



**LUBBOCK, TEXAS**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2023**



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

For the Year Ended  
September 30, 2023

Tim Schwartz  
Director of Finance



**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2023

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## **INTRODUCTORY SECTION**

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# South Plains Association of Governments

*Judge Jim Meador, Motley County*  
PRESIDENT

*Tim C. Pierce*  
EXECUTIVE DIRECTOR

March 31, 2024

To the Board of Directors  
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, 2023 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 – 8) and the Notes to the Financial Statements (pages 22 – 38).

## **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 State of Texas 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**

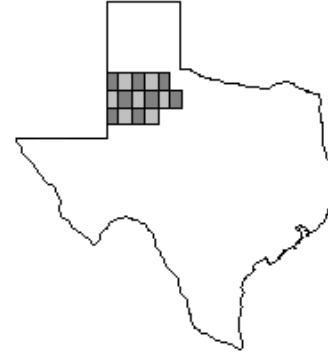
Management of the Association is responsible for establishing and maintaining a system of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) 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 73 – 74. This report is required since SPAG is subject to the provisions of the State of Texas Grant Management Standards. 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 2023, 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 2023 was to build redundant infrastructure to maintain the security of the 911 calls in the event of a catastrophic event such as tornadoes. Building a backup network will ensure all calls are received in a timely manner in the rural communities. The Regional 911 department continues to work with vendors and upgrade equipment and maps at each PSAP location. This ensures accuracy when the call taker is receiving a text, wireless or wireline call from a person needing 911 assistance. The regional 911 network is connected to a State-wide EsiNet system that allows for state-wide call efficiency and reduces system down time when underground cables are cut. Maintaining an efficient network is a priority for Regional 911.

**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](http://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, 347 loans totaling \$163,770,000 have been made and a total of 6,761 jobs have been created or retained. In the lifetime of the revolving loan fund, 101 loans totaling \$13,533,588 have been made and a total of 1,930 jobs have been created or retained. During the 2020 Pandemic, SPAG received funding from LEDA & EDA to establish pandemic relief programs in Lubbock, SPAG region, Permian Basin, and the Panhandle. To date, over \$10,200,000 has been loaned to 145 small businesses and resulted in over 1,120 jobs created or retained.

**The Law Enforcement Academy** educates and provides well-trained law enforcement officers to the SPAG 15 county region. Classes offered through the Law Enforcement Academy include Basic Licensing courses for Peace Officers and County Jailers. The Academy also offers intermediate and advanced courses in areas of firearms, defensive tactics, use of force, Spanish, searches, ethics and leadership training. SPAG Academy offers continuing education courses to enhance certification and meet the needs of the rural community. The services provided by the SPAG Regional Law Enforcement Academy are funded partly through the Criminal Justice Division of the 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 2023, the SPAG Regional Law Enforcement Academy held 43 classes and trained 470 officers. Total contact hours for 2023 were 32,936.

**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, 2023, was 3.3% compared with last year's rate of 2.9%. Lubbock County's median household income of \$56,529 lags behind the Texas median household income of \$73,035 (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, 2022. This was the 37th 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**

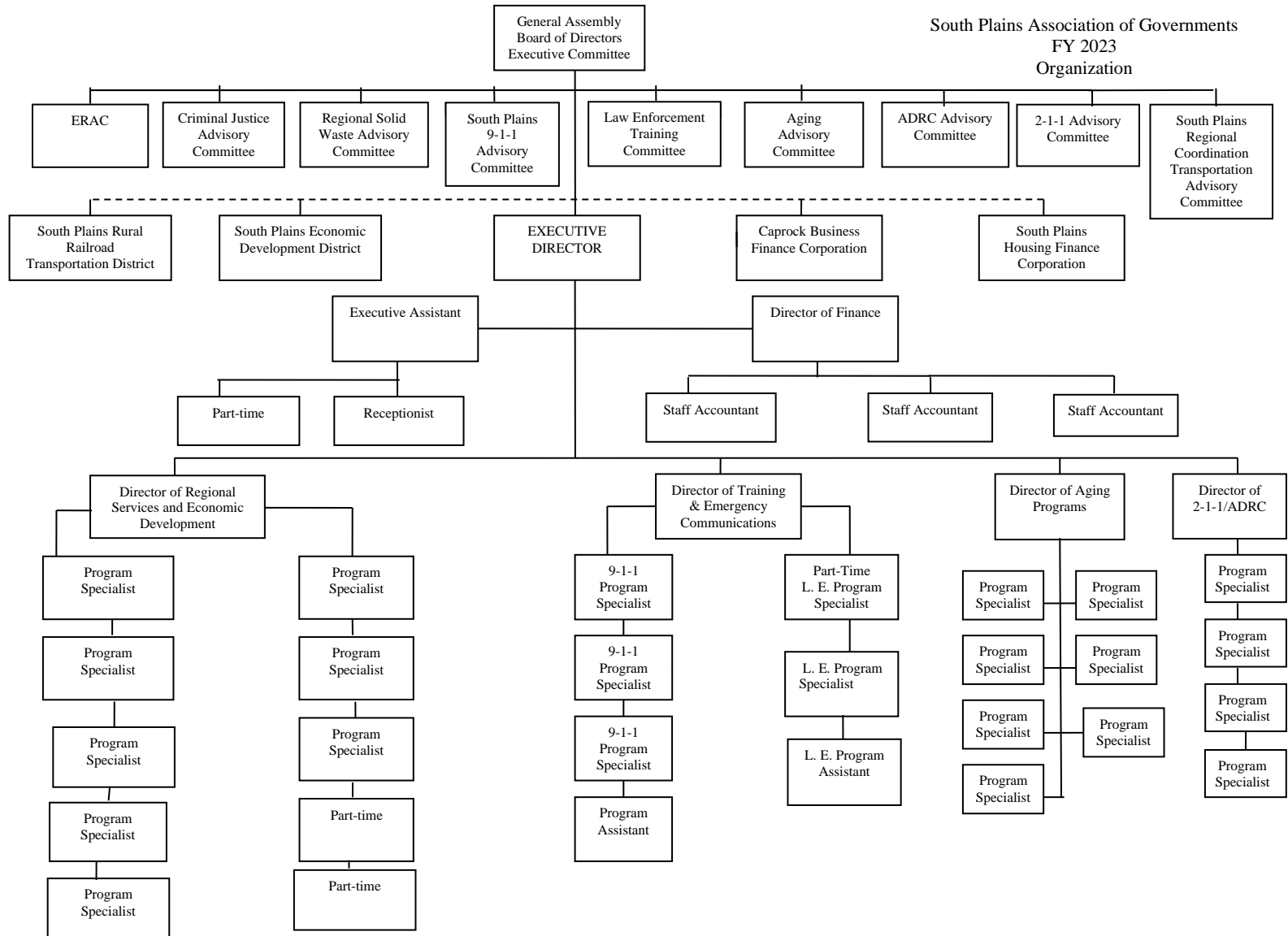
### **GOVERNING BODY**

#### **EXECUTIVE COMMITTEE**

Judge Jim Meador, President Motley County	Councilmember Steve Massengale, Secretary City of Lubbock
Mayor Barbra Pinner, 1 <sup>st</sup> Vice President City of Levelland	Judge Sharla Baldrige, Treasurer Hockley County
Judge Mike DeLoach, 2 <sup>nd</sup> Vice President Lamb County	Mr. Floyd Price Designated Member
Mayor Blake Cate, 3 <sup>rd</sup> Vice President City of Anton	Mrs. Tina Betts Designated Member
Commissioner Gilbert Flores, 4 <sup>th</sup> Vice President Lubbock County	Immediate Past President Vacant

#### **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 Mike Braddock Lynn County	Mayor Tom Hesse City of Brownfield
Judge Michael Ybarra Yoakum County	Judge Lee Norman Garza County	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 Tony Serbantez Terry County
Judge Rusty Forbes Crosby County	Commissioner Jordan Rackler Lubbock County	Judge Kevin Brendle Dickens County
Judge Marty Lucke Floyd County	Mr. Armando Lopez Designated Member	Commissioner Jason Corley Lubbock County
Councilmember Shelia Patterson- Harris City of Lubbock	Senator Charles Perry Designated Legislative Member	Judge David Mull Hale County
Ms. Lori Zinn Designated Member	Vacant Designated Member	Ms. Carmen Vige Designated Member
Councilmember Mark McBrayer City of Lubbock	Mayor Clifton Shaw City of Slaton	







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, 2022

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## 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, 2023, 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, 2023, 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.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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, 2024, 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, 2024

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## Management's Discussion and Analysis

Our discussion and analysis of South Plains Association of Governments' financial performance provides an overview of financial activities for the fiscal year ended September 30, 2023. 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 9.

### Financial Highlights

- The Association's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,117,009 as of September 30, 2023. Of this amount, \$2,276,121 is available to meet the Association's ongoing obligations.
- Total revenues of \$8,292,176 were more than total expenses of \$7,209,926 by \$1,082,250.
- The 2023 Financial Plan for the Association included \$7,542,861 in planned expenditures, resulting in a variance of 4%. A large portion of this variance is related to the Aging department's actual costs being less 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 \$603,767 or 9.1% when compared to last year's costs.
- The General Fund reported an increase of \$85,603 in fund balance this year. Decreased use of General Fund resources for grant programs has resulted in a smaller increase as opposed to last year's increase of \$114,620.
- The Association's business-type activities, which consist of Economic Development revolving loan funds, reported an increase in net position of \$1,008,686. Operating revenues of \$291,199 and non-operating revenues of \$949,946 exceeded operating expenses of \$232,459.

### 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 9 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 15 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 12 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 17–19 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 22.
- **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 43.

## 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, 2023, South Plains Association of Governments’ assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,117,009.

A portion of the net position of the Association is classified as invested in capital assets \$1,497,520. 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 \$13,343,368 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, 78%. Unrestricted net position, however, may be used for future operating needs. This amount totaled \$2,276,121 at September 30, 2023.

**Table 1: Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 3,852,613	\$ 4,233,469	\$ 13,066,374	\$ 12,057,688	\$ 16,918,987	\$ 16,291,157
Capital assets	1,921,387	2,116,910	-	-	1,921,387	2,116,910
Total assets	5,774,000	6,350,379	13,066,374	12,057,688	18,840,374	18,408,067
Deferred outflows of resources	516,237	369,136	-	-	516,237	369,136
Total deferred outflows of resources	516,237	369,136	-	-	516,237	369,136
Current liabilities	1,277,611	1,139,005	-	-	1,277,611	1,139,005
Noncurrent liabilities	567,429	575,317	-	-	567,429	575,317
Total liabilities	1,845,040	1,714,322	-	-	1,845,040	1,714,322
Deferred inflows of resources	394,562	1,028,122	-	-	394,562	1,028,122
Total deferred inflows of resources	394,562	1,028,122	-	-	394,562	1,028,122
Net position:						
Net investment in capital assets	1,497,520	2,116,910	-	-	1,497,520	2,116,910
Restricted	276,994	757	13,066,374	12,057,688	13,343,368	12,058,445
Unrestricted	2,276,121	1,859,404	-	-	2,276,121	1,859,404
Total net position	\$ 4,050,635	\$ 3,977,071	\$ 13,066,374	\$ 12,057,688	\$ 17,117,009	\$ 16,034,759

## 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, 2023. The following table, Changes in Net Position, contains information from page 10, Statement of Activities.

