



Permian Basin
REGIONAL PLANNING COMMISSION

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2022

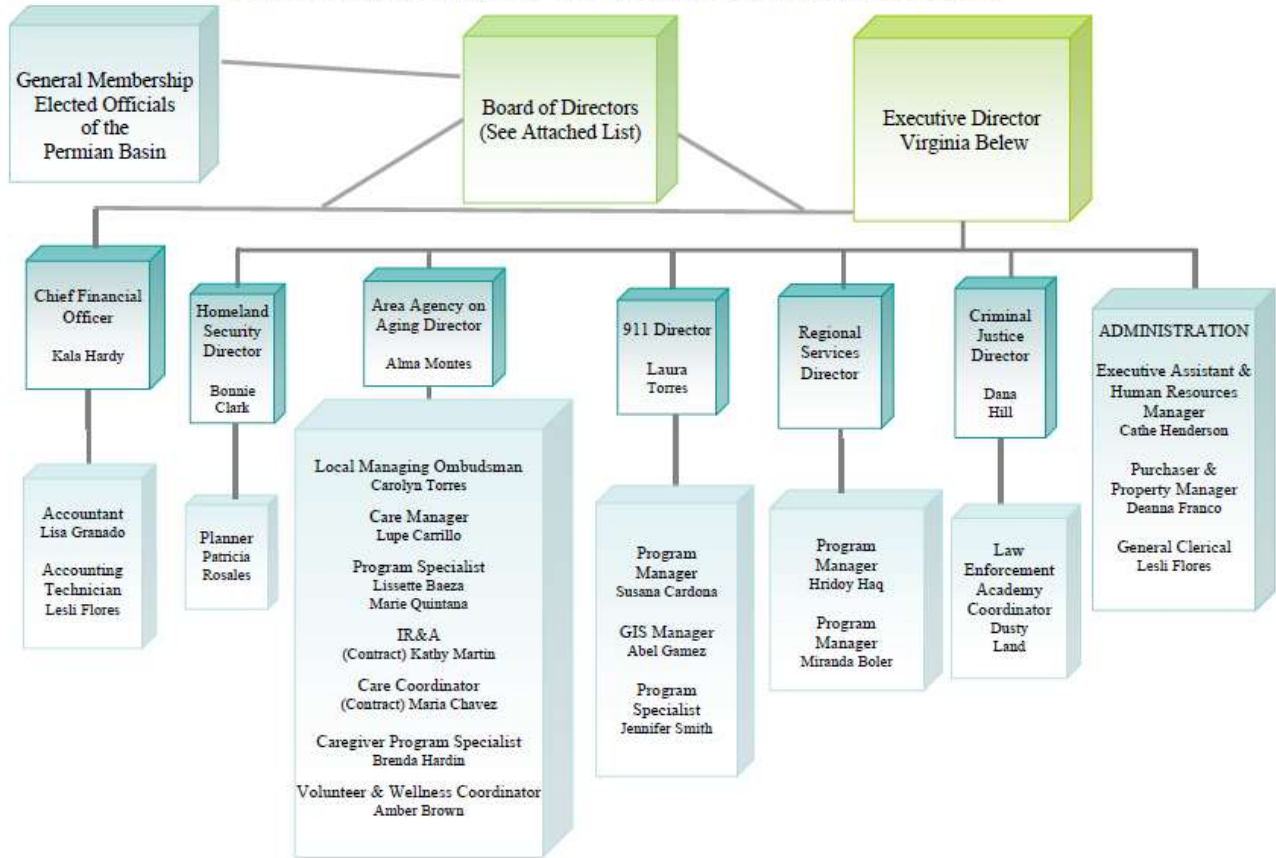
PERMIAN BASIN REGIONAL PLANNING COMMISSION

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**PERMIAN BASIN REGIONAL PLANNING COMMISSION
ADMINISTRATIVE AND PROGRAM ORGANIZATION CHART**





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Permian Basin Regional Planning Commission
Midland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Permian Basin Regional Planning Commission ("PBRPC"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise PBRPC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of PBRPC, as of September 30, 2022, and the respective changes in financial position 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 PBRPC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
Permian Basin Regional Planning Commission

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 PBRPC'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 PBRPC'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 management's discussion and analysis, pension system and other post-employment benefit supplementary 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 PBRPC's basic financial statements. The combining nonmajor fund financial statements and indirect cost and employee benefit schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Texas Grant Management Standards and are also not a required part of the basic financial statements.

To the Board of Directors
Permian Basin Regional Planning Commission

The combining and individual nonmajor fund financial statements and schedules of expenditures of federal and state awards are the responsibility of management and were 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 nonmajor fund financial are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of PBRPC'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PBRPC's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Odessa, Texas
June 30, 2023



PERMIAN BASIN REGIONAL PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Permian Basin Regional Planning Commission (the "Commission" or "PBRPC"), 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, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Permian Basin Regional Planning Commissions exceeded its liabilities and deferred inflows of resources as of September 30, 2022, by \$1,394,221 (net position). Of this amount, \$559,152 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position decreased by \$190,233 from current year operations and increased due to a net restatement of beginning net position of \$16,302.
- As of the close of the current fiscal year, Permian Basin Regional Planning Commissions' governmental funds reported combined ending fund balances of \$2,714,615, a decrease of \$190,233 in comparison with the prior year.
- As of September 30, 2022, unassigned fund balance for the General Fund was \$2,108,604.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 12 - 13 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.

PERMIAN BASIN REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Commission maintains 14 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 Communications Fund, the Texas Department of Public Safety Fund, Economic Development Fund, and the Criminal Justice Division Fund, which are considered to be major funds. Data from the other 8 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 14 – 20 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 on pages 19 - 37 of this report.

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 54 - 57 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 \$1,394,221 as of September 30, 2022.

**PERMIAN BASIN REGIONAL PLANNING COMMISSION'S
NET POSITION**

	Governmental Activities	
	2022	2021
Current Assets	\$ 3,974,471	\$ 3,908,042
Noncurrent Assets	896,170	718,046
Total Assets	4,870,641	4,626,088
Deferred outflows of resources	436,113	527,683
Current Liabilities	1,318,785	998,590
Noncurrent liabilities	632,269	1,420,464
Total Liabilities	1,951,054	2,419,054
Deferred inflows of resources	1,961,479	1,166,565
Net Position:		
Investment in capital assets	581,668	718,046
Restricted	253,401	246,239
Unrestricted	559,152	603,867
Total Net Position	\$ 1,394,221	\$ 1,568,152

A portion of the Commission's net position, 42%, 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

PERMIAN BASIN REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

position, 16%, represents resources that are subject to external restrictions on how they may be used. The remaining balance, 42%, 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 decreasing by \$190,233, or 12%, from operations. The Commission experienced a decrease in revenue of \$1,186,644, which is a decrease of 16% from the prior year. This decrease is largely attributable to a decrease in operating grants and contributions related to COVID-19 funding associated with the Aging program. Expenses decreased by \$211,980, or 3% from the prior year due to managing the increase in grants.

Analysis of the Commission's Operations – The following table provides a summary of the Commission's operations for the years ended September 30, 2022 and 2021, respectively.

