of Housing and Urban Development			10,441	-
<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	2460411	34,405	-
Law Enforcement Response to Domestic Violence	16.588	2460412	4,917	-
Total Passed through the Office of the Governor, Criminal Justice Division			39,322	-
Total U. S. Department of Justice			39,322	-
<u>U. S. Department of Transportation</u>				
Passed through the Texas Department of Transportation:				
Transportation Coordinated Call Grant	20.505	51008010521	54,657	-
Transportation Coordinated Call Grant	20.505	51008040523	554	-
Transportation 5 Year Plan - Section 5304	20.505	51008040521	43,764	-
Subtotal - 20.505			98,975	-
TXDOT Interim Financing	20.509	51008010522	17,500	-
TXDOT Interim Financing	20.509	51008050223	3,268	-
Subtotal - 20.509			20,768	-
Total Passed through the Texas Department of Transportation			119,743	-
Total U. S. Department of Transportation			119,743	-
<u>Commission on State Emergency Communications</u>				
ARP 9-1-1 Emergency Communications	21.027	CSEC 2021	206,964	-
ARP 9-1-1 Emergency Communications	21.027	CSEC 2022	6,306	-
ARP 9-1-1 Emergency Communications	21.027	CSEC 2023	16,998	-
Total Commission on State Emergency Communications			230,268	-

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
<u>U. S. Department of Health and Human Services</u>				
Passed through Texas Health and Human Services Commission:				
Title VII-EAP	93.041	539-16-0006-00001	\$ 4,214	\$ -
Subtotal - 93.041			<u>4,214</u>	<u>-</u>
Title VII-OM	93.042	539-16-0006-00001	23,586	23,586
ARP Title VII-OM	93.042	539-16-0006-00001	5,566	5,566
PY CARES Title VII-OM	93.042	539-16-0006-00001	3,403	3,403
Subtotal - 93.042			<u>32,555</u>	<u>32,555</u>
Title III-D Evidence Based-Intervention	93.043	539-16-0006-00001	17,545	5,673
ARP Title III-D Evidence Based-Intervention	93.043	539-16-0006-00001	15,235	4,735
Subtotal - 93.043			<u>32,780</u>	<u>10,408</u>
Title III-B	93.044	539-16-0006-00001	552,014	160,305
ARP Title III-B	93.044	539-16-0006-00001	250,795	220,346
Title III-C1	93.045	539-16-0006-00001	188,890	112,004
ARP Title III-C1	93.045	539-16-0006-00001	152,827	134,397
Title III-C2	93.045	539-16-0006-00001	315,649	218,709
CARES Title III-C2	93.045	539-16-0006-00001	172,261	144,617
PY CAA Title III-C2	93.045	539-16-0006-00001	179,650	179,650
Title III-E	93.053	539-16-0006-00001	136,235	-
ARP Title III-E	93.053	539-16-0006-00001	49,326	40,849
NSIP	93.053	539-16-0006-00001	48,116	48,116
Subtotal - Aging Cluster			<u>2,045,763</u>	<u>1,258,993</u>
MIPPA Priority 2	93.071	539-16-0006-00001	29,890	-
ACL-MIPPA Priority 2	93.071	539-16-0006-00001	88	-
Subtotal - 93.071			<u>29,978</u>	<u>-</u>
HICAP Basic	93.324	539-16-0006-00001	83,955	-
Subtotal - 93.324			<u>83,955</u>	<u>-</u>
2-1-1 Texas Information and Referral Network - Childcare	93.575	529-16-0006-00011C	7,637	-
2-1-1 Texas Information and Referral Network - Food Stamp	10.561	529-16-0006-00011G	22,681	-
2-1-1 Texas Information and Referral Network - TANF	93.558	529-16-0006-00011G	22,681	-
2-1-1 Texas Information and Referral Network - Refugee	93.566	529-16-0006-00011G	22,681	-
2-1-1 Texas Information and Referral Network - CHIP	93.767	529-16-0006-00011G	22,681	-
2-1-1 Texas Information and Referral Network - Medicaid (Acute Care)	93.778	529-16-0006-00011G	22,681	-
Subtotal - 2-1-1 Texas Information and Referral Network			<u>121,042</u>	<u>-</u>
SP ADRC Contract MIPPA	93.071	539-16-0031-00013	7,512	-
SP ADRC Contract Housing Navigator	93.791	539-16-0031-00013	31,689	-
SP ADRC Contract LCA	93.791	539-16-0031-00013	3,231	-
PH ADRC Contract MIPPA	93.071	539-16-0031-00013	6,105	-
PH ADRC Contract Housing Navigator	93.791	539-16-0031-00013	15,513	-
PH ADRC Contract - LCA	93.791	539-16-0031-00013	3,893	-
Subtotal - ADRC Contract			<u>67,943</u>	<u>-</u>
Total Passed through Texas Health and Human Commission			<u>2,418,230</u>	<u>1,301,956</u>
Total U. S. Department of Health and Human Services			<u>2,418,230</u>	<u>1,301,956</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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-4223-024	\$ 65,055	\$ -
Subtotal - 97.039			65,055	-
Total Passed through Texas Department of Public Safety			65,055	-
Passed through Office of the Governor, Homeland				
Security Division:				
State Homeland Security Program	97.067	2200511	3,146	-
State Homeland Security Program	97.067	2941607	43,544	-
State Homeland Security Program	97.067	3462405	10,465	-
State Homeland Security Program	97.067	2941707	135,512	-
State Homeland Security Program	97.067	2200068	21,342	-
Total Passed through Office of the Governor, Homeland Security Division			214,009	-
Total U. S. Department of Homeland Security			279,064	-
<u>U. S. Department of Justice</u>				
Passed through State of Texas Governor's Office:				
Law Enforcement Response to Terrorism Act Shtr	97.067	4264101	44,119	-
Law Enforcement Response to Cyber Security	97.067	4294901	19,095	-
Total Passed through State of Texas Governor Office			63,214	-
Total U. S. Department of Justice			63,214	-
Total Federal Awards			\$ 11,312,003	\$ 1,301,956

