

WEST CENTRAL TEXAS
COUNCIL OF GOVERNMENTS

Abilene, Texas

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report on Financial Statements	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10-11
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds	13-14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Net Position – Fiduciary Funds	16
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	17
Notes to the Financial Statements	18-39
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios – Pension Plan	40
Schedule of Contributions - Pension Plan	41
Schedule of Changes in Total OPEB Liability and Related Ratios - OPEB	42
Combining Statements as Supplementary Information:	
Special Revenue Funds:	
Combining Balance Sheet – Nonmajor Special Revenue Funds	43-55
Combining Statement of Revenues, Expenditures and Changes	
in Fund Balances – Nonmajor Special Revenue Funds	56-68
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position – All Fiduciary Funds	69
Combining Statement of Changes in Fiduciary Net Position – All Fiduciary Funds	70
FEDERAL/STATE AWARDS SECTION AS SUPPLEMENTARY INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance and Other	
Matters Based on an Audit of Financial Statements Performed in Accordance with	
<i>Government Auditing Standards</i>	71-72
Report on Compliance for each Major Program and on Internal Control over Compliance	
Required by the Uniform Guidance and The State of Texas Single Audit Circular	73-74

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (CONT.)

Page

Schedule of Findings and Questioned Costs	75
Summary Schedule of Prior Audit Findings	76
Schedule of Expenditures of Federal/State Awards	77-80
Notes to the Schedule of Expenditures of Federal/State Awards	81

OTHER SUPPLEMENTARY INFORMATION

Detail Schedule of Indirect Costs	82
Grant/Project Identification Index	83-85

Financial Section

June 21, 2022

Independent Auditor's Report on Financial Statements

Executive Committee
West Central Texas Council of Governments
3702 Loop 322
Abilene, Texas 79602

Members of the Executive Committee:

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 West Central Texas Council of Governments as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Council'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 an opinion 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 general-purpose financial statements are free of 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 the entity'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 the Council'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 West Central Texas Council of Governments as of September 30, 2021, and the respective changes in financial position, for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-7, Schedule of Changes in Net Pension Liability and Related Ratios – Pension Plan and Schedule of Contributions – Pension Plan on pages 40-41, and Schedule of Changes in Total OPEB Liability and Related Ratios – OPEB on page 42, 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 the Council's basic financial statements. The combining financial statements, other supplementary information, and Schedule of Expenditures of Federal/State Awards, as required by title 2 U.S. Code of Federal Regulations (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Single Audit Circular, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, other supplementary information, and Schedule of Expenditures of Federal/State Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, other supplementary information, and Schedule of Expenditures of Federal/State Awards is 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 21, 2022 in our consideration of the West Central Texas Council of Government'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 West Central Texas Council of Governments' internal control over financial reporting and compliance.

Condley & Company, LLP

Certified Public Accountants

**Management's Discussion and Analysis
Required Supplementary Information**

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

Our discussion and analysis of **West Central Texas Council of Governments' (Council)** financial performance provides an overview of the Council's financial activities for the fiscal year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

- The Council's net position was \$(3,985,501) and \$(3,235,169) at September 30, 2021 and 2020, respectively.
- The Council's revenues totaled \$15,645,024 and \$15,236,056 for the years ended September 30, 2021 and 2020, respectively. Expenses totaled \$16,395,356 and \$15,220,933 for the years ended September 30, 2021 and 2020, respectively. Net assets increased (decreased) by (\$750,332) and \$15,123 for the years ended September 30, 2021 and 2020, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Council's financial statements consist of four parts – management's discussion and analysis (this section), the basic financial statements, other required supplementary information, and other supplementary information that present combining statements, indirect costs and all federal, state, and a grant/project identification index. These financial statements and related notes provide information about the activities of the Council, including resources held by the Council but restricted for specific purposes by grantors, contributors, or enabling legislation.

The basic financial statements include two kinds of statements that present different views of the Council:

- The first two statements are government-wide statements that provide both long-term and short-term information about the Council's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Council, reporting the Council's operations in more detail than the government-wide statements.
 - The *governmental* fund statements present how *general government* services were financed in the *short term* as well as what remains for future spending.
 - The *fiduciary* fund statements provide information about the financial relationships in which the Council acts solely as an *agent* for the benefit of others.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. Required supplementary information includes management's discussion and analysis and schedule of funding progress for the Council's pension plan and OBEP. *Other supplementary information* includes combining statements and schedules that outline indirect costs and grant/project identification. The following summarizes the major features of the Council's financial statements, including the portion of the Council's operations they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire Agency (except fiduciary funds)	The activities of the Council that are not proprietary or fiduciary	Instances in which the Council is the trustee or agent for someone else's accounts
Required Financial Statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic measurement focus	Modified accrual accounting and current measurement focus	Accrual accounting and economic measurement focus
Asset/Liability Information	All assets and liabilities, both financial and capital – short-term and long-term	Only assets expected to be used up & liabilities that come due during the year or 60 days thereafter, no capital assets included	All assets and liabilities, both short-term and long-term, the Council's funds do not currently contain capital assets
In Flow/Out Flow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during year or 60 days after the end of year, expenditures when goods or services have been received and payment is due during the year or 60 days thereafter	All the revenues And expenses during the year regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the Council as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the entity's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Council's *net position* and how it has changed. *Net position*, the difference between the Council's assets and liabilities, is one way to measure the Council's financial health or *position*.

- Over time, increases or decreases in the Council's net position could be an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Council, you need to consider additional non-financial factors.