**Table 2: Changes in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Operating grants and contributions	\$ 6,148,548	\$ 5,727,221	\$ 868,200	\$ 3,809,600	\$ 7,016,748	\$ 9,536,821
Charges for services	858,280	942,985	291,199	212,291	1,149,479	1,155,276
General revenue:						
Investment earnings	40,362	2,938	81,746	7,256	122,108	10,194
Miscellaneous income	3,841	2,794	-	-	3,841	2,794
Total revenues	<u>7,051,031</u>	<u>6,675,938</u>	<u>1,241,145</u>	<u>4,029,147</u>	<u>8,292,176</u>	<u>10,705,085</u>
Expenses:						
General government	655,045	672,561	-	-	655,045	672,561
Environmental quality	141,277	109,141	-	-	141,277	109,141
Emergency communications	1,509,365	1,399,401	-	-	1,509,365	1,399,401
Emergency management	292,438	264,171	-	-	292,438	264,171
Community development	18,362	10,417	-	-	18,362	10,417
Health and human services	236,972	220,496	-	-	236,972	220,496
Aging	2,902,214	2,573,431	-	-	2,902,214	2,573,431
Transportation	91,354	124,036	-	-	91,354	124,036
Economic development	178,188	202,951	232,459	35,101	410,647	238,052
Water Development	598,178	650,862	-	-	598,178	650,862
Criminal justice	337,479	326,422	-	-	337,479	326,422
Interest	16,595	17,169	-	-	16,595	17,169
Total expenses	<u>6,977,467</u>	<u>6,571,058</u>	<u>232,459</u>	<u>35,101</u>	<u>7,209,926</u>	<u>6,606,159</u>
Change in net position	<u>73,564</u>	<u>104,880</u>	<u>1,008,686</u>	<u>3,994,046</u>	<u>1,082,250</u>	<u>4,098,926</u>
Net position, beginning	3,977,071	4,221,908	12,057,688	8,063,642	16,034,759	12,285,550
Prior period adjustment	-	(349,717)	-	-	-	(349,717)
Net position, ending	<u>\$ 4,050,635</u>	<u>\$ 3,977,071</u>	<u>\$ 13,066,374</u>	<u>\$ 12,057,688</u>	<u>\$ 17,117,009</u>	<u>\$ 16,034,759</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 2022 and Fiscal Year 2023

Total expenses increased by \$603,767 from the previous year. The majority of this difference are increases in funding availability in the Aging, Economic Development, and Emergency Communications 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, 2023, the Association's governmental funds reported combined ending fund balances of \$1,903,446 (reference page 12-13). Beginning on page 14 of this report, there is a more detailed presentation of governmental funds revenues and expenditures.

The General Fund balance increased by \$85,603. This is due to a decrease in expenditures from the previous year.

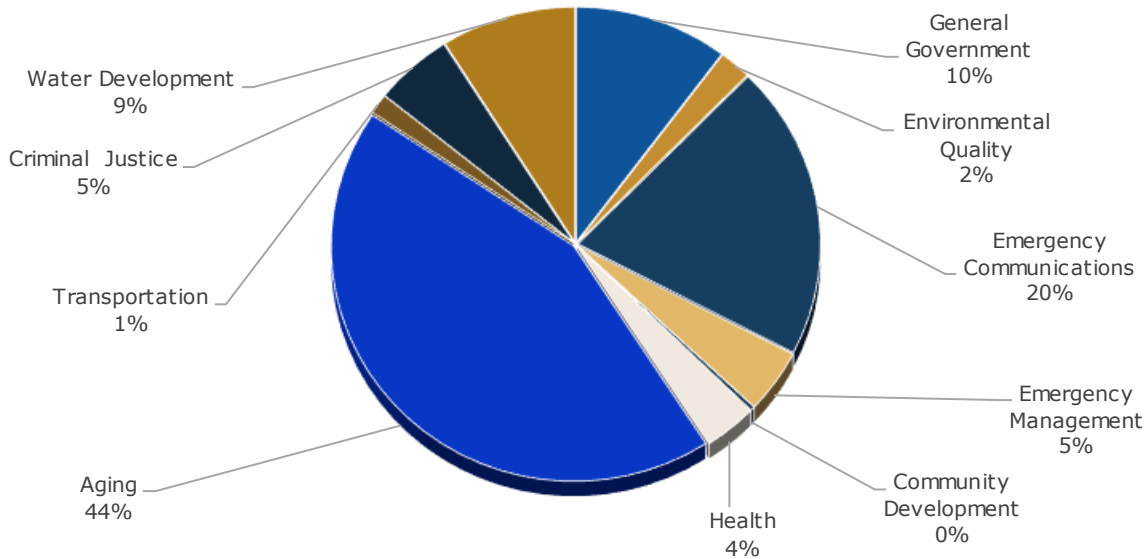
**Proprietary funds** statements, beginning on page 17, provide the same type of information found for the business-type activities in the government-wide financial statements, but in more detail. Restricted net position of \$13,066,374 reflects a total increase in net position of \$1,008,686.

**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 67% 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.

Governmental Fund Expenditures by Function



**Capital Assets** for the Association represent an investment of \$1,497,520, 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 30.

**Table 3: Capital Assets**

	Governmental Activities	
	2023	2022
Non-depreciable assets:		
Land	\$ 131,605	\$ 131,605
Depreciable assets:		
Building	635,342	635,342
Furniture and equipment	2,845,812	2,876,763
Right to use:		
Land	22,719	15,903
Building	422,894	401,749
Equipment	47,415	20,030
Less: accumulated depreciation	(2,184,400)	(1,964,482)
Total capital assets, net	\$ 1,921,387	\$ 2,116,910

**Long-term Debt** - At the end of the current fiscal year, the Council had total long-term liabilities outstanding of \$567,429.

	Beginning Balances	Increases	Decreases	Ending Balances	Amount Due in One Year
Governmental Activities:					
Leases	\$ 443,889	\$ 22,749	\$ 42,771	\$ 423,867	\$ 34,456
Compensated absences	131,428	114,794	102,660	143,562	114,850
Total	\$ 575,317	\$ 137,543	\$ 145,431	\$ 567,429	\$ 149,306

This long-term debt is related to the following factors:

- Leases for various equipment and land for operation of multiple programs.
- Compensated absences liability that is payable to employees and will primarily be liquidated by the Grant Fund.

Additional information on the Council's long-term debt can be found in the notes to the financial statements on page 31.

### **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 58<sup>th</sup> Street, Lubbock, Texas 79412. This report is designed to provide an overview of the information contained in the Basic Financial Statements.

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**BASIC FINANCIAL  
STATEMENTS**

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**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total	SPEDD
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,355,270	\$ 3,742,539	\$ 5,097,809	\$ 319
Receivables				
Grantors	1,401,369	-	1,401,369	44,039
Accounts	307,240	-	307,240	-
Loans	-	9,385,073	9,385,073	-
Lease	392,168	-	392,168	-
Due from component unit	42,402	-	42,402	-
Internal balances	61,238	(61,238)	-	-
Prepays	1,962	-	1,962	-
Net pension asset	290,964	-	290,964	-
Capital assets not being depreciated	131,605	-	131,605	-
Capital assets, net of accumulated depreciation/ amortization	<u>1,789,782</u>	<u>-</u>	<u>1,789,782</u>	<u>-</u>
Total assets	<u>5,774,000</u>	<u>13,066,374</u>	<u>18,840,374</u>	<u>44,358</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	<u>516,237</u>	<u>-</u>	<u>516,237</u>	<u>-</u>
Total deferred outflows of resources	<u>516,237</u>	<u>-</u>	<u>516,237</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	867,285	-	867,285	1,956
Accrued liabilities	115,525	-	115,525	-
Due to primary government	-	-	-	42,402
Unearned revenue	294,801	-	294,801	-
Noncurrent liabilities:				
Due within one year:				
Lease	34,456	-	34,456	-
Compensated absences	114,850	-	114,850	-
Due in more than one year:				
Lease	389,411	-	389,411	-
Compensated absences	<u>28,712</u>	<u>-</u>	<u>28,712</u>	<u>-</u>
Total liabilities	<u>1,845,040</u>	<u>-</u>	<u>1,845,040</u>	<u>44,358</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related	380,592	-	380,592	-
Deferred inflows - pensions	<u>13,970</u>	<u>-</u>	<u>13,970</u>	<u>-</u>
Total deferred outflows of resources	<u>394,562</u>	<u>-</u>	<u>394,562</u>	<u>-</u>
<b>NET POSITION</b>				
Net position, investment in capital assets	1,497,520	-	1,497,520	-
Restricted for:				
Economic development	-	13,066,374	13,066,374	-
Pension asset	276,994	-	276,994	-
Unrestricted	<u>2,276,121</u>	<u>-</u>	<u>2,276,121</u>	<u>-</u>
Total net position	<u>\$ 4,050,635</u>	<u>\$ 13,066,374</u>	<u>\$ 17,117,009</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, 2023

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Program Revenues	
				Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 568,648	\$ 86,397	\$ 655,045	\$ 746,788	\$ 15,716
Environmental quality	131,545	9,732	141,277	-	144,542
Emergency communications	1,449,982	59,383	1,509,365	989	1,380,041
Emergency management	265,916	26,522	292,438	-	297,972
Community development	16,321	2,041	18,362	-	18,063
Health and human services	212,333	24,639	236,972	-	241,628
Aging	2,786,191	116,023	2,902,214	21,515	2,948,552
Transportation	80,747	10,607	91,354	-	75,602
Economic development	157,372	20,816	178,188	-	167,462
Water Development	595,489	2,689	598,178	-	613,069
Criminal justice	305,172	32,307	337,479	88,988	245,901
Indirect costs	391,156	(391,156)	-	-	-
Interest	16,595	-	16,595	-	-
Total governmental activities	<u>6,977,467</u>	<u>-</u>	<u>6,977,467</u>	<u>858,280</u>	<u>6,148,548</u>
Business-type activities:					
Economic development	<u>232,459</u>	<u>-</u>	<u>232,459</u>	<u>291,199</u>	<u>868,200</u>
Total business-type activities	<u>232,459</u>	<u>-</u>	<u>232,459</u>	<u>291,199</u>	<u>868,200</u>
Total primary government	\$ <u>7,209,926</u>	\$ <u>-</u>	\$ <u>7,209,926</u>	\$ <u>1,149,479</u>	\$ <u>7,016,748</u>
<b>Component Unit:</b>					
SPEDD	\$ <u>176,354</u>	\$ <u>20,260</u>	\$ <u>196,614</u>	\$ <u>76</u>	\$ <u>165,613</u>
Total component unit	\$ <u>176,354</u>	\$ <u>20,260</u>	\$ <u>196,614</u>	\$ <u>76</u>	\$ <u>165,613</u>

General revenues:  
  Investment earnings  
  Miscellaneous income  
    Total general revenues  
    Change in net position  
Net position, beginning  
Net position, ending