**PERMIAN BASIN REGIONAL PLANNING COMMISSION'S
 CHANGES IN NET POSITION**

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues:		
Charges for services	\$ 243,774	\$ 206,481
Operating grants and contributions	6,042,389	7,014,058
General revenues:		
Miscellaneous	152,871	402,111
Interest income	6,070	9,098
Total Revenues	<u>6,445,104</u>	<u>7,631,748</u>
Expenses		
General government	606,471	157,951
Aging	2,692,594	2,644,261
Emergency communications	1,566,603	2,625,460
Economic development	386,266	233,477
Criminal justice	272,026	353,234
Community development	223,680	3,199
Homeland security	658,261	542,929
Environmental quality	228,465	235,830
Solid waste management	-	50,976
Interest expense	971	-
Total Expenses	<u>6,635,337</u>	<u>6,847,317</u>
Change in Net Position	(190,233)	784,431
Beginning Net Position	1,568,152	783,721
Prior period adjustment	16,302	-
Ending Net Position	<u>\$ 1,394,221</u>	<u>\$ 1,568,152</u>

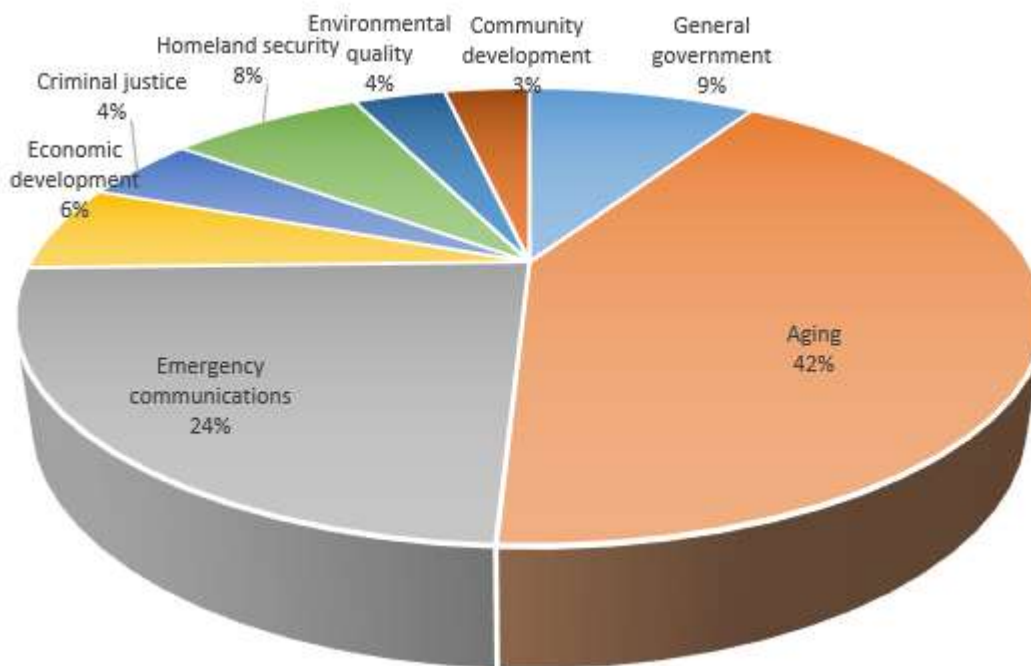
PERMIAN BASIN REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 \$2,620,942. Refer to pages 14 – 20 of this report for a more detailed 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, 2022, amounts to \$599,315 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and equipment:

PERMIAN BASIN REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 267,700	\$ 280,000
Equipment	2,874,421	2,849,621
Right to use leased assets	142,481	-
Less: accumulated depreciation/amortization	<u>(2,685,287)</u>	<u>(2,411,575)</u>
Total capital assets	<u>\$ 599,315</u>	<u>\$ 718,046</u>

Additional information on the Commission's capital assets can be found in Note 3, page 32 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 condition and federal budget deficits can impact the reauthorization of funds available to local governments.

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.



BASIC FINANCIAL STATEMENTS

PERMIAN BASIN REGIONAL PLANNING COMMISSION

STATEMENT OF NET POSITION

September 30, 2022

	<u>Primary Government Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,286,085
Receivables:	
Due from grantor agencies	984,126
Other receivables	409,775
Lease receivable	35,548
Prepays	<u>258,937</u>
Total current assets	<u>3,974,471</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Buildings	57,700
Equipment	413,620
Right to use leased assets	<u>127,995</u>
Total capital assets, net	599,315
Net pension asset	<u>296,855</u>
Total noncurrent assets	<u>896,170</u>
Total Assets	<u>4,870,641</u>
Deferred Outflows of Resources	
Pension related	195,947
OPEB related	<u>240,166</u>
Total Deferred Outflows of Resources	<u>436,113</u>
Liabilities	
Current liabilities:	
Accounts payable	611,229
Accrued expenses	2,099
Accrued compensated absences	
Unearned revenue	<u>705,457</u>
Total current liabilities	<u>1,318,785</u>
Noncurrent liabilities:	
Due within one year:	
Compensated absences	17,213
Lease liability	6,794
Due in more than one year:	
Compensated absences	51,636
Lease liability	10,853
Net OPEB liability	<u>545,773</u>
Total noncurrent liabilities	<u>632,269</u>
Total Liabilities	<u>1,951,054</u>
Deferred Inflows of Resources	
Pension related	430,995
OPEB related	1,495,740
Lease related	<u>34,744</u>
Total Deferred Inflows of Resources	<u>1,961,479</u>
Net Position	
Investment in capital assets	581,668
Restricted:	
Restricted for grant use	253,401
Unrestricted	<u>559,152</u>
Total Net Position	<u>\$ 1,394,221</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

September 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Primary Government:				
Governmental Activities				
General government	\$ 606,471	\$ 243,774	\$ -	\$ (362,697)
Aging	2,692,594	-	2,771,375	78,781
Emergency communications	1,566,603	-	1,573,770	7,167
Economic development	386,266	-	409,478	23,212
Criminal justice	272,026	-	303,889	31,863
Community development	223,680	-	223,865	185
Homeland security	658,261	-	519,983	(138,278)
Environmental quality	228,465	-	240,029	11,564
Interest expense	971	-	-	(971)
Total Governmental Activities	<u>6,635,337</u>	<u>243,774</u>	<u>6,042,389</u>	<u>(349,174)</u>
Total Primary Government	<u>\$ 6,635,337</u>	<u>\$ 243,774</u>	<u>\$ 6,042,389</u>	<u>\$ (349,174)</u>
General Revenues:				
				\$ 6,070
				152,871
				<u>158,941</u>
				Change in Net Position (190,233)
				Beginning Net Position 1,568,152
				Prior period adjustment 16,302
				<u>Ending Net Position</u> <u>\$ 1,394,221</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2022

	General	Texas Department of Health and Human Services	Commission on State Emergency Communications	Texas Department of Public Safety
Assets				
Cash and cash equivalents	\$ 1,043,048	\$ 339,130	\$ 571,896	\$ -
Receivables	23,138	378,553	389	18
Grants receivable	-	293,763	-	239,569
Lease receivable	35,548	-	-	-
Due from other funds	1,640,534	30,970	826,064	20,428
Prepaid items	124,527	235	118,233	4,578
Total Assets	2,866,795	1,042,651	1,516,582	264,593
Liabilities				
Accounts payable	75,057	397,944	58,407	17,506
Accrued liabilities	-	-	2,099	-
Due to other funds	203,269	644,707	1,242,535	126,949
Unearned revenue	108,650	-	298,190	-
Total Liabilities	386,976	1,042,651	1,601,231	144,455
Deferred Inflows of Resources				
Deferred inflows of resources - leases	34,744	-	-	-
Total Deferred Inflows of Resources	34,744	-	-	-
Fund Balances				
Nonspendable	124,527	235	118,233	4,578
Restricted for:				
Grant programs	-	(235)	-	115,560
Unassigned	2,320,548	-	(202,882)	-
Total Fund Balances	2,445,075	-	(84,649)	120,138
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,866,795	\$ 1,042,651	\$ 1,516,582	\$ 264,593

PERMIAN BASIN REGIONAL PLANNING COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2022

	Criminal Justice Division	Economic Development	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 56,361	\$ 23,863	\$ 251,787	\$ 2,286,085
Receivables	5,371	1,221	1,085	409,775
Grants receivable	108,109	122,169	220,516	984,126
Lease receivable	-	-	-	35,548
Due from other funds	104,937	202,709	240,570	3,066,212
Prepaid items	-	8,465	2,899	258,937
Total Assets	274,778	358,427	716,857	7,040,683
Liabilities				
Accounts payable	12,518	3,130	46,667	611,229
Accrued liabilities	-	-	-	2,099
Due to other funds	238,127	327,168	283,457	3,066,212
Unearned revenue	737	28,129	269,751	705,457
Total Liabilities	251,382	358,427	599,875	4,384,997
Deferred Inflows of Resources				
Deferred inflows of resources - leases	-	-	-	34,744
Total Deferred Inflows of Resources	-	-	-	34,744
Fund Balances				
Nonspendable	-	8,465	2,899	258,937
Restricted for:				
Grant programs	23,396	-	114,680	253,401
Unassigned	-	(8,465)	(597)	2,108,604
Total Fund Balances	23,396	-	116,982	2,620,942
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 274,778	\$ 358,427	\$ 716,857	\$ 7,040,683