The government-wide financial statements of the Council include:

- Governmental activities – Most of the Council's services are included here. Federal, state, and local grants finance the primary activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Council's most significant funds, not the Council as a whole. Funds are accounting devices that the Council uses to keep track of specific sources of funding and spending for particular purposes.

The Council has two kinds of funds:

- Governmental funds – Most of the Council's services are included in governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs.
- Fiduciary funds – The Council is the trustee, or fiduciary, for certain funds. The Council is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Council's fiduciary activities are related to employee benefit plans and are reported in a separate statement of fiduciary net position. We exclude these activities from the Council's government-wide financial statements because the Council cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNCIL AS A WHOLE – GOVERNMENT WIDE FINANCIAL STATEMENTS

Net Position - The Council's net position is the difference between its assets and liabilities reported in the Statement of Net Position. The Council's *combined* net position was \$(3,985,501) and \$(3,235,169) at September 30, 2021 and 2020, respectively.

Assets, Liabilities, and Net Position – Governmental Activities

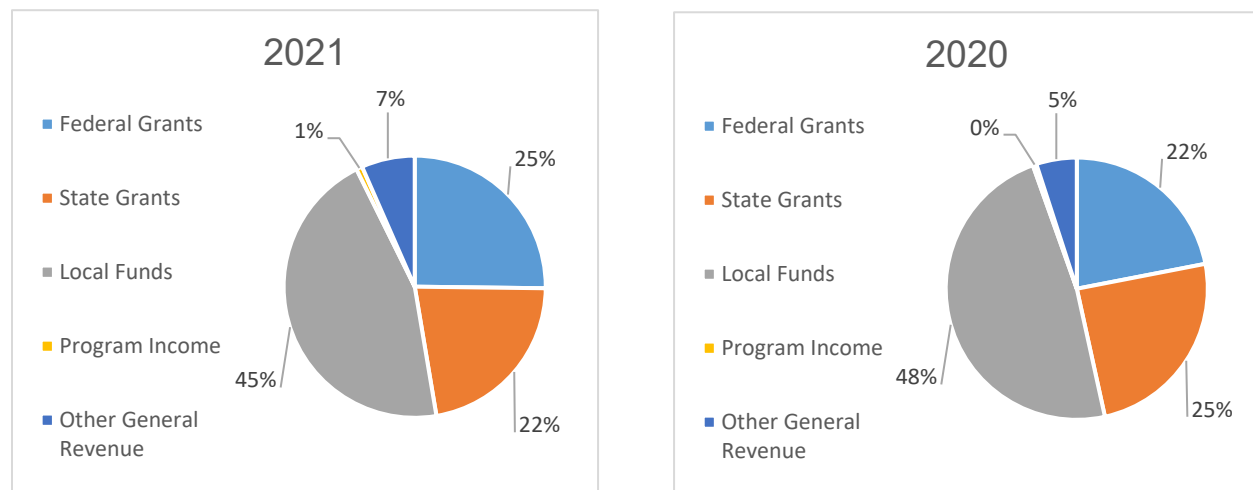
	2021	2020
Assets:		
Other current and non-current assets	\$ 3,347,411	\$ 3,617,402
Capital assets, net	1,332,552	1,684,544
Total assets	<u>\$ 4,679,963</u>	<u>\$ 5,301,946</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions	\$ 2,597,644	\$ 2,114,590
Deferred outflows of resources related to OPEB	84,524	71,726
Total deferred outflows of resources	<u>\$ 2,682,168</u>	<u>\$ 2,186,316</u>
Liabilities:		
Long-term debt outstanding	\$ 351,037	\$ 456,788
Deferred revenue	687,083	364,478
Other current and non-current liabilities	8,637,913	7,810,282
Total liabilities	<u>\$ 9,676,033</u>	<u>\$ 8,631,548</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions	\$ 1,669,436	\$ 2,081,066
Deferred inflows of resources related to OPEB	2,163	10,817
Total deferred inflows of resources	<u>\$ 1,671,599</u>	<u>\$ 2,091,883</u>
Net Position:		
Invested in capital assets, net of related debt	\$ 861,348	\$ 1,117,398
Unrestricted, undesignated	(4,846,849)	(4,352,567)
Total net position	<u>\$ (3,985,501)</u>	<u>\$ (3,235,169)</u>

Current assets decreased from 2020 to 2021 due in large part to a decrease in grants receivable, which decreased by \$308,982. The increase in total liabilities is primarily attributed to the increase in the net pension liability, which increased by \$1,549,094. Long-term debt continues to decrease with the pay-down of the building note, and capital assets continue to decrease with increases in accumulated depreciation.

OPERATING RESULTS AND CHANGES IN THE COUNCIL'S NET POSITION

The Council's total revenues were \$15,645,024 for the year ended September 30, 2021. In the 2021 fiscal year, approximately 45% of the Council's revenue came from local funds, 25% from federal grants or federal grants passed through the state, 22% from state grants, and the remainder is from program income, government membership dues, and other miscellaneous revenue.