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Component Unit
	Business-type Activities	Total	SPEDD
\$ 107,459	\$ -	\$ 107,459	\$ -
3,265	-	3,265	-
(128,335)	-	(128,335)	-
5,534	-	5,534	-
(299)	-	(299)	-
4,656	-	4,656	-
67,853	-	67,853	-
(15,752)	-	(15,752)	-
(10,726)	-	(10,726)	-
14,891	-	14,891	-
(2,590)	-	(2,590)	-
-	-	-	-
<u>(16,595)</u>	<u>-</u>	<u>(16,595)</u>	<u>-</u>
<u>29,361</u>	<u>-</u>	<u>29,361</u>	<u>-</u>
-	926,940	926,940	-
-	926,940	926,940	-
29,361	926,940	956,301	-
			<u>(30,925)</u>
			<u>(30,925)</u>
40,362	81,746	122,108	-
3,841	-	3,841	30,925
<u>44,203</u>	<u>81,746</u>	<u>125,949</u>	<u>30,925</u>
73,564	1,008,686	1,082,250	-
3,977,071	12,057,688	16,034,759	-
<u>\$ 4,050,635</u>	<u>\$ 13,066,374</u>	<u>\$ 17,117,009</u>	<u>\$ -</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	<u>General</u>	<u>Texas Department on Aging and Disability Services</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,281,947	\$ -
Accounts receivable:		
Grantors	-	410,029
Accounts	200,906	4,954
Lease	392,168	-
Due from other funds	705,079	-
Due from component unit	42,402	-
Prepaid items	1,962	-
Total assets	<u>\$ 2,624,464</u>	<u>\$ 414,983</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 38,497	\$ 312,150
Due to other funds	75,000	102,833
Accrued liabilities	115,525	-
Unearned revenue	110,826	-
Total liabilities	<u>339,848</u>	<u>414,983</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease related	380,592	-
Total deferred inflows of resources	<u>\$ 380,592</u>	<u>\$ -</u>
<b>FUND BALANCE</b>		
Nonspendable - prepaid items	1,962	-
Assigned for:		
Health and human services	499	-
Paving project	100,000	-
Regional services	35,850	-
Unassigned	1,765,713	-
Total fund balances	<u>1,904,024</u>	<u>-</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 2,624,464</u>	<u>\$ 414,983</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>
\$ 70,742	\$ 1,774	\$ 807	\$ 1,355,270
193,024	408,796	389,520	1,401,369
2	-	101,378	307,240
-	-	-	392,168
-	-	75,000	780,079
-	-	-	42,402
-	-	-	1,962
<u>\$ 263,768</u>	<u>\$ 410,570</u>	<u>\$ 566,705</u>	<u>\$ 4,280,490</u>
\$ 121,330	\$ 380,669	\$ 14,639	\$ 867,285
142,438	29,901	368,669	718,841
-	-	-	115,525
-	-	183,975	294,801
<u>263,768</u>	<u>410,570</u>	<u>567,283</u>	<u>1,996,452</u>
-	-	-	380,592
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,592</u>
-	-	-	1,962
-	-	-	499
-	-	-	100,000
-	-	-	35,850
-	-	(578)	1,765,135
-	-	(578)	1,903,446
<u>\$ 263,768</u>	<u>\$ 410,570</u>	<u>\$ 566,705</u>	
			1,921,387
			225,802
			<u>\$ 4,050,635</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Texas Department of Aging and Disability Services</u>	<u>Commission on State Emergency Communications</u>
<b>REVENUES</b>			
Grant	\$ -	\$ 2,678,104	\$ 1,380,041
Local	732,504	21,515	-
Other	<u>72,935</u>	<u>-</u>	<u>1,719</u>
Total revenues	<u>805,439</u>	<u>2,699,619</u>	<u>1,381,760</u>
<b>EXPENDITURES</b>			
Current:			
General government	621,997	-	-
Environmental quality	-	-	-
Water development	-	-	-
Emergency communications	-	-	1,206,880
Emergency management	-	-	-
Community development	-	-	-
Health and human services	-	-	-
Aging	-	2,699,974	-
Transportation	-	-	-
Economic development	-	-	-
Criminal justice	-	-	-
Debt service:			
Principal	21,068	-	-
Interest	1,144	-	-
Capital outlay	<u>54,649</u>	<u>-</u>	<u>175,000</u>
Total expenditures	<u>698,858</u>	<u>2,699,974</u>	<u>1,381,880</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>106,581</u>	<u>(355)</u>	<u>(120)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	1,202	355	120
Transfer out	(44,929)	-	-
Leases (as lessee)	<u>22,749</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,978)</u>	<u>355</u>	<u>120</u>
<b>NET CHANGE IN FUND BALANCES</b>	85,603	-	-
<b>FUND BALANCES, BEGINNING</b>	<u>1,818,421</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	\$ <u>1,904,024</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
\$ 613,069	\$ 1,430,965	\$ 6,102,179
-	119,641	873,660
<u>232</u>	<u>306</u>	<u>75,192</u>
<u>613,301</u>	<u>1,550,912</u>	<u>7,051,031</u>
-	-	621,997
-	144,848	144,848
613,301	-	613,301
-	-	1,206,880
-	299,831	299,831
-	18,826	18,826
-	242,963	242,963
-	270,448	2,970,422
-	93,664	93,664
-	167,462	167,462
-	303,420	303,420
-	21,703	42,771
-	15,451	16,595
-	16,883	246,532
<u>613,301</u>	<u>1,595,499</u>	<u>6,989,512</u>
<u>-</u>	<u>(44,587)</u>	<u>61,519</u>
-	44,454	46,131
-	(1,202)	(46,131)
-	-	22,749
<u>-</u>	<u>43,252</u>	<u>22,749</u>
-	(1,335)	84,268
<u>-</u>	<u>757</u>	<u>1,819,178</u>
<u>\$ -</u>	<u>\$ (578)</u>	<u>\$ 1,903,446</u>

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**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, 2023

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

Net change in fund balances - total governmental funds (pages 14-15 )	\$ 84,268
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.	(145,262)
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.	7,888
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.	(50,261)
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>176,931</u>
Change in net position of governmental activities (page 10-11)	<u>\$ 73,564</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Business-type Activities			Totals Enterprise Funds
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,891,479	\$ 1,201,905	\$ 649,155	\$ 3,742,539
Loans receivable, net of allocane for uncollectible accounts	<u>5,334,789</u>	<u>434,871</u>	<u>3,615,413</u>	<u>9,385,073</u>
Total current assets	<u>7,226,268</u>	<u>1,636,776</u>	<u>4,264,568</u>	<u>13,127,612</u>
Total assets	<u>7,226,268</u>	<u>1,636,776</u>	<u>4,264,568</u>	<u>13,127,612</u>
<b>LIABILITIES</b>				
Current liabilities:				
Due to other funds	<u>31,032</u>	<u>15,509</u>	<u>14,697</u>	<u>61,238</u>
Total current liabilities	<u>31,032</u>	<u>15,509</u>	<u>14,697</u>	<u>61,238</u>
Total liabilities	<u>31,032</u>	<u>15,509</u>	<u>14,697</u>	<u>61,238</u>
<b>NET POSITION</b>				
Restricted for Economic Development	<u>7,195,236</u>	<u>1,621,267</u>	<u>4,249,871</u>	<u>13,066,374</u>
Total net position	<u>\$ 7,195,236</u>	<u>\$ 1,621,267</u>	<u>\$ 4,249,871</u>	<u>\$ 13,066,374</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities			Totals Enterprise Funds
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	
<b>OPERATING REVENUES</b>				
Interest on loans	\$ 172,523	\$ 19,831	\$ 87,788	\$ 280,142
Origination fees	7,796	-	-	7,796
Miscellaneous income	1,752	-	1,509	3,261
Total operating revenues	<u>182,071</u>	<u>19,831</u>	<u>89,297</u>	<u>291,199</u>
<b>OPERATING EXPENSES</b>				
Administrative fees	71,291	-	26,041	97,332
Loan write-off	-	14,627	120,500	135,127
Total operating expenses	<u>71,291</u>	<u>14,627</u>	<u>146,541</u>	<u>232,459</u>
<b>OPERATING INCOME (LOSS)</b>	<u>110,780</u>	<u>5,204</u>	<u>(57,244)</u>	<u>58,740</u>
<b>NONOPERATING REVENUES</b>				
Interest on investments	45,429	25,463	10,854	81,746
Interlocal revenue	868,200	-	-	868,200
Total nonoperating revenues	<u>913,629</u>	<u>25,463</u>	<u>10,854</u>	<u>949,946</u>
<b>CHANGE IN NET POSITION</b>	1,024,409	30,667	(46,390)	1,008,686
<b>NET POSITION, BEGINNING</b>	<u>6,170,827</u>	<u>1,590,600</u>	<u>4,296,261</u>	<u>12,057,688</u>
<b>NET POSITION, ENDING</b>	<u>\$ 7,195,236</u>	<u>\$ 1,621,267</u>	<u>\$ 4,249,871</u>	<u>\$ 13,066,374</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, 2023

	Business-type Activities			Totals Enterprise Funds
	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from loan repayments	\$ -	\$ 276,535	\$ -	\$ 276,535
Cash payments for loans	(1,273,624)	-	(36,794)	(1,310,418)
Cash payments for administrative services	(71,291)	-	-	(71,291)
Cash used by operating activities	<u>(1,344,915)</u>	<u>276,535</u>	<u>(36,794)</u>	<u>(1,105,174)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	45,429	25,463	10,854	81,746
Cash provided by investing activities	<u>45,429</u>	<u>25,463</u>	<u>10,854</u>	<u>81,746</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash received from interlocal revenue	868,200	-	-	868,200
Cash provided (used) by noncapital financing activities	<u>868,200</u>	<u>-</u>	<u>-</u>	<u>868,200</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(431,286)	301,998	(25,940)	(1,023,428)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>2,322,765</u>	<u>899,907</u>	<u>675,095</u>	<u>3,897,767</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 1,891,479</u>	<u>\$ 1,201,905</u>	<u>\$ 649,155</u>	<u>\$ 3,742,539</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 110,780	\$ 5,204	\$ (57,244)	\$ 58,740
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Decrease (increase) in loans receivable	(1,439,510)	269,028	24,101	(1,146,381)
Increase (decrease) in due to other funds	(16,185)	2,303	(3,651)	(17,533)
Total adjustments	<u>(1,455,695)</u>	<u>271,331</u>	<u>20,450</u>	<u>(1,163,914)</u>
Net cash used by operating activities	<u>\$ (1,344,915)</u>	<u>\$ 276,535</u>	<u>\$ (36,794)</u>	<u>\$ (1,105,174)</u>

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, 2023

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 196,956
Total assets	<u>196,956</u>
<b>LIABILITIES</b>	
Due to other governments	<u>14,132</u>
Total liabilities	<u>14,132</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations and other governments	<u>182,824</u>
Total net position	<u>\$ 182,824</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds
<b>ADDITIONS</b>	
Interest	\$ 4,372
Total additions	4,372
<b>DEDUCTIONS</b>	
Organizational membership	345
Payments to other entities	119
Total deductions	464
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	3,908
<b>NET POSITION, BEGINNING</b>	178,916
<b>NET POSITION, ENDING</b>	\$ 182,824



# **SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2023

### **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 custodial funds use the economic resources measurement focus and utilize 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, 2023.

#### **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, 2023.

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 TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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 30<sup>th</sup> of the applicable fiscal year. If the actual amount of the commitment is not available by September 30<sup>th</sup>, 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 \$145,262 difference are as follows:

Capital outlay	\$ 255,671
Depreciation expense	<u>(400,933)</u>
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>\$ (145,262)</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, 2023, 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, 2023, the Association had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard &amp; Poor's Current Rating</u>
TexPool	\$ <u>787,175</u>	28	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	Commission on State Emergency Communications	Texas Water Development Board	Other Governmental Funds	EDA Revolving Loan	Support Lubbock	SPAG Revolving Loan	Total Primary Government
Receivables:									
Grants	\$ -	\$ 410,029	\$ 193,024	\$ 408,796	\$ 389,520	\$ -	\$ -	\$ -	\$ 1,401,369
Accounts	200,906	4,954	2	-	101,378	-	-	-	307,240
Loans	-	-	-	-	-	5,334,789	434,871	3,615,413	9,385,073
Lease	392,168	-	-	-	-	-	-	-	392,168
Total receivables	\$ 593,074	\$ 414,983	\$ 193,026	\$ 408,796	\$ 490,898	\$ 5,334,789	\$ 434,871	\$ 3,615,413	\$ 11,485,850

#### **Lease Receivable**

On October 1, 2022, the Association entered into a lease as lessor for the use of land by Caprock Business Finance Corporation. The lessee is required to make monthly payments of \$2,500.

