



ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2021

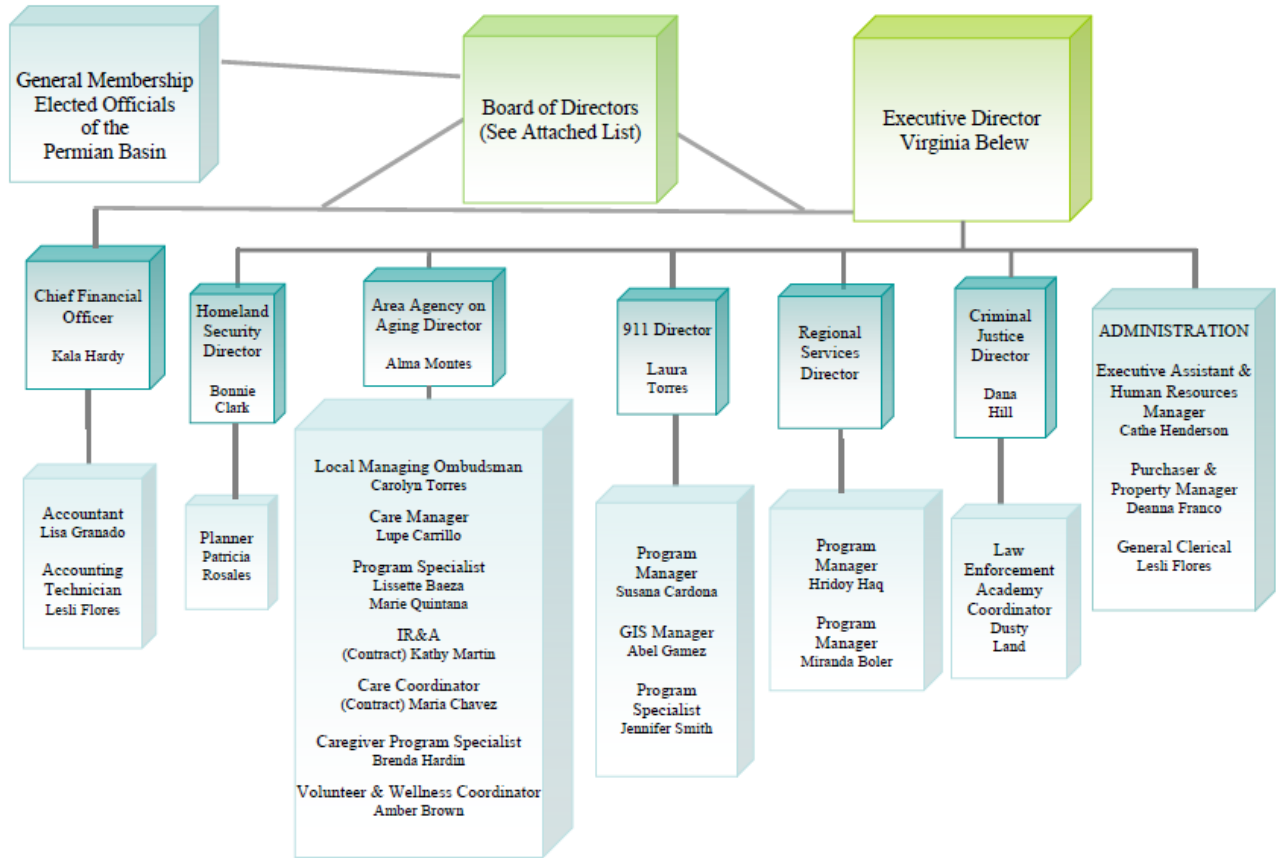
PERMIAN BASIN REGIONAL PLANNING COMMISSION

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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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise PBRPC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to PBRPC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PBRPC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2021, 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.

To the Board of Directors
Permian Basin Regional Planning Commission

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PBRPC's basic financial statements. The combining nonmajor fund financial statements and schedules 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 State of Texas *Uniform Grant Management Standards* and are also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and indirect cost and employee benefit schedules, and the 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, indirect cost and employee benefit schedules, and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, 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.


Odessa, Texas
June 28, 2022

PERMIAN BASIN REGIONAL PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Permian Basin Regional Planning Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Permian Basin Regional Planning Commissions exceeded its liabilities and deferred inflows as of September 30, 2021, by \$1,568,152 (net position). Of this amount, \$603,867 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position increased by \$784,431 from current operations.
- As of the close of the current fiscal year, Permian Basin Regional Planning Commissions' governmental funds reported combined ending fund balances of \$2,909,452, an increase of \$628,192 in comparison with the prior year.
- As of September 30, 2021, unassigned fund balance for the General Fund was \$2,527,323.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities presents information showing how the Commission's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused compensated absences). The government-wide financial statements can be found on pages 11 – 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 13 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 21 - 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 52 - 55 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 \$1,568,152 as of September 30, 2021.

PERMIAN BASIN REGIONAL PLANNING COMMISSION'S

NET POSITION

	Governmental Activities	
	2021	2020
Current assets	\$ 3,908,042	\$ 3,052,455
Capital assets, net	718,046	558,329
Total Assets	4,626,088	3,610,784
Deferred outflows of resources	527,683	485,373
Current liabilities	998,590	771,195
Noncurrent liabilities	1,420,464	1,237,050
Total Liabilities	2,419,054	2,008,245
Deferred inflows of resources	1,166,565	1,304,191
Net Position:		
Investment in capital assets	718,046	558,329
Restricted	246,239	18,955
Unrestricted	603,867	206,437
Total Net Position	\$ 1,568,152	\$ 783,721

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

A portion of the Commission's net position, 46%, reflects its investments in capital assets. The Commission uses these assets to provide services; consequently, these assets are not available for spending. Another portion of the Commission's net position, 16%, represents resources that are subject to external restrictions on how they may be used. The remaining balance, 38%, of unrestricted net position may be used to meet the Commission's ongoing obligations

ANALYSIS OF FINANCIAL POSITION

The overall financial condition of the Permian Basin Regional Planning Commission increased from the prior year with ending net position increasing by \$784,431, or 100%. The Commission experienced an increase in revenue of \$1,432,946, which is an increase of 23% from the prior year. This increase is largely attributable to an increase in operating grants and contributions of \$1,188,654 associated with the Aging program, and an increase in Homeland Security and Emergency Communications, as well. Expenses increased by \$1,085,037, or 19% 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, 2021 and 2020, respectively.