Total Revenues



Changes in Net Position

	2021	2020
Revenues:		
Federal grants	\$ 3,941,388	\$ 3,345,241
State grants	3,466,042	3,746,873
Local funds	7,092,087	7,316,302
Other local funds:		
Program income	117,317	68,146
Membership dues	36,855	36,995
Miscellaneous and other	991,335	722,499
Total revenues	<u>15,645,024</u>	<u>15,236,056</u>

	2021	2020
Expenses:		
General operations	1,423,254	583,817
9-1-1	2,378,066	2,913,406
Criminal justice	263,438	346,081
Homeland security	984,609	428,222
Regional services/solid waste	266,821	358,367
Aging services	2,899,726	2,375,777
Community programs	1,776,189	1,882,087
Area health education (AHEC)	415,788	424,180
Employer of record services	4,956,493	4,993,109
Other	1,030,972	915,887
Total expenses	16,395,356	15,220,933
Increase (decrease) in net position	(750,332)	15,123
Net position at beginning of year	(3,235,169)	(3,250,292)
Net position end of year	\$ (3,985,501)	\$ (3,235,169)

The increase in revenue was primarily attributed to an increase in federal grants, which increased by \$596,147, which is largely composed of the increased number of grants with CARES funding. State funding decreased \$280,831, which is primarily related to funding for 9-1-1. There was a special increase in the years 2019 and 2020 for equipment replacement that did not carry over to 2021. Other programs experienced increases or decreases typical to cyclical funding which caused increases or decreases in expenses proportionately.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2021 and 2020, the Council had \$861,348 and \$1,117,398 invested in capital assets, net of accumulated depreciation and related debt, respectively.

See Note 4 to the financial statements for additional information regarding capital assets.

Debt

At September 30, 2021 and 2020, the Council had \$471,204 and \$567,146 in obligations outstanding relating to capital assets, respectively. Amounts outstanding for the line of credit totaled \$515,000 and \$797,756 as of September 30, 2021 and 2020, respectively. See Notes 5 and 6 to the financial statements for additional information regarding debt.

OTHER ECONOMIC FACTORS

Overall, the program funding environment for the Council's operations was relatively stable during the period covered by the annual financial report. Funding fluctuations as discussed above are a pattern typical of the Council funding over many years.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, granting agencies, suppliers, taxpayers, and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Council's Administrative Offices at 325-672-8544 or 3702 Loop 322, Abilene, Texas 79602.

Basic Financial Statements

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and short-term investments	\$ 328,733
Investments	13,081
Receivables:	
Grants	2,611,486
Other	97,201
Notes receivable, current	39,095
Prepaid expenses	19,766
Notes receivable, long-term	238,049
Capital assets:	
Land	174,500
Building and improvements, net	1,091,891
Furniture, equipment, and vehicles, net	<u>66,161</u>
 Total Assets	 <u>4,679,963</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	2,597,644
Deferred outflows of resources related to OPEB	<u>84,524</u>
 Total Deferred Outflows of Resources	 <u>2,682,168</u>
 LIABILITIES	
Accounts payable	1,103,989
Accrued expenses	448,050
Deferred revenue	687,083
Line of credit	515,000
Note payable, current	114,052
Capital lease payable, current	6,115
Note payable, non-current	331,018
Capital lease payable, non-current	20,019
Net pension liability	6,007,000
Other post-employment benefits (OPEB) liability	<u>443,707</u>
 Total Liabilities	 <u>9,676,033</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	1,669,436
Deferred inflows of resources related to OPEB	<u>2,163</u>
 Total Deferred Inflows of Resources	 <u>1,671,599</u>
 NET POSITION	
Invested in capital assets, net of related debt	861,348
Unrestricted, undesignated	<u>(4,846,849)</u>
 Total Net Position	 <u>\$ (3,985,501)</u>

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES			
General operations	\$ 1,423,254	\$ 1,047,772	\$ (375,482)
Area health education (AHEC)	415,788	415,788	-
9-1-1 emergency communications	2,378,066	2,378,066	-
Criminal justice	263,438	263,438	-
Homeland security	984,609	984,609	-
Economic development	326,147	340,417	14,270
Regional services/solid waste	266,821	266,821	-
Aging services	2,899,726	2,899,726	-
Community programs	1,776,189	1,776,189	-
Employer of record services	4,956,493	4,956,493	-
Other programs	254,976	254,976	-
Interest on debt	39,810		(39,810)
Unallocated depreciation	410,039		(410,039)
Total Governmental Activities	<u>16,395,356</u>	<u>15,584,295</u>	<u>(811,061)</u>
Total Primary Government	<u>\$ 16,395,356</u>	<u>\$ 15,584,295</u>	<u>\$ (811,061)</u>
General Revenues:			
Membership dues			\$ 36,855
Unrestricted investment earnings			11
Miscellaneous			<u>23,863</u>
Total General Revenues			<u>60,729</u>
Change in Net Position			<u>(750,332)</u>
Net Position - Beginning			(3,235,169)
Net Position - Ending			<u>\$ (3,985,501)</u>

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**BALANCE SHEET - GOVERNMENTAL FUNDS****SEPTEMBER 30, 2021**

	General Fund	Emergency Communications 9-1-1	Aging Services
ASSETS			
Cash and short-term investments	\$ 889,643	\$ (256,518)	\$ (196,910)
Investments	13,081		
Receivables:			
Grants	5,340	597,254	546,185
Other	90,080		200
Prepaid expenses	19,766		
Total Assets	<u>\$ 1,017,910</u>	<u>\$ 340,736</u>	<u>\$ 349,475</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 79,907	\$ 340,479	\$ 349,475
Accrued expenses	448,050		
Deferred revenue	28,031	257	
Total Liabilities	<u>555,988</u>	<u>340,736</u>	<u>349,475</u>
Fund Balance:			
Nonspendable fund balance	19,766		
Restricted fund balance			
Committed fund balance			
Unassigned fund balance	442,156		
Total Fund Balance	<u>461,922</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,017,910</u>	<u>\$ 340,736</u>	<u>\$ 349,475</u>

