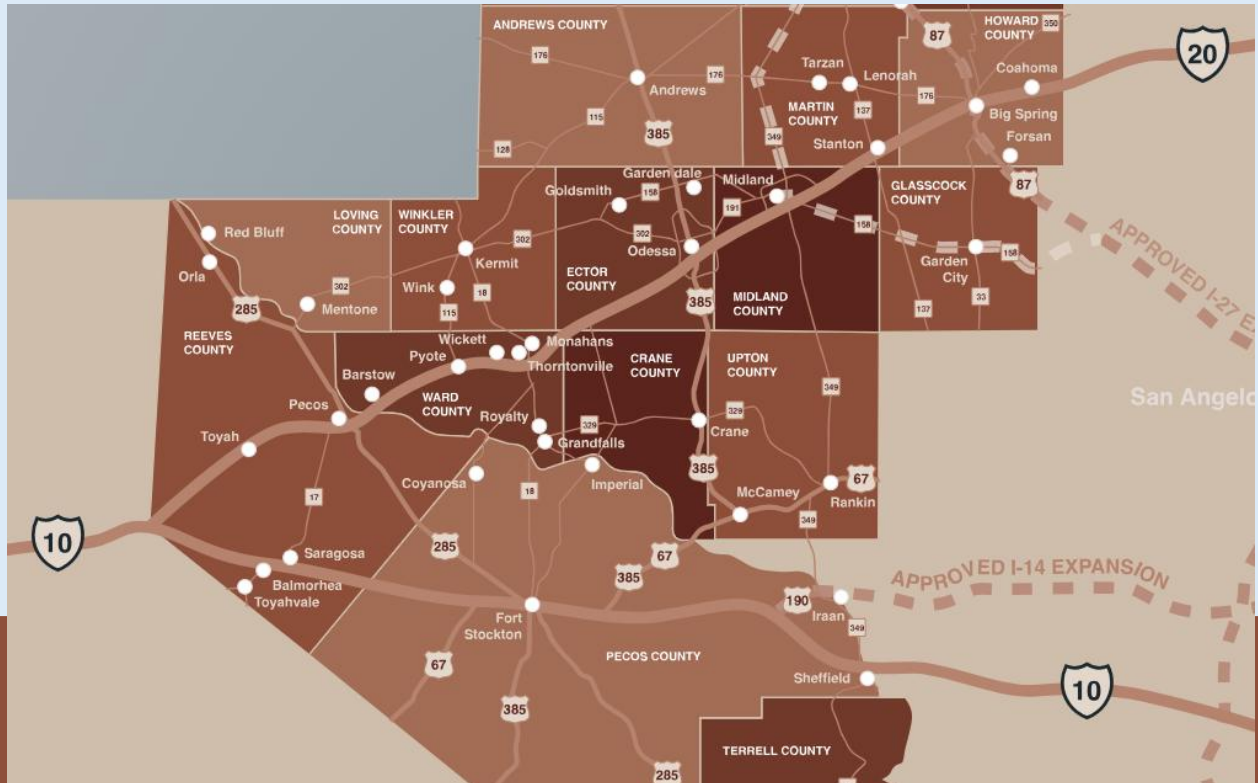




Permian Basin

REGIONAL PLANNING COMMISSION



Annual Financial Report

For the Year Ended September 30, 2024

Permian Basin Regional Planning Commission



Annual Financial Report

**For the Fiscal Year Ended
September 30, 2024**

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PERMIAN BASIN REGIONAL PLANNING COMMISSION

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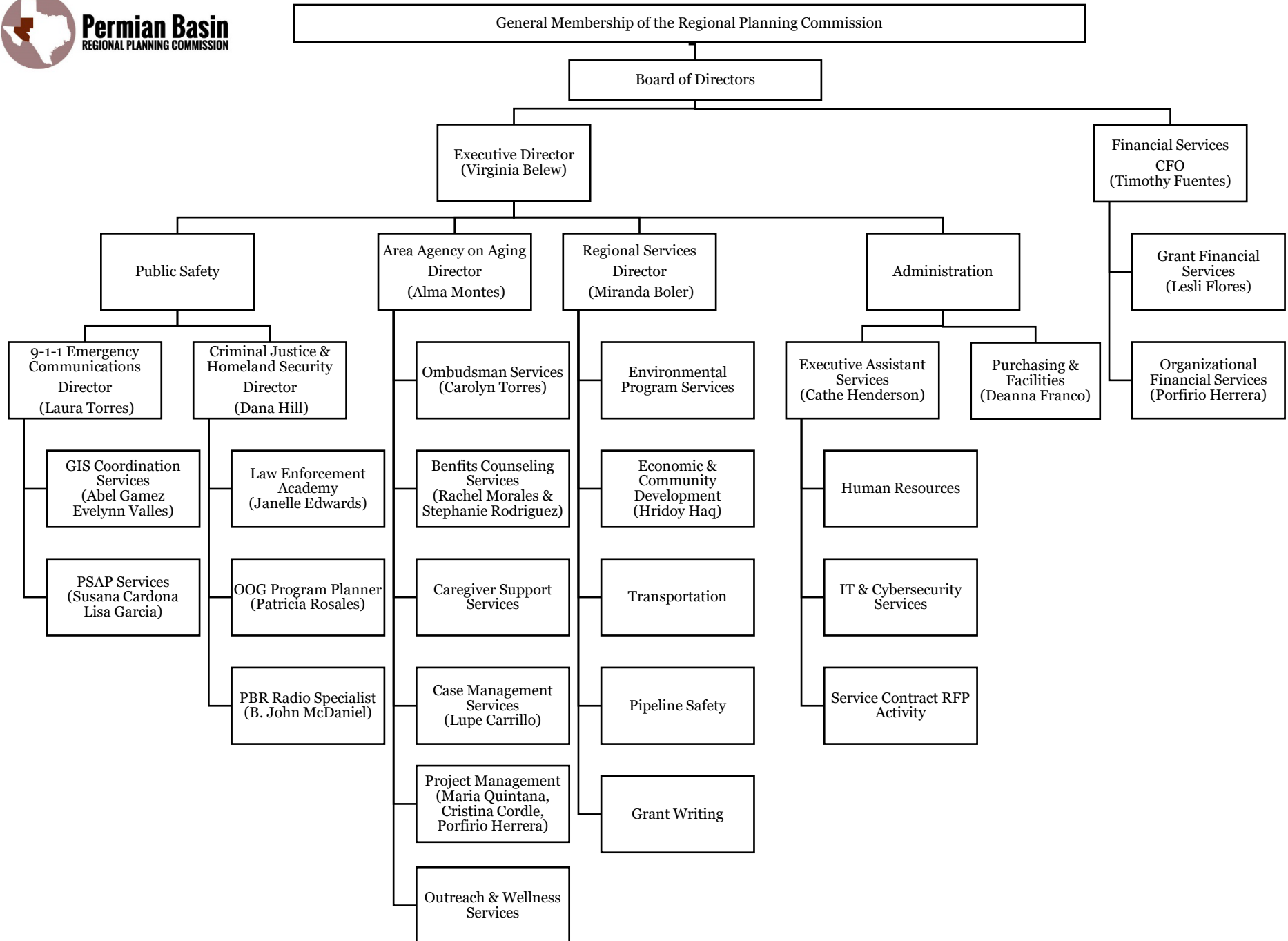
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INTRODUCTORY SECTION

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2023-2024 Organizational Plan



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Permian Basin Regional Planning Commission
Midland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Permian Basin Regional Planning Commission (the "Commission"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission'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, each major fund, and the aggregate remaining fund information of the Commission, as of September 30, 2024, and the respective changes in financial position 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 Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change of Accounting Principle

As described in the notes to the financial statements, in fiscal year 2024 the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. GASB Statement No. 100 establishes new requirements for reporting accounting changes and error corrections in financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

OFFICE LOCATIONS

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Grant Management Standards (TxGMS), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and 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 Included in the Annual Financial Report

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the introductory section and supplemental schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 June 25, 2025, on our consideration of the Commission'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 Commission's internal control over financial reporting and compliance.