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

	Governmental Activities	
	2021	2020
Revenues		
Program revenues:		
Charges for services	\$ 206,481	\$ 270,063
Operating grants and contributions	7,014,058	5,825,404
General revenues:		
Miscellaneous	402,111	24,520
Interest income	9,098	78,815
Total Revenues	7,631,748	6,198,802
Expenses		
General government	157,951	195,000
Aging	2,644,261	2,417,479
Emergency communications	2,625,460	2,056,763
Economic development	233,477	76,596
Criminal justice	353,234	337,679
Community development	3,199	8,582
Homeland security	542,929	559,573
Environmental quality	235,830	59,779
Solid waste management	50,976	75,342
Total Expenses	6,847,317	5,786,793
Change in Net Position	784,431	412,009
Beginning net position	783,721	371,712
Ending net position	\$ 1,568,152	\$ 783,721

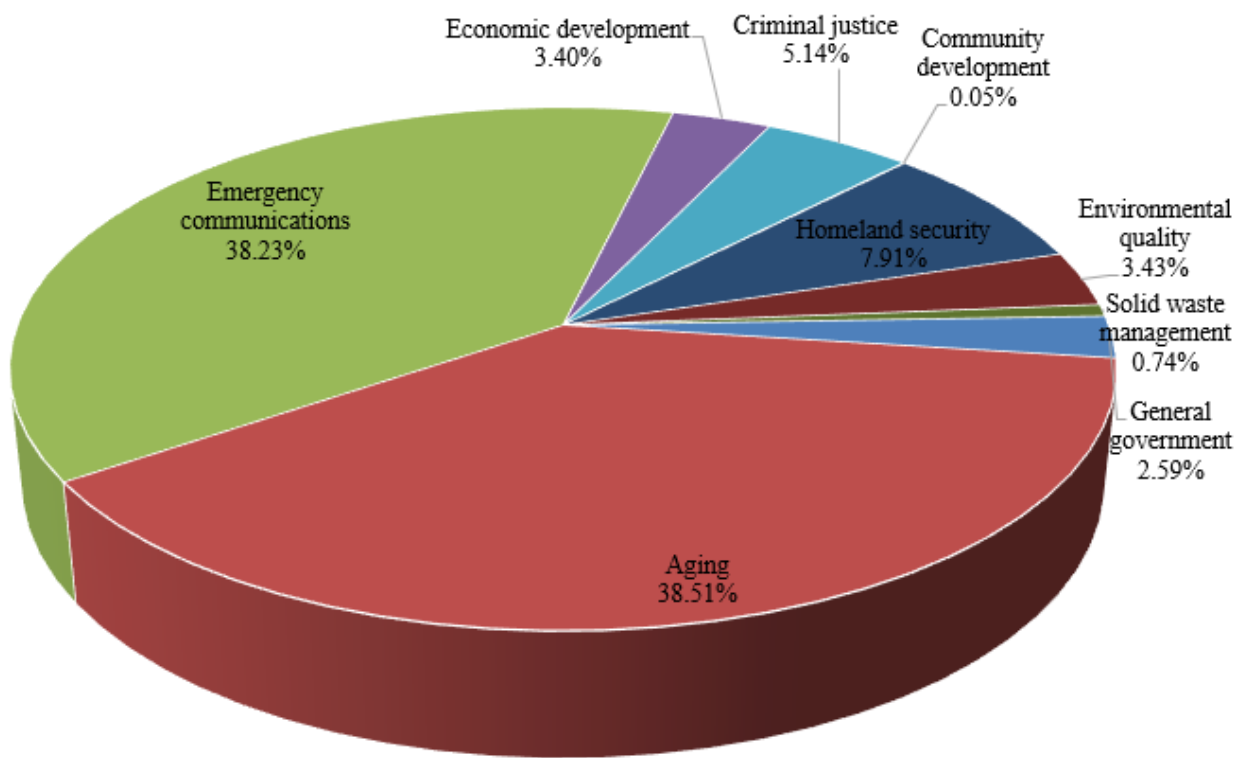
PERMIAN BASIN REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 \$2,909,452. 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, 2021, amounts to \$718,046 (net of accumulated depreciation). 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**

	Governmental Activities	
	2021	2020
Buildings and improvements	\$ 280,000	\$ 280,000
Equipment	2,849,621	2,802,542
Less: accumulated depreciation	(2,411,575)	(2,524,213)
Total capital assets	\$ 718,046	\$ 558,329

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, 2021

	<u>Primary Governmental Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,122,888
Receivables:	
Due from grantor agencies	1,534,185
Other receivables	26,561
Prepays	224,408
Total current assets	<u>3,908,042</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation:	
Buildings	76,000
Equipment	642,046
Total noncurrent assets	<u>718,046</u>
Total Assets	<u>4,626,088</u>
Deferred Outflows of Resources	
Pension related	233,303
OPEB related	294,380
Total Deferred Outflows of Resources	<u>527,683</u>
Liabilities	
Current liabilities:	
Accounts payable	758,562
Unearned revenue	240,028
Total current liabilities	<u>998,590</u>
Noncurrent liabilities:	
Due within one year:	
Compensated absences	19,947
Due in more than one year:	
Compensated absences	59,838
Net pension liability	185,678
Net OPEB liability	1,155,001
Total noncurrent liabilities	<u>1,420,464</u>
Total Liabilities	<u>2,419,054</u>
Deferred Inflows of Resources	
Pension related	108,195
OPEB related	1,058,370
Total Deferred Inflows of Resources	<u>1,166,565</u>
Net Position	
Investment in capital assets	718,046
Restricted:	
Restricted for grant use	246,239
Unrestricted	603,867
Total Net Position	<u>\$ 1,568,152</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