PERMIAN BASIN REGIONAL PLANNING COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2022

Total fund balances - governmental funds		\$ 2,620,942
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.		599,315
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	195,947	
Deferred outflows - OPEB related	240,166	
Deferred inflows - pension related	(430,995)	
Deferred inflows - OPEB related	<u>(1,495,740)</u>	
Total deferred outflows and inflows related to postemployment benefits		(1,490,622)
Long-term liabilities/assets that are not due and payable in the current period, and therefore, are not reported in the funds.		
Compensated absences	(68,849)	
Lease liability	(10,853)	
Net pension asset	296,855	
Net OPEB liability	<u>(545,773)</u>	
Total long-term liabilities		<u>(328,620)</u>
Net position of governmental activities		<u>\$ 1,401,015</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION
STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	General	Texas Department of Health and Human Services	Commission on State Emergency Communications	Texas Department of Public Safety
Revenues				
Grant revenue	\$ -	\$ 2,771,375	\$ 1,573,770	\$ 494,377
Program income	-	-	9,749	-
Local revenue	73,862	-	-	-
Membership dues	169,912	-	-	-
Investment income	6,070	-	-	-
Other income	79,082	267	-	-
Total Revenues	328,926	2,771,642	1,583,519	494,377
Expenditures				
General government	595,332	-	-	-
Aging	-	2,770,717	-	-
Emergency communications	-	-	1,573,192	-
Economic development	-	-	-	-
Criminal justice	-	-	-	-
Homeland security	-	-	-	483,793
Environmental quality	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal on long-term debt	634	803	502	10,274
Interest on long-term debt	97	122	76	310
Total Expenditures	596,063	2,771,642	1,573,770	494,377
Excess (Deficiency) of Revenues Over (Under) Expenditures	(267,137)	-	9,749	-
Other Financing Sources (Uses)				
Insurance proceeds	63,498	-	-	-
Total Other Financing Sources (Uses)	63,498	-	-	-
Net Change in Fund Balances	(203,639)	-	9,749	-
Beginning Fund Balances	2,648,714	-	-	120,138
Prior period adjustment	-	-	(94,398)	-
Ending Fund Balances	\$ 2,445,075	\$ -	\$ (84,649)	\$ 120,138

PERMIAN BASIN REGIONAL PLANNING COMMISSION
STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Criminal Justice Division	Economic Development	Other Governmental Funds	Total Governmental Funds
Revenues				
Grant revenue	\$ 303,889	\$ 409,478	\$ 489,500	\$ 6,042,389
Program income	275	-	-	10,024
Other local revenue	-	-	-	73,862
Membership dues	-	-	-	169,912
Investment income	-	-	-	6,070
Other income	-	-	-	79,349
Total Revenues	304,164	409,478	489,500	6,381,606
Expenditures				
General government	-	-	-	595,332
Aging	-	-	-	2,770,717
Emergency communications	-	-	-	1,573,192
Economic development	-	409,400	-	409,400
Criminal justice	302,285	-	-	302,285
Homeland security	-	-	25,606	509,399
Environmental quality	-	-	240,016	240,016
Community development	-	-	223,770	223,770
Debt service:				
Principal on long-term debt	1,651	68	202	14,134
Interest on long-term debt	325	10	31	971
Total Expenditures	304,261	409,478	489,625	6,639,216
Excess (Deficiency) of Revenues Over (Under) Expenditures	(97)	-	(125)	(257,610)
Other Financing Sources (Uses)				
Insurance proceeds	-	-	-	63,498
Total Other Financing Sources (Uses)	-	-	-	63,498
Net Change in Fund Balances	(97)	-	(125)	(194,112)
Beginning Fund Balances	23,493	-	117,107	2,909,452
Prior period adjustment	-	-	-	(94,398)
Ending Fund Balances	\$ 23,396	\$ -	\$ 116,982	\$ 2,620,942

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, 2022

Net changes in fund balances - total governmental funds	\$ (194,112)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds do not report depreciation/amortization 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/amortization expense in the current period.	(286,012)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government- wide financial statements. The net effect of removing the 2022 capital outlays is to increase net position.	24,800
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government- wide financial statements. The net effect of removing the 2022 capital outlays is to increase net position.	
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	10,936
Principal payments on lease liability	14,134
Changes in pension liabilities and related deferred outflows and inflows of resources	122,377
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>117,644</u>
	<u>265,091</u>
Change in Net Position of Governmental Activities	<u>\$ (190,233)</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The financial statements of Permian Basin Regional Planning Commission (“PBRPC” or “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. 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 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. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about PBRPC's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 Texas Department of Public Safety Fund is used to account for federal grants awarded to the Commission by the Texas Department of Public Safety.
- The Criminal Justice Division Fund is used to account for federal and state grants awarded to the Commission by the Office of the Governor, Criminal Justice Division.
- The Economic Development Fund is used to account for 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.

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PBRPC considers revenues to be available if they are 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. General capital asset acquisitions are reported as expenditures in governmental funds.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting (continued)

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by PBRPC.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, PBRPC considers revenues to be available if they are 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. General capital asset acquisitions are reported as expenditures in governmental funds.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by PBRPC.

Debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving PBRPC the right-to-use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

PBRPC's cash and cash equivalents are considered to be cash on hand, demand deposits, and investment pools with original maturities of three months or less from the date of acquisition. PBRPC maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

2. Investments

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.

3. Grant Receivables

Grants receivables 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, 2022.

4. Prepaid Items

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

5. 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.

6. Capital Assets

Capital assets, which include property, equipment, and leasehold improvements, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by PBRPC as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. PBRPC does not capitalize net interest cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of assets are not capitalized.

Property, equipment, and leasehold improvements of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Years</u>
Furniture	3-7
Building	20
Right to use asset	3-5

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

7. 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 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.
- Deferred inflows of resources resulting from leased receivables.

8. 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.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

9. Leases

Lessee: PBRPC is a lessee for a noncancellable lease of equipment and building. PBRPC recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. PBRPC recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, PBRPC 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.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

PBRPC uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District 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 PBRPC is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: PBRPC is a lessor for a noncancellable lease of towers. PBRPC recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, PBRPC initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- PBRPC uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

PBRPC monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

10. Net Position Flow Assumption

Sometimes PBRPC will fund outlays for a particular purpose from both restricted (e.g., restricted bond or 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is PBRPC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

11. Fund Balance Flow Assumptions

Sometimes PBRPC will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of 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.

12. 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 of assigned fund balance amounts.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

13. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

14. 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.

15. Post-Employment Health Care Plan (OPEB)

The fiduciary net position of the Post-Employment Health Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from the plan's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

16. Unearned Revenue

Unearned revenues arise from the receipt of grant funds and other revenues prior to the expenditure for its restricted purpose. The unearned revenue is recognized as revenue when the related expenditure is made.

17. 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.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

G. Implementation of New Accounting Standards

GASB Statement No. 87 *Leases* was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. PBRPC has evaluated the effects of this Statement and has adjusted the financial statements accordingly.

GASB Statement No. 89 *Accounting for Interest Cost Incurred before the end of a Construction Period*, was issued in June 2018 and was effective for periods beginning after December 15, 2020. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost was incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement should be handled prospectively. PBRPC has evaluated the effects of this Statement and has determined that it does not impact the financial statements.

No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. PBRPC has evaluated the effects of this Statement and has determined that it does not impact the financial statements.

Note 2 - Stewardship, Compliance, and Accountability

PBRPC prepares annual operating budgets based on expected revenues from various state and federal grantor agencies. The grants relate to specific programs that contemplate revenues and expenditures over the lives of each program and generally have funding periods different from the budget year. The annual budget, which is approved by PBRPC's Executive Committee (the "Committee"), is based on estimates of the portions of the various programs that will be completed during the fiscal year. Additionally, grants applied for may not be funded, other grants not anticipated at the time that the budget is prepared may be obtained and funded during the budget year, or supplemental funding may be received for existing grants. As a result, the actual revenues and expenditures may vary substantially from original budget estimates.