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

Waco, Texas
June 25, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of the Permian Basin Regional Planning Commission, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended September 30, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Permian Basin Regional Planning Commissions exceeded its liabilities and deferred inflows as of September 30, 2024, by \$1,392,539 (net position). Of this amount, \$1,161,382 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position increased by \$418,959 from current operations.
- As of the close of the current fiscal year, Permian Basin Regional Planning Commissions' governmental funds reported combined ending fund balances of \$2,438,555, an increase of \$294,901 from operations in comparison with the prior year.
- As of September 30, 2024, unassigned fund balance for the General Fund was \$2,312,603.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused compensated absences). The government-wide financial statements can be found on pages 9 – 11 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Texas Department of Health and Human Services Fund, the Commission on State Emergency Communication Fund, the Texas Department of Public Safety Fund, and the Criminal Justice Division Fund, which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Commission's Board approves a financial plan for revenue and expenditures in all funds. Although the financial plans are reviewed and approved by the Commission's Board, they are not considered legally adopted budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

The basic governmental fund financial statements can be found on pages 12 – 17 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents combining fund statements and other schedules that further support the information in the financial statements. The combining fund statements for nonmajor funds and other schedules can be found on pages 40 – 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Permian Basin Regional Planning Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,447,664 as of September 30, 2024.

PERMIAN BASIN REGIONAL PLANNING COMMISSION'S NET POSITION

	Governmental Activities	
	2024	2023
Current and other assets	\$ 4,410,095	\$ 3,189,461
Capital assets and other noncurrent assets	<u>373,092</u>	<u>482,858</u>
Total assets	<u>4,783,187</u>	<u>3,672,319</u>
Deferred outflows of resources	<u>417,271</u>	<u>343,514</u>
Current liabilities	2,020,348	1,088,260
Long-term liabilities	<u>713,259</u>	<u>612,346</u>
Total liabilities	<u>2,733,607</u>	<u>1,700,606</u>
Deferred inflows of resources	<u>-</u>	<u>1,341,647</u>
Net position:		
Net investment in capital assets	274,266	447,500
Restricted	12,016	7,946
Unrestricted	<u>1,106,257</u>	<u>518,134</u>
Total net position	<u>\$ 1,392,539</u>	<u>\$ 973,580</u>

A portion of the Commission's net position, 20%, reflects its investments in capital assets. The Commission uses these assets to provide services; consequently, these assets are not available for spending. Another portion of the Commission's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance, 79%, of unrestricted net position may be used to meet the Commission's ongoing obligations.

ANALYSIS OF FINANCIAL POSITION

The overall financial condition of the Permian Basin Regional Planning Commission increased from the prior year with ending net position increasing by \$418,959, or 43%. The Commission experienced an increase in revenue of \$965,320, which is an increase of 14% from the prior year. This increase is largely attributable to an increase in operating grants and contributions of \$677,142 associated with the Emergency Communications and Economic Development funds. Expenses increased by \$852,414, or 13% from the prior year.

Analysis of the Commission's Operations – The following table provides a summary of the Commission's operations for the years ended September 30, 2024 and 2023, respectively.

PERMIAN BASIN REGIONAL PLANNING COMMISSION'S CHANGES IN NET POSITION

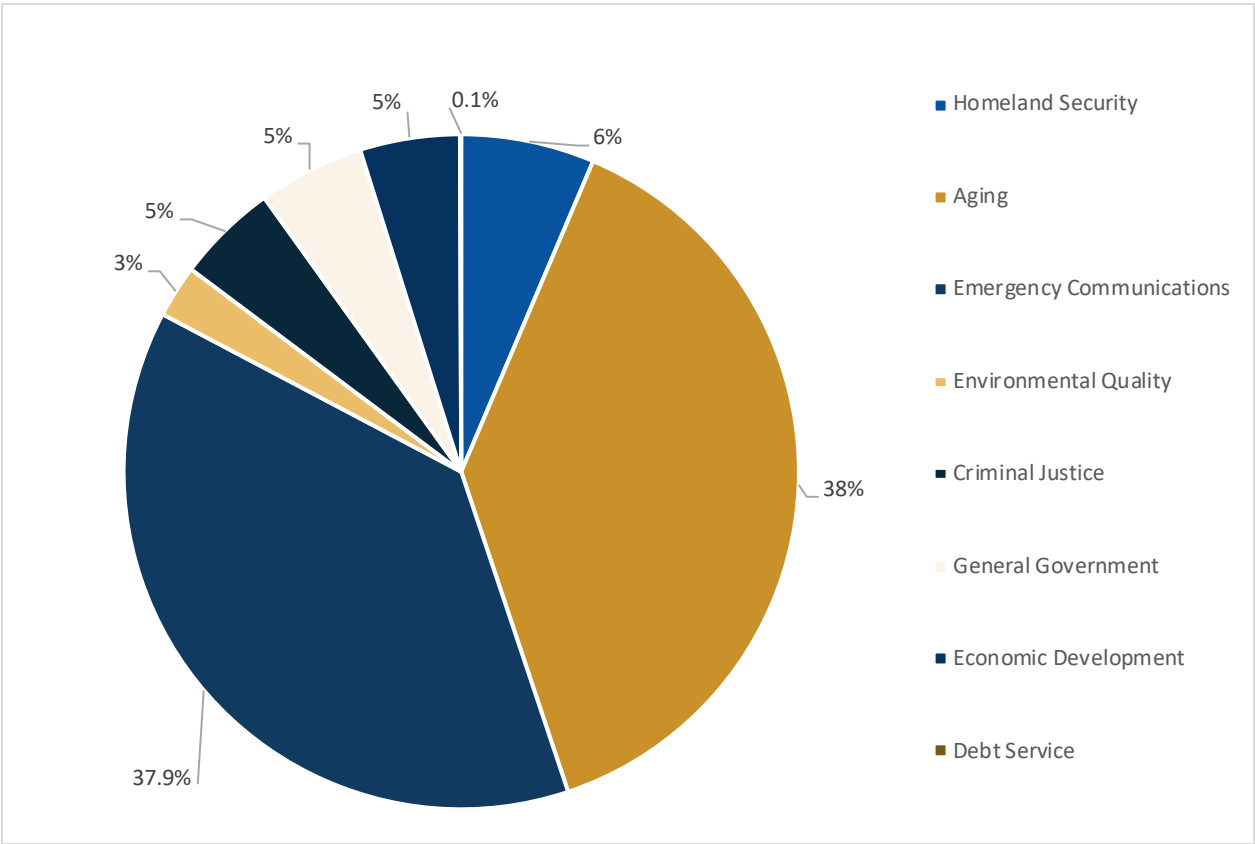
	Governmental Activities	
	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ 92,282	\$ 161,838
Operating grants and contributions	7,063,269	6,411,801
General revenues:		
Investment earnings	59,282	20,695
Membership dues	204,276	176,828
Miscellaneous	376,305	58,932
Total revenues	<u>7,795,414</u>	<u>6,830,094</u>
Expenses after allocation of indirect costs:		
General government	107,750	7,789
Aging	2,886,053	3,270,719
Emergency communications	2,919,947	1,585,281
Criminal justice	363,105	404,641
Environmental quality	188,581	333,937
Homeland security	552,653	785,799
Economic development	358,366	54,797
Solid waste management	-	81,078
Total Expenses	<u>7,376,455</u>	<u>6,524,041</u>
Change in net position	418,959	306,053
Net position, beginning	<u>973,580</u>	<u>1,394,221</u>
Prior period adjustment	-	(726,694)
Net position beginning, as restated	<u>973,580</u>	<u>667,527</u>
Net position, ending	<u>\$ 1,392,539</u>	<u>\$ 973,580</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The focus of Permian Basin Regional Planning Commissions' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Permian Basin Regional Planning Commissions’ governmental funds reported combined ending fund balances of \$2,438,555. Refer to pages 12 – 17 of this report for the financial statement presentation of governmental funds.

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION



CAPITAL ASSETS

The Permian Basin Regional Planning Commission’s investment in capital assets for its governmental activities as of September 30, 2024, amounts to \$281,376 (net of accumulated depreciation). This investment in capital assets includes land, buildings and equipment:

**PERMIAN BASIN REGIONAL PLANNING COMMISSION’S
CAPITAL ASSETS**

	Governmental Activities	
	2024	2023
Buildings and improvements	\$ 267,700	\$ 267,700
Equipment	2,922,353	2,922,353
Right to use leased assets	142,481	142,481
Less: accumulated depreciation	<u>(3,051,158)</u>	<u>(2,873,825)</u>
Total capital assets	<u>\$ 281,376</u>	<u>\$ 458,709</u>

Additional information on the Commission’s capital assets can be found in Note 3, page 24 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Permian Basin Regional Planning Commission is dependent on federal and state funding, which can vary widely from year to year. The federal economic contribution and federal budget deficits can impact the reauthorization of funds available to local governments. Another factor in the upcoming year is the presidential election. We anticipate changes from administration to administration.