September 30, 2021

Functions/Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Primary Government:			
Governmental Activities			
General government	\$ 154,253	\$ 3,698	\$ 157,951
Aging	2,582,366	61,895	2,644,261
Emergency communications	2,564,006	61,454	2,625,460
Economic development	228,012	5,465	233,477
Criminal justice	344,966	8,268	353,234
Community development	3,124	75	3,199
Homeland security	530,221	12,708	542,929
Environmental quality	230,310	5,520	235,830
Solid waste management	49,783	1,193	50,976
Indirect costs	160,276	(160,276)	-
Total Governmental Activities	<u>6,847,317</u>	<u>-</u>	<u>6,847,317</u>
Total Primary Government	<u>\$ 6,847,317</u>	<u>\$ -</u>	<u>\$ 6,847,317</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

September 30, 2021

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	
Primary Government:			
Governmental Activities			
General government	\$ 182,995	\$ -	\$ 25,044
Aging	-	2,584,278	(59,983)
Emergency communications	-	2,750,575	125,115
Economic development	23,486	322,952	112,961
Criminal justice	-	390,597	37,363
Community development	-	100,419	97,220
Homeland security	-	657,078	114,149
Environmental quality	-	135,983	(99,847)
Solid waste management	-	72,176	21,200
Indirect costs	-	-	-
Total Governmental Activities	<u>206,481</u>	<u>7,014,058</u>	<u>373,222</u>
Total Primary Government	<u>\$ 206,481</u>	<u>\$ 7,014,058</u>	<u>\$ 373,222</u>
General Revenues:			
Investment earnings			9,098
Miscellaneous			402,111
Total General Revenues			<u>411,209</u>
Change in Net Position			784,431
Beginning Net Position			<u>783,721</u>
Ending Net Position			<u>\$ 1,568,152</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2021

	<u>General</u>	<u>Texas Department of Health and Human Services</u>	<u>Commision on State Emergency Communications</u>	<u>Texas Department of Public Safety</u>
Assets				
Cash and cash equivalents	\$ 1,624,655	\$ 213,716	\$ 77,953	\$ -
Receivables	11,720	-	-	-
Grants receivable	-	520,552	223,127	204,773
Due from other funds	1,058,160	-	-	-
Prepaid items	121,391	2,405	76,730	2,025
Total Assets	<u>2,815,926</u>	<u>736,673</u>	<u>377,810</u>	<u>206,798</u>
Liabilities				
Accounts payable	3,254	301,968	168,954	20,573
Accrued liabilities	35,872	-	5,735	-
Due to other funds	-	434,705	111,082	62,087
Unearned revenue	128,086	-	92,039	4,000
Total Liabilities	<u>167,212</u>	<u>736,673</u>	<u>377,810</u>	<u>86,660</u>
Fund Balances				
Nonspendable	121,391	2,405	76,730	2,025
Restricted for:				
Grant programs	-	-	-	118,113
Unassigned	2,527,323	(2,405)	(76,730)	-
Total Fund Balances	<u>2,648,714</u>	<u>-</u>	<u>-</u>	<u>120,138</u>
Total Liabilities and Fund Balances	<u>\$ 2,815,926</u>	<u>\$ 736,673</u>	<u>\$ 377,810</u>	<u>\$ 206,798</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2021

	Criminal Justice Division	Economic Development	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 47,586	\$ -	\$ 158,978	\$ 2,122,888
Receivables	-	8,705	6,136	26,561
Grants receivable	144,951	161,101	279,681	1,534,185
Due from other funds	-	72,330	10,207	1,140,697
Prepaid items	-	8,237	13,620	224,408
Total Assets	192,537	250,373	468,622	5,048,739
Liabilities				
Accounts payable	18,270	44,520	159,416	716,955
Accrued liabilities	-	-	-	41,607
Due to other funds	150,774	205,853	176,196	1,140,697
Unearned revenue	-	-	15,903	240,028
Total Liabilities	169,044	250,373	351,515	2,139,287
Fund Balances				
Nonspendable	-	8,237	13,620	224,408
Restricted for:				
Grant programs	23,493	-	104,633	246,239
Unassigned	-	(8,237)	(1,146)	2,438,805
Total Fund Balances	23,493	-	117,107	2,909,452
Total Liabilities and Fund Balances	\$ 192,537	\$ 250,373	\$ 468,622	\$ 5,048,739



PERMIAN BASIN REGIONAL PLANNING COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2021

Total fund balances - governmental funds		\$ 2,909,452
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of \$3,129,621, net of accumulated depreciation of \$2,411,575, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		718,046
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	233,303	
Deferred outflows - OPEB related	294,380	
Deferred inflows - pension related	(108,195)	
Deferred inflows - OPEB related	<u>(1,058,370)</u>	
Total deferred outflows and inflows related to postemployment benefits		(638,882)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Compensated absences	(79,785)	
Net pension liability	(185,678)	
Net OPEB liability	<u>(1,155,001)</u>	
Total long-term liabilities		<u>(1,420,464)</u>
Net position of governmental activities		<u>\$ 1,568,152</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION
STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	General	Texas Department of Health and Human Services	Commision on State Emergency Communications	Texas Department of Public Safety
Revenues				
Grant revenue	\$ -	\$ 2,584,278	\$ 2,750,575	\$ 545,940
Program income	-	-	-	-
Local revenue	46,894	-	-	-
Membership dues	138,895	-	-	-
Investment income	9,098	-	-	-
Other income	35,198	-	-	111,138
Total Revenues	230,085	2,584,278	2,750,575	657,078
Expenditures				
General government	167,406	-	-	-
Aging	-	2,630,187	-	-
Emergency communications	-	-	2,750,575	-
Economic development	-	-	-	-
Criminal justice	-	-	-	-
Homeland security	-	-	-	545,940
Environmental quality	-	-	-	-
Community development	-	-	-	-
Solid waste management	-	-	-	-
Total Expenditures	167,406	2,630,187	2,750,575	545,940
Excess (Deficiency) of Revenues Over (Under) Expenditures	62,679	(45,909)	-	111,138
Other Financing Sources (Uses)				
Transfers In	-	45,909	-	-
Transfers Out	(45,909)	-	-	-
Insurance proceeds	369,639	-	-	-
Total Other Financing Sources (Uses)	323,730	45,909	-	-
Net Change in Fund Balances	386,409	-	-	111,138
Beginning Fund Balances	2,262,305	-	-	9,000
Ending Fund Balances	\$ 2,648,714	\$ -	\$ -	\$ 120,138