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

Revolving Loan Fund	Employer of Record Services	Other Non-Major Governmental Funds	Total Governmental Funds
\$ 549,258	\$ (422,549)	\$ (234,191)	\$ 328,733
			13,081
	424,227	1,038,480	2,611,486
	957	5,964	97,201
			19,766
<u>\$ 549,258</u>	<u>\$ 2,635</u>	<u>\$ 810,253</u>	<u>\$ 3,070,267</u>
\$	\$	\$ 334,128	\$ 1,103,989
			448,050
<u>180,035</u>	<u>2,635</u>	<u>476,125</u>	<u>687,083</u>
<u>180,035</u>	<u>2,635</u>	<u>810,253</u>	<u>2,239,122</u>
			19,766
249,223			249,223
120,000			120,000
			442,156
<u>369,223</u>	<u>-</u>	<u>-</u>	<u>831,145</u>
<u>\$ 549,258</u>	<u>\$ 2,635</u>	<u>\$ 810,253</u>	<u>\$ 3,070,267</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total fund balances - governmental funds balance sheet	\$ 831,145
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred outflows of resources related to pensions are not reported in the funds.	2,597,644
Deferred outflows of resources related to OPEB are not reported in the funds.	84,524
Capital assets reported in governmental activities are not reported in the funds.	1,332,552
Liabilities for notes payable, capital leases payable and line of credit reported in governmental activities are not reported in the funds.	(986,204)
Net pension liability is not reported in the funds.	(6,007,000)
Other-post employment benefits liability is not reported in the funds.	(443,707)
Deferred inflows of resources related to pensions are not reported in the funds.	(1,669,436)
Deferred inflows of resources related to OPEB are not reported in the funds.	(2,163)
Notes receivable reported in governmental activities are not reported in the funds.	<u>277,144</u>
Net position of governmental activities - Statement of Net Position	\$ <u><u>(3,985,501)</u></u>

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Emergency Communications 9-1-1	Aging Services
Revenues			
Federal grants	\$	\$	\$ 2,382,466
State grants		2,377,984	171,147
Local funds	427,926		
Note receivable payments received			
Other local funds:			
Program income			12,884
Membership dues	36,855		
Interest income	11	82	
Miscellaneous	23,863		
Total revenues	488,655	2,378,066	2,566,497
Expenditures			
Personnel costs	803,684	567,597	726,839
Personnel costs - other			
Professional and contracted services	20,910	18,684	217,243
Occupancy and communications	(282,044)	40,580	175,948
Office supplies, postage, copier, miscellaneous	178,736	31,087	83,864
Travel, meetings and seminars	3,210	24,751	5,400
Other	33,927		4,761
Direct support and purchased services			1,168,858
Network, database, equipment & maintenance		1,585,496	
Program income/in-kind expended			346,113
Debt Service:			
Principal payments on notes	122,076		
Principal payments on capital leases	14,671		
Interest	19,194		
Total expenditures	914,364	2,268,195	2,729,026
Excess of revenues over (under) expenditures	(425,709)	109,871	(162,529)
Other Sources (Uses)			
Line of credit proceeds	490,000		
Line of credit payments	(772,756)		
Notes receivable issued			
Reimbursement (payment) of indirect cost	619,846	(109,871)	(170,700)
Local match/in-kind			333,229
Total other sources (uses)	337,090	(109,871)	162,529
Excess of revenues and other sources over (under) expenditures and other sources (uses)	(88,619)	-	-
Fund balances, October 1	550,541	-	-
Fund balances, September 30	\$ 461,922	\$ -	\$ -

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

Revolving Loan Fund	Employer of Record Services	Other Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$	\$
		1,558,922	3,941,388
		916,911	3,466,042
	4,956,493	1,707,668	7,092,087
34,544			34,544
		104,433	117,317
			36,855
14,270		33	14,396
			23,863
<u>48,814</u>	<u>4,956,493</u>	<u>4,287,967</u>	<u>14,726,492</u>
		1,812,820	3,910,940
	4,956,493		4,956,493
		339,570	596,407
		209,504	143,988
		173,806	467,493
		61,829	95,190
		90,975	129,663
		633,601	1,802,459
		626,587	2,212,083
			346,113
			122,076
			14,671
			19,194
<u>-</u>	<u>4,956,493</u>	<u>3,948,692</u>	<u>14,816,770</u>
48,814	-	339,275	(90,278)
			490,000
			(772,756)
(180,071)			(180,071)
		(339,275)	-
			333,229
<u>(180,071)</u>	<u>-</u>	<u>(339,275)</u>	<u>(129,598)</u>
(131,257)	-	-	(219,876)
500,480	-	-	1,051,021
<u>\$ 369,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 831,145</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds	\$ (219,876)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures, but shown as increases in capital assets in governmental activities.	17,243
Depreciation is not recognized as an expense in governmental funds since it does not require use of current financial resources.	(410,039)
Governmental funds report the effect of notes receivable issued as other uses, but are reported as increases to assets in governmental activities.	180,071
Governmental funds report the effect of notes receivable payments received as other sources, but are reported as decreases to assets in governmental activities.	(34,544)
Governmental funds report the effect of note and capital lease payments as expenditures, but are reported as decreases in debt in governmental activities.	136,747
Governmental funds report the effect of line of credit payments as other uses, but are reported as decreases in debt in governmental activities.	772,756
Governmental funds report the effect of line of credit proceeds as other sources, but are reported as increases in debt in governmental activities.	(490,000)
The change in net pension liability and the related deferred outflows and inflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore are not reported in the governmental funds.	(654,410)
The change in OPEB liability and the related deferred outflows and inflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore are not reported in the governmental funds.	<u>(48,280)</u>
Change in net assets of governmental activities - Statement of Activities	\$ <u><u>(750,332)</u></u>