These indicators were considered when adopting the budget for the fiscal year 2025. The Commission's budgeted project revenue and expenditure budget is \$6,171,849. Compared to the fiscal year 2024 budget, this is a \$472,328 decrease, or about 7.11%.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Commission's finances. If you have questions about this report or need any additional information, contact the Commission's Chief Financial Officer at 2910 LaForce Boulevard, Midland, Texas, 79711-0660.

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**BASIC
FINANCIAL STATEMENTS**

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PERMIAN BASIN REGIONAL PLANNING COMMISSION

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,691,316
Receivables	
Grantors	1,528,300
Accounts	35,972
Prepays	<u>154,507</u>
Total current assets	<u>4,410,095</u>
Noncurrent assets:	
Net pension asset	91,716
Capital assets:	
Buildings	267,700
Equipment	2,922,353
Right to use leased assets	142,481
Less: accumulated depreciation	<u>(3,051,158)</u>
Total capital assets	<u>281,376</u>
Total noncurrent assets	<u>373,092</u>
Total assets	<u>4,783,187</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	226,382
Deferred outflows related to OPEB	<u>190,889</u>
Total deferred outflows of resources	<u>417,271</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,181,331
Unearned revenue	790,209
Compensated absences	22,777
Lease liability	4,551
Total OPEB liability	<u>21,480</u>
Total current liabilities	<u>2,020,348</u>
Noncurrent liabilities:	
Compensated absences	68,329
Lease liability	2,559
Total OPEB liability	<u>642,371</u>
Total noncurrent liabilities	<u>713,259</u>
Total liabilities	<u>2,733,607</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	87,874
Deferred inflows related to OPEB	<u>986,438</u>
Total deferred inflows of resources	<u>1,074,312</u>
NET POSITION	
Net investment in capital assets	274,266
Restricted:	
Restricted for grant use	12,016
Unrestricted	<u>1,106,257</u>
Total net position	<u>\$ 1,392,539</u>

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

PERMIAN BASIN REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Primary government:			
Governmental activities:			
General government	\$ 101,082	\$ 6,668	\$ 107,750
Aging	2,824,993	61,060	2,886,053
Emergency communications	2,877,908	42,039	2,919,947
Criminal justice	341,832	21,273	363,105
Environmental quality	180,393	8,188	188,581
Homeland security	537,274	15,379	552,653
Economic development	346,052	12,314	358,366
Indirect costs	<u>166,921</u>	<u>(166,921)</u>	<u>-</u>
Total governmental activities	<u>7,376,455</u>	<u>-</u>	<u>7,376,455</u>
 Total primary government	 <u>\$ 7,376,455</u>	 <u>\$ -</u>	 <u>\$ 7,376,455</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position
Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
\$ 92,282	\$ 42,020	\$ 26,552
-	2,886,919	866
-	2,840,110	(79,837)
-	306,654	(56,451)
-	188,710	129
-	475,692	(76,961)
-	323,164	(35,202)
-	-	-
<u>92,282</u>	<u>7,063,269</u>	<u>(220,904)</u>
<u>\$ 92,282</u>	<u>\$ 7,063,269</u>	<u>(220,904)</u>
General revenues:		
Investment earnings		59,282
Membership dues		204,276
Miscellaneous income		<u>376,305</u>
Total general revenues		<u>639,863</u>
Change in net position		418,959
Net position, beginning		<u>973,580</u>
Net position, ending		<u>\$ 1,392,539</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	<u>General</u>	<u>Texas Department of Health and Human Services</u>	<u>Commission on State Emergency Communications</u>
ASSETS			
Cash and cash equivalents	\$ 1,762,072	\$ 8,781	\$ 714,950
Accounts receivable	33,970	2,002	-
Grants receivable	-	563,272	303,408
Due from other funds	654,632	-	-
Prepays	<u>113,936</u>	<u>561</u>	<u>40,010</u>
Total assets	<u>2,564,610</u>	<u>574,616</u>	<u>1,058,368</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	6,364	413,653	533,467
Accrued liabilities	47,657	-	-
Unearned revenue	84,050	-	484,890
Due to other funds	<u>-</u>	<u>160,963</u>	<u>40,011</u>
Total liabilities	<u>138,071</u>	<u>574,616</u>	<u>1,058,368</u>
Fund balances:			
Nonspendable			
Prepays	113,936	-	-
Restricted for:			
Grant programs	-	-	-
Unassigned	<u>2,312,603</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,426,539</u>	<u>-</u>	<u>-</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 2,564,610</u>	 <u>\$ 574,616</u>	 <u>\$ 1,058,368</u>

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

Economic Development	Other Governmental Funds	Total Governmental Funds
\$ 7,992	\$ 197,521	\$ 2,691,316
-	-	35,972
342,455	319,165	1,528,300
-	369	655,001
-	-	154,507
<u>350,447</u>	<u>517,055</u>	<u>5,065,096</u>
134,951	45,239	1,133,674
-	-	47,657
-	221,269	790,209
<u>207,497</u>	<u>246,530</u>	<u>655,001</u>
<u>342,448</u>	<u>513,038</u>	<u>2,626,541</u>
-	-	113,936
7,999	4,017	12,016
-	-	<u>2,312,603</u>
<u>7,999</u>	<u>4,017</u>	<u>2,438,555</u>
<u>\$ 350,447</u>	<u>\$ 517,055</u>	<u>\$ 5,065,096</u>

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PERMIAN BASIN REGIONAL PLANNING COMMISSION

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2024

Total fund balances - total governmental funds	\$ 2,438,555
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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.	281,376
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Included in the items related to long-term liabilities is the recognition of the net pension asset and deferred outflows and inflows of resources related to the TCDRS net pension asset. Also included are compensated absences, leases, and the total OPEB liability.

Deferred outflows of resources:

Pension related deferred outflows of resources	226,382
OPEB related deferred outflows of resources	190,889

Deferred inflows of resources:

Pension related deferred inflows of resources	(87,874)
OPEB related deferred inflows of resources	(986,438)
Compensated absences, leases payable	(98,216)
Total OPEB liability	<u>(663,851)</u>

Net position of governmental activities	<u>\$ 1,392,539</u>
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PERMIAN BASIN REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Texas Department of Health and Human Services	Commission on State Emergency Communications
REVENUES			
Grant revenue	\$ -	\$ 2,841,268	\$ 2,840,110
Program income	613	-	-
Local revenue	64,346	45,651	-
Membership dues	204,276	-	-
Investment income	60,521	-	-
Other income	300,579	-	-
Total revenues	<u>630,335</u>	<u>2,886,919</u>	<u>2,840,110</u>
EXPENDITURES			
General government	338,935	-	-
Aging	-	2,886,053	-
Emergency communications	-	-	2,839,568
Criminal justice	-	-	-
Environmental quality	-	-	-
Homeland security	-	-	-
Economic development	-	-	-
Debt Service:			
Principal	531	809	506
Interest	38	57	36
Total expenditures	<u>339,504</u>	<u>2,886,919</u>	<u>2,840,110</u>
NET CHANGE IN FUND BALANCES	<u>290,831</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, AS PREVIOUSLY REPORTED	2,135,708	-	-
ADJUSTMENTS			
Changes to or within the financial reporting entity	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING, AS RESTATED	<u>2,135,708</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,426,539</u>	<u>\$ -</u>	<u>\$ -</u>

*Formerly a nonmajor fund

**Formerly a major fund

Economic Development*	Texas Department of Public Safety**	Criminal Justice Division**	Other Governmental Funds	Total Governmental Funds
\$ 323,164			\$ 1,013,076	\$ 7,017,618
-			-	613
35,395			32,963	178,355
-			-	204,276
7,994			-	68,515
-			25,458	326,037
<u>366,553</u>			<u>1,071,497</u>	<u>7,795,414</u>
-			42,020	380,955
-			-	2,886,053
-			-	2,839,568
-			363,105	363,105
-			188,581	188,581
-			479,405	479,405
358,366			-	358,366
175			2,078	4,099
13			237	381
<u>358,554</u>			<u>1,075,426</u>	<u>7,500,513</u>
<u>7,999</u>			<u>(3,929)</u>	<u>294,901</u>
-	-	-	7,946	2,143,654
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,946</u>	<u>2,143,654</u>
<u>\$ 7,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,017</u>	<u>\$ 2,438,555</u>

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PERMIAN BASIN REGIONAL PLANNING COMMISSION

**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, 2024

Net change in fund balances - total governmental funds	\$ 294,901
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds do not report depreciation expense on capital assets. However, in the statement of activities, the expense of depreciation on capital assets is allocated to the functions which benefit from the assets. This is the amount of depreciation expense in the current period.	(177,333)
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.	
Compensated absences and leases payable liability	(16,492)
Total OPEB expense	159,737
Net pension expense	<u>158,146</u>
Change in net position of governmental activities	<u>\$ 418,959</u>

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PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Permian Basin Regional Planning Commission (the Commission) 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 Commission.