PERMIAN BASIN REGIONAL PLANNING COMMISSION
STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Criminal Justice Division	Economic Development	Other Governmental Funds	Total Governmental Funds
Revenues				
Grant revenue	\$ 364,870	\$ 135,983	\$ 412,011	\$ 6,793,657
Program income	23,493	-	-	23,493
Other local revenue	-	-	-	46,894
Membership dues	-	-	-	138,895
Investment income	-	-	-	9,098
Other income	-	-	109,256	255,592
Total Revenues	388,363	135,983	521,267	7,267,629
Expenditures				
General government	-	-	-	167,406
Aging	-	-	-	2,630,187
Emergency communications	-	-	-	2,750,575
Economic development	-	135,983	-	135,983
Criminal justice	364,870	-	-	364,870
Homeland security	-	-	27,729	573,669
Environmental quality	-	-	234,079	234,079
Community development	-	-	100,514	100,514
Solid waste management	-	-	51,793	51,793
Total Expenditures	364,870	135,983	414,115	7,009,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,493	-	107,152	258,553
Other Financing Sources (Uses)				
Transfers In	-	-	-	45,909
Transfers Out	-	-	-	(45,909)
Insurance proceeds	-	-	-	369,639
Total Other Financing Sources (Uses)	-	-	-	369,639
Net Change in Fund Balances	23,493	-	107,152	628,192
Beginning Fund Balances	-	-	9,955	2,281,260
Ending Fund Balances	\$ 23,493	\$ -	\$ 117,107	\$ 2,909,452

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, 2021

Net changes in fund balances - total governmental funds	\$	628,192
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds do not report depreciation expense on capital assets. However, in the statement of activities, the expense of depreciation on capital assets is allocated to the functions which benefit from the assets. This is the amount of depreciation expense in the current period.		(138,189)
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 2021 capital outlays is to increase net position.		303,278
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.		(5,372)
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	(12,211)	
Changes in pension liabilities and related deferred outflows and inflows of resources	(25,970)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	34,703	
		<u>(3,478)</u>
Change in Net Position of Governmental Activities	\$	<u><u>784,431</u></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.

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, 2021.

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 years
Building	20

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.

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. 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.

10. 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.

11. 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)

12. 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.

13. 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.

14. 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.

15. 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.

16. 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 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, 2021, the Commission's entire deposit balance was collateralized with securities held by the pledging financial institution or covered by FDIC insurance. At September 30, 2021, the Commission had deposits with a book balance of \$2,122,888 and carrying bank balance of \$2,170,684.

Note 4 – Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets being depreciated:				
Building	\$ 280,000	\$ -	\$ -	\$ 280,000
Furniture and equipment	2,802,542	303,278	(256,199)	2,849,621
Total capital assets being depreciated	<u>3,082,542</u>	<u>303,278</u>	<u>(256,199)</u>	<u>3,129,621</u>
Less accumulated depreciation for:				
Building	(198,000)	(6,000)	-	(204,000)
Furniture and equipment	(2,326,213)	(132,189)	250,827	(2,207,575)
Total accumulated depreciation	<u>(2,524,213)</u>	<u>(138,189)</u>	<u>250,827</u>	<u>(2,411,575)</u>
Total capital assets, net	<u>558,329</u>	<u>165,089</u>	<u>(5,372)</u>	<u>718,046</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 558,329</u>	<u>\$ 165,089</u>	<u>\$ (5,372)</u>	<u>\$ 718,046</u>

Depreciation was charged to governmental functions as follows:

Homeland Security	\$ 63,778
Emergency communications	63,805
General government	7,997
Environmental quality	2,609
Total	<u>\$ 138,189</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 5 – 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, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Due To / From Other Funds</u>
General	Texas Department of Health and Human Services	\$ 434,705
General	Commission on State Emergency Communications	111,082
General	Texas Department of Public Safety	62,087
General	Criminal Justice Division	150,774
General	Nonmajor funds	299,512
Nonmajor funds	Nonmajor funds	82,537
		<u>\$ 1,140,697</u>

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

Transfers are used to move unrestricted resources from the fund that collected them to another fund. Transfers from the General Fund to the Texas Department of Health and Human Services Fund are for matching funds for the year ended September 30, 2021.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Transfers in / Transfers out</u>
General Fund	Texas Department of Health and Human Services	\$ 45,909
		<u>\$ 45,909</u>

Note 6 – Long-Term Liabilities

A summary of long-term liability activity for the year ended September 30, 2021, is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balances</u>
Governmental Activities				
Compensated Absences	\$ 67,574	\$ 77,926	\$ (65,715)	\$ 79,785
Total	<u>\$ 67,574</u>	<u>\$ 77,926</u>	<u>\$ (65,715)</u>	<u>\$ 79,785</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 – 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitles to but not yet receiving benefits	19
Active employees	21
	<hr/>
	48
	<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 7.94% and 7.67% in calendar years 2020 and 2019, respectively. The Commission’s contributions to TCDRS for the year ended September 30, 2021, were \$109,976, and were equal to the required contributions.

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 – Defined Benefit Pension Plan (continued)

Net Pension Liability

The Commission’s Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 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, 2020
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions *	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 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.

*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 7 – 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 2021 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</u>	<u>Geometric Rate of Return</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
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%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%
		<u>100.00%</u>	

(1) Target asset allocation adopted at the March 2021 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 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	\$ 3,578,138	\$ 3,178,642	\$ 2,842,582
Fiduciary net position	2,992,964	2,992,964	2,992,964
Net pension liability/(asset)	<u>\$ 585,174</u>	<u>\$ 185,678</u>	<u>\$ (150,382)</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 – 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	\$ 199,800
Interest on total pension liability	228,926
Effect of economic gains or losses	-
Administrative expenses	2,190
Member contributions	(91,988)
Expected investment return net of investment expenses	(214,002)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(16,110)
Recognition of assumption changes or inputs	48,844
Recognition of investment gains or losses	(18,935)
Other	(5,173)
Pension expense	<u>\$ 133,552</u>