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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	\$ 102,826	\$ 14,848
OMB ALF Services	539-16-0006-00001	37,583	37,583
OMB ALF Services FY23	539-16-0031-00013	967	967
SGR HDM	539-16-0006-00001	4,520	4,520
ARP SGR	539-16-0006-00001	58,900	58,900
PH ADRC SGR	HHS000541100005	74,055	-
PH ADRC Respite	HHS000541100005	553	-
PH ADRC PI	HHS000541100005	8,649	-
SP ADRC SGR	HHS000270200006	76,376	-
SP ADRC Respite	HHS000270200006	14,585	-
SP ADRC PI	HHS000270200006	4,525	-
2-1-1 Texas Information and Referral Network	529-16-0006-00011C	108,436	-
Total Texas Health and Human Services Commission		<u>491,975</u>	<u>116,818</u>
<u>Texas Water Development Board</u>			
Water Development Program	21483302567	58,829	-
Regional Flood Planning	2101792492	623,333	-
Total Texas Water Development Board		<u>682,162</u>	<u>-</u>
<u>Office of the Governor, Criminal Justice Division</u>			
Regional Criminal Justice Coordination FY 2022	2200068	44,427	-
Regional Criminal Justice Coordination FY 2023	2200511	5,950	-
Subtotal		<u>50,377</u>	<u>-</u>
Regional Law Enforcement Training Academy	1424318	99,379	-
Subtotal		<u>99,379</u>	<u>-</u>
Total Office of the Governor, Criminal Justice Division		<u>149,756</u>	<u>-</u>
<u>Texas Commission on Environmental Quality</u>			
Regional Solid Waste	582-22-30127	114,365	-
Total Texas Commission on Environmental Quality		<u>114,365</u>	<u>-</u>
<u>Texas Department of Transportation</u>			
TxDOT RPO	05-23XXF7001	729	-
TxDOT RPO	05-22XXF7001	9,538	-
Total Texas Department of Transportation		<u>10,267</u>	<u>-</u>
<u>Commission on State Emergency Communications</u>			
9-1-1 Emergency Communications	CSEC 2021	108,865	-
9-1-1 Emergency Communications	CSEC 2022	741,213	-
9-1-1 Emergency Communications	CSEC 2023	68,547	-
Total Commission on State Emergency Communications		<u>918,625</u>	<u>-</u>
Total State Awards		<u>2,367,150</u>	<u>116,818</u>
Total Expenditures of Federal and State Awards		<u>\$ 13,679,153</u>	<u>\$ 1,418,774</u>

SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2022

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, 2022.

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

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

	Revolving Loan	SPAG CARES Act Revolving Loan	Permian Basin CARES Act Revolving Loan	Panhandle CARES Act Revolving Loan
Cash and investment balance at 9/30/2022	\$ 1,979,372	\$ 500,060	\$ 277,174	\$ 69,219
Balance of outstanding loans at 9/30/2022	1,910,470	3,639,514	1,006,021	978,787
Administrative costs during the fiscal year	<u>35,102</u>	<u>131,155</u>	<u>36,532</u>	<u>18,294</u>
Total EDA Revolving Loan Fund Expenditures	3,924,944	4,270,729	1,319,727	1,066,300
Federal Participation Rate	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>
Total Federal Share of EDA Revolving Loan Fund Expenditures	<u>\$ 2,943,708</u>	<u>\$ 3,203,047</u>	<u>\$ 989,795</u>	<u>\$ 799,725</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, 2022

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

Regional Flood Planning

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, 2022

None