A summary of the Association's lease receivable as of September 30, 2023, 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 9/30/23
Right to Use:						
Land	3.75%	2021	422,894	\$ 14,967	\$ 15,000	\$ 392,168
Totals				\$ 14,967	\$ 15,000	\$ 392,168

### D. Capital Assets

Capital asset activity for the year ended September 30, 2023, 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	131,605	-	-	131,605
Capital assets, being depreciated:				
Buildings and improvements	635,342	-	-	635,342
Furniture, fixtures and equipment	2,876,763	232,922	(263,873)	2,845,812
Right to use:				
Land	22,719	-	-	22,719
Building	422,894	-	-	422,894
Equipment	31,858	22,749	(7,192)	47,415
Total capital assets being depreciated	3,989,576	255,671	(271,065)	3,974,182
Less accumulated depreciation:				
Buildings	(476,949)	(15,884)	-	(492,833)
Furniture, fixtures and equipment	(1,487,533)	(343,237)	213,612	(1,617,158)
Right to use:				
Land	(6,816)	(6,816)	-	(13,632)
Building	(21,145)	(21,144)	-	(42,289)
Equipment	(11,828)	(13,852)	7,192	(18,488)
Total accumulated depreciation	(2,004,271)	(400,933)	220,804	(2,184,400)
Total capital assets net of accumulated depreciation	\$ 2,116,910	\$ (145,262)	\$ (50,261)	\$ 1,921,387

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

<b>Governmental activities:</b>		
General government		\$ 36,526
Emergency communications		302,982
Aging		5,033
Economic development		14,852
Criminal justice		<u>41,540</u>
Total depreciation expense - governmental activities		<u>\$ 400,933</u>

**E. Long-term Liabilities**

The following is a summary of the long-term liability transactions of the Association for the year ended September 30, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Leases	\$ 443,889	\$ 22,749	\$ 42,771	\$ 423,867	\$ 34,456
Compensated absences payable	<u>131,428</u>	<u>114,794</u>	<u>102,660</u>	<u>143,562</u>	<u>114,850</u>
Total governmental activities	<u>\$ 575,317</u>	<u>\$ 137,543</u>	<u>\$ 145,431</u>	<u>\$ 567,429</u>	<u>\$ 149,306</u>

**Lease Payable**

During the fiscal year 2022, the Association entered into a 240-month lease as lessee for the right to occupy a building. The Association is required to make fixed monthly payments of \$2,500.

A summary of the governmental activities long-term lease payable as of September 30, 2023, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 9/30/23
Right to Use:					
Postage meter	3.75%	2020	\$ 8,629	\$ 214	\$ 4,651
Copiers	3.75%	2019	16,037	325	6,121
Vehicle	3.75%	2020	7,192	20	-
Vehicle	8.25%	2023	22,749	585	11,177
Building	3.75%	2021	422,894	14,967	392,156
Land	3.75%	2019	22,719	484	9,762
Totals				<u>\$ 16,595</u>	<u>\$ 423,867</u>

Annual lease payments to maturity are as follows:

Year Ending September 30,	Lease Payable		Total Requirements
	Principal	Interest	
2024	\$ 34,456	\$ 15,661	\$ 50,117
2025	26,466	14,228	40,694
2026	19,229	13,213	32,442
2027	17,408	12,540	29,948
2028	18,039	11,907	29,946
2029 - 2033	101,213	48,486	149,699
2034 - 2038	122,061	27,575	149,636
2039 - 2041	<u>84,995</u>	<u>4,751</u>	<u>89,746</u>
Totals	<u>\$ 423,867</u>	<u>\$ 148,361</u>	<u>\$ 572,228</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, 2023, significantly all is payable from the General Fund.

**Net Pension Liability/ (Asset)**

When these liabilities or assets 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, 2023, is as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Texas Department on Aging & Disability Services	\$ 102,833
	Commission on State Emergency Communications	142,438
	Texas Water Development Board	29,901
	Nonmajor Governmental	368,669
	EDA Revolving Loan	31,032
	Support Lubbock	15,509
	SPAG Revolving Loan	14,697
Nonmajor Governmental	General Fund	<u>75,000</u>
		<u>\$ 780,079</u>

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

**Interfund transfers:**

	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Texas Department of Aging and Disability Services</u>	<u>Commission on State Emergency Communications</u>	<u>Nonmajor Governmental</u>	
Transfers Out:					
General Fund	\$ -	\$ 355	\$ 120	\$ 44,454	\$ 44,929
Nonmajor Governmental	<u>1,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202</u>
Total	<u>\$ 1,202</u>	<u>\$ 355</u>	<u>\$ 120</u>	<u>\$ 44,454</u>	<u>\$ 46,131</u>

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

**5. OTHER INFORMATION**

**A. Risk Management**

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

## **B. Contingencies**

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

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

Audits of the agency's expenditures for the year ended September 30, 2023, 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, 2023, SPAG conducted business with a company partially owned by a Board member. Expenditures during the fiscal year amounted to \$796.

## **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 annual comprehensive financial report that can be obtained at [www.tcdrs.org](http://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 temporary positions 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	40
Active employees	<u>37</u>
	<u>85</u>

**Contributions**

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

Employees for SPAG were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Association were 9.20% and 8.06% in the calendar years 2022 and 2023, respectively. The Association’s contributions to TCDRS for the year ended September 30, 2023, were \$260,339.

**Net Pension Liability/ (Asset)**

The Association’s Net Pension Liability (Asset) (NPL/NPA) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Investment rate of return	7.50% (Gross of administrative expenses)

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

The actuarial assumptions that determined the total pension liability as of December 31, 2022, were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, 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 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

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 2023 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in March 2021. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation</b> <sup>(1)</sup>	<b>Geometric Real Rate of Return (Expected minus Inflation)</b> <sup>(2)</sup>
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA U.S. Leveraged TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

<sup>(1)</sup> Target asset allocation adopted at the March 2023 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> 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 12/31/2021	\$ 4,662,104	\$ 5,530,234	\$ (868,130)
Changes for the year:			
Service cost	245,491	-	245,491
Interest on total pension liability <sup>(1)</sup>	370,647	-	370,647
Effect of economic/demographic gains or losses	74,079	-	74,079
Refund of contributions	(15,887)	(15,887)	-
Benefit payments	(46,588)	(46,588)	-
Administrative expenses	-	(3,270)	3,270
Member contributions	-	136,652	(136,652)
Net investment income	-	(354,360)	354,360
Employer contributions	-	279,599	(279,599)
Other <sup>(2)</sup>	-	54,430	(54,430)
Balance at 12/31/2022	<u>\$ 5,289,846</u>	<u>\$ 5,580,810</u>	<u>\$ (290,964)</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

**Sensitivity Analysis**

The following presents the net pension liability/ (asset) 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	\$ 6,048,827	\$ 5,289,846	\$ 4,658,259
Fiduciary net position	<u>5,580,810</u>	<u>5,580,810</u>	<u>5,580,810</u>
Net pension liability/(asset)	<u>\$ 468,017</u>	<u>\$ (290,964)</u>	<u>\$ (922,551)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).



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

For the year ended September 30, 2023, the Association recognized pension expense of \$83,317. At September 30, 2023, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 57,210	\$ 10,563
Changes in actuarial assumptions	65,129	3,407
Difference between projected and actual investment earnings	177,671	-
Contributions subsequent to the measurement date	<u>216,227</u>	<u>-</u>
Total	<u>\$ 516,237</u>	<u>\$ 13,970</u>

\$216,227 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date, but before September 30, 2023, will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year Ended September 30,</u>	
2023	\$ 50,066
2024	28,606
2025	49,416
2026	157,952

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

SCHEDULE OF CHANGES IN NET PENSION ASSET  
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Plan Year Ended December 31</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 157,941	\$ 168,603	\$ 227,087
Interest total pension liability	129,349	171,190	173,330
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)	(88,755)
Benefit payments/refunds of contributions	<u>(13,258)</u>	<u>(7,063)</u>	<u>(8,948)</u>
Net change in total pension liability	513,262	(6,551)	302,714
Total pension liability - beginning	<u>1,526,215</u>	<u>2,039,477</u>	<u>2,032,926</u>
Total pension liability - ending (a)	<u>\$ 2,039,477</u>	<u>\$ 2,032,926</u>	<u>\$ 2,335,640</u>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	\$ 232,858	\$ 204,038	\$ 245,934
Member contributions	91,867	109,037	103,081
Investment income net of investment expenses	59,721	(49,794)	114,583
Benefit payments refunds of contributions	(13,258)	(7,063)	(8,948)
Administrative expenses	(843)	(1,021)	(1,246)
Other	<u>(58)</u>	<u>(61)</u>	<u>30,095</u>
Net change in plan fiduciary net position	370,287	255,136	483,499
Plan fiduciary net position - beginning	<u>897,421</u>	<u>1,267,709</u>	<u>1,522,845</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,267,708</u>	<u>\$ 1,522,845</u>	<u>\$ 2,006,344</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 771,769</u>	<u>\$ 510,081</u>	<u>\$ 329,296</u>
Fiduciary net position as a percentage of total pension liability (asset)	62.16%	74.91%	85.90%
Pensionable covered payroll	\$ 1,531,116	\$ 1,557,664	\$ 1,472,592
Net pension liability (asset) as a percentage of covered payroll	50.41%	32.75%	22.36%

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.

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$	192,444	\$ 201,728	\$ 209,034	\$ 210,516	\$ 241,697	\$ 245,491
	203,704	235,351	260,571	295,233	333,409	370,647
	-	-	-	-	-	-
	13,449	-	-	260,517	(6,814)	-
	25,867	(68,381)	6,741	1,209	(21,126)	74,079
	<u>(26,959)</u>	<u>(82,220)</u>	<u>(46,372)</u>	<u>(53,568)</u>	<u>(59,566)</u>	<u>(62,475)</u>
	408,505	286,478	429,974	713,907	487,600	627,742
	<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>
\$	<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>	<u>\$ 5,289,846</u>
\$	246,844	\$ 244,045	\$ 206,971	\$ 229,239	\$ 215,812	\$ 279,599
	104,995	103,950	107,668	115,984	125,275	136,652
	298,082	(46,063)	468,985	372,674	970,679	(354,360)
	(26,959)	(82,220)	(46,372)	(53,568)	(59,566)	(62,475)
	(1,750)	(2,295)	(2,745)	(3,126)	(2,992)	(3,270)
	<u>4,337</u>	<u>8,181</u>	<u>9,686</u>	<u>8,987</u>	<u>9,152</u>	<u>54,430</u>
	625,549	225,598	744,193	670,190	1,258,360	50,576
	<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>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>\$ 5,580,810</u>
\$	<u>112,252</u>	<u>\$ 173,132</u>	<u>\$ (141,087)</u>	<u>\$ (97,370)</u>	<u>\$ (868,130)</u>	<u>\$ (290,964)</u>
	95.91%	94.29%	104.08%	102.33%	118.62%	105.50%
\$	1,499,935	\$ 1,484,994	\$ 1,538,117	\$ 1,656,907	\$ 1,789,643	\$ 1,952,165
	7.48%	11.66%	-9.17%	-5.88%	-48.51%	-14.90%

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

<b>Fiscal Year Ended September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a % of Covered Payroll</b>
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%
2023	160,339	260,339	(100,000)	1,921,492	13.5%

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, 2023

<b>Valuation Timing</b>	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.
<b>Methods and assumptions used to determine contributions rates:</b>	
<b>Actuarial Cost Method</b>	Entry age
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	18.8 years (based on contribution rate calculated in 12/31/2022 valuation)
<b>Asset Valuation Method</b>	5-year smoothed fair value
<b>Inflation</b>	2.50%
<b>Salary Increases</b>	Varies by age and service. 4.7% average over career including inflation.
<b>Investment Rate of Return</b>	7.50%, net of investment expenses, including inflation.
<b>Retirement Age</b>	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.
<b>Mortality</b>	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.
<b>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</b>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	2015: Employer contributions reflect that the member contribution rate was increased to 7%. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

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**COMBINING FUND FINANCIAL  
STATEMENTS**

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## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

***Texas 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.

***Federal Communications Commission*** – This fund is used to account for the federal funds awarded to South Plains Association of Governments by the Federal Communications Commission.