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability/ (Asset)</u>
Balances at 12/31/2019	\$ 2,651,523	\$ 2,559,030	\$ 92,493
Changes for the year:			
Service cost	199,800	-	199,800
Interest on total pension liability	228,926	-	228,926
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(18,443)	-	(18,443)
Effect of assumptions changes or inputs	167,987	-	167,987
Refund of contributions	(6,331)	(6,331)	-
Benefit payments	(44,820)	(44,820)	-
Administrative expenses	-	(2,190)	2,190
Member contributions	-	91,988	(91,988)
Net investment income	-	264,705	(264,705)
Employer contributions	-	125,409	(125,409)
Other	-	5,173	(5,173)
Balances at 12/31/2020	<u>\$ 3,178,642</u>	<u>\$ 2,992,964</u>	<u>\$ 185,678</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 – Defined Benefit Pension Plan (continued)

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

At September 30, 2021, 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	\$ 29,831	\$ 9,886
Changes in assumptions	-	136,858
Net difference between projected and actual earnings	78,364	-
Contributions made subsequent to measurement date	-	86,559
Total	\$ 108,195	\$ 233,303

The \$86,559 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:

2022	\$ 10,940
2023	40,860
2024	(3,112)
2025	(10,139)
2023	-
Thereafter	-
Total	\$ 38,549

Note 8 – 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 8 – 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 \$33,053.

At the September 30, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active Members	23
	<hr/>
	28
	<hr/>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follow:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.25% (-.25% real rate of return plus 2.50% inflation)
Inflation	2.50%
Salary scale	3.50%
Mortality	RP-2014 Total Table with Projection MP-2019
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 2.25% 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, 2020.

PERMIAN BASIN REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 – Post-Employment Health Care Plan (continued)

Changes in Total OPEB Liability

The Commission’s total OPEB liability of \$1,155,001 was measured as of September 30, 2021 and was determined by an actuarial valuation as of September 30, 2020.

Total Net OPEB liability	
Service Cost	\$ 85,292
Interest on the total net OPEB liability	25,779
Changes of benefit terms	-
Difference between expected and actual experience of the total net OPEB liability	-
Changes of assumptions	-
Benefit payments	<u>(33,053)</u>
Net change in total net OPEB liability	78,018
Total net OPEB liability-beginning	<u>1,076,983</u>
Total net OPEB liability-ending	<u><u>\$ 1,155,001</u></u>

Statement of OPEB Expense

Service Cost	\$ 85,292
Interest on the total net OPEB Liability	25,779
Recognition of Current Year Outflow (inflow)	<u>(112,721)</u>
Total OPEB Expense	<u><u>\$ (1,650)</u></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 (2.25%) in measuring the total OPEB liability.

1% decrease	Current Discount Rate Assumption	1% Increase
1.25%	2.25%	3.25%
<u>\$ 970,874</u>	<u>\$ 1,155,001</u>	<u>\$ 1,387,766</u>

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
<u>\$ 946,299</u>	<u>\$ 1,155,001</u>	<u>\$ 1,435,587</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 – Post-Employment Health Care Plan (continued)

Deferred Outflows and Inflows of Resources Related to OPEB

As of September 30, 2021, 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	\$ 928,271	\$ -
Changes in assumptions	130,099	294,380
Contributions made subsequent to measurement date	-	-
Total	<u>\$ 1,058,370</u>	<u>\$ 294,380</u>

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

2022	\$ (112,721)
2023	(112,721)
2024	(112,721)
2025	(112,721)
2026	(112,721)
Thereafter	(200,385)
Total	<u>\$ (763,990)</u>

Note 9 – 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 10 – Deficit Fund Balance

At September 30, 2021, the Texas Department of Agriculture fund has a deficit fund balance of \$95 due to expenditures exceeding revenues by that amount.



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	2020	2019	2018	2017
Total Pension Liability				
Service Cost	\$ 199,800	\$ 195,363	\$ 214,170	\$ 212,377
Interest total pension liability	228,926	199,246	171,323	142,503
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	167,987	-	-	24,136
Effect of economic/ demographic (gains) or losses	(18,443)	7,837	6,142	4,379
Benefit payments/ refunds of contributions	(51,151)	(30,194)	(26,079)	(32,556)
Net change in total pension liability	527,119	372,252	365,556	350,839
Total pension liability - beginning	2,651,523	2,279,271	1,913,715	1,562,876
Total pension liability - ending (a)	\$ 3,178,642	\$ 2,651,523	\$ 2,279,271	\$ 1,913,715
Plan Fiduciary Net Position				
Employer contributions	\$ 125,409	\$ 125,156	\$ 123,778	\$ 114,700
Member contributions	91,988	107,535	102,015	97,204
Investment income net of investment expenses	264,705	331,473	(32,192)	214,870
Benefit payments refunds of contributions	(51,151)	(30,194)	(26,079)	(32,557)
Administrative expenses	(2,190)	(1,950)	(1,622)	(1,229)
Other	5,173	7,289	6,136	2,392
Net change in plan fiduciary net position	433,934	539,309	172,036	395,380
Plan fiduciary net position - beginning	2,559,030	2,019,721	1,847,685	1,452,305
Plan fiduciary net position - ending (b)	2,992,964	2,559,030	2,019,721	1,847,685
Net pension liability - ending (a) - (b)	\$ 185,678	\$ 92,493	\$ 259,550	\$ 66,030
Fiduciary net position as a percentage of total pension liability	94.16%	96.51%	88.61%	96.55%
Pensionable covered payroll	\$ 1,533,132	\$ 1,631,776	\$ 1,700,256	\$ 1,620,064
Net pension liability as a percentage of covered payroll	12.11%	5.67%	15.27%	4.08%