A. Description of the Reporting Entity

The Commission is organized and operated under the provisions of Article 1011m, Revised Civil Statutes of Texas to serve State Planning Region 9. This report includes financial statements of the funds required to account for those financial activities which are related to the Commission's governing body, the Board of Directors. Control or dependency upon the Commission was determined on the basis of budget adoption or the Commission's obligation to fund any deficits that may occur.

Generally accepted accounting principles require that these financial statements present the Commission (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The Commission does not currently have any entities that qualify as a component unit.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *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*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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 Commission 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.

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 Commission.

The Commission reports the following major governmental funds:

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

The **Texas Department of Health and Human Services Fund** is used to account for federal and state grants awarded to the Commission by the Texas Department of Health and Human Services.

The **Commission on State Emergency Communications Fund** is used to account for state grants awarded to the Commission by the Commission on State Emergency Communications.

The **Economic Development Fund** is used to account for federal grant funds provided by the U. S. Department of Commerce.

Additionally, the Commission reports the following fund type:

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

D. Use of Estimates

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.

E. Assets, Liabilities and Net Position or Fund Balance

Cash and Cash Equivalents

Cash and cash 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. Cash and cash equivalents in the Commission's financial statements include amounts in demand deposits and certificates of deposit. Interest earned is based on the amount of funds invested.

State statutes authorize the Commission to invest in obligations of the United States, its agencies, certificates of deposit with banks and savings and local associations, banker's acceptances, commercial paper, mutual funds, investment pools and repurchase agreements with underlying collateral of government securities. Investments for the Commission are reported at fair value.

Grants Receivable

Grants receivable represent amounts due from federal and state agencies for the various programs administered by the Commission. The receivable includes amounts due on programs closed-out and those in progress as of September 30, 2024.

Prepaid Items

Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." The Commission had no long-term interfund loans (noncurrent portion) that are generally reported as "advances from and to other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Unearned Revenue

Unearned revenue represents amounts received from grantors in excess of expenditures for programs in progress as of September 30, 2024.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Equipment of the primary government is depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	20
Equipment	3 - 7
Right to use	3 - 5

Compensated Absences

Employees earn ten (10) days of vacation per year, which accumulates at a rate of 5/6 working days per month, during the first 5 years of employment. Employees with 5 – 10 years of employment earn 15 days of vacation per year. Employees with 10 - 20 years of service will receive 20 days per year and employees with over twenty years of employment will receive 25 days of vacation per year. Employees will be paid for accrued vacation upon voluntary termination of employment provided they have been in a permanent fulltime position for six months or more. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered. Payment of unused vacation leave upon separation will not exceed the maximum amount an employee normally would accrue in one year of employment.

Employees are eligible for 15 sick leave days per year and can accrue up to a maximum amount of 120 days. Employees are not compensated for accumulated sick days upon termination of employment. Sick pay is charged to expenditures as taken, with no accrual made for unused sick leave.

Deferred outflows/inflows of resources

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

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

- Changes in economic and demographic assumptions or other inputs included in determining the pension and OPEB assets – These effects on the total pension liability and total OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active and inactive employees).
- Difference 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has the following items that qualify for reporting in this category.

- Difference in expected and actual pension and OPEB 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.
- Changes in economic and demographic assumptions or other inputs included in determining the pension and OPEB assets – These effects on the total pension liability and total OPEB liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active and inactive employees).
- Deferred inflows of resources resulting from leased receivables – This difference is deferred and amortized over the lease contract term.

Net Position Flow Assumption

Sometimes the Commission 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 Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

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 Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes determined by a formal action of the Board of Directors, the government's highest level of decision-making authority. A commitment of funds requires the passage of a resolution by a simple majority vote. Governing action to commit fund balance must occur within the fiscal reporting period, no later than September 30th of the applicable fiscal year. If the actual amount of the commitment is not available by September 30th, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment (passage of a resolution).
- **Assigned:** This classification includes amounts that are constrained by the Commission'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. Such assignments cannot exceed the available unassigned fund balance of a given fund. 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 assigned fund balance amounts.

Pensions

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

Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, related deferred outflows and inflows of resources, and total OPEB expense under the retiree health plan, information about the plan is obtained from a report prepared for the Commission by a consulting actuary.

Leases

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

- The Commission 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 Commission 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 Commission is reasonably certain to exercise.
- The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessee

The Commission is a lessee for noncancellable leases of equipment. The Commission 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 Commission 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.

Change in Accounting Principle

During fiscal year 2024, the Commission adopted the following new accounting guidance:

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, was adopted effective October 1, 2023. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

2. BUDGETARY INFORMATION

The Commission'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. The financial plan for the Special Revenue Funds is made on a project (grant) basis, spanning more than one year. Appropriations for all projects in the Special Revenue Funds lapse at the end of a contract period which may not coincide with the fiscal year-end of the Commission. The appropriations for the General Fund lapse at the fiscal year-end. Although the financial plans are reviewed and approved by the Commission's Board, they are not considered legally adopted budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Cash and investment balances as of September 30, 2024, consist of certificates of deposits in the amount of \$1,275,143 and cash balances of \$1,416,173. The certificates of deposit are recorded as cash equivalents.

The Commission manages and invests its cash with the primary objectives of safety, liquidity, public trust, and yield, expressed as optimization of interest earnings.

Interest Rate Risk. In accordance with its investment policy, the Commission will manage the risk that the interest earnings and the market value of investments in the portfolio will fall due to changes in general interest rates by limiting the maximum weighted average maturity of the investment portfolio for two years.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. As of September 30, 2024, the Commission's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance.

Capital Assets

Primary government capital asset activity for the year ended September 30, 2024, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable assets:				
Buildings	\$ 267,700	\$ -	\$ -	\$ 267,700
Furniture, fixtures and equipment	2,922,353	-	-	2,922,353
Right to use leased assets	142,481	-	-	142,481
Total	3,332,534	-	-	3,332,534
Less accumulated depreciation:				
Buildings	(217,213)	(7,213)	-	(224,426)
Furniture, fixtures and equipment	(2,623,603)	(153,628)	-	(2,777,231)
Right to use leased assets	(33,009)	(16,492)	-	(49,501)
Total	(2,873,825)	(177,333)	-	(3,051,158)
	<u>\$ 458,709</u>	<u>\$ (177,333)</u>	<u>\$ -</u>	<u>\$ 281,376</u>

Depreciation expense was charged to governmental functions of the Commission as follows:

Governmental activities:

Homeland security	\$ 73,248
Emergency communications	80,379
General government	<u>23,706</u>
Total depreciation expense - governmental activities	<u>\$ 177,333</u>

Interfund Balances and Transfers

The Commission uses a pooled cash account which is accounted for within the General Fund. 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, 2024, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Texas Department of Health and Human Services	\$ 160,963
General Fund	Commission on State Emergency Communications	40,011
General Fund	Economic Development	207,497
General Fund	Nonmajor governmental funds	246,161
Nonmajor governmental funds	Nonmajor governmental funds	<u>369</u>
Total		<u>\$ 655,001</u>

Indirect Costs

Administrative costs are recorded in the General Fund as indirect costs in the Commission's accounting system and allocated to the Special Revenue Funds based upon a negotiated indirect cost rate. The Commission's indirect cost rate is based upon prior cost experience, documented by a cost allocation plan, and approved by its state coordinating agency.