***CH Foundation*** – This fund is used to account for the local funds awarded to South Plains Association of Governments by the CH Foundation.

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue				
	Texas Commission on Environmental Quality	Texas Department of Agriculture	Area Information Center 2-1-1	Governor's Office, Criminal Justice Division	Texas Department of Transportation
<b>ASSETS</b>					
Cash and cash equivalents	\$ 807	\$ -	\$ -	\$ -	\$ -
Accounts receivable:					
Grantors	3,655	11,472	45,724	68,559	41,538
Accounts	138	-	-	99,675	-
Due from other funds	-	-	-	-	-
	<u>4,600</u>	<u>11,472</u>	<u>45,724</u>	<u>168,234</u>	<u>41,538</u>
Total assets					
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	437	-	6,495	1,901	29
Due to other funds	4,163	11,472	39,807	57,358	41,509
Unearned revenue	-	-	-	108,975	-
Total liabilities	<u>4,600</u>	<u>11,472</u>	<u>46,302</u>	<u>168,234</u>	<u>41,538</u>
Fund balance:					
Unassigned	-	-	(578)	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>(578)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 4,600</u>	<u>\$ 11,472</u>	<u>\$ 45,724</u>	<u>\$ 168,234</u>	<u>\$ 41,538</u>

Special Revenue

Aging & Disability Resource Center	Texas Department of Public Safety	U.S. Department of Commerce, Economic Development	Office of the Governor Homeland Security Grant Division	Federal Communications Commission	CH Foundation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 807
37,531	-	74,921	97,077	9,043	-	389,520
361	7	898	299	-	-	101,378
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
<u>37,892</u>	<u>7</u>	<u>75,819</u>	<u>97,376</u>	<u>9,043</u>	<u>75,000</u>	<u>566,705</u>
2,936	-	84	2,746	11	-	14,639
34,956	7	75,735	94,630	9,032	-	368,669
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>183,975</u>
<u>37,892</u>	<u>7</u>	<u>75,819</u>	<u>97,376</u>	<u>9,043</u>	<u>75,000</u>	<u>567,283</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(578)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(578)</u>
<u>\$ 37,892</u>	<u>\$ 7</u>	<u>\$ 75,819</u>	<u>\$ 97,376</u>	<u>\$ 9,043</u>	<u>\$ 75,000</u>	<u>\$ 566,705</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Special Revenue				
	Texas Commission on Environmental Quality	Texas Department of Agriculture	Area Information Center 2-1-1	Governor's Office, Criminal Justice Division	Texas Department of Transportation
<b>REVENUES</b>					
Grant	\$ 144,542	\$ 9,020	\$ 241,628	\$ 221,968	\$ 99,535
Local	-	-	-	88,988	-
Other	306	-	-	-	-
Total revenues	<u>144,848</u>	<u>9,020</u>	<u>241,628</u>	<u>310,956</u>	<u>99,535</u>
<b>EXPENDITURES</b>					
Environmental quality	144,848	-	-	-	-
Emergency management	-	-	-	-	-
Community development	-	9,783	-	-	-
Health and human services	-	-	242,963	-	-
Aging	-	-	-	-	-
Transportation	-	-	-	-	93,664
Economic development	-	-	-	-	-
Criminal justice	-	-	-	303,420	-
Capital outlay	-	-	-	-	16,883
Debt service:					
Principal	-	-	-	21,703	-
Interest	-	-	-	15,451	-
Total expenditures	<u>144,848</u>	<u>9,783</u>	<u>242,963</u>	<u>340,574</u>	<u>110,547</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(763)</u>	<u>(1,335)</u>	<u>(29,618)</u>	<u>(11,012)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	763	-	29,618	11,012
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>763</u>	<u>-</u>	<u>29,618</u>	<u>11,012</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(1,335)	-	-
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>757</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (578)</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

Aging & Disability Resource Center	Texas Department of Public Safety	U.S. Department of Commerce, Economic Development	Office of the Governor Homeland Security Grant Division	Federal Communications Commission	CH Foundation	Total
\$ 270,448	\$ 39,313	\$ 136,809	\$ 258,659	\$ 9,043	\$ -	\$ 1,430,965
-	-	30,653	-	-	-	119,641
-	-	-	-	-	-	306
<u>270,448</u>	<u>39,313</u>	<u>167,462</u>	<u>258,659</u>	<u>9,043</u>	<u>-</u>	<u>1,550,912</u>
-	-	-	-	-	-	144,848
-	38,111	-	261,720	-	-	299,831
-	-	-	-	9,043	-	18,826
-	-	-	-	-	-	242,963
270,448	-	-	-	-	-	270,448
-	-	-	-	-	-	93,664
-	-	167,462	-	-	-	167,462
-	-	-	-	-	-	303,420
-	-	-	-	-	-	16,883
-	-	-	-	-	-	21,703
-	-	-	-	-	-	15,451
<u>270,448</u>	<u>38,111</u>	<u>167,462</u>	<u>261,720</u>	<u>9,043</u>	<u>-</u>	<u>1,595,499</u>
-	1,202	-	(3,061)	-	-	(44,587)
-	-	-	3,061	-	-	44,454
-	(1,202)	-	-	-	-	(1,202)
-	(1,202)	-	3,061	-	-	43,252
-	-	-	-	-	-	(1,335)
-	-	-	-	-	-	757
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (578)</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

	Custodial Funds			Total Custodial Funds
	Rural Rail Transportation District	South Plains Housing Finance Corporation	Texas Municipal League	
<b>ASSETS</b>				
Cash and investments	\$ 11,459	\$ 185,497	\$ -	\$ 196,956
Total assets	<u>11,459</u>	<u>185,497</u>	<u>-</u>	<u>196,956</u>
<b>LIABILITIES</b>				
Due to other governments	<u>-</u>	<u>14,132</u>	<u>-</u>	<u>14,132</u>
Total liabilities	<u>-</u>	<u>14,132</u>	<u>-</u>	<u>14,132</u>
<b>NET POSITION</b>				
Restricted for individuals, organizations and other governments	<u>11,459</u>	<u>171,365</u>	<u>-</u>	<u>182,824</u>
Total net position	<u>\$ 11,459</u>	<u>\$ 171,365</u>	<u>\$ -</u>	<u>\$ 182,824</u>



**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Custodial Funds			Total Custodial Funds
	Rural Rail Transportation District	South Plains Housing Finance Corporation	Texas Municipal League	
<b>ADDITIONS</b>				
Interest	\$ 40	\$ 4,332	\$ -	\$ 4,372
Total additions	<u>40</u>	<u>4,332</u>	<u>-</u>	<u>4,372</u>
<b>DEDUCTIONS</b>				
Membership in TALHFA	-	345	-	345
TML close out	-	-	119	119
Total deductions	<u>-</u>	<u>345</u>	<u>119</u>	<u>464</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	<u>40</u>	<u>3,987</u>	<u>(119)</u>	<u>3,908</u>
<b>NET POSITION, BEGINNING</b>	<u>11,419</u>	<u>167,378</u>	<u>119</u>	<u>178,916</u>
<b>NET POSITION, ENDING</b>	<u>\$ 11,459</u>	<u>\$ 171,365</u>	<u>\$ -</u>	<u>\$ 182,824</u>

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## **SUPPLEMENTAL SCHEDULES**

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

SCHEDULE OF INDIRECT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budget</u>		<u>Actual</u>	
Salaries	\$ 194,053		\$ 194,161	
Benefits	<u>111,895</u>		<u>105,300</u>	
Total personnel costs	305,948		299,461	
Travel	16,250		9,566	
Conferences	500		-	
Printing/copying	2,000		2,992	
Insurance/bonding	13,500		15,972	
Telecommunications	4,066		3,899	
Postage	2,523		4,381	
Organizational memberships	12,500		14,123	
Professional services	3,619		1,922	
Maintenance/utilities	4,394		7,927	
Internal services	36,508		21,344	
Miscellaneous other expenditures:				
Supplies	10,013		12,039	
Public information/notices	1,200		-	
Other miscellaneous	<u>9,860</u>		<u>30,325</u>	
Total indirect costs	<u>\$ 422,881</u>		\$ 423,951	
Total indirect costs recovered			<u>\$ 411,416</u>	
Indirect costs under (over) recovered	<u>\$ 1,841</u>		<u>\$ 12,535</u>	
Total Budgeted	<u>\$ 424,722</u>			
Total salaries and wages	\$ 1,759,907		\$ 1,711,335	
Less: indirect salary costs	<u>(194,053)</u>		<u>(194,161)</u>	
Equals direct salaries and wages cost base		<u>\$ 1,565,854</u>		<u>\$ 1,517,174</u>
Total indirect costs	<u>424,722</u>	=	27.12%	<u>423,951</u>
Divided by direct personnel cost base	1,565,854			1,517,174
				= 27.94%
Indirect rate applied to department salaries and wages		=	27.12%	= 27.94%
Total indirect costs	<u>424,722</u>	=	10.39%	<u>423,951</u>
Total direct expenditures	4,086,392			6,859,507
				= 6.18%
Indirect rate applied to total direct expenditures		=	10.39%	= 6.18%

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

**EMPLOYEE BENEFIT COST INCURRED**

Employer contributions to:	
Social security (FICA)	\$ 145,687
Retirement, pension program	159,311
Group health insurance	375,403
Workers' compensation	6,488
Unemployment insurance	<u>149</u>
Total employer direct fringe benefit payments	<u>687,038</u>
Release time, paid:	
Vacation	102,660
Holidays	74,188
Sick leave	56,223
Other release time	<u>8,007</u>
Total release time paid	<u>241,078</u>
Total fringe benefit cost incurred	\$ <u>928,116</u>

**COMPUTATION OF PROPOSED FINAL FRINGE BENEFIT RATE**

Total gross salaries paid	\$ 1,711,335
Final fringe rate = Total fringe benefit cost incurred / net chargeable salary (actual)	54.23%
Budgeted fringe rate	57.66%

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

ALLOCATION OF FRINGE BENEFIT COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

<b>Funding Source:</b>	<u>Chargeable Salaries</u>	<u>Fringe Benefits Allocation</u>	<u>Total Personnel Costs</u>
Texas Department of Aging and Disability Services	\$ 327,603	\$ 177,669	\$ 505,272
Office of the Governor, Criminal Justice Division	119,129	64,608	183,737
Texas Commission on Environmental Quality	35,883	19,461	55,344
Texas Department of Public Safety	97,796	53,038	150,834
Texas Health and Human Services Commission	90,854	49,272	140,126
Commission on State Emergency Communications	218,961	118,751	337,712
Texas Department of Agriculture	5,352	2,992	8,344
Texas Department of Transportation	39,115	21,433	60,548
Texas Water Development Board	9,914	5,615	15,529
Federal Communications Commission	2,171	1,178	3,349
Lubbock Regional Mental Health Mental Retardation	100,217	54,350	154,567
Economic Development - Revolving Loan Fund	97,539	52,899	150,438
South Plains Economic Development District	74,705	40,516	115,221
Indirect central services	194,161	105,300	299,461
Finance, reception, and system maintenance	243,349	131,977	375,326
Other locally funded activities	<u>54,586</u>	<u>29,057</u>	<u>83,643</u>
Total	<u>\$ 1,711,335</u>	<u>\$ 928,116</u>	<u>\$ 2,639,451</u>

## **STATISTICAL SECTION**

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## STATISTICAL SECTION

This part of the South Plains Association of Governments' annual comprehensive 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.