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 Seven Measurement Years

Measurement Year Ended December 31	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 211,579	\$ 144,316	\$ 146,741
Interest total pension liability	108,580	88,305	64,072
Effect of plan changes	-	176,807	-
Effect of assumption changes or inputs	-	19,767	-
Effect of economic/ demographic (gains) or losses	7,605	(111,982)	(2,071)
Benefit payments/ refunds of contributions	(3,251)	(3,750)	(5,717)
Net change in total pension liability	324,513	313,463	203,025
Total pension liability - beginning	1,238,363	924,900	721,875
Total pension liability - ending (a)	\$ 1,562,876	\$ 1,238,363	\$ 924,900
Plan Fiduciary Net Position			
Employer contributions	\$ 110,804	\$ 57,727	\$ 54,682
Member contributions	95,387	90,908	90,137
Investment income net of investment expenses	85,974	(23,204)	56,046
Benefit payments refunds of contributions	(3,251)	(3,750)	(5,717)
Administrative expenses	(935)	(792)	(723)
Other	14,649	(116)	(71)
Net change in plan fiduciary net position	302,628	120,773	194,354
Plan fiduciary net position - beginning	1,149,676	1,028,903	834,549
Plan fiduciary net position - ending (b)	1,452,304	1,149,676	1,028,903
Net pension liability - ending (a) - (b)	\$ 110,572	\$ 88,687	\$ (104,003)
Fiduciary net position as a percentage of total pension liability	92.93%	92.84%	111.24%
Pensionable covered payroll	\$ 1,589,735	\$ 1,515,140	\$ 1,502,278
Net pension liability as a percentage of covered payroll	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 Eight 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	3.70%
2015	56,553	56,553	-	1,504,470	3.80%
2016	92,411	92,411	-	1,535,278	6.00%
2017	114,700	114,700	-	1,628,072	7.00%
2018	122,704	122,704	-	1,699,462	7.20%
2019	126,915	126,915	-	1,680,587	7.60%
2020	134,203	134,203	-	1,714,760	7.80%
2021	109,976	109,976	-	1,384,263	7.94%

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

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Eight 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	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5- year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% 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	130% of the RP- 2014 Healthy Annuitant Mortality Table for males and 110% of the RP- 2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP- 2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions 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.

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

Fiscal Year Ended September 30	2021	2020	2019	2018
Total OPEB liability				
Service Cost	\$ 85,292	\$ 88,789	\$ 58,693	\$ 56,403
Interest on total OPEB liability	25,779	64,404	74,459	70,614
Differences between expected and actual experience	-	(1,221,101)	-	-
Changes in assumptions	-	(171,139)	457,022	-
Benefit payments	(33,053)	(32,748)	(33,343)	(35,879)
Net change in total OPEB liability	78,018	(1,271,795)	556,831	91,138
Total OPEB liability - beginning	1,076,983	2,348,778	1,791,947	1,700,809
Total OPEB liability - ending	\$ 1,155,001	\$ 1,076,983	\$ 2,348,778	\$ 1,791,947
Covered- employee payroll	\$ 1,348,983	\$ 1,348,983	\$ 1,346,020	\$ 1,346,020
Total OPEB liability as a percentage of covered- employee payroll	85.62%	79.84%	174.50%	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 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, 2021

	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	\$ 8,246	\$ 7,943	\$ 7,497	\$ -
Grants receivable	4,920	82	46,038	99,400
Receivables	-	-	-	-
Due from other funds	-	-	1,171	-
Prepaid items	-	-	-	-
Total Assets	\$ 13,166	\$ 8,025	\$ 54,706	\$ 99,400
Liabilities				
Accounts payable	\$ 283	\$ 79	\$ 5,466	\$ 61,527
Due to other funds	12,660	-	28,857	37,873
Unearned revenue	318	-	-	-
Total Liabilities	13,261	79	34,323	99,400
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	7,946	20,383	-
Unassigned	(95)	-	-	-
Total Fund Balances	(95)	7,946	20,383	-
Total Liabilities and Fund Balances	\$ 13,166	\$ 8,025	\$ 54,706	\$ 99,400

PERMIAN BASIN REGIONAL PLANNING COMMISSION

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2021

	Texas Commission on Environmental Quality	U.S. Department of Transportation	Office of the Governor	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 89,094	\$ 21,071	\$ 25,127	\$ 158,978
Grants receivable	-	125,432	3,809	279,681
Receivables	6,136	-	-	6,136
Due from grantor agencies	-	-	9,036	10,207
Due from other funds	1,051	12,569	-	13,620
Total Assets	\$ 96,281	\$ 159,072	\$ 37,972	\$ 468,622
Liabilities				
Accounts payable	\$ 73,008	\$ 19,053	\$ -	\$ 159,416
Due to other funds	7,688	51,146	37,972	176,196
Unearned revenue	15,585	-	-	15,903
Total Liabilities	96,281	70,199	37,972	351,515
Fund Balances				
Nonspendable	1,051	12,569	-	13,620
Restricted	-	76,304	-	104,633
Unassigned	(1,051)	-	-	(1,146)
Total Fund Balances	-	88,873	-	117,107
Total Liabilities and Fund Balances	\$ 96,281	\$ 159,072	\$ 37,972	\$ 468,622

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, 2021

	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	\$ 1,019	\$ -	\$ 51,793	\$ 99,400
Other income	-	-	20,383	-
Total Revenues	<u>1,019</u>	<u>-</u>	<u>72,176</u>	<u>99,400</u>
Expenditures				
Current:				
Environmental quality	-	-	-	-
Community development	1,114	-	-	99,400
Homeland security	-	2,009	-	-
Economic development	-	-	-	-
Solid waste management	-	-	51,793	-
Total Expenditures	<u>1,114</u>	<u>2,009</u>	<u>51,793</u>	<u>99,400</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(95)	(2,009)	20,383	-
Beginning Fund Balances	-	9,955	-	-
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, 2021

	Texas Commission on Environmental Quality	U.S. Department of Transportation	Office of the Governor	Total Nonmajor Special Revenue Funds
Revenues				
Grants	\$ 162,164	\$ 71,915	\$ 25,720	\$ 412,011
Other income	-	88,873	-	109,256
Total Revenues	<u>162,164</u>	<u>160,788</u>	<u>25,720</u>	<u>521,267</u>
Expenditures				
Current:				
Environmental quality	162,164	71,915	-	234,079
Community development	-	-	-	100,514
Homeland security	-	-	25,720	27,729
Economic development	-	-	-	-
Solid waste management	-	-	-	51,793
Total Expenditures	<u>162,164</u>	<u>71,915</u>	<u>25,720</u>	<u>414,115</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	-	88,873	-	107,152
Beginning Fund Balances	-	-	-	9,955
Ending Fund Balances	<u>\$ -</u>	<u>\$ 88,873</u>	<u>\$ -</u>	<u>\$ 117,107</u>