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Employee Benefit Plan Funds
	<hr/>
ASSETS	
Cash and short-term investments	\$ 13,466
Investments at fair value	<hr/> 740,215
Total Assets	<hr/> <hr/> 753,681
NET POSITION	
Restricted for employee benefits	<hr/> 753,681
Total Net Position	<hr/> <hr/> \$ 753,681

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Employee Benefit Plan Funds
Additions	
Employee contributions	\$ 47,388
Plan member contributions	27,783
Investment income	<u>137,546</u>
Total Additions	<u>212,717</u>
Deductions	
Benefits paid	<u>63,125</u>
Total Deductions	<u>63,125</u>
Change in Net Position	149,592
Net Position, October 1	<u>604,089</u>
Net Position, September 30	<u><u>\$ 753,681</u></u>

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 1: Summary of Significant Accounting Policies

The financial statements of West Central Texas Council of Governments (the Council or WCTCOG) have been prepared in conformity with the accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The West Central Texas Council of Governments (the Council or WCTCOG) is a voluntary association of cities, counties, school districts, and special districts within the nineteen county West Central Texas region. The Council was established in 1966 to assist local government in planning common needs, cooperating for mutual benefit, and coordinating for sound regional development. WCTCOG is a political subdivision of the State of Texas under Article 391 of the Texas Local Government Code. The basic operations of the Council are financed by membership dues and by financial assistance provided by federal and state grants, and other local funds. The Council serves as fiscal agent for the following entities: West Central Texas Regional Housing Finance Corporation, and West Central Texas Regional Foundation. The Council serves as employer of record for the following entities: Workforce Solutions Southeast Texas, Workforce Solutions Central Texas, Texas Association of Regional Councils, Texas Association of Workforce Boards, Workforce Solutions North Texas Board and Workforce Solutions Southeast Texas Board.

Reporting Entity

The Council's basic financial statements include the accounts of all its operations. The Council evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the Council's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity", include whether:

- the organization is legally separate (can sue or be sued in its name)
- the Council holds the corporate powers of the organization
- the Council appoints a voting majority of the organization's board
- the Council is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Council
- there is fiscal dependency by the organization on the Council
- the exclusion of the organization would result in misleading or incomplete financial statements

Based on these criteria, the Council has one component unit. The West Central Texas Economic Development District (District) is the grantee of funds for economic development and the Council is the operational arm for purposes of planning, service delivery, fiscal and staffing functions as they relate to the activities of the District. The Council is responsible for any match requirements required by the granting agency. Although the District is legally separate from the Council, the authority is reported as if it were part of the primary government as a blended component unit. because the Council's Executive Committee substantially serves as the District's governing board. The Council is not a component unit of any reporting entity as defined by the GASB Statement.

Membership in the WCTCOG is voluntary. Any county, city, or special purpose district within the West Central Texas region may become a member of the independent association by passing a resolution to join the Council and paying annual dues. Each member government is entitled to have one voting representative on the Council's Board of Directors which is the Council's governing board. Each year the Board of Directors elects a sixteen (16) member Executive Committee which is the policy making and oversight body of the Council.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Government activities generally are financed through memberships, federal, state, and local grants and other miscellaneous transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's government activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Council does not allocate indirect expenses in the statement of activities. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Council's funds with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Council operates all funds under one operating account and, as a result, individual funds may reflect a negative balance in cash and short-term investments line item on the fund statements. The negative balance represents amounts that will be repaid from grant or other receivables in the fund and does not represent a bank overdraft balance. Fund information is reported in this manner in order to provide the reader with a more accurate reflection of the funds' position and, since the majority of the funds reflecting negative amounts result in a zero funds balance, does not materially affect the final results.

All remaining governmental funds are aggregated and reported as nonmajor funds.

The Council reports the following governmental funds:

General Fund: This is the Council's primary operating fund and is considered a major fund. It accounts for all financial resources of the Council except those required to be accounted for in another fund. Fund balances are considered resources available for current operations.

Special Revenue Funds: Used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal, state, and local financial assistance generally is accounted for in a special revenue fund. Normally, unused balances are returned to the grantor at the close of specified project periods. The following special revenue funds are considered major funds: emergency communications – 9-1-1, aging services, revolving loan fund, and employer of record services.

Emergency Communications - 9-1-1

The 9-1-1 program receives state funding from the Commission on Emergency Communications to provide direct and administrative services under the State 9-1-1 program to 18 of the 19 counties in the WCTCOG region. The principal role of the 9-1-1 program is to ensure the quality of the public safety for the region continuously improves through the program.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Aging Services

The aging services program receives federal and state funding from the Texas Health and Human Services Commission to plan, coordinate and direct a comprehensive delivery of services. Services include nutrition and supportive services, advocacy for rights of older persons at home or in facilities, assist family caregivers of older persons (60+) or caregivers age 55+ of youth 16 and under or who have severe disabilities and help older persons within the region to age optimally and maintain independence and dignity.

Revolving Loan Fund

The Council provides loans for small business startup and existing businesses seeking to expand.

Employer of Record Services

The Council serves as an employer of record for several entities. Revenue includes reimbursement from the entities in the form of local funding.