The budgets are reviewed and approved by the Committee, but are not legally adopted budgets or appropriations as defined in *Governmental Accounting and Financial Reporting Principles, Statement 1*. Accordingly, comparative budget and actual results are not presented in the basic financial statements.

Note 3 – Deposits and Investments

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, 2022, the Commission's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance. At September 30, 2022, the Commission had deposits with a book balance of \$2,286,085 and carrying bank balance of \$2,553,101.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 – Capital Assets

A summary of changes in capital assets at year-end is as follows:

	Beginning Balances (restated)	Increases	(Decreases)	Ending Balances
Governmental Activities				
Capital Assets Being Depreciated/Amortized:				
Building	\$ 280,000	\$ -	\$ (12,300)	\$ 267,700
Furniture and equipment	2,849,621	24,800	-	2,874,421
Right to use leased assets	142,481	-	-	142,481
Total Capital Assets being Depreciated	<u>3,272,102</u>	<u>24,800</u>	<u>(12,300)</u>	<u>3,284,602</u>
Less Accumulated Depreciation/Amortization for:				
Building	(204,000)	(6,000)	-	(210,000)
Furniture and equipment	(2,207,575)	(253,226)	-	(2,460,801)
Right to use leased assets	-	(14,486)	-	(14,486)
Total Accumulated Depreciation/Amortization	<u>(2,411,575)</u>	<u>(273,712)</u>	<u>-</u>	<u>(2,685,287)</u>
Total Capital Assets, Net	<u>860,527</u>	<u>(248,912)</u>	<u>(12,300)</u>	<u>599,315</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 860,527</u>	<u>\$ (248,912)</u>	<u>\$ (12,300)</u>	<u>\$ 599,315</u>

Depreciation was charged to governmental functions as follows:

Homeland Security	\$ 173,191
Emergency communications	75,429
General government	22,483
Environmental quality	2,609
Total	<u>\$ 273,712</u>

Note 5 – Leases

Lease Receivable

Prior to October 1, 2021, PBRPC entered into a 60 month lease as lessor for the use of office space in a Lease Agreement. An initial lease receivable was recorded in the amount of \$66,816. As of September 30, 2022, the value of the lease receivable is \$35,438. The lessee is required to make monthly fixed payments of \$2,790. The value of the deferred inflow of resources as of September 30, 2022, was \$32,072, and the City recognized lease revenue of \$32,071 during the fiscal year.

Lease Payable

Prior to October 1, 2021, PBPRC entered into a 36 month lease agreement as lessee for the use of a tower facility. An initial lease liability was recorded in the amount of \$12,661 during the current year. As of September 30, 2022, the value of the lease liability was \$2,588. The PBRPC is required to make monthly principal and interest payments of \$869. The lease has an interest rate of 4%. The value of the right-to-use asset as of the end of the current fiscal year was \$2,533 and had accumulated amortization of \$10,128.

Prior to October 1, 2021, PBPRC entered into a 48 month lease agreement as lessee for the use of office equipment. An initial lease liability was recorded in the amount of \$10,672 during the current year. As of September 30, 2022, the value of the lease liability was \$8,162. The PBRPC is required to make monthly principal and interest payments of \$241. The lease has an interest rate of 4%. The equipment has a four year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$8,004 and had accumulated amortization of \$2,668.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 5 – Leases (continued)

Lease Payable (continued)

Prior to October 1, 2021, PBPRC entered into a 60 month lease agreement as lessee for the use of office equipment. An initial lease liability was recorded in the amount of \$8,448 during the current year. As of September 30, 2022, the value of the lease liability was \$7,421. The PBRPC is required to make monthly principal and interest payments of \$155. The lease has an interest rate of 4%. The equipment has a five year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$7,321 and had accumulated amortization of \$1,12

The future principal and interest lease payments are as follows:

September 30,	Principal	Interest	Total
2023	\$ 6,794	\$ 566	\$ 7,360
2024	4,377	375	4,752
2025	4,555	197	4,752
2026	1,796	65	1,861
2027	125	5	130
	<u>\$ 17,647</u>	<u>\$ 1,208</u>	<u>\$ 18,855</u>

Note 6 – Interfund Transactions

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 at September 30, 2022, is as follows:

Funds	Receivables	Payables
General Fund	\$ 1,640,534	\$ 203,269
Texas Texas Department of Health and Human Services	30,970	644,707
Commission on State Emergency Communications	826,064	1,242,535
Texas Department of Public Safety	20,428	126,949
Criminal Justice Division	104,937	238,127
Economic Development	202,709	327,168
Other Funds	240,570	283,457
	<u>\$ 3,066,212</u>	<u>\$ 3,066,212</u>

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Note 7 – Long-Term Liabilities

A summary of long-term liability activity for the year ended September 30, 2022, is as follows:

	Beginning Balances (Restated)	Increases	(Decreases)	Ending Balances	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 79,785	\$ -	\$ (10,936)	\$ 68,849	\$ 17,213
Lease liability	31,781		(14,134)	17,647	6,794
Total	<u>\$ 111,566</u>	<u>\$ -</u>	<u>\$ (25,070)</u>	<u>\$ 86,496</u>	<u>\$ 24,007</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 – 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 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitles to but not yet receiving benefits	15
Active employees	24
	<hr/>
	49
	<hr/>

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 participate 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 rates for the Commission were 9.44% and 8.18% in calendar years 2021 and 2020, respectively. The Commission’s contributions to TCDRS for the year ended September 30, 2022, were \$136,960, and were equal to the required contributions.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 – Defined Benefit Pension Plan (continued)

Net Pension Liability

The Commission’s Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Following are key assumptions used in the valuation:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.8 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
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 the Schedule of Employer Contributions *	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: 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
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 – Defined Benefit Pension Plan (continued)

Long-Term Rate of Investment Return and Target Allocation

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2021. The geometric real rate of return is net of inflation, assumed at 2.0%.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Geometric Rate of Return ⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%
		<u>100.00%</u>	

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

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

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

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease 6.60%</u>	<u>Current Discount Rate 7.60%</u>	<u>1% Increase 8.60%</u>
Total pension liability	\$ 3,924,220	\$ 3,444,103	\$ 3,046,432
Fiduciary net position	<u>3,740,958</u>	<u>3,740,958</u>	<u>3,740,958</u>
Net pension liability/(asset)	<u>\$ 183,262</u>	<u>\$ (296,855)</u>	<u>\$ (694,526)</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 – Defined Benefit Pension Plan (continued)

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

Service cost	\$ 167,031
Interest on total pension liability	249,462
Effect of economic gains or losses	-
Administrative expenses	2,024
Member contributions	(88,520)
Expected investment return net of investment expenses	(230,500)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(20,524)
Recognition of assumption changes or inputs	48,020
Recognition of investment gains or losses	(109,312)
Other	(3,099)
Pension expense	<u>\$ 14,582</u>

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability/ (Asset)</u>
Balances at 12/31/2020	\$ 3,178,642	\$ 2,992,964	\$ 185,678
Changes for the year:			
Service cost	167,031	-	167,031
Interest on total pension liability	249,462	-	249,462
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(18,821)	-	(18,821)
Effect of assumptions changes or inputs	(3,295)	-	(3,295)
Refund of contributions	(33,007)	(33,007)	-
Benefit payments	(95,909)	(95,909)	-
Administrative expenses	-	(2,024)	2,024
Member contributions	-	88,520	(88,520)
Net investment income	-	666,635	(666,635)
Employer contributions	-	120,681	(120,681)
Other	-	3,098	(3,098)
Balances at 12/31/2021	<u>\$ 3,444,103</u>	<u>\$ 3,740,958</u>	<u>\$ (296,855)</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 – Defined Benefit Pension Plan (continued)

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

At September 30, 2022, the Commission reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 23,337	\$ 5,095
Changes in assumptions	2,471	88,014
Net difference between projected and actual earnings	405,187	-
Contributions made subsequent to measurement date	-	102,838
Total	\$ 430,995	\$ 195,947

The \$102,838 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ (51,896)
2024	(95,868)
2025	(102,895)
2026	(87,227)
Total	\$ (337,886)

Note 9 – 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.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 9 – Post-Employment Health Care Plan (continued)

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 \$24,872.