<b>Contents</b>	<b>Pages</b>
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.	52 – 61
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 limited in presentation in the statistical section.	62 – 63
Debt Capacity These schedules present information to help the reader assess the affordability of the Association's ability to issue additional debt in the future. 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 currently only has leases.	64
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.	65
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.	66 – 72

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 1,409,678	\$ 1,173,491	\$ 2,216,671	\$ 1,926,902
Restricted	24,123	22,315	16,602	14,552
Unrestricted	<u>1,393,858</u>	<u>1,000,409</u>	<u>1,076,854</u>	<u>1,247,201</u>
Total governmental activities net position	<u>\$ 2,827,659</u>	<u>\$ 2,196,215</u>	<u>\$ 3,310,127</u>	<u>\$ 3,188,655</u>
Business-type activities:				
Restricted	<u>\$ 35,727,602</u>	<u>\$ 3,628,038</u>	<u>\$ 3,677,818</u>	<u>\$ 3,736,982</u>
Total business-type activities net position	<u>\$ 35,727,602</u>	<u>\$ 3,628,038</u>	<u>\$ 3,677,818</u>	<u>\$ 3,736,982</u>
Primary government:				
Net investment in capital assets	\$ 1,409,678	\$ 1,173,491	\$ 2,216,671	\$ 1,926,902
Restricted	3,596,883	3,650,353	3,694,420	3,751,534
Unrestricted	<u>1,393,858</u>	<u>1,000,409</u>	<u>1,076,854</u>	<u>1,247,201</u>
Total primary government net position	<u>\$ 6,400,419</u>	<u>\$ 5,824,253</u>	<u>\$ 6,987,945</u>	<u>\$ 6,925,637</u>

**TABLE 1**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,901,336	\$ 1,686,694	\$ 1,417,418	\$ 2,330,058	\$ 2,116,910	\$ 1,497,520
13,718	11,559	3,617	2,394	757	276,994
1,455,297	1,509,455	1,741,668	1,889,456	1,859,404	2,276,121
<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>\$ 4,050,635</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>\$ 13,066,374</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>\$ 13,066,374</u>
\$ 1,901,336	\$ 1,686,694	\$ 1,417,418	\$ 2,330,058	\$ 2,116,910	\$ 1,497,520
3,807,076	3,868,188	5,923,764	8,066,036	12,058,445	13,343,368
1,455,297	1,509,455	1,741,668	1,889,456	1,859,404	2,276,121
<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>	<u>\$ 17,117,009</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 601,559	\$ 571,916	\$ 545,608	\$ 538,541
Environmental quality	75,750	183,373	77,403	177,111
Emergency communications	1,244,978	1,153,863	1,602,809	1,305,810
Emergency management	520,419	429,096	482,844	278,946
Community development	4,845	5,850	3,667	4,941
Health and human services	293,162	294,503	254,423	245,194
Aging	1,776,582	1,911,841	1,976,473	1,795,910
Transportation	80,735	22,896	35,167	19,419
Economic development	-	1,160	169,552	76,859
Water development	-	-	2,730	29,562
Criminal justice	310,416	354,630	316,788	286,322
Interest	-	-	-	-
Total governmental activities expenses	<u>4,908,446</u>	<u>4,929,128</u>	<u>5,467,464</u>	<u>4,758,615</u>
Business-type activities:				
Economic development	<u>76,060</u>	<u>51,825</u>	<u>47,064</u>	<u>44,472</u>
Total business-type activities expenses	<u>76,060</u>	<u>51,825</u>	<u>47,064</u>	<u>44,472</u>
Total primary government program expenses	<u>\$ 4,984,506</u>	<u>\$ 4,980,953</u>	<u>\$ 5,514,528</u>	<u>\$ 4,803,087</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 636,042	\$ 607,603	\$ 598,214	\$ 557,454
Environmental quality	30	64	38	73
Emergency communications	154	143	204	1,368
Emergency management	9,794	13,083	477	-
Health and human services	-	-	3,445	960
Aging	23,804	25,025	25,070	23,184
Criminal justice	104,360	94,806	87,721	88,497
Water Development	-	-	-	-
Operating grants and contributions	<u>4,168,893</u>	<u>3,983,741</u>	<u>5,860,042</u>	<u>3,954,669</u>
Total governmental activities program revenues	<u>4,943,077</u>	<u>4,724,465</u>	<u>6,575,211</u>	<u>4,626,205</u>
Business-type activities:				
Charges for services:				
Economic development	127,187	104,803	89,605	93,133
Operating grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>127,187</u>	<u>104,803</u>	<u>89,605</u>	<u>93,133</u>
Total primary government program revenues	<u>\$ 5,070,264</u>	<u>\$ 4,829,268</u>	<u>\$ 6,664,816</u>	<u>\$ 4,719,338</u>

**TABLE 2**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 498,704	\$ 532,199	\$ 553,614	\$ 523,231	\$ 672,561	\$ 655,045
70,890	188,828	72,638	174,929	109,141	141,277
1,567,986	1,256,496	1,297,499	1,271,325	1,399,401	1,509,365
291,568	416,087	348,464	309,448	264,171	292,438
4,744	5,202	83,172	10,438	10,417	18,362
234,876	249,417	239,283	234,323	220,496	236,972
1,841,624	2,206,282	2,295,532	2,580,629	2,573,431	2,902,214
93,661	87,585	36,818	83,162	124,036	91,354
-	-	42,642	157,853	202,951	178,188
150,906	277,942	271,508	237,392	650,862	598,178
391,198	352,478	354,984	289,298	326,422	337,479
-	-	-	-	17,169	16,595
<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>6,977,467</u>
<u>48,464</u>	<u>45,486</u>	<u>61,584</u>	<u>566,841</u>	<u>35,101</u>	<u>232,459</u>
<u>48,464</u>	<u>45,486</u>	<u>61,584</u>	<u>566,841</u>	<u>35,101</u>	<u>232,459</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>	<u>\$ 7,209,926</u>
\$ 594,916	\$ 563,667	\$ 719,967	\$ 598,362	\$ 806,980	\$ 746,788
29	60	36	-	-	-
2,839	1,703	1,427	989	655	989
-	-	-	41,139	-	-
855	168	-	-	-	-
18,047	20,177	21,978	21,336	11,854	21,515
124,476	113,138	104,429	99,009	123,496	88,988
-	90	60	-	-	-
<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>6,148,548</u>
<u>5,320,155</u>	<u>5,395,988</u>	<u>5,533,759</u>	<u>6,929,101</u>	<u>6,670,206</u>	<u>7,006,828</u>
94,163	84,353	111,997	176,832	212,291	291,199
-	-	2,000,000	2,532,150	3,809,600	868,200
<u>94,163</u>	<u>84,353</u>	<u>2,111,997</u>	<u>2,708,982</u>	<u>4,021,891</u>	<u>1,159,399</u>
<u>\$ 5,414,318</u>	<u>\$ 5,480,341</u>	<u>\$ 7,645,756</u>	<u>\$ 9,638,083</u>	<u>\$ 10,692,097</u>	<u>\$ 8,166,227</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$ 34,631	\$ (204,663)	\$ 1,107,747	\$ (132,410)
Business-type activities	<u>51,127</u>	<u>52,978</u>	<u>42,541</u>	<u>48,661</u>
Total primary government net expense	<u>85,758</u>	<u>(151,685)</u>	<u>1,150,288</u>	<u>(83,749)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Interest on deposit	3,341	3,346	3,813	5,095
Miscellaneous income	<u>11,068</u>	<u>6,093</u>	<u>2,348</u>	<u>5,843</u>
Total governmental activities	<u>14,409</u>	<u>9,439</u>	<u>6,161</u>	<u>10,938</u>
Business-type activities:				
Interest on deposit	<u>1,875</u>	<u>2,300</u>	<u>7,239</u>	<u>10,503</u>
Total business-type activities	<u>1,875</u>	<u>2,300</u>	<u>7,239</u>	<u>10,503</u>
Total primary government	<u>16,284</u>	<u>11,739</u>	<u>13,400</u>	<u>21,441</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	49,040	(195,224)	1,113,908	(121,472)
Business-type activities	<u>53,002</u>	<u>55,278</u>	<u>49,780</u>	<u>59,164</u>
Total primary government	<u>\$ 102,042</u>	<u>\$ (139,946)</u>	<u>\$ 1,163,688</u>	<u>\$ (62,308)</u>

**TABLE 2**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 173,998	\$ (176,528)	\$ (62,396)	\$ 1,056,739	\$ 99,148	\$ 29,361
<u>45,699</u>	<u>38,867</u>	<u>2,050,413</u>	<u>2,142,141</u>	<u>3,986,790</u>	<u>926,940</u>
<u>219,697</u>	<u>(137,661)</u>	<u>1,988,017</u>	<u>3,198,880</u>	<u>4,085,938</u>	<u>956,301</u>
6,239	10,759	4,646	731	2,938	40,362
<u>1,459</u>	<u>3,126</u>	<u>12,745</u>	<u>2,390</u>	<u>2,794</u>	<u>3,841</u>
<u>7,698</u>	<u>13,885</u>	<u>17,391</u>	<u>3,121</u>	<u>5,732</u>	<u>44,203</u>
<u>10,677</u>	<u>24,404</u>	<u>13,105</u>	<u>1,354</u>	<u>7,256</u>	<u>81,746</u>
<u>10,677</u>	<u>24,404</u>	<u>13,105</u>	<u>1,354</u>	<u>7,256</u>	<u>81,746</u>
<u>18,375</u>	<u>38,289</u>	<u>30,496</u>	<u>4,475</u>	<u>12,988</u>	<u>125,949</u>
181,696	(162,643)	(45,005)	1,059,860	104,880	73,564
<u>56,376</u>	<u>63,271</u>	<u>2,063,518</u>	<u>2,143,495</u>	<u>3,994,046</u>	<u>1,008,686</u>
<u>\$ 238,072</u>	<u>\$ (99,372)</u>	<u>\$ 2,018,513</u>	<u>\$ 3,203,355</u>	<u>\$ 4,098,926</u>	<u>\$ 1,082,250</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ 2,488	\$ 2,277	\$ 5,472	\$ 1,444
Restricted	-	-	16,602	-
Assigned	78,581	70,388	53,768	36,145
Unassigned	<u>1,413,759</u>	<u>1,419,530</u>	<u>1,443,267</u>	<u>1,451,876</u>
Total general fund	<u>\$ 1,494,828</u>	<u>\$ 1,492,195</u>	<u>\$ 1,519,109</u>	<u>\$ 1,489,465</u>
All other governmental funds				
Restricted	\$ 24,123	\$ 22,315	\$ 16,602	\$ 14,552
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 24,123</u>	<u>\$ 22,315</u>	<u>\$ 16,602</u>	<u>\$ 14,552</u>