Employee Benefit Trust Funds (Section 125 Flexible Benefits Plan and Section 457(b) Deferred Compensation Plan): These funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The major sources of revenue are federal and state grants, member government dues, local contributed cash, contributed services, and other revenue as discussed below:

Federal and State Grant Revenues

Recognized when program expenditures are incurred in accordance with program guidelines.

Member Government Dues

Recognized as revenue when assessed as they are measurable and are collectible within the current period. Dues may be used to meet the matching requirements of the grants, if necessary.

Local Contributed Cash

Contributions to grant programs from local governments and other participants are recognized when grant expenditures are incurred.

In-Kind Contributed Services

Local contributions, which include contributed services by individuals, private organizations and local governments, are used to match federal funding on various grants. Contributed services are therefore reflected as revenue and expenditures in accordance with legal requirements of the individual grants. The amounts of such services are recorded at their estimated fair values at date of receipt.

Other Revenues

Other revenues are composed primarily of interest and miscellaneous charges for services. Interest income is recorded as earned. Miscellaneous charges for services are recorded as revenue when received in cash because they are generally not measurable until actually received.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Council considered all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues received from Federal and State grants are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the Council incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the Council's policy to use restricted resources first, then unrestricted resources.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Inventories and Prepaid Items

The Council records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Notes Receivable

The Council received funding from the U.S. Department of Agriculture to form a revolving loan fund to assist small and emerging businesses in rural areas retain employment or create employment. A loan committee determines the rate and term of the loan. At September 30, 2021, all notes receivable are considered fully collectible and accordingly no allowance for uncollectible accounts has been recorded.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-40
Building improvements	15
Vehicles	3-5
Office equipment	3-5
Computer equipment	3-5

e. Receivable and Payable Balances

The Council believes that sufficient detail of ordinary receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

Grants receivable represent amounts expended by the Council for items that are reimbursable from the granting agencies whereas deferred revenue represents grants received from granting agencies prior to amounts being expended by the Council.

f. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net 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 will not be recognized as an outflow of resources (expense / expenditure) until then. As of September 30, 2021, the Council had deferred outflows of resources related to pensions and post-employment benefits in the amount of \$2,597,644 and \$84,524, respectively.

In addition to liabilities, the statement of net 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 will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2021, the Council had deferred inflows of resources related to pensions and post-employment benefits in the amount of \$1,669,436 and \$2,163, respectively.

g. Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different classifications of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires that fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

2. Restricted fund balance category includes amounts that can be spent for only the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Council's highest level of decision-making authority).
4. Assigned fund balance classification includes amounts intended to be used by the Council for specific purposes but does not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the Council's general fund and includes all spendable amounts not contained in the other classifications.

At September 30, 2021, the nonspendable fund balance was composed of prepaid items in the amount of \$19,766 in the general fund.

At September 30, 2021, the Council had one restricted fund balance and one committed fund balance in the amount of \$249,223 and \$120,000, respectively. These restricted and committed fund balances are for the Economic Development Program. The Council's Board of Directors has the authority to commit funds.

The Council does not have assigned funds as of September 30, 2021.

In the fund financial statements, the Council considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and whether committed, assigned or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. Designations of fund balance represent tentative management plans that are subject to change. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended are restricted, committed, nonspendable, and unassigned.

The Council does not operate under a minimum fund balance policy.

h. Net Position

For government-wide statements, equity is classified as net position and displayed in two components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Unrestricted net position – All other net position that do not meet the definition of the "restricted" or "invested in capital assets, net of related debt".

i. Employee Benefits

WCTCOG provides various benefits to regular employees including medical and dental insurance coverage, disability benefits, life insurance, retirement, vacation, personal leave, and other released times. In addition, the Council is covered under the Texas Workforce Compensation Insurance program and Texas Unemployment Compensation Insurance program for which the Council pays the premiums.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Vacation Leave

Regular employees are not eligible for vacation leave until they have completed 90 days of continuous employment with the Council. Upon completion of the initial 90-day probationary employment period, regular full-time employees are credited with two and one-half days of vacation leave. Regular full-time employees are credited with a proportional amount of vacation leave based upon the amount of time worked to a 40-hour work week. During the remainder of the first year of employment, regular full-time employees accrue vacation leave at the rate of 5/6th of a day per month for a total of 10 vacation days after 12 months of employment. The accrual rate of vacation leave for regular full-time employees will increase at the rate of one additional day per year for every two years of continuous employment. Upon completion of 12 years of service and for each year thereafter, an employee will accrue 20 days of vacation leave annually. The maximum amount of vacation leave allowed to be accumulated is the amount an employee may accrue in two years, based upon current length of service. The liability for accumulated vacation has been recorded under accrued expenditures in the general fund.

Personal Leave

WCTCOG's personal leave policy permits regular full-time employees to accumulate 15 personal days per year up to a maximum of 60 days. Regular full-time employees accumulate personal days based upon proportion of time worked to a 40-hour work week. Employees are not paid for unused personal days upon termination of employment. Accordingly, personal leave pay is charged to expenditures when taken. No provision has been made in the financial statements for unused personal leave.

Other Benefits

Section 125 Flexible Benefits Plan – All Council staff are eligible to participate in the flexible benefits plan. The plan is a means whereby staff, at their option, may take a voluntary reduction of gross income by a pre-determined amount which is placed in an account. The employee is reimbursed for allowable employee paid medical, dental or group life insurance premiums, unreimbursed medical expenses, and/or childcare costs. There is no material liability to the Council therefore no provision has been made in the financial statements. Balances in the employees' accounts at September 30, 2021 are presented in the statement of fiduciary net position as "Cash and short-term investments".