At the September 30, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active Members	19
	<u>24</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follow:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.77% (2.27% real rate of return plus 2.50% inflation)
Inflation	2.50%
Salary scale	3.50%
Mortality	RP-2014 Total Table with Projection MP-2021
Health Care Trend Rates	Level 4.50%

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 4.77% 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, 2022.

Changes in Total OPEB Liability

The Commission’s total OPEB liability of \$545,773 was measured as of September 30, 2022 and was determined by an actuarial valuation as of September 30, 2022.

Total Net OPEB liability	
Service Cost	\$ 85,292
Interest on the total net OPEB liability	27,627
Changes of benefit terms	-
Difference between expected and actual experience of the total net OPEB liability	(430,499)
Changes of assumptions	(266,776)
Benefit payments	<u>(24,872)</u>
Net change in total net OPEB liability	(609,228)
Total net OPEB liability-beginning	<u>1,155,001</u>
Total net OPEB liability-ending	<u>\$ 545,773</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 9 – Post-Employment Health Care Plan (continued)

Statement of OPEB Expense (income)

Service Cost	\$	85,292
Interest on the total net OPEB Liability		27,627
Recognition of Current Year Outflow (inflow)		<u>(205,691)</u>
Total OPEB Expense (income)	\$	<u>(92,772)</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 (4.77%) in measuring the total OPEB liability.

1% decrease	Current Discount Rate Assumption	1% Increase
<u>3.77%</u>	<u>4.77%</u>	<u>5.77%</u>
\$ 630,387	\$ 545,773	\$ 476,334

Healthcare Cost Trend Rate Sensitivity Analysis

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

1% decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 471,198	\$ 545,773	\$ 639,016

Deferred Outflows and Inflows of Resources Related to OPEB

As of September 30, 2022, the deferred inflows and outflows or resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 1,154,955	\$ -
Changes in assumptions	340,785	240,166
Contributions made subsequent to measurement date	-	-
Total	<u>\$ 1,495,740</u>	<u>\$ 240,166</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 9 – Post-Employment Health Care Plan (continued)

Amounts reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

2023	\$	(205,691)
2024		(205,691)
2025		(205,691)
2026		(205,691)
2027		(236,595)
Thereafter		(196,215)
Total	\$	<u>(1,255,574)</u>

Note 10 – 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.

Note 11 – Deficit Fund Balance

At September 30, 2022, the Commission on State Emergency Communications fund, Texas Department of Agriculture fund, and the Texas Department of Transportation fund had a deficit fund balance of \$84,649, \$95, and \$125, respectively.

Note 12 – Prior Period Adjustment

PBRPC implemented GASB Statement 87 – Leases during the year. The implementation resulted in an adjustment to beginning net position. Additionally, PBRPC adjusted beginning net position and fund balance for prepaid expenditures in prior periods that were not properly expensed over time. Below is the net impact to beginning net position and fund balance:

	<u>Statement of Activities</u>	<u>Statement of Revenues, Expenses and Changes in Net Position</u>
	<u>Governmental Activities</u>	<u>Commission on State Emergency Communications</u>
Net position/Fund Balance at September 30, 2021, as previously reported	\$ 1,568,152	\$ -
Prior Period Adjustment:		
GASB 87 implementation	110,700	-
Commission on State Emergency Communications Expenditures	(94,398)	(94,398)
Net position/Fund Balance at October 1, 2021, as restated	<u>\$ 1,584,454</u>	<u>\$ (94,398)</u>



OTHER SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
For The Last Seven Measurement Years

Measurement Year Ended December 31	2021	2020	2019	2018
Total Pension Liability				
Service Cost	\$ 167,031	\$ 199,800	\$ 195,363	\$ 214,170
Interest total pension liability	249,462	228,926	199,246	171,323
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	(3,295)	167,987	-	-
Effect of economic/ demographic (gains) or losses	(18,821)	(18,443)	7,837	6,142
Benefit payments/ refunds of contributions	(128,916)	(51,151)	(30,194)	(26,079)
Net change in total pension liability	265,461	527,119	372,252	365,556
Total Pension Liability - Beginning	3,178,642	2,651,523	2,279,271	1,913,715
Total Pension Liability - Ending (a)	\$ 3,444,103	\$ 3,178,642	\$ 2,651,523	\$ 2,279,271
Plan Fiduciary Net Position				
Employer contributions	\$ 120,681	\$ 125,409	\$ 125,156	\$ 123,778
Member contributions	88,520	91,988	107,535	102,015
Investment income net of investment expenses	666,635	264,705	331,473	(32,192)
Benefit payments refunds of contributions	(128,916)	(51,151)	(30,194)	(26,079)
Administrative expenses	(2,024)	(2,190)	(1,950)	(1,622)
Other	3,098	5,173	7,289	6,136
Net change in plan fiduciary net position	747,994	433,934	539,309	172,036
Plan Fiduciary Net Position - Beginning	2,992,964	2,559,030	2,019,721	1,847,685
Plan Fiduciary Net Position - Ending (b)	3,740,958	2,992,964	2,559,030	2,019,721
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (296,855)	\$ 185,678	\$ 92,493	\$ 259,550
Fiduciary Net Position as a Percentage of Total Pension Liability	108.62%	94.16%	96.51%	88.61%
Pensionable Covered Payroll	\$ 1,475,328	\$ 1,533,132	\$ 1,631,776	\$ 1,700,256
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-20.12%	12.11%	5.67%	15.27%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
For The Last Eight Measurement Years

Measurement Year Ended December 31	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 212,377	\$ 211,579	\$ 144,316	\$ 146,741
Interest total pension liability	142,503	108,580	88,305	64,072
Effect of plan changes	-	-	176,807	-
Effect of assumption changes or inputs	24,136	-	19,767	-
Effect of economic/ demographic (gains) or losses	4,379	7,605	(111,982)	(2,071)
Benefit payments/ refunds of contributions	(32,556)	(3,251)	(3,750)	(5,717)
Net change in total pension liability	350,839	324,513	313,463	203,025
Total Pension Liability - Beginning	<u>1,562,876</u>	<u>1,238,363</u>	<u>924,900</u>	<u>721,875</u>
Total Pension Liability - Ending (a)	<u>\$ 1,913,715</u>	<u>\$ 1,562,876</u>	<u>\$ 1,238,363</u>	<u>\$ 924,900</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 114,700	\$ 110,804	\$ 57,727	\$ 54,682
Member contributions	97,204	95,387	90,908	90,137
Investment income net of investment expenses	214,870	85,974	(23,204)	56,046
Benefit payments refunds of contributions	(32,557)	(3,251)	(3,750)	(5,717)
Administrative expenses	(1,229)	(935)	(792)	(723)
Other	2,392	14,649	(116)	(71)
Net change in plan fiduciary net position	395,380	302,628	120,773	194,354
Plan Fiduciary Net Position - Beginning	<u>1,452,305</u>	<u>1,149,676</u>	<u>1,028,903</u>	<u>834,549</u>
Plan Fiduciary Net Position - Ending (b)	<u>1,847,685</u>	<u>1,452,304</u>	<u>1,149,676</u>	<u>1,028,903</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 66,030</u>	<u>\$ 110,572</u>	<u>\$ 88,687</u>	<u>\$ (104,003)</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	96.55%	92.93%	92.84%	111.24%
Pensionable Covered Payroll	\$ 1,620,064	\$ 1,589,735	\$ 1,515,140	\$ 1,502,278
Net Pension Liability as a Percentage of Covered Payroll	4.08%	6.96%	5.85%	-6.92%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Nine Fiscal Years

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 55,173	\$ 55,173	\$ -	\$ 1,500,903	3.68%
2015	56,553	56,553	-	1,504,470	3.76%
2016	92,411	92,411	-	1,535,278	6.02%
2017	114,700	114,700	-	1,628,072	7.05%
2018	122,704	122,704	-	1,699,462	7.22%
2019	126,915	126,915	-	1,680,587	7.55%
2020	134,203	134,203	-	1,714,760	7.83%
2021	109,976	109,976	-	1,384,263	7.94%
2022	136,960	136,960	-	1,506,529	9.09%