SUPPLEMENTAL INFORMATION

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF INDIRECT COSTS

For the Year Ended September 30, 2021

	<u>Budget</u>	<u>Actual</u>
Indirect Personnel		
Salaries	\$ 103,000	\$ 101,361
Benefits	38,373	38,372
Total Indirect Personnel	<u>141,373</u>	<u>139,733</u>
Indirect Operations		
Supplemental Pay	7,200	7,200
Other	9,500	469
Total Indirect Operations	<u>16,700</u>	<u>7,669</u>
Total Indirect Cost Burden	158,073	147,402
Direct Salaries		1,248,351
Direct Benefits		464,006
Total Indirect Cost Burden		<u>1,712,357</u>
Budgeted Indirect Cost Rate - On-site	9.36%	8.61%

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF FRINGE BENEFITS

For the Year Ended September 30, 2021

FRINGE BENEFITS

Actual fringe benefits incurred:		
FICA taxes		\$ 126,679
Unemployment		6,508
Workman's compensation		4,676
Health insurance		232,523
Retirement		132,221
Longevity		18,389
Accrued Vacation		<u>787</u>
Fringe benefit costs incurred		521,783
Less: fringe benefit costs allocated		<u>(507,516)</u>
Current year under (over) recovery of costs		14,267
Add: prior year under (over) recovery of costs		<u>94,728</u>
FY 2021 final under (over) recovery - carried forward to FY 2022 Cost Allocation Plan		<u>\$ 108,995</u>
COMPUTATION OF ACTUAL FRINGE BENEFIT RATE		
Total benefits	\$ 521,783	
Divided by chargeable salaries	<u>1,248,351</u>	
		<u>41.80%</u>
Chargeable salaries	1,248,351	
Benefits	<u>521,783</u>	
Total personnel costs - Permian Basin Regional Planning Commission	<u>\$ 1,770,134</u>	
Budgeted fringe benefit rate		<u>41.80%</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SUMMARY OF ALLOCATIONS OF INDIRECT OVERHEAD AND FRINGE BENEFIT COSTS
For the Year Ended September 30, 2021

Fund Number	Direct Salaries	Total Benefits	Direct Personnel Costs	Indirect Overhead Rate Applied	Indirect Overhead Allocated
01-000	\$ 103,664	\$ 39,335	\$ 142,999	0.00%	\$ -
01-227	9,901	3,071	12,972	0.00%	-
02-321	407,026	150,896	557,922	9.36%	52,221
02-367	1,515	563	2,078	9.36%	195
02-383	19,378	7,197	26,575	9.36%	2,487
02-384	26,743	9,932	36,675	9.36%	3,433
05-160	71,539	26,102	97,641	9.36%	9,139
05-161	6,113	2,271	8,384	9.36%	785
05-210	24,437	9,076	33,513	9.36%	3,137
05-211	2,173	807	2,980	9.36%	279
05-290	44,098	16,300	60,398	9.36%	5,653
05-291	4,169	1,548	5,717	9.36%	535
05-801	23,731	9,128	32,859	9.36%	3,076
05-802	-	-	-	9.36%	-
07-054	29,774	11,058	40,832	9.36%	3,822
07-055	3,163	1,175	4,338	9.36%	406
08-921	301,557	111,998	413,555	9.36%	38,709
08-922	29,182	10,838	40,020	9.36%	3,746
12-129	187	70	257	9.36%	24
14-439	127,223	47,235	174,458	9.36%	16,329
17-227	13,631	5,668	19,299	9.36%	1,806
19-620	24,265	9,012	33,277	9.36%	3,115
20-705	20,804	7,727	28,531	9.36%	2,671
21-721	46,861	17,404	64,265	9.36%	6,015
22-633	6,120	2,273	8,393	9.36%	786
30-111	-	-	-	-	-
40-136	14,274	5,131	19,405	9.36%	1,816
40-137	386	597	983	9.36%	92
Totals	\$ 1,361,914	\$ 506,412	\$ 1,868,326		160,276

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, 2021, 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, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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, flowing style.

Odessa, Texas
June 28, 2022

**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 UNIFORM GRANT MANAGEMENT STANDARDS**

To the Executive Committee Members of
Permian Basin Regional Planning Commission

Report on Compliance for Each Major Federal and State Program

We have audited 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 *Uniform 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, 2021. 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.

Management’s Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of PBRPC’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Texas *Uniform Grant Management Standards*. Those standards, the Uniform Guidance and the State of Texas *Uniform Grant Management Standards* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about PBRPC’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of PBRPC’s compliance.

Opinion on Each Major Federal and State Program

In our opinion, PBRPC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2021.

To the Board of Directors
Permian Basin Regional Planning Commission

Report on Internal Control Over Compliance

Management of PBRPC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PBRPC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of PBRPC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Odessa, Texas
June 28, 2022

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

A. SUMMARY OF AUDIT RESULTS

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?	None reported
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 for major federal 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 Federal Programs or Cluster

Assistance Listing Number (ALN)

Aging 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
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
2. Federal Single Audit - 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, 2021

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 for major state programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State of Texas <i>Uniform Grant Management Standards</i> Section 510(a)?	None

Identification of major programs:

Name of State Programs

Commission on State Emergency Communications

- 911 Planning – FY19
- 911 Planning – FY20
- 911 Planning – FY21
- 911 Planning – FY22

- | | |
|---|-----------|
| 1. Dollar Threshold Considered Between Type A and Type B Programs | \$300,000 |
| 2. State Single Audit - Auditee qualified as low-risk auditee? | No |

II. Financial Statement Findings

There were no current year findings.

III. Federal and State Award Findings and Questioned Costs.

There were no current year findings or questioned costs.