Long-term Liabilities

A summary of long-term liability activity for the year ended September 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due in One Year
Primary Government:					
Governmental activities:					
Compensated absences	\$ 70,515	\$ 96,599	\$ 76,008	\$ 91,106	\$ 22,777
Right to use leases	11,209	-	4,099	7,110	4,551
	<u>\$ 81,724</u>	<u>\$ 96,599</u>	<u>\$ 80,107</u>	<u>\$ 98,216</u>	<u>\$ 27,328</u>

Lease payable

The Commission has multiple leases for the right to use copier equipment and a right to use building. An initial lease liability was recorded for the copier equipment in the amount of \$17,647. As of September 30, 2024, the value of the lease liability is \$7,110. The Commission is required to make monthly fixed payments ranging from \$495 to \$7,002. The leases have interest rates of 4.00%. The value of the right to use assets is \$142,481 with accumulated amortization of \$49,501.

The future principal and interest lease payments are as follows:

September 30,	Principal	Interest	Total
2025	\$ 4,551	\$ 201	\$ 4,752
2026	1,791	70	1,861
2027	768	-	768
Total	<u>\$ 7,110</u>	<u>\$ 271</u>	<u>\$ 7,381</u>

4. OTHER INFORMATION

Risk Management

The Commission 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. The Commission maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. The Commission management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. 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.

5. DEFINED BENEFIT PENSION PLAN

Plan Description

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

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

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

Members can retire at age 60 and above with 10 or more years of service, with 30 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 ten 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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>26</u>
Total	<u><u>66</u></u>

Contributions

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

Employees for the Commission were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rate for the Commission was 9.44% in both calendar years 2023 and 2024. The Commission's contributions to TCDRS for the year ended September 30, 2024, were \$159,723, and were equal to the required contributions.

Net Pension Liability/(Asset)

The Commission's Net Pension Asset (NPA) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPA was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	1.00% per year
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

The Commission 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 Commission 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, 2023, 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 2024 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon; the most recent assumption was adopted 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:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.75%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA U.S. Leveraged Loan TR USD	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.60%

⁽¹⁾ Target asset allocation adopted at the March 2024 TCERS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

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

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability(asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(asset) (a) - (b)
Balance at 12/31/2022	\$ 3,588,912	\$ 3,613,061	\$ (24,149)
Changes for the year:			
Service cost	189,459	-	189,459
Interest on total pension liability ⁽¹⁾	281,454	-	281,454
Effect of economic/demographic gains or losses	104,901	-	104,901
Refund of contributions	(17,184)	(17,184)	-
Benefit payments	(135,672)	(135,672)	-
Administrative expenses	-	(2,143)	2,143
Member contributions	-	93,914	(93,914)
Net investment income	-	397,958	(397,958)
Employer contributions	-	147,758	(147,758)
Other ⁽²⁾	-	5,894	(5,894)
Balance at 12/31/2023	<u>\$ 4,011,870</u>	<u>\$ 4,103,586</u>	<u>\$ (91,716)</u>

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

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

Sensitivity Analysis

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 4,535,224	\$ 4,011,870	\$ 3,576,564
Fiduciary net position	<u>4,103,586</u>	<u>4,103,586</u>	<u>4,103,586</u>
Net pension liability/(asset)	<u>\$ 431,638</u>	<u>\$ (91,716)</u>	<u>\$ (527,022)</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the Commission recognized pension expense of \$63,324. At September 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,676	\$ 87,050
Changes of assumptions	-	824
Net difference between projected and actual earnings	28,235	-
Contributions made subsequent to the measurement date	<u>119,471</u>	<u>-</u>
Total	<u>\$ 226,382</u>	<u>\$ 87,874</u>

\$119,472 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2025	\$ (38,906)
2026	(23,237)
2027	105,163
2028	(23,983)

6. POST-EMPLOYMENT HEALTH CARE PLAN

Plan Description

The Commission's health care plan is a single-employer defined benefit health care plan administered by TML Intergovernmental Employee Benefits Pool. The plan provides medical insurance benefits to eligible retirees. Employees who retire between the age of 60 and 65 with 20 years of service with the Commission ("Early Retirees") is considered a "Pre 65 Retiree" and may remain in the PBRPC Active Employee health plan group with TMLIEBP. The health plan premium cost for a Pre 65 Retiree is 195% of the active employee premium cost. The Commission will provide for the cost of the insurance premium that is equal to the active employee medical premium rate structure only and the Pre 65 Retiree is responsible for the remaining 95%. The executive director may grant Early Retiree status to employees under special circumstances, such as a layoff or a reduction in force. The retiree who has reached age 65 and has completed 20 years of service with the Commission is provided with a Medicare Supplemental insurance plan paid by the Commission. Retirees who do not have 20 years of service may enroll in the plan but must pay the full cost of the coverage.

Both the Pre-65 Retiree and the Post-65 Retiree may select to enroll their eligible dependent spouse, but the retiree pays the full cost of this coverage. The Commission provides each retiree with basic life insurance of \$2,000.

Funding Policy

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. The Commission's contribution to the plan of retiree claims for the fiscal year was \$21,480.

At the September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active members	<u>24</u>
Total	<u><u>29</u></u>

Total OPEB Liability

The Commission's Total OPEB liability of \$663,851 was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2024.

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial cost method	Individual Entry Age
Inflation rate	2.50%
Salary scale	3.50%
Mortality	RP-2014 Total Table with Projection MP-2021
Health care cost trend rates	Level 4.50%
Discount rate	4.06% (1.56% real rate of return plus 2.50% inflation)

Projections of health benefits are based on the plan as understood by the Commission and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Commission and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 4.06% was used to measure the total OPEB liability. This Single discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of September 30, 2024.

Changes in Total OPEB Liability

The Commission's total OPEB liability of \$663,851 was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2023 rolled forward to September 30, 2024.

	Total OPEB Liability
Balance at 10/1/2023	\$ 575,747
Changes for the year:	
Service cost	26,359
Interest on total OPEB liability	28,208
Differences between expected and actual experience	(11,886)
Changes in assumptions or other inputs	66,903
Benefit payments	(21,480)
Net changes in total OPEB liability	88,104
Balance at 9/30/2024	<u>\$ 663,851</u>

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.06%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (3.06%)	Discount Rate (4.06%)	1% Increase in Discount Rate (5.06%)
Total OPEB liability	\$ <u>777,201</u>	\$ <u>663,851</u>	\$ <u>572,371</u>

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>563,376</u>	\$ <u>663,851</u>	\$ <u>793,766</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2024, the Commission recognized OPEB expense of \$(144,749). At September 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 757,834
Changes of assumptions	<u>190,889</u>	<u>228,604</u>
Total	\$ <u>190,889</u>	\$ <u>986,438</u>

Deferred outflows and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended September 30,</u>	
2025	\$ (199,317)
2026	(199,317)
2027	(230,219)
2028	(143,353)
2029	(40,110)
Thereafter	16,767

Contingencies

The Commission received grant funds from various agencies, which are subject to compliance audits by the grantor agencies. Any disallowed claims resulting from such audits could become liabilities of the General Fund. Management believes that any disallowed claims would be immaterial.

Accounting Changes and Error Corrections

In accordance with GASB 100, accounting changes and error corrections for the year are reported as follows.

Changes within the Financial Reporting Entity

For Fiscal Year 2024, the Commission reported two changes in its financial reporting entity:

1) The special revenue funds, Texas Department of Public Safety fund and Criminal Justice Division fund, were previously reported as major governmental funds and are now reported as non-major funds. The change in classification is required based on quantitative factors.

2) The special revenue fund, Economic Development fund, was previously reported as a non-major governmental fund and is now reported as a major fund. The change in classification is required based on quantitative factors.