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

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Nine Fiscal Years

Valuation Timing 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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.8 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5- year smoothed market
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 the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions reflected. 2019: New inflation, mortality and other assumptions reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	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: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: 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
Last Five Measurement Years

Fiscal Year Ended September 30	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability				
Service Cost	\$ 85,292	\$ 85,292	\$ 88,789	\$ 58,693
Interest on total OPEB liability	27,627	25,779	64,404	74,459
Differences between expected and actual experience	(430,499)	-	(1,221,101)	-
Changes in assumptions	(266,776)	-	(171,139)	457,022
Benefit payments	<u>(24,872)</u>	<u>(33,053)</u>	<u>(32,748)</u>	<u>(33,343)</u>
Net change in total OPEB liability	(609,228)	78,018	(1,271,795)	556,831
Total OPEB Liability - Beginning	<u>1,155,001</u>	<u>1,076,983</u>	<u>2,348,778</u>	<u>1,791,947</u>
Total OPEB Liability - Ending	<u>\$ 545,773</u>	<u>\$ 1,155,001</u>	<u>\$ 1,076,983</u>	<u>\$ 2,348,778</u>
Covered- Employee Payroll	\$ 1,357,708	\$ 1,348,983	\$ 1,348,983	\$ 1,346,020
Total OPEB liability as a Percentage of Covered- Employee Payroll	40.20%	85.62%	79.84%	174.50%

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.

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH CARE PLAN
Last Five Measurement Years

Fiscal Year Ended September 30	<u>2018</u>
Total OPEB liability	
Service Cost	\$ 56,403
Interest on total OPEB liability	70,614
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	<u>(35,879)</u>
Net change in total OPEB liability	91,138
Total OPEB Liability - Beginning	<u>1,700,809</u>
Total OPEB Liability - Ending	<u>\$ 1,791,947</u>
Covered- Employee Payroll	\$ 1,346,020
Total OPEB liability as a Percentage of Covered- Employee Payroll	133.13%

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.



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**



NONMAJOR GOVERNMENTAL FUNDS

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



NONMAJOR SPECIAL REVENUE FUNDS

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

Texas Department of Agriculture – These funds are used to account for federal grant funds provided by the U. S. Department of Housing and Urban Development, and passed through the Texas Department of Agriculture.

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.

U.S. Department of Agriculture – Solid Waste Management – This fund is used to account for federal grant funds provided by the U.S. Department of Agriculture.

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

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

Texas Department of Housing and Community Affairs – This fund is used to account for grant funds provided by Texas Department of Housing and Community Affairs

PERMIAN BASIN REGIONAL PLANNING COMMISSION

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2022

	Texas Department of Agriculture	Texas Department of Health: Bureau of Emergency Management	U. S. Department of Agriculture Solid Waste Management	Texas Department of Housing and Community Affairs
Assets				
Cash and cash equivalents	\$ 16,395	\$ 7,300	\$ 15,657	\$ 43,393
Grants receivable	3,995	82	25,440	-
Receivables	-	-	5	15
Due from other funds	673	570	13,540	2,066
Prepaid items	-	-	234	-
Total Assets	\$ 21,063	\$ 7,952	\$ 54,876	\$ 45,474
Liabilities				
Accounts payable	\$ 279	\$ 6	\$ 436	\$ 6
Due to other funds	13,665	-	34,057	45,468
Unearned revenue	7,214	-	-	-
Total Liabilities	21,158	6	34,493	45,474
Fund Balances				
Nonspendable	-	-	234	-
Restricted	-	7,946	20,149	-
Unassigned	(95)	-	-	-
Total Fund Balances	(95)	7,946	20,383	-
Total Liabilities and Fund Balances	\$ 21,063	\$ 7,952	\$ 54,876	\$ 45,474

PERMIAN BASIN REGIONAL PLANNING COMMISSION

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2022

	Texas Department of Transportation	Texas Commission on Environmental Quality	U.S. Department of Transportation	Office of the Governor	Total Nonmajor Special Revenue Funds
Assets					
Cash and cash equivalents	\$ -	\$ 107,096	\$ 18,869	\$ 43,077	\$ 251,787
Grants receivable	18,633	2,541	159,732	10,093	220,516
Receivables	1,065	-	-	-	1,085
Due from other funds	7,697	180,000	3,238	32,786	240,570
Prepaid items	-	377	2,288	-	2,899
Total Assets	\$ 27,395	\$ 290,014	\$ 184,127	\$ 85,956	\$ 716,857
Liabilities					
Accounts payable	\$ 25,678	\$ 488	\$ 19,774	\$ -	\$ 46,667
Due to other funds	1,842	31,166	75,480	81,779	283,457
Unearned revenue	-	258,360	-	4,177	269,751
Total Liabilities	27,520	290,014	95,254	85,956	599,875
Fund Balances					
Nonspendable	-	377	2,288	-	2,899
Restricted	-	-	86,585	-	114,680
Unassigned	(125)	(377)	-	-	(597)
Total Fund Balances	(125)	-	88,873	-	116,982
Total Liabilities and Fund Balances	\$ 27,395	\$ 290,014	\$ 184,127	\$ 85,956	\$ 716,857

PERMIAN BASIN REGIONAL PLANNING COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2022

	Texas Department of Agriculture	Texas Department of Health: Bureau of Emergency Management	U. S. Department of Agriculture Solid Waste Management	Texas Department of Housing and Community Affairs
Revenues				
Grants	\$ 1,532	\$ -	\$ -	\$ 222,333
Total Revenues	<u>1,532</u>	<u>-</u>	<u>-</u>	<u>222,333</u>
Expenditures				
Current:				
Environmental quality	-	-	-	-
Community development	1,529	-	-	222,241
Homeland security	-	-	-	-
Debt service:				
Principal on long-term debt	2	-	-	80
Interest on long-term debt	1	-	-	12
Total Expenditures	<u>1,532</u>	<u>-</u>	<u>-</u>	<u>222,333</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	-	-	-	-
Beginning Fund Balances	<u>(95)</u>	<u>7,946</u>	<u>20,383</u>	<u>-</u>
Ending Fund Balances	<u>\$ (95)</u>	<u>\$ 7,946</u>	<u>\$ 20,383</u>	<u>\$ -</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2022**

	Texas Department of Transportation	Texas Commission on Environmental Quality	U.S. Department of Transportation	Office of the Governor	Total Nonmajor Special Revenue Funds
Revenues					
Grants	\$ 22,042	\$ 99,250	\$ 118,737	\$ 25,606	\$ 489,500
Total Revenues	<u>22,042</u>	<u>99,250</u>	<u>118,737</u>	<u>25,606</u>	<u>489,500</u>
Expenditures					
Current:					
Environmental quality	22,167	99,175	118,674	-	240,016
Community development	-	-	-	-	223,770
Homeland security	-	-	-	25,606	25,606
Debt service:					
Principal on long-term debt	-	65	55	-	202
Interest on long-term debt	-	10	8	-	31
Total Expenditures	<u>22,167</u>	<u>99,250</u>	<u>118,737</u>	<u>25,606</u>	<u>489,625</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(125)	-	-	-	(125)
Beginning Fund Balances	<u>-</u>	<u>-</u>	<u>88,873</u>	<u>-</u>	<u>117,107</u>
Ending Fund Balances	<u>\$ (125)</u>	<u>\$ -</u>	<u>\$ 88,873</u>	<u>\$ -</u>	<u>\$ 116,982</u>