**TABLE 3**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,599	\$ 1,831	\$ 1,837	\$ 6,108	\$ 3,078	\$ 1,962
-	-	-	-	-	-
94,896	77,691	110,763	102,000	101,833	136,349
<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>1,765,713</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>	<u>\$ 1,904,024</u>
\$ 13,718	\$ 11,559	\$ 3,617	\$ 2,394	\$ 757	\$ -
-	-	-	-	-	(578)
<u>\$ 13,718</u>	<u>\$ 11,559</u>	<u>\$ 3,617</u>	<u>\$ 2,394</u>	<u>\$ 757</u>	<u>\$ (578)</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
<b>Revenues</b>				
Federal and state grants	\$ 4,168,893	\$ 3,977,950	\$ 5,860,112	\$ 3,954,669
Membership dues	77,572	77,572	77,872	77,872
Interest income	3,525	9,661	68,114	75,966
Other local	707,496	668,721	575,274	528,636
Total revenues	<u>4,957,486</u>	<u>4,733,904</u>	<u>6,581,372</u>	<u>4,637,143</u>
<b>Expenditures</b>				
General government	570,813	599,422	562,824	544,105
Environmental quality	75,750	183,373	77,903	184,379
Water development	-	-	2,730	30,775
Emergency communications	1,304,072	935,574	2,668,314	1,074,272
Emergency management	515,792	429,096	483,844	290,394
Community development	4,845	5,850	3,967	5,144
Health and human services	293,162	294,503	258,387	255,256
Aging	1,776,582	1,911,841	1,988,369	1,869,527
Transportation	80,735	22,896	36,167	20,216
Economic development	-	1,160	169,552	80,095
Criminal justice	310,416	354,630	324,716	298,072
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>4,932,167</u>	<u>4,738,345</u>	<u>6,576,773</u>	<u>4,652,235</u>
Excess (deficiency) of revenue over expenditures	25,319	(4,441)	4,599	(15,092)
<b>Other Financing Sources (Uses)</b>				
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>\$ 25,319</u>	<u>\$ (4,441)</u>	<u>\$ 4,599</u>	<u>\$ (15,092)</u>

**TABLE 4**

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 4,578,993	\$ 4,696,985	\$ 4,660,862	\$ 6,151,752	\$ 5,713,414	\$ 6,102,179	
77,872	77,872	77,747	77,747	77,747	77,747	
74,127	78,377	82,331	68,802	101,504	75,192	
596,861	556,639	705,210	632,932	783,273	795,913	
<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>	<u>7,051,031</u>	
495,841	518,854	548,433	527,796	681,077	621,997	
72,802	190,196	74,249	178,408	114,397	144,848	
154,975	279,955	277,530	242,112	682,208	613,301	
1,600,329	1,041,176	1,018,910	2,146,487	1,149,696	1,206,880	
299,432	419,101	356,192	315,601	276,894	299,831	
4,872	5,241	85,016	10,646	10,918	18,826	
241,211	251,224	244,589	238,982	231,115	242,963	
1,891,289	2,247,691	2,344,454	2,627,983	2,692,695	2,970,422	
96,187	88,219	37,634	84,815	130,010	93,664	
-	-	43,589	184,350	199,689	167,462	
401,748	355,031	359,156	319,521	343,505	303,420	
-	-	-	-	33,582	42,771	
-	-	-	-	17,169	16,595	
-	-	29,059	42,045	422,894	246,532	
<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>	<u>6,989,512</u>	
69,167	13,185	107,339	12,487	(309,911)	61,519	
36,756	43,346	54,585	47,701	19,513	46,131	
(36,756)	(43,346)	(54,585)	(47,701)	(19,513)	(46,131)	
-	-	-	-	422,894	22,749	
-	-	-	-	422,894	22,749	
<u>\$ 69,167</u>	<u>\$ 13,185</u>	<u>\$ 107,339</u>	<u>\$ 12,487</u>	<u>\$ 112,983</u>	<u>\$ 84,268</u>	

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

MEMBERSHIP DUES BY ENTITY

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>COUNTIES:</b>										
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
<b>CITIES:</b>										
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	-	-	-	-
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

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

MEMBERSHIP DUES BY ENTITY  
(Continued)  
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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 Wolfforth	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	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>\$ 77,571</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>	<u>\$ 77,746</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities	Total Governmental Activities	Percentage of Personal Income	Per Capita
	Leases			
2014	\$ -	\$ -	0.00%	\$ -
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-
2019	-	-	0.00%	-
2020	-	-	0.00%	-
2021	-	-	0.00%	-
2022	443,889	443,889	2.74%	1.03
2023	423,867	423,867	2.62%	0.98

**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>
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%
2023	430,336	16,172,896	50,574	3.91%

(1) Unemployment rates for 2014 through 2023 come from the Texas Workforce Commission. 2023 data was taken from the Bureau of Economic Analysis.

(2) The source for 2014 through 2023 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 2014 through 2021 were taken from estimates by the Texas State Data Center. The 2022 through 2023 data was taken from U.S. Census Bureau.

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**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Covenant Health System	5,845	1	3.68%	4,368	2	3.16%
Texas Tech University	5,588	2	3.52%	5,115	1	3.70%
Lubbock Independent School District	4,243	3	2.67%	3,456	4	2.50%
University Medical Center	4,090	4	2.58%	3,327	5	2.40%
TTU Health Sciences Center	3,694	5	2.33%	3,280	6	2.37%
United Supermarkets	3,400	6	2.14%	3,622	3	2.62%
City of Lubbock	2,422	7	1.53%	2,256	7	1.63%
Frenship ISD	1,359	8	0.86%	971	10	0.70%
Lubbock County	1,240	9	0.78%	1,271	8	0.92%
Lubbock State Supported Living Center	832	10	0.52%	-	-	- %
Interim Healthcare of West Texas				1,055	9	0.76%
Total % of Top 10 Employers			<u>20.61%</u>			<u>20.76%</u>

Source: All data were taken from the City of Lubbock's Annual Comprehensive Financial Report for the year ended September 30, 2023.

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	7	7	7	7
211 Information Center/ADRC	4	5	5	6
Aging	9	9	10	9
Regional Services & Econ Dev	8	8	8	7
Emergency Communications	5	5	5	5
Economic Development	4	4	4	3
Law Enforcement	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>40</u>	<u>39</u>	<u>41</u>	<u>39</u>

Source: South Plains Association of Government's Management

**TABLE 9**

2018	2019	2020	2021	2022	2023
7	7	7	7	8	8
5	5	5	6	6	5
7	7	7	8	8	8
4	8	8	11	11	10
5	5	5	5	5	5
3	-	-	-	-	-
2	2	3	3	3	3
<u>33</u>	<u>34</u>	<u>35</u>	<u>40</u>	<u>41</u>	<u>39</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

<b>Function:</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Aging (1)</b>				
Number of Congregate Meals	73,680	70,957	64,480	112,297
Number of congregate clients served	1,800	1,729	1,057	1,610
Number of Home Delivered Meals	40,390	47,673	43,509	62,605
Number of Home Delivered clients served	466	421	268	700
<b>Economic Development</b>				
Number of Loans Funded	10	3	7	12
Number of Jobs Created or Retained	121	97	117	187
<b>Emergency Communications 9-1-1 (2)</b>				
Number of calls	71,324	79,533	71,559	71,579
<b>Criminal Justice</b>				
Number of courses taught-LET Academy	41	41	31	50
Number of officers trained	542	466	306	508
Contact hours Academy	30,282	28,510	21,805	33,046
Applications reviewed by CJAC committee	18	25	25	18
<b>Community Development</b>				
Number of CDBG grants written	20	20	12	7
CDBG grants funded amount	3,050,000	550,000	3,131,000	2,125,000
<b>Environmental Quality</b>				
Number of Solid Waste grants	6	6	6	4
SW grants funded amount	119,873	109,800	124,945	54,576
<b>Health</b>				
2-1-1 Area Information Center				
Number of calls taken	57,411	63,789	41,791	42,436
SPADRC calls	-	-	-	-
PHADRC calls	-	-	-	-

Source: South Plains Association of Government's Management

**TABLE 10**

Fiscal Year					
2018	2019	2020	2021	2022	2023
99,777	84,573	51,587	33,460	49,270	47,782
1,431	1,122	1,062	1,399	914	546
68,730	79,091	137,727	140,844	79,000	96,133
477	465	1,446	2,127	1,527	670
3	2	8	17	44	21
125	47	153	367	250	367
56,118	57,476	56,190	56,933	53,692	76,333
40	69	39	32	29	43
521	866	368	266	237	470
35,321	42,955	30,231	24,726	23,758	32,936
19	24	15	14	26	28
4	19	4	12	8	17
825,000	875,000	1,775,000	1,400,000	825,000	1,635,000
4	5	6	7	5	6
81,476	81,476	-	70,352	60,000	60,000
63,193	33,197	54,776	33,141	38,566	42,925
-	-	1,137	1,036	1,615	1,960
-	-	605	612	595	1,958

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b><u>General Government</u></b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Land	1	1	1	1	1	1	1	1	1	1
Parking lot	1	1	1	1	1	1	1	1	1	1
Office furniture and equipment	23	23	23	23	12	12	8	8	9	12
<b><u>Emergency Communications</u></b>										
GIS Tracking Software	1	1	1	1	1	1	1	1	1	1
Equipment	22	27	29	34	27	27	27	27	28	28
<b><u>Aging</u></b>										
Office furniture and equipment	8	8	8	8	9	3	3	3	3	3
<b><u>Economic Development</u></b>										
Office furniture and equipment	-	-	-	-	-	-	-	-	-	4
<b><u>Homeland Security</u></b>										
Equipment	5	5	5	5	1	1	1	1	1	1
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

## SOUTH PLAINS ASSOCIATION OF GOVERNMENTS

## SCHEDULE OF INSURANCE COVERAGE

AS OF SEPTEMBER 30, 2023

## Fiscal Year 2023

Company	Term	Coverage	Limits/Deductible/Benefits Description
Texas Municipal League - Intergovernmental Risk Pool	10/1/22 - 09/30/23	Workers' Compensation for employees and Board Members	No maximum benefit
Texas Municipal League - Intergovernmental Risk Pool	10/1/22 - 09/30/23	General Liability	2,000,000 Involving Pollution \$2,000,000 Annual Aggregate \$4,000,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/22 - 09/30/23	Real and Personal Property	Limits of coverage \$4,770,149 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	10/1/22 - 09/30/23	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	10/1/22 - 09/30/23	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	10/1/22 - 09/30/23	Cyber Liability and Data Breach Response	Annual Aggregate \$2,000,000 Privacy Breach \$25,000
Texas Municipal League - Intergovernmental Risk Pool	10/1/22 - 09/30/23	Public Employee Dishonesty and Forgery or Alteration	Limit of Coverage per Occurrence \$100,000 Deductible \$1,000
Victor O. Schinnerer	10/1/22 - 09/30/23	Public Official Bonds	Two @ \$250,000 each

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**SINGLE AUDIT SECTION**

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

Board of Directors  
South Plains Association of Governments  
Lubbock, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the South Plains Association of Governments (the “Association”) as of and for the year ended September 30, 2023, 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, 2024.

***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 Association’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 were not 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, 2024

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

Board of Directors  
South Plains Association of Government  
Lubbock, Texas

**Report on Compliance for Each Major Federal and State Program**

***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 identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* and the *State of Texas Grant Management Standards (TxGMS)* 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, 2023. The Association’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal and State Program***

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

We are required to be independent of the 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 program. 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.