Significant Forthcoming Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the Commission include the following:

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and address certain application issues. The requirements for Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* - The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

PERMIAN BASIN REGIONAL PLANNING COMMISSION

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement Year Ended December 31	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 146,741	\$ 144,316	\$ 211,579	\$ 212,377
Interest total pension liability	64,072	88,305	108,580	142,503
Effect of plan changes	-	176,807	-	-
Effect of assumption changes or inputs	-	19,767	-	24,136
Effect of economic/demographic (gains) or losses	(2,071)	(111,982)	7,605	4,379
Benefit payments/refunds of contributions	<u>(5,717)</u>	<u>(3,750)</u>	<u>(3,251)</u>	<u>(32,557)</u>
Net change in total pension liability	203,025	313,463	324,513	350,838
Total pension liability - beginning	<u>721,875</u>	<u>924,900</u>	<u>1,238,363</u>	<u>1,562,877</u>
Total pension liability - ending (a)	<u>\$ 924,900</u>	<u>\$ 1,238,363</u>	<u>\$ 1,562,876</u>	<u>\$ 1,913,715</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 54,682	\$ 57,727	\$ 110,804	\$ 114,700
Member contributions	90,137	90,908	95,387	97,204
Investment income net of investment expenses	56,046	(23,204)	85,974	214,870
Benefit payments/refunds of contributions	(5,717)	(3,750)	(3,251)	(32,557)
Administrative expenses	(723)	(792)	(935)	(1,229)
Other	<u>(71)</u>	<u>(116)</u>	<u>14,649</u>	<u>2,392</u>
Net change in plan fiduciary net position	194,354	120,773	302,628	395,380
Plan fiduciary net position - beginning	<u>834,549</u>	<u>1,028,903</u>	<u>1,149,676</u>	<u>1,452,305</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,028,903</u>	<u>\$ 1,149,676</u>	<u>\$ 1,452,304</u>	<u>\$ 1,847,685</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (104,003)</u>	<u>\$ 88,687</u>	<u>\$ 110,572</u>	<u>\$ 66,030</u>
Fiduciary net position as a percentage of total pension liability (asset)	111.24%	92.84%	92.93%	96.55%
Pensionable covered payroll	\$ 1,502,278	\$ 1,515,140	\$ 1,589,735	\$ 1,620,064
Net pension liability (asset) as a percentage of covered payroll	-6.92%	5.85%	6.96%	4.08%

2018	2019	2020	2021	2022	2023
\$ 214,170	\$ 195,363	\$ 199,800	\$ 167,031	\$ 181,810	\$ 189,459
171,323	199,246	228,926	249,462	270,251	281,454
-	-	-	-	-	-
-	-	167,987	(3,295)	-	-
6,142	7,837	(18,443)	(18,821)	(164,689)	104,901
<u>(26,079)</u>	<u>(30,194)</u>	<u>(51,151)</u>	<u>(128,916)</u>	<u>(142,563)</u>	<u>(152,856)</u>
365,556	372,252	527,119	265,461	144,809	422,958
<u>1,913,715</u>	<u>2,279,271</u>	<u>2,651,523</u>	<u>3,178,642</u>	<u>3,444,103</u>	<u>3,588,912</u>
<u>\$ 2,279,271</u>	<u>\$ 2,651,523</u>	<u>\$ 3,178,642</u>	<u>\$ 3,444,103</u>	<u>\$ 3,588,912</u>	<u>\$ 4,011,870</u>
\$ 123,778	\$ 125,156	\$ 125,409	\$ 120,681	\$ 139,523	\$ 147,758
102,015	107,535	91,988	88,520	88,680	93,914
(32,192)	331,473	264,705	666,635	(226,604)	397,958
(26,079)	(30,194)	(51,151)	(128,916)	(142,563)	(152,856)
(1,622)	(1,950)	(2,190)	(2,024)	(2,117)	(2,143)
<u>6,136</u>	<u>7,289</u>	<u>5,173</u>	<u>3,098</u>	<u>15,184</u>	<u>5,894</u>
172,036	539,309	433,934	747,994	(127,897)	490,525
<u>1,847,685</u>	<u>2,019,721</u>	<u>2,559,030</u>	<u>2,992,964</u>	<u>3,740,958</u>	<u>3,613,061</u>
<u>\$ 2,019,721</u>	<u>\$ 2,559,030</u>	<u>\$ 2,992,964</u>	<u>\$ 3,740,958</u>	<u>\$ 3,613,061</u>	<u>\$ 4,103,586</u>
<u>\$ 259,550</u>	<u>\$ 92,493</u>	<u>\$ 185,678</u>	<u>\$ (296,855)</u>	<u>\$ (24,149)</u>	<u>\$ (91,716)</u>
88.61%	96.51%	94.16%	108.62%	100.67%	102.29%
\$ 1,700,256	\$ 1,631,776	\$ 1,533,132	\$ 1,475,328	\$ 1,477,998	\$ 1,565,230
15.27%	5.67%	12.11%	-20.12%	-1.63%	-5.86%

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 56,553	\$ 56,553	\$ -	\$ 1,504,470	3.8%
2016	92,411	92,411	-	1,535,278	6.0%
2017	114,700	114,700	-	1,628,072	7.0%
2018	122,704	122,704	-	1,699,462	7.2%
2019	126,915	126,915	-	1,680,587	7.6%
2020	134,203	134,203	-	1,714,760	7.8%
2021	109,976	109,976	-	1,384,263	7.9%
2022	136,960	136,960	-	1,506,529	9.1%
2023	144,191	144,191	-	1,527,444	9.4%
2024	159,723	159,723	-	1,691,982	9.4%

(1) Payroll is calculated based on contributions as reported to TCDRS.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	6.9 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in this Schedule*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule*	2015: No changes in plan provisions were reflected in the schedule. 2016: Employer contributions reflect that the current service matching rate was increased to 175%. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018-2023: No changes in plan provisions were reflected in the Schedule.

Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

RETIREE HEALTH CARE PLAN

SEPTEMBER 30, 2024

Fiscal Year Ended September 30	2018	2019	2020
Total OPEB liability			
Service cost	\$ 56,403	\$ 58,693	\$ 88,789
Interest on total OPEB liability	70,614	74,459	64,404
Differences between expected and actual experience	-	-	(1,221,101)
Changes in assumptions	-	457,022	(171,139)
Benefit payments	<u>(35,879)</u>	<u>(33,343)</u>	<u>(32,748)</u>
Net change in total OPEB liability	91,138	556,831	(1,271,795)
Total OPEB liability - beginning	<u>1,700,809</u>	<u>1,791,947</u>	<u>2,348,778</u>
Total OPEB liability - ending	<u>\$ 1,791,947</u>	<u>\$ 2,348,778</u>	<u>\$ 1,076,983</u>
Covered-employee payroll	\$ 1,346,020	\$ 1,346,020	\$ 1,348,983
Total OPEB liability as a percentage of covered-employee payroll	133.13%	174.50%	79.84%

Notes to Schedule:

- No assets are accumulated in a trust for the plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- This schedule is required to have 10 years of information, but the information prior to 2018 is not available.

2021	2022	2023	2024
\$ 85,292	\$ 85,292	\$ 26,359	\$ 26,359
25,779	27,627	26,739	28,208
-	(430,499)	-	(11,886)
-	(266,776)	-	66,903
<u>(33,053)</u>	<u>(24,872)</u>	<u>(23,124)</u>	<u>(21,480)</u>
78,018	(609,228)	29,974	88,104
<u>1,076,983</u>	<u>1,155,001</u>	<u>545,773</u>	<u>575,747</u>
<u>\$ 1,155,001</u>	<u>\$ 545,773</u>	<u>\$ 575,747</u>	<u>\$ 663,851</u>
\$ 1,348,983	\$ 1,357,708	\$ 1,357,708	\$ 1,557,686
85.62%	40.20%	42.41%	42.62%

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Texas Commission on Environmental Quality – This fund is used to account for state grants awarded by the Texas Commission on Environmental Quality.

Texas Department of Health: Bureau of Emergency Management – This fund is used to support the Homeland Security Interoperable Communications systems.

U.S. Department of Transportation – This fund is used to account for federal grant funds provided by the U. S. Department of Transportation.

Texas Department of Transportation – This fund is used to account for federal grant funds provided by the Texas Department of Transportation.

Office of the Governor – This fund is used to account for grant funds provided by the Office of the Governor.

Texas Department of Public Safety Fund – This fund is used to account for federal grants awarded to the Commission by the Texas Department of Public Safety.