PERMIAN BASIN REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

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 Agriculture				
Direct Award:				
<i>Solid Waste Management</i>	10.762	50-065-2091	\$ 51,793	\$ -
Total U. S. Department of Agriculture			<u>51,793</u>	<u>-</u>
U.S. Department of Commerce				
Direct Award:				
<i>Economic Development Administration Grant</i>	11.302	ED19AUS3020003	49,037	-
<i>Economic Development Administration CARES Act Grant (COVID-19)</i>	11.302	ED20AUS3070058	86,946	-
<i>Total ALN 11.302</i>			<u>135,983</u>	<u>-</u>
Total U.S. Department of Commerce			<u>135,983</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	1,019	-
Passed through Texas Department of Housing and Community Affairs:				
<i>Community Development Block Grant - TEMAP</i>	14.228	B-20-DW-48-0001-70070001016	99,400	-
<i>Total ALN 14.228</i>			<u>99,400</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development			<u>100,419</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	1825615	80,161	-
<i>Violence Against Women Formula Grant FY 21-22</i>	16.588	1825616	6,880	-
<i>Total ALN 16.588</i>			<u>87,041</u>	<u>-</u>
<i>Coronavirus Emergency Supplemental Funding Program</i>	16.034	4356201	800	-
Total U.S. Department Justice			<u>87,841</u>	<u>-</u>
U.S Department of Transportation				
Direct				
<i>Technical Assistance Grant</i>	20.710	693JK32040010PTAG	71,835	-
<i>Technical Assistance Grant</i>	20.710	693JK32140014PTAG	80	-
<i>Total ALN 20.710</i>			<u>71,915</u>	<u>-</u>
Total U.S. Department of Transportation			<u>71,915</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	4,324	-
<i>Title VII- OM</i>	93.042	539-16-0003-00001	20,803	-
<i>Title III- D Evidence Based- Intervention</i>	93.043	539-16-0003-00001	35,066	-
<i>Title III-B</i>	93.044	539-16-0003-00001	566,400	-
<i>Title III-B - COVID-19</i>	93.044	539-16-0003-00001	223,961	-
<i>Title III-C1</i>	93.045	539-16-0003-00001	319,063	-
<i>Title III-C1 - COVID-19</i>	93.045	539-16-0003-00001	373,431	-
<i>Title III-C2</i>	93.045	539-16-0003-00001	287,642	-
<i>Title III-C2 - COVID-19</i>	93.045	539-16-0003-00001	85,614	-
<i>Nutrition Services Incentive Program (NSIP)</i>	93.053	539-16-0003-00001	239,433	-
<i>Total Aging Cluster (ALN 93.044, 93.045, 93.053)</i>			<u>2,095,544</u>	<u>-</u>
<i>Title III-E</i>	93.052	539-16-0003-00001	107,598	-
<i>Title III-E - COVID-19</i>	93.052	539-16-0003-00001	36,663	-
<i>Total ALN 93.052</i>			<u>144,261</u>	<u>-</u>
<i>Medicare Improvements for Patients and Providers ACT (MIPPA)</i>	93.071	539-16-0003-00001	13,961	-
<i>OMB ALF Services</i>	93.791	N/A	17,338	-
<i>HICAP (04/01/21 - 03/31/22)</i>	93.324	539-16-0003-00001	56,038	-
<i>HICAP (04/01/20 - 03/31/21)</i>	93.324	539-16-0003-00001	46,810	-
<i>Total ALN 93.324</i>			<u>102,848</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,434,145</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	14SHSP052P02	545,934	-
<i>State Homeland Security Program - GF21, FY22</i>	97.067	14SHSP052P01	6	-
<i>Total ALN 93.067</i>			<u>545,940</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>545,940</u>	<u>-</u>
Total Federal Awards			<u>\$ 3,428,036</u>	<u>\$ -</u>

PERMIAN BASIN REGIONAL PLANNING COMMISSION

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended September 30, 2021

<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	\$ 51,436	\$ -
<i>State General Revenue - Other</i>	539-16-0003-00001	52,501	-
<i>State General Revenue - HDM Rate Increase</i>	539-16-0003-00001	22,731	-
<i>Housing Bond (09/01/19 - 08/31/20)</i>	539-16-0003-00001	23,465	-
Total Texas Health and Human Services Commission		<u>150,133</u>	<u>-</u>
Office of the Governor Criminal Justice Division			
<i>Law Enforcement Training FY 20-21</i>	1465116	168,529	-
<i>Law Enforcement Training FY 21-22</i>	1465117	9,313	-
<i>Mental Health</i>	3790302	50,361	-
<i>Criminal Justice Planning FY 20-21</i>	N/ A	45,017	-
<i>Criminal Justice Planning FY 21-22</i>	N/ A	3,809	-
Total Office of the Governor Criminal Justice Division		<u>277,029</u>	<u>-</u>
Texas Commission on Environmental Quality			
<i>Solid Waste Planning FY 20-21</i>	582-20-10220	156,028	-
<i>Solid Waste Planning FY 21-22</i>	582-22-30124	6,136	-
Total Texas Commission on Environmental Quality		<u>162,164</u>	<u>-</u>
Commission on State Emergency Communications			
<i>911 Planning - FY19</i>	N/ A	14,370	-
<i>911 Planning - FY20</i>	N/ A	92,366	-
<i>911 Planning - FY21</i>	N/ A	2,555,449	-
<i>911 Planning - FY22</i>		88,390	-
Total Commission on State Emergency Communications		<u>2,750,575</u>	<u>-</u>
Office of the Governor, Homeland Security Grants Division			
<i>Homeland Security Grants Division Service 19-20</i>	N/ A	21,210	-
<i>Homeland Security Grants Division Service 20-21</i>	N/ A	4,510	-
Total Office of the Governor, Homeland Security Grants Division		<u>25,720</u>	<u>-</u>
Total State Awards		<u>\$ 3,365,621</u>	<u>\$ -</u>
	Total Federal Awards	\$ 3,428,036	
	Total State Awards	<u>3,365,621</u>	
	Total Grant Revenue	<u>\$ 6,793,657</u>	

PERMIAN BASIN REGIONAL PLANNING COMMISSION
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2021

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, 2021. 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 *Uniform 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, 2021

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

Finding Number	2020-001
Criteria	The Government Accountability Office’s (GAO) <i>Standards for Internal Control in the Federal Government</i> promulgates best practices for internal controls for both federal and non-federal entities. Those standards recommend implementing segregation of duties in designing control activities so that incompatible duties are segregated and, where such segregation is not practical, design alternative control activities to address the risk.
Condition	During prior year audit, it was noted instances where incompatible duties were handled by the same employee. For example, one-time salary supplements should not be approved by the department head or executive director receiving those supplements.
Effect	Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Without sufficient segregation of duties, the risk significantly increases that errors, including misappropriation of assets, could occur and not be detected on a timely basis.
Status	Finding has been addressed

PERMIAN BASIN REGIONAL PLANNING COMMISSION

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2021

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