Permian Basin
REGIONAL PLANNING COMMISSION

SUPPLEMENTAL INFORMATION

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF INDIRECT COSTS

For the Year Ended September 30, 2022

	<u>Budget</u>	<u>Actual</u>
Indirect Cost Burden		
Indirect Personnel:		
Salaries	\$ 111,666	\$ 92,432
Benefits	<u>48,977</u>	<u>39,590</u>
Total Indirect Personnel	<u>160,643</u>	<u>132,022</u>
Indirect Operations:		
Supplemental pay	7,200	7,200
Other	<u>1,797</u>	<u>1,173</u>
Total Indirect Operations	<u>8,997</u>	<u>8,373</u>
Total Indirect Burden	<u>169,640</u>	<u>140,395</u>
Indirect Cost Burden		
Direct salaries		1,365,907
Direct benefits		<u>598,852</u>
Total Indirect Cost Burden		<u>\$ 1,964,759</u>
Actual Off- Site Rate		
Adjusted indirect cost burden	140,395	
Divided by total indirect cost burden	1,964,759	
Actual Off- Site Rate		7.15%
Budgeted Rate		9.36%
Indirect Costs As A Percentage Of Total Grant Expenditures		
Indirect costs	<u>140,395</u>	
Divided by total grant expenditures	<u>\$ 6,042,389</u>	
		2.32%

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF FRINGE BENEFITS

For the Year Ended September 30, 2022

Fringe Benefits

Actual Fringe Benefits Incurred:

FICA taxes	\$ 103,519
Unemployment	1,458
Workman's compensation	5,113
Health insurance	251,217
Retirement	134,968
Longevity	6,500
Accrued Vacation	-
Fringe Benefits Costs Incurred	<u>502,775</u>

Less: fringe benefit costs allocated -

Current year under (over) recovery of costs 502,775

Add: prior year under (over) recovery of costs 641,320

FY 2022 final under (over) recovery - carried forward to FY 2022 Cost Allocation Plan \$ 1,144,095

COMPUTATION OF ACTUAL FRINGE BENEFIT RATE

Total benefits	\$ 502,775	
Divided by chargeable salaries	<u>1,459,284</u>	
		<u>34.45%</u>
Chargeable salaries	1,459,284	
Benefits	<u>502,775</u>	

Total personnel costs - Permian Basin Regional Planning Commission \$ 1,962,059

Budgeted fringe benefit rate 43.95%

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SUMMARY OF ALLOCATIONS OF INDIRECT OVERHEAD AND FRINGE BENEFIT COSTS
For the Year Ended September 30, 2022

Fund Number	Direct Salaries	Total Benefits	Direct Personnel Costs	Indirect Overhead Rate Applied	Indirect Overhead Allocated
01-000	\$ 93,377	\$ 39,741	\$ -	0.00%	\$ -
02-322	423,161	185,618	608,779	9.36%	56,982
02-323	-	-	-	9.36%	-
02-368	8,019	3,517	11,536	9.36%	1,080
02-384	22,195	9,735	31,930	9.36%	2,989
02-385	12,796	5,612	18,408	9.36%	1,723
05-161	74,452	32,654	107,105	9.36%	10,025
05-211	25,168	11,039	36,207	9.36%	3,389
05-212	1,921	843	2,764	9.36%	259
05-291	46,900	20,570	67,470	9.36%	6,315
05-292	3,767	1,652	5,419	9.36%	507
05-802	28,603	12,545	41,148	9.36%	3,851
05-803	2,566	1,125	3,691	9.36%	345
06-019	9,909	4,170	14,079	9.36%	1,318
06-020	2,975	1,305	4,279	9.36%	401
07-055	32,715	14,349	47,064	9.36%	4,405
08-922	316,487	139,296	455,783	9.36%	42,661
08-923	26,077	11,437	37,514	9.36%	3,511
12-129	536	235	771	9.36%	72
14-440	138,953	60,539	199,492	9.36%	18,672
17-227	9,929	4,355	14,284	9.36%	1,337
17-228	22,855	10,024	32,879	9.36%	3,077
19-620	8,900	3,904	12,804	9.36%	1,198
19-621	29,458	13,096	42,554	9.36%	3,983
19-622	1,295	568	1,863	9.36%	174
20-705	4,528	1,986	6,514	9.36%	610
20-706	1,071	470	1,541	9.36%	144
21-721	80,270	35,138	115,408	9.36%	10,802
22-633	16,707	7,327	24,034	9.36%	2,250
40-137	13,591	5,697	19,287	9.36%	1,805
40-138	104	46	150	9.36%	14
Totals	\$ 1,459,285	\$ 638,593	\$ 1,964,757		\$ 183,901

FEDERAL AND STATE AWARDS



**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**

To the Board of Directors
Permian Basin Regional Planning Commission

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 "PBRPC"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise PBRPC's basic financial statements, and have issued our report thereon dated June 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PBRPC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PBRPC's internal control. Accordingly, we do not express an opinion on the effectiveness of PBRPC'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 PBRPC'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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PBRPC'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*.

To the Board of Directors
Permian Basin Regional Planning Commission

Permian Basin Regional Planning Commission's Response to Finding

Permian Basin Regional Planning Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Permian Basin Regional Planning Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 PBRPC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PBRPC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive style with a large, stylized "P" for "Penn".

Odessa, Texas
June 30, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF TEXAS GRANT MANAGEMENT STANDARDS**

To the Executive Committee Members of
Permian Basin Regional Planning Commission

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Program

We have audited the Permian Basin Regional Planning Commission (the "PBRPC") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the State of Texas Grant Management Standards that could have a direct and material effect on each of PBRPC's major federal and state programs for the year ended September 30, 2022. PBRPC'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, PBRPC 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, 2022.

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*); and 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 the State of Texas Grant Management Standards. Our responsibilities under those standards, and the Uniform Guidance and the State of Texas Grant Management Standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PBRPC 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 PBRPC'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 PBRPC's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on PBRPC'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*, and the Uniform Guidance, and the State of Texas Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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 the State of Texas Grant Management Standards, 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 PBRPC'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 PBRPC'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 the State of Texas Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of PBRPC's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state 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 and 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 and 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.

To the Board of Directors
Permian Basin Regional Planning Commission

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 the State of Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Whitley Penn LLP

Odessa, Texas
June 30, 2023

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes, 2022-001
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	None

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
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Ageing Cluster:

Title III-B	93.044
Title III-B - COVID-19	93.044
Title III-C1	93.045
Title III-C1 - COVID-19	93.045
Title III-C2	93.045
Title III-C2 - COVID-19	93.045
Nutrition Services Incentive Program (NSIP)	93.053

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
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Auditee qualified as low risk auditee?	No
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PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2022

I. Summary of Auditors' Results (continued)

State Awards

Internal control over major programs:

Material weakness (es) identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance with major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ? None

Identification of major programs:

Name of State Programs

911 Planning - FY21
 911 Planning - FY22
 911 Planning - FY23

Dollar Threshold Considered Between Type A and Type B Federal Programs \$750,000

Auditee qualified as low risk auditee? No

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended September 30, 2022

II. Financial Statement Findings

Finding 2022-001 Internal Control Over Financial Reporting: Financial Close and Reporting Processes

Criteria:

Proper controls over financial reporting include a system designed to provide for the preparation of the financial statements and accompanying notes to the financial statements that are materially correct and in accordance with accounting principles generally accepted in the United States of America. Monthly and annual reconciliations are necessary to ensure that accounts are properly stated.

Condition:

Numerous accounts were not properly reconciled during the year or at the end of the year. As a result, material adjusting journal entries were identified during the audit of the financial statements that were not previously identified or corrected in a timely manner by PBRPC.

Cause:

Internal controls not properly designed to regularly reconcile accounts leads to inaccurate balances and reporting at the end of a reporting period.

Effect:

The lack of internal controls increases the risk of misappropriation of assets and potential misreporting of financial statement amounts due to error or fraud.

Recommendation:

We recommend that PBRPC review its internal control procedures over financial reporting to ensure controls are in place to identify and record all transactions in the correct period and reconcile accounts on a timely basis. Management should follow its financial close procedures and ensure that all reconciliations are completed monthly for all significant financial accounts, which includes timely and effective review and/or approval of all transactions and reconciliations of account balances by the appropriate level of management. In addition, management should retain supporting documentation for all transactions entered into its general ledger.

View of Responsible Official:

Management agrees with finding. See corrective action plan.