Criminal Justice Division Fund – This fund is used to account for federal and state grants awarded to the Commission by the Office of the Governor, Criminal Justice Division.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2024

	<u>Texas Commission on Environmental Quality</u>	<u>Texas Department of Health: Bureau of Emergency Management</u>	<u>U.S. Department of Transportation</u>	<u>Texas Department of Transportation</u>
ASSETS				
Cash and cash equivalents	\$ 195,635	\$ 1,807	\$ 79	\$ -
Grants receivable	-	1,841	72,827	10,680
Due from other funds	<u>-</u>	<u>369</u>	<u>-</u>	<u>-</u>
Total assets	<u>195,635</u>	<u>4,017</u>	<u>72,906</u>	<u>10,680</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	1,959	-	4,285	526
Unearned revenue	193,676	-	25,674	-
Due to other funds	<u>-</u>	<u>-</u>	<u>42,947</u>	<u>10,154</u>
Total liabilities	<u>195,635</u>	<u>-</u>	<u>72,906</u>	<u>10,680</u>
Fund balances:				
Restricted for:				
Grant programs	<u>-</u>	<u>4,017</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 195,635</u>	<u>\$ 4,017</u>	<u>\$ 72,906</u>	<u>\$ 10,680</u>

Office of the Governor	Texas Department of Public Safety	Criminal Justice Division	Total
\$ -	\$ -	\$ -	\$ 197,521
5,278	169,004	59,535	319,165
-	-	-	369
<u>5,278</u>	<u>169,004</u>	<u>59,535</u>	<u>517,055</u>
-	32,256	6,213	45,239
1,176	-	743	221,269
<u>4,102</u>	<u>136,748</u>	<u>52,579</u>	<u>246,530</u>
<u>5,278</u>	<u>169,004</u>	<u>59,535</u>	<u>513,038</u>
-	-	-	4,017
<u>\$ 5,278</u>	<u>\$ 169,004</u>	<u>\$ 59,535</u>	<u>\$ 517,055</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Texas Commission on Environmental Quality</u>	<u>Texas Department of Health: Bureau of Emergency Management</u>	<u>U.S. Department of Transportation</u>	<u>Texas Department of Transportation</u>
REVENUES				
Grants	\$ 114,384	\$ -	\$ 74,326	\$ 42,020
Local revenue	-	-	-	-
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>114,384</u>	<u>-</u>	<u>74,326</u>	<u>42,020</u>
EXPENDITURES				
Current:				
General government	-	-	-	42,020
Criminal justice	-	-	-	-
Environmental quality	114,314	-	74,267	-
Homeland security	-	3,929	-	-
Debt service				
Principal	66	-	55	-
Interest	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
Total expenditures	<u>114,384</u>	<u>3,929</u>	<u>74,326</u>	<u>42,020</u>
NET CHANGE IN FUND BALANCES	-	(3,929)	-	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>7,946</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 4,017</u>	<u>\$ -</u>	<u>\$ -</u>

Office of the Governor	Texas Department of Public Safety	Criminal Justice Division	Total
\$ 24,663	\$ 451,029	\$ 306,654	\$ 1,013,076
-	-	32,963	32,963
-	-	25,458	25,458
<u>24,663</u>	<u>451,029</u>	<u>365,075</u>	<u>1,071,497</u>
-	-	-	42,020
-	-	363,105	363,105
-	-	-	188,581
24,663	450,813	-	479,405
-	202	1,755	2,078
-	14	215	237
<u>24,663</u>	<u>451,029</u>	<u>365,075</u>	<u>1,075,426</u>
-	-	-	(3,929)
-	-	-	7,946
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,017</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF INDIRECT OVERHEAD COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Budget</u>	<u>Actual</u>
INDIRECT COST BURDEN		
Indirect personnel		
Salaries	\$ 123,112	\$ 123,112
Benefits	<u>42,991</u>	<u>40,809</u>
Total indirect personnel	<u>166,103</u>	<u>163,921</u>
Indirect operations		
Car allowance	<u>2,998</u>	<u>3,000</u>
Total indirect operations	<u>2,998</u>	<u>3,000</u>
Total indirect cost burden	<u>169,101</u>	<u>166,921</u>
INDIRECT COST BURDEN		
Direct salaries		1,659,755
Direct benefits		<u>579,217</u>
Total indirect cost burden		<u>2,238,972</u>
ACTUAL OFF-SITE RATE		
Adjusted indirect cost burden	163,921	
Divided by total indirect cost burden	<u>2,238,972</u>	
Actual off-site rate		<u>7.32%</u>
ACTUAL ON-SITE RATE		
Costs applicable only to on-site operations	3,000	
Divided by on-site direct operations	<u>2,238,972</u>	
Rate applicable only to on-site		<u>0.13%</u>
Actual on-site rate		<u>7.46%</u>
BUDGETED RATE - OFF-SITE		<u>9.36%</u>
BUDGETED RATE - ON-SITE		<u>9.36%</u>
INDIRECT COSTS AS A PERCENTAGE OF TOTAL GRANT EXPENDITURES		
Indirect costs	166,921	
Divided by total grant expenditures	<u>\$ 7,043,292</u>	
		<u>2.37%</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF FRINGE BENEFITS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

FRINGE BENEFITS

Actual fringe benefits incurred:

FICA taxes	\$ 126,442
Unemployment	6,034
Workman's compensation	5,329
Health insurance	308,865
Retirement	180,938
Longevity	17,156
Accrued vacation	<u>1,841</u>

Fringe benefit costs incurred 646,605

Less: fringe benefit costs allocated 579,217

Current year under (over) recovery of costs 67,388

Add: prior year under (over) recovery of costs (138,427)

FY 2024 final under (over) recovery - carried
forward to FY 2025 Cost Allocation Plan \$ (71,039)

COMPUTATION OF ACTUAL FRINGE BENEFIT RATE

Total benefits	\$ 579,217	
Divided by chargeable salaries	<u>1,659,755</u>	
		<u>34.90%</u>
Chargeable salaries	1,659,755	
Benefits	<u>579,217</u>	

Total personnel costs - Permian Basin
Regional Planning Commission \$ 2,238,972

Budgeted fringe benefit rate 34.92%

PERMIAN BASIN REGIONAL PLANNING COMMISSION

**SUMMARY OF ALLOCATIONS OF INDIRECT OVERHEAD AND
FRINGE BENEFIT COSTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Fund Number</u>	<u>Direct Salaries</u>	<u>Total Benefits</u>	<u>Direct Personnel Costs</u>	<u>Indirect Overhead Rate Applied</u>	<u>Indirect Overhead Allocated</u>
01-000	\$ 139,650	\$ 45,151	\$ 184,801	9.36%	\$ (619)
02-324	520,432	182,746	703,178	9.36%	55,136
02-370	10,173	3,620	13,793	9.36%	1,055
02-386	9,439	3,383	12,822	9.36%	981
02-387	38,978	13,464	52,442	9.36%	3,888
05-162	76,995	27,229	104,224	9.36%	8,362
05-213	25,214	8,775	33,989	9.36%	2,706
05-214	2,388	833	3,221	9.36%	252
05-293	48,994	17,047	66,041	9.36%	5,192
05-494	4,557	1,591	6,148	9.36%	472
05-804	39,148	13,738	52,886	9.36%	4,289
06-021	20,846	8,306	29,152	9.36%	2,476
06-722	1,574	550	2,124	9.36%	138
07-056	46,345	16,318	62,663	9.36%	4,525
08-924	357,040	126,204	483,244	9.36%	38,966
08-925	29,078	10,154	39,232	9.36%	3,073
14-442	126,325	44,112	170,437	9.36%	15,138
17-228	61,045	20,380	81,425	9.36%	6,443
19-623	34,511	12,078	46,589	9.36%	3,663
21-220	51,944	18,269	70,213	9.36%	5,871
30-111	-	-	-	9.36%	4,673
40-139	13,028	4,553	17,581	9.36%	220
40-140	<u>2,051</u>	<u>716</u>	<u>2,767</u>	9.36%	<u>21</u>
Totals	\$ <u>1,659,755</u>	\$ <u>579,217</u>	\$ <u>2,238,972</u>		<u>166,921</u>
TOTAL COST RECOVERED					166,921
TOTAL COST INCURRED					<u>166,921</u>
OVER (UNDER) RECOVERED COST					<u>\$ -</u>

FEDERAL AND STATE AWARDS

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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
Permian Basin Regional Planning Commission
Midland, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Permian Basin Regional Planning Commission (the "Commission") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing auditing 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

OFFICE LOCATIONS

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

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

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

Waco, Texas
June 25, 2025



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
Permian Basin Regional Planning Commission
Midland, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Permian Basin Regional Planning Commission's (the "Commission") compliance with the types of compliance requirements identified as subject to audit in the (OMB) *Compliance Supplement* and the State of Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the Commission's major federal and state programs for the year ended September 30, 2024. The Commission'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 Commission 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, 2024.

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 Commission 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 Commission'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 Commission's federal and state programs.