Section 457(b) Deferred Compensation Plan – All Council staff are eligible to participate in the Nationwide Retirement Solutions deferred compensation plan. The plan is a means whereby staff, at their option, may take a voluntary reduction of gross income by a pre-determined amount and is deferred into a retirement arrangement for them with certain limits. The assets remain the property of the Council until disbursed or withdrawn for allowable reasons. There is no liability to the Council therefore no provision had been made in the financial statements. Assets of the plan are presented in the statement of fiduciary net assets as investments at fair value and primarily include mutual funds.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

j. Indirect Costs Allocation

General administrative costs are recorded in cost pools. The costs are partially recovered from special revenue funds based on negotiated indirect rates with the Texas Health and Human Services Commission, which is the Council's designated cognizant agency for the negotiation and approval of indirect rates for use of federal and state grants. Indirect costs are defined by the U.S. Office of Management and Budget Super Circular as costs "(a) incurred for a common or joint purpose benefiting more than one costs objective, and (b) not readily achieved." The Council uses a fixed rate. The rates are submitted with the cognizant agency annually based on projected costs submitted on a cost allocation plan. The negotiated rates approved are used for billing purposes. Indirect costs are included in the program expenses for individual activities in the statement of activities.

k. Use of 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 during the reporting period. Actual results could differ from those estimates.

l. Subsequent Events

The Council has evaluated subsequent events through June 21, 2022, the day the financial statements were available to be issued.

Stewardship, Compliance and Accountability

WCTCOG's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending September 30. It is not a legally adopted budget, therefore presentation of budget comparisons are not required.

The Council's primary funding source is federal, state, and other local grants which have grant periods that may or may not coincide with the Council's fiscal year. These grants normally are for the twelve-month period however, they can be awarded for periods shorter or longer than twelve months.

Because of the Council's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the most available information as to potential sources of funding. WCTCOG's annual budget differs from that of a local government in two respects: (1) the uncertain nature of grant awards from other entities; and (2) conversion of grant budgets to a fiscal year basis.

The resultant annual budget change within a fiscal year would be due to: (1) increases/decreases in actual grant awards from those estimated; (2) changes in grant periods; (3) unanticipated grant awards not included in the budget; and (4) expected grant awards fail to materialize.

The Board of Directors formally approves the annual budget, but greater emphasis is placed on complying with the budgets and terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances. All budget appropriations lapse at year end. Statements of revenues and expenditures current year – life to date by grant are presented in the other supplementary information section.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Note 2: Deposits and Investments

Cash Deposits

At September 30, 2021, the carrying amount of the Council's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in cash and short-term investments) all of which mature in less than one year was \$487,608. The Council's cash deposits at September 30, 2021, and during the year ended September 30, 2021, were entirely covered by FDIC insurance or by pledged collateral held by the Council's agent bank in the Council's name.

Custodial Credit Risk

The Council's funds are required to be deposited and invested under the terms of the depository contract. The depository bank deposits for safekeeping and trust with the Council's agent bank approved pledged securities in an amount sufficient to protect Council funds on a daily basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Interest Rate Risk

In accordance with its investment policy, the Council manages its exposure to declines in fair value by limiting the maximum allowable maturity to one year, unless otherwise provided in a specific investment strategy that complies with current law.

Credit Risk

State law and Council policy limits investments in public funds investment pools to those rated no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. Additional authorized investments are consistent with governing law (Government Code 2256).

Concentration of Credit Risk

The Council's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

The Public Funds Investment Act ("ACT") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Council adhered to the requirements of the ACT. Additionally, investment practices of the Council were in accordance with local policies.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Investment Accounting Policy

The Council's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The Council's investment in pools totaling \$13,081 are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 3: Notes Receivable

Notes receivable at September 30, 2021 consist of the following:

Note receivable from a third party maturing June 2024, monthly payments totaling \$552 including interest at 7.00%, secured by equipment.	\$	17,207
Note receivable from a third party maturing February 2026, monthly payments totaling \$1,161 including interest at 7.00%, secured by equipment.		53,915
Note receivable from a third party maturing December 2026, monthly payments totaling \$1,237 including interest at 5.25%, secured by equipment.		149,344
Note receivable from a third party maturing February 2024, monthly payments totaling \$417 including interest at 7.25%, secured by equipment.		11,917
Note receivable from a third party maturing January 2023, monthly payments totaling \$544 including interest at 6.00%, secured by equipment.		13,978
Note receivable from a third party maturing January 2024, monthly payments totaling \$72 including interest at 6.00%, secured by equipment.		2,195
Note receivable from a third party maturing December 2021, monthly payments totaling \$550 including interest at 6.25%, secured by equipment.		3,220
Note receivable from a third party maturing June 2028, monthly payments totaling \$382 including interest at 6.00%, secured by equipment.		<u>25,368</u>
		277,144
Less current portion		<u>(39,095)</u>
Non-current portion	\$	<u>238,049</u>

Maturity for principal repayment for the fiscal years ending 2022 through 2026 and beyond are \$39,095, \$38,212, \$37,652, \$25,058, and \$137,127, respectively.