III. Federal Awards Findings and Questioned Costs

None noted

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Grant/Contract Number	Expenditures	Pass Through To Sub Recipients
U.S. Department of Commerce				
Direct Award:				
<i>Economic Development Administration Grant</i>	11.302	ED19AUS3020003	\$ 19,639	\$ -
<i>Economic Development Administration Grant</i>	11.302	ED22AUS3020003	76,975	-
<i>Economic Development Administration CARES Act Grant (COVID-19)</i>	11.302	ED20AUS3070058	312,864	-
<i>Total ALN 11.302</i>			<u>409,478</u>	-
Total U.S. Department of Commerce			<u>409,478</u>	<u>-</u>
U. S. Department of Housing and Urban Development				
Passed through Texas Department of Agriculture:				
<i>Community Development Block Grant - CEDAF Technical Assistance</i>	14.228	C718219	1,532	-
Passed through Texas Department of Housing and Community Affairs:				
<i>Community Development Block Grant - TEMAP</i>	14.228	B-20-DW-48-0001-70070001016	222,333	-
<i>Total ALN 14.228</i>			<u>223,865</u>	-
Total U. S. Department of Housing and Urban Development			<u>223,865</u>	<u>-</u>
U.S Department of Justice				
Pass-through Office of the Governor - Criminal Justice Division				
<i>Violence Against Women Formula Grant FY 20-21</i>	16.588	1825616	61,045	-
<i>Violence Against Women Formula Grant FY 21-22</i>	16.588	1825617	5,955	-
<i>Total ALN 16.588</i>			<u>67,000</u>	-
<i>Coronavirus Emergency Supplemental Funding Program</i>	16.034	4356201	27,686	-
Total U.S. Department Justice			<u>94,686</u>	<u>-</u>
U.S Department of Transportation				
Direct				
<i>Technical Assistance Grant</i>	20.710	693JK32040010PTAG	118,737	-
Total U.S. Department of Transportation			<u>118,737</u>	<u>-</u>
U.S. Department of Health and Human Services				
Pass-through Texas Health and Human Services Commission				
<i>Title VII- EAP</i>	93.041	539-16-0003-00001	4,402	-
<i>Title VII- OM</i>	93.042	539-16-0003-00001	20,233	-
<i>Title VII- OM - COVID-19</i>	93.042	539-16-0003-00001	15,047	-
<i>Total ALN 93.042</i>			<u>35,280</u>	-
<i>Title III- D Evidence Based- Intervention</i>	93.043	539-16-0003-00001	32,830	-
<i>Title III-B</i>	93.044	539-16-0003-00001	557,038	-
<i>Title III-B - COVID-19</i>	93.044	539-16-0003-00001	162,453	-
<i>Title III-C1</i>	93.045	539-16-0003-00001	456,674	-
<i>Title III-C1 - COVID-19</i>	93.045	539-16-0003-00001	118,195	-
<i>Title III-C2</i>	93.045	539-16-0003-00001	333,243	-
<i>Title III-C2 - COVID-19</i>	93.045	539-16-0003-00001	171,991	-
<i>Nutrition Services Incentive Program (NSIP)</i>	93.053	539-16-0003-00001	240,853	-
<i>Total Aging Cluster (ALN 93.044, 93.045, 93.053)</i>			<u>2,040,447</u>	-
<i>Title III-E</i>	93.052	539-16-0003-00001	257,290	-
<i>Title III-E - COVID-19</i>	93.052	539-16-0003-00001	88,550	-
<i>Total ALN 93.052</i>			<u>345,840</u>	-
<i>Medicare Improvements for Patients and Providers ACT (MIPPA)</i>	93.071	539-16-0003-00001	31,278	-
<i>OMB ALF Services</i>	93.791	N/A	17,235	-
<i>HICAP (04/01/22 - 03/31/23)</i>	93.324	539-16-0003-00001	23,650	-
<i>HICAP (04/01/21 - 03/31/22)</i>	93.324	539-16-0003-00001	41,615	-
<i>Total ALN 93.324</i>			<u>65,265</u>	-
Total U.S. Department of Health and Human Services			<u>2,572,577</u>	<u>-</u>
U.S. Department of Homeland Security				
Pass-through Texas Department of Public Safety				
<i>State Homeland Security Program - GF20, FY21</i>	97.067	14SHSP052P01	1,096	-
<i>State Homeland Security Program - GF21, FY22</i>	97.067	14SHSP052P02	493,281	-
<i>Total ALN 93.067</i>			<u>494,377</u>	-
Total U.S. Department of Homeland Security			<u>494,377</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,913,720</u>	<u>\$ -</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended September 30, 2022

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>	<u>Pass Through To Sub Recipients</u>
Texas Health and Human Services Commission			
<i>State General Revenue Title III E Match</i>	539-16-0003-00001	\$ 40,000	\$ -
<i>State General Revenue - Other</i>	539-16-0003-00001	64,729	-
<i>State General Revenue - ARP</i>	539-16-0003-00001	58,851	-
<i>State General Revenue - HDM Rate Increase</i>	539-16-0003-00001	18,552	-
<i>Housing Bond (09/01/19 - 08/31/20)</i>	539-16-0003-00001	16,666	-
Total Texas Health and Human Services Commission		<u>198,798</u>	<u>-</u>
Office of the Governor Criminal Justice Division			
<i>Law Enforcement Training FY 21-22</i>	1465117	98,157	-
<i>Mental Health</i>	3790302	60,498	-
<i>Criminal Justice Planning FY 21-22</i>	N/ A	47,108	-
<i>Criminal Justice Planning FY 22-23</i>	N/ A	3,440	-
Total Office of the Governor Criminal Justice Division		<u>209,203</u>	<u>-</u>
Texas Commission on Environmental Quality			
<i>Solid Waste Planning FY 20-21</i>	582-20-10220	18,126	-
<i>Solid Waste Planning FY 21-22</i>	582-22-30124	81,124	-
Total Texas Commission on Environmental Quality		<u>99,250</u>	<u>-</u>
Commission on State Emergency Communications			
<i>911 Planning - FY21</i>	N/ A	266,459	-
<i>911 Planning - FY22</i>	N/ A	1,202,572	-
<i>911 Planning - FY23</i>	N/ A	86,504	-
<i>911 Planning - FY23</i>	N/ A	18,235	-
Total Commission on State Emergency Communications		<u>1,573,770</u>	<u>-</u>
Office of the Governor, Homeland Security Grants Division			
<i>Homeland Security Grants Division Service 20-21</i>	N/ A	19,322	-
<i>Homeland Security Grants Division Service 21-22</i>	N/ A	6,284	-
Total Office of the Governor, Homeland Security Grants Division		<u>25,606</u>	<u>-</u>
Texas Department of Transportation			
<i>Short Range Transit Planning - FY 2021- 2022</i>	44.24.00	3,130	-
<i>Short Range Transit Planning - Passthrough from Federal FY 2021-22</i>	44.24.00	14,000	-
<i>Short Range Transit Planning - Passthrough from Federal FY21-22</i>	44.24.00	4,912	-
Total Texas Commission on Environmental Quality		<u>22,042</u>	<u>-</u>
Total Expenditures of State Awards		<u>\$ 2,128,669</u>	<u>\$ -</u>
	Total Federal Awards	<u>\$ 3,913,720</u>	
	Total State Awards	<u>2,128,669</u>	
	Total Grant Revenue	<u>\$ 6,042,389</u>	

PERMIAN BASIN REGIONAL PLANNING COMMISSION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the “Schedules”) includes the federal and state grant activity of PBRPC under programs of the federal and state government for the year ended September 30, 2022. The information in these Schedules is presented in accordance with the requirements of Office of Management and Budget (OMB) Uniform Guidance and the State of Texas Grant Management Standards. Because these Schedules present only a selected portion of the operations of PBRPC, they are not intended to and do not present the financial position and changes in net position of PBRPC.

2. Summary of Significant Accounting Policies

PBRPC accounts for all federal and state awards under programs of the federal and state governments in special revenue funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to PBRPC, they are recorded as unearned revenues until earned. Otherwise, federal and state grant funds are received on a reimbursement basis from the respective federal or state program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods. PBRPC has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

Not Applicable

PERMIAN BASIN REGIONAL PLANNING COMMISSION

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

I. Corrective Action Plan

Not Applicable