## **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 TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal and state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Waco, Texas  
March 31, 2024

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
<b>FEDERAL AWARDS</b>				
<u>U. S. Department of Commerce, Economic Development Administration</u>				
Direct:				
Economic Development Support - Planning Assistance - SPEDD	11.302	ED22AUS3020006	\$ 72,052	\$ -
Economic Development Support - Planning Assistance - WTX CORE	11.302	86905704	645,238	-
Subtotal - 11.302			<u>717,290</u>	<u>-</u>
Economic Development Support - Planning Assistance - SPEDD COVID	11.307	ED20AUS3070040	93,561	-
Economic Development Support - SPAG CARES Act RLF	11.307	87905415	3,085,073	-
Economic Adjustment Assistance - Revolving Loan Fund	11.307	08-39-02592.01	3,011,414	-
Economic Development Administration Panhandle CARES Act RLF	11.307	87905502	946,975	-
Economic Development Administration Permian Basin CARES Act RLF	11.307	87905503	1,006,352	-
Subtotal - Economic Development Cluster			<u>8,143,375</u>	<u>-</u>
Total Direct			<u>8,860,665</u>	<u>-</u>
Total U. S. Department of Commerce, Economic Development Administration			<u>8,860,665</u>	<u>-</u>
<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	9,020	-
Total Passed through the Texas Department of Agriculture			<u>9,020</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development			<u>9,020</u>	<u>-</u>
<u>U. S. Department of Justice</u>				
Passed through the Office of the Governor, Criminal Justice Division:				
COVID-19 Program Enhancements	16.034	4349301	23,933	-
Subtotal - 16.034			<u>23,933</u>	<u>-</u>
Law Enforcement Response to Domestic Violence	16.588	2460412	32,981	-
Law Enforcement Response to Domestic Violence	16.588	2460413	2,876	-
Subtotal - 16.588			<u>35,857</u>	<u>-</u>
Total Passed through the Office of the Governor, Criminal Justice Division			<u>59,790</u>	<u>-</u>
Total U. S. Department of Justice			<u>59,790</u>	<u>-</u>
<u>U. S. Department of Transportation</u>				
Passed through the Texas Department of Transportation:				
Transportation Coordinated Call Grant	20.505	51008010521	13,683	-
Transportation Coordinated Call Grant	20.505	51008040523	20,283	-
Transportation 5 Year Plan - Section 5304	20.505	51008040524	509	-
Subtotal - 20.505			<u>34,475</u>	<u>-</u>
TXDOT Interim Financing	20.509	51008010522	-	-
TXDOT Interim Financing	20.509	51008050223	31,732	-
Subtotal - 20.509			<u>31,732</u>	<u>-</u>
Total Passed through the Texas Department of Transportation			<u>66,207</u>	<u>-</u>
Total U. S. Department of Transportation			<u>66,207</u>	<u>-</u>
<u>Commission on State Emergency Communications</u>				
ARP 9-1-1 Emmergency Communications	21.027	CSEC 2021	10,692	-
ARP 9-1-1 Emmergency Communications	21.027	CSEC 2023	186,980	-
Total Commission on State Emergency Communications			<u>197,672</u>	<u>-</u>



**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
<u>Federal Communications Commission</u>				
Direct:				
Affordable Connectivity Outreach Grant Program	32.011	ACOGP2340208-00	\$ 9,043	\$ -
Subtotal - 32.011			<u>9,043</u>	<u>-</u>
Total Direct			<u>9,043</u>	<u>-</u>
Total Federal Communications Commission			<u>9,043</u>	<u>-</u>
<u>U. S. Department of Health and Human Services</u>				
Passed through Texas Health and Human Services Commission:				
Title VII-EAP	93.041	HHS000874100024	4,176	-
Subtotal - 93.041			<u>4,176</u>	<u>-</u>
Title VII-OM	93.042	HHS000874100024	28,302	28,302
ARP Title VII-OM	93.042	HHS000874100024	5,438	5,438
Subtotal - 93.042			<u>33,740</u>	<u>33,740</u>
Title III-D Evidence Based-Intervention	93.043	HHS000874100024	12,338	3,523
ARP Title III-D Evidence Based-Intervention	93.043	HHS000874100024	15,147	4,813
Subtotal - 93.043			<u>27,485</u>	<u>8,336</u>
Title III-B	93.044	HHS000874100024	468,511	25,185
ARP Title III-B	93.044	HHS000874100024	258,434	227,146
PY CDC Title III-B	93.044	HHS000874100024	4,068	-
Title III-C1	93.045	HHS000874100024	411,930	275,180
ARP Title III-C1	93.045	HHS000874100024	152,391	134,083
Title III-C2	93.045	HHS000874100024	352,910	326,310
ARP Title III-C2	93.045	HHS000874100024	171,360	143,898
Disaster Flex Title III-C1	93.045	HHS000874100024	135,889	135,889
NSIP	93.053	HHS000874100024	173,008	173,008
Subtotal - Aging Cluster			<u>2,128,501</u>	<u>1,440,699</u>
Title III-E	93.052	HHS000874100024	132,286	-
ARP Title III-E	93.052	HHS000874100024	49,023	38,603
CARES Title III-E	93.052	HHS000874100024	2	-
Subtotal - 93.052			<u>181,311</u>	<u>38,603</u>
MIPPA Priority 2	93.071	HHS000874100024	22	-
MIPPA Priority 2	93.071	HHS000874100024	26,867	-
Subtotal - 93.071			<u>26,889</u>	<u>-</u>
HICAP Basic	93.324	HHS000874100024	73,137	-
Subtotal - 93.324			<u>73,137</u>	<u>-</u>
ARP Title VII-OM (Staff)	93.747	HHS000874100024	8,888	8,888
Subtotal - 97.747			<u>8,888</u>	<u>8,888</u>
2-1-1 Texas Information and Referral Network - Food Stamp	10.561	HHS000979200012	29,342	-
2-1-1 Texas Information and Referral Network - TANF	93.558	HHS000979200012	29,342	-
2-1-1 Texas Information and Referral Network - Childcare	93.575	HHS000979200012	7,637	-
2-1-1 Texas Information and Referral Network - CHIP	93.767	HHS000979200012	29,342	-
2-1-1 Texas Information and Referral Network - Medicaid (Acute Care)	93.778	HHS000979200012	29,342	-
Subtotal - 2-1-1 Texas Information and Referral Network			<u>125,005</u>	<u>-</u>
SP ADRC Contract MIPPA	93.071	HHS000270200006	12,965	-
SP ADRC Contract Housing Navigator	93.791	HHS000270200006	18,646	-
SP ADRC Contract LCA	93.791	HHS000270200006	1,978	-
PH ADRC Contract MIPPA	93.071	HHS000541100005	16,554	-
PH ADRC Contract Housing Navigator	93.791	HHS000541100005	14,719	-
PH ADRC Contract - LCA	93.791	HHS000541100005	2,108	-
Subtotal - ADRC Contract			<u>66,970</u>	<u>-</u>
Total Passed through Texas Health and Human Commission			<u>2,667,214</u>	<u>1,530,266</u>
Total U. S. Department of Health and Human Services			<u>2,667,214</u>	<u>1,530,266</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	\$ 39,313	\$ -
Subtotal - 97.039			<u>39,313</u>	<u>-</u>
Total Passed through Texas Department of Public Safety			<u>39,313</u>	<u>-</u>
Passed through Office of the Governor, Homeland Security Division:				
State Homeland Security Program	97.067	2941608	43,544	-
State Homeland Security Program	97.067	2400100	4,296	-
State Homeland Security Program	97.067	2200511	20,354	-
State Homeland Security Program	97.067	3462406	10,465	-
State Homeland Security Program	97.067	2941708	<u>180,000</u>	<u>-</u>
Total Passed through Office of the Governor, Homeland Security Division			<u>258,659</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>297,972</u>	<u>-</u>
Total Federal Awards			<u>\$ 12,167,583</u>	<u>\$ 1,530,266</u>

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

State Grantor / Program Title	State Grant Number	Expenditures	Pass-through Expenditures
<b>STATE AWARDS</b>			
<u>Texas Health and Human Services Commission</u>			
State General Revenue - Other	HHS000874100024	\$ 102,692	\$ 62,699
OMB ALF Services	HHS000874100024	29,266	29,266
SGR HDM	HHS000874100024	3,112	3,112
ARP SGR	HHS000874100024	58,907	58,907
PH ADRC SGR	HHS000541100005	68,637	-
PH ADRC Respite	HHS000541100005	1,201	-
PH ADRC PI	HHS000541100005	3,842	-
SP ADRC SGR	HHS000270200006	106,977	-
SP ADRC Respite	HHS000270200006	17,399	-
SP ADRC PI	HHS000270200006	5,422	-
2-1-1 Texas Information and Referral Network	HHS000979200012	116,623	-
Total Texas Health and Human Services Commission		514,078	153,984
<u>Texas Water Development Board</u>			
Water Development Program	21483302567	111,925	-
Regional Flood Planning	2101792492	501,144	-
Total Texas Water Development Board		613,069	-
<u>Office of the Governor, Criminal Justice Division</u>			
Regional Criminal Justice Coordination FY 2022	2200511	47,316	-
Regional Criminal Justice Coordination FY 2023	2400100	5,753	-
Subtotal		53,069	-
Regional Law Enforcement Training Academy	1424318	123,009	-
Regional Law Enforcement Training Academy	1424319	10,033	-
Subtotal		133,042	-
Total Office of the Governor, Criminal Justice Division		186,111	-
<u>Texas Commission on Environmental Quality</u>			
Regional Solid Waste	582-22-30127	140,094	-
Regional Solid Waste	582-20-10223	4,448	-
Total Texas Commission on Environmental Quality		144,542	-
<u>Texas Department of Transportation</u>			
TxDOT RPO	05-23XXF7001	9,271	-
TxDOT RPO	05-24XXF7001	124	-
Total Texas Department of Transportation		9,395	-
<u>Commission on State Emergency Communications</u>			
9-1-1 Emergency Communications	CSEC 2023	1,050,078	-
9-1-1 Emergency Communications	CSEC 2024	132,291	-
Total Commission on State Emergency Communications		1,182,369	-
Total State Awards		2,649,564	153,984
Total Expenditures of Federal and State Awards		\$ 14,817,147	\$ 1,684,250

**SOUTH PLAINS ASSOCIATION OF GOVERNMENTS**

NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2023

**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, 2023.

**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	West TX CARES Act Revolving Loan
Cash and investment balance at 9/30/2023	\$ 1,556,635	\$ 471,977	\$ 111,208	\$ 200,730	\$ 22,906
Balance of outstanding loans at 9/30/2023	2,402,643	3,615,413	1,201,999	971,074	759,073
Administrative costs during the fiscal year	55,940	26,041	9,661	5,690	-
Total EDA Revolving Loan Fund Expenditures	4,015,218	4,113,431	1,322,868	1,177,494	781,979
Federal Participation Rate	75%	75%	75%	75%	75%
Total Federal Share of EDA Revolving Loan Fund Expenditures	<u>\$ 3,011,414</u>	<u>\$ 3,085,073</u>	<u>\$ 992,151</u>	<u>\$ 883,121</u>	<u>\$ 586,484</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, 2023

**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 Grant Management Standards? No

Identification of major programs:

CFDA Number(s)

11.307

Name of Federal/State Program or Cluster:  
Economic Development Cluster

State

9-1-1 Emmergency Communications

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

\$750,000

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

\$750,000

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

Yes

Auditee qualified as low-risk auditee under State of Texas 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, 2023

None