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission'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 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 Commission'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 Commission'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 Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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
June 25, 2025

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/ Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Commerce</u>			
Direct:			
Economic Development Administration Grant	11.302	ED22AUS3020003	\$ 82,589
Economic Development Administration Grant	11.302	08-01-05661	240,575
Total Direct			323,164
Total U. S. Department of Commerce			323,164
<u>U. S. Department of Justice</u>			
Passed through Office of Governor, Criminal Justice Division:			
Violence Against Women Formula Grant FY 22-23	16.588	1825618	69,239
Total Passed through Office of Governor, Criminal Justice Division			69,239
Total U. S. Department of Justice			69,239
<u>U. S. Department of Transportation</u>			
Passed through Texas Department of Transportation:			
Short Range Transit Planning Section 5304	20.505	51008010623	1,558
Short Range Transit Planning Section 5304	20.505	51008050623	3,770
Subtotal - 20.505			5,328
Total Passed through Texas Department of Transportation			5,328
Direct:			
Technical Assistance Grant (Pipeline and Hazardous Materials SA-(PHP))	20.710	693JK324NF0004	74,326
Total Direct			74,326
Total U. S. Department of Transportation			79,654
<u>U. S. Department of Treasury</u>			
Passed through Texas Commission on State Emergency Communications:			
ARP 911 Emergency Communications (COVID-19)	21.027	N/A	655,115
Total Passed through Texas Commission on State Emergency Communications			655,115
Total U.S. Department of Treasury			655,115
<u>U. S. Department of Health and Human Services</u>			
Passed through Texas Department of Health and Human Services:			
Title VII-EAP	93.041	539-16-0003-00001	4,152
Title VII-OM	93.042	539-16-0003-00001	22,540
American Rescue Plan Title VII-OM (COVID-19)	93.042	539-16-0003-00001	5,042
Subtotal - 93.042			27,582
Title III-D Evidence Based-Intervention	93.043	539-16-0003-00001	27,783
PY Title III-D Evidence Based-Intervention	93.043	539-16-0003-00001	1,864
American Rescue Plan Title III-D (COVID-19)	93.043	539-16-0003-00001	15,030
Subtotal - 93.043			44,677
Title III-B	93.044	539-16-0003-00001	367,391
PY Title III-B	93.044	539-16-0003-00001	226,027
American Rescue Plan Title III-B (COVID-19)	93.044	539-16-0003-00001	281,235
PY AM Rescue Plan Title III-B (10/01/21 - 09/30/22) (COVID-19)	93.044	539-16-0003-00001	24,657
Subtotal - 93.044			899,310
Title III-C1	93.045	539-16-0003-00001	372,696
PY Title III-C1	93.045	539-16-0003-00001	491
American Rescue Plan Title III-C1 (COVID-19)	93.045	539-16-0003-00001	126,402
Title III-C2	93.045	539-16-0003-00001	336,714
PY Title III-C2	93.045	539-16-0003-00001	151,252
American Rescue Plan Title III-C2 (COVID-19)	93.045	539-16-0003-00001	171,807
Subtotal - 93.045			1,159,362
NSIP	93.053	539-16-0003-00001	170,082
Subtotal - Aging Cluster			2,228,754

PERMIAN BASIN REGIONAL PLANNING COMMISSION

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Federal Grantor/ Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures
FEDERAL AWARDS (Continued)			
<u>U. S. Department of Health and Human Services (Continued)</u>			
Passed through Texas Department of Health and Human Services (cont.):			
PY Title III-E	93.052	539-16-0003-00001	\$ 26,745
Title III-E	93.052	539-16-0003-00001	158,159
American Rescue Plan Title III-E (COVID-19)	93.052	539-16-0003-00001	49,168
Subtotal - 93.052			<u>234,072</u>
PY MIPPA	93.071	539-16-0003-00001	2,299
ACL-MIPPA Priority 2	93.071	539-16-0003-00001	23,496
Subtotal - 93.071			<u>25,795</u>
OMB ALF Services (09/01/23-08-31/24)	93.791	N/A	15,346
HICAP (04/01/23 - 03/31/24)	93.324	539-16-0003-00001	16,139
HICAP (04/01/24 - 03/31/25)	93.324	539-16-0003-00001	71,832
Subtotal - 93.324			<u>87,971</u>
Total Passed through Texas Department of Health and Human Services			<u>2,668,349</u>
Total U. S. Department of Health and Human Services			<u>2,668,349</u>
<u>U. S. Department of Homeland Security</u>			
Passed through Texas Department of Public Safety:			
State Homeland Security Program	97.067	2951909	84,485
State Homeland Security Program	97.067	2952109	305,669
State Homeland Security Program	97.067	4406901	21,000
State Homeland Security Program	97.067	4407101	6,815
State Homeland Security Program	97.067	4746601	6,499
State Homeland Security Program	97.067	4762701	12,581
State Homeland Security Program	97.067	4751301	13,980
Total Passed through Texas Department of Public Safety			<u>451,029</u>
Total U. S. Department of Homeland Security			<u>451,029</u>
Total Federal Awards			<u>\$ 4,246,550</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

State Grantor/Program Title	Pass-through Grantor's Number	Expenditures
STATE AWARDS		
<u>Commission on State Emergency Communications</u>		
911 Planning - FY22	N/A	\$ 33,691
911 Planning - FY23	N/A	591,641
911 Planning - FY24	N/A	1,471,593
911 Planning - FY25	N/A	88,070
Total Commission on State Emergency Communications		<u>2,184,995</u>
<u>Office of the Governor, Criminal Justice Division</u>		
Law Enforcement Training FY 23-24	1465118	109,887
Mental Health	3790305	76,134
Criminal Justice Planning FY 23-24	N/A	51,394
Total Office of the Governor, Criminal Justice Division		<u>237,415</u>
<u>Office of the Governor, Homeland Security Grants Division</u>		
Homeland Security Grants Division Service 23-24	N/A	<u>24,663</u>
Total Office of the Governor, Homeland Security Grants Division		<u>24,663</u>
<u>Texas Commission on Environmental Quality</u>		
Regional Solid Waste Grant	582-24-50095	<u>114,384</u>
Total Texas Commission on Environmental Quality		<u>114,384</u>
<u>Texas Department Health and Human Services</u>		
State General Revenue Title III E Match	539-16-0003-00001	40,000
State General Revenue - Other	539-16-0003-00001	62,027
State General Revenue - ARP	539-16-0003-00001	46,214
State General Revenue - HDM Rate Increase	539-16-0003-00001	16,784
Housing Bond	539-16-0003-00001	7,894
Total Texas Department of Health and Human Services		<u>172,919</u>
<u>Texas Department of Transportation</u>		
Short Range Transit Planning - Passthrough from Federal FY23-24	51008020524	<u>36,692</u>
Total Texas Department of Transportation		<u>36,692</u>
Total State Awards		<u>2,771,068</u>
Total Federal and State Awards		<u>\$ 7,017,618</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2024

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal/state financial awards programs of Permian Basin Regional Planning Commission, Midland, Texas (the "Commission"). The Commission's reporting entity is defined in Note 1 to the Commission's financial statements. Federal/state awards received directly from federal agencies as well as federal/state awards passed through other government agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Commission's financial statements.

3. INDIRECT COSTS

The Commission has elected to not use the de minimis indirect cost rate as allowed under the Uniform Guidance.

4. PASS-THROUGH EXPENDITURES

None of the expenditures presented on the Schedule of Expenditures of Federal and State Awards were passed through to subrecipients.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Summary of Auditors' Results

Financial Statements:

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

Federal and State Awards:

Internal control over major programs: Any material weakness(es) identified?	No
Are any significant deficiencies identified?	No
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or the State of Texas Grant Management Standards?	No
Identification of major programs:	
Assistance Listing Numbers:	Name of Federal/State Program or Cluster:
93.044, 93.045, 93.053	Aging Cluster
State	9-1-1 Program
Dollar threshold used to distinguish between type A and type B federal programs	\$750,000
Dollar threshold used to distinguish between type A and type B state programs	\$750,000
Auditee qualified as low-risk auditee for federal single audit?	No

**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal and State Awards

None



Permian Basin Regional Planning Commission

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Financial Statement Findings

Finding 2023-001 - Material Weakness

Condition

Material adjustments were identified during the FY 2023 audit of the financial statements that were not previously corrected by the Commission. The issue stemmed from turnover in key finance staff, which led to numerous accounts that were not properly reconciled as of September 30, 2023.

Status

Fully corrected. As of September 30, 2024, the Commission implemented procedures to reconcile all bank accounts monthly, with supervisory review. No issues were noted in FY 2024.

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