Interest income recognized on notes receivable for the year ended September 30, 2021 totaled \$14,270.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED SEPTEMBER 30, 2021****Note 4: Capital Assets**

Capital asset activity for the year ended September 30, 2021, was as follows:

<u>Governmental activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 174,500	\$	\$	\$ 174,500
Total capital assets not being depreciated	<u>174,500</u>	<u>-</u>	<u>-</u>	<u>174,500</u>
Capital assets being depreciated:				
Buildings and improvements	2,492,467	6,970		2,499,437
Furniture, equipment, and vehicles	<u>2,023,049</u>	<u>51,077</u>	<u>(18,360)</u>	<u>2,055,766</u>
Total capital assets being depreciated	<u>4,515,516</u>	<u>58,047</u>	<u>(18,360)</u>	<u>4,555,203</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,298,471)	(109,075)		(1,407,546)
Furniture, equipment, and vehicles	<u>(1,707,001)</u>	<u>(300,964)</u>	<u>18,360</u>	<u>(1,989,605)</u>
Total accumulated depreciation	<u>(3,005,472)</u>	<u>(410,039)</u>	<u>-</u>	<u>(3,397,151)</u>
Total capital assets being depreciated, net	<u>1,510,044</u>	<u>(351,992)</u>	<u>-</u>	<u>1,158,052</u>
Governmental activities capital assets, net	\$ <u>1,684,544</u>	\$ <u>(351,992)</u>	\$ <u>-</u>	\$ <u>1,332,552</u>

Depreciation was charged to functions as follows:

General Government	\$ <u>410,039</u>
	\$ <u>410,039</u>

Note 5: Line of Credit

The Council has an \$800,000 line-of-credit with a financial institution. Outstanding borrowings under the line of credit are unsecured and bear a variable interest rate. The agreement expires March 31, 2022, at which time it is subject to renewal. The Council uses the line of credit to finance general operations during periods of uneven collection of grants receivable.

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance</u>
Line of credit	\$ <u>797,756</u>	\$ <u>490,000</u>	\$ <u>(772,756)</u>	\$ <u>515,000</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 6: Long-Term Obligations*Long-Term Obligation Activity*

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2021, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Note payable	\$ 567,146	\$	\$ (122,076)	\$ 445,070	\$ 114,052
Capital lease payable		40,805	(14,671)	26,134	6,115
Net pension liability	4,457,906	1,549,094		6,007,000	-
Total OPEB liability	373,975	69,032		443,007	-
Total	<u>\$ 5,399,027</u>	<u>\$ 1,658,931</u>	<u>\$ (136,747)</u>	<u>\$ 6,921,211</u>	<u>\$ 120,167</u>

The Council has a long-term note payable with a financial institution which originated at \$1,657,500 for the purchase of land and construction of a building. The schedule of payments consist of 120 monthly consecutive payments of \$10,738 beginning December 1, 2015, with interest calculated on the unpaid balance at an interest rate of 3.75% per annum. The note is secured with land and buildings.

On May 21, 2020, the Council entered into a lease purchase agreement with American National Leasing Company in the amount of \$40,805 for the purchase of a 2021 Chevrolet Tahoe. The lease obligation is to be repaid over three years with an interest rate of 4%. Principal and interest payments are due annually on May 31 and the lease matures May 31, 2023.

Debt Service Requirements

Debt service requirement at September 30, 2021, were as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 120,167	\$ 16,026	\$ 136,193
2023	137,888	11,786	149,674
2024	121,815	7,041	128,856
2025	91,334	3,053	94,387
Total	<u>\$ 471,204</u>	<u>\$ 37,906</u>	<u>\$ 509,110</u>

Note 7: Commitments Under Non-capitalized Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2021, as follows:

Year Ending September 30,	
2022	\$ 37,076
2023	30,112
2024	10,564
Total Minimum Rentals	<u>\$ 77,752</u>
Rental Expenditures in 2021	<u>\$ 21,710</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 8: Risk Management and Uncertainties

The Council is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the Council obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). TMLIRP is a self-funded pool operating as a common risk management and insurance program. The Council pays an annual premium to TMLIRP for insurance coverage. The agreement for the formation of TMLIRP provides that TMLIRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level or reinsurance. The Council continues to carry commercial insurance of other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims (if any) have not exceeded coverage in any of the past three fiscal years.

The COVID-19 outbreak in the United States has created economic uncertainties that may impact future operations and/or estimates. The extent of the impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Council's grant sources, employees and vendors all of which are uncertain and cannot be predicted.

Note 9: Pension Plans

Retirement Pension Plan

Plan Description

The Council provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional 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 618 non-traditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available on written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034, or by calling (800) 823-7782. TCDRS's CAFR is also available at www.tcdrs.org.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members have flexibility and local control to adjust benefits annually and pay for these benefits based on their needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plan are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Benefits Provided

At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit. Employees receive a month of service for each month that they make a deposit into their account. Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 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. Retirees elect to receive their lifetime benefit by choosing one of seven actuarially equivalent payment options.

As of the most recent measurement date, which was December 31, 2020, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	120
Active employees	<u>102</u>
Total participants	304

Funding Policy

The Council has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer, based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 18.91% from October 2020 through December 2020 and 19.52% from January 2021 through September 2021. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The deposit rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer.

Annual Pension Cost

For the employer's accounting year ended September 30, 2021, the annual pension cost for the TCDRS plan for its employees was \$1,085,568 and actual contributions were \$1,085,568.

Net Pension Liability

The net pension liability (NPL) is the difference between the total pension liability (TPL) and the plan's fiduciary net position. The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service. The fiduciary net position is determined on the same basis used by the pension plans. The Council's NPL was measured as of December 31, 2020, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date.

Total pension liability	\$ 41,769,752
Fiduciary net position	<u>35,762,752</u>
Net pension liability	\$ <u>6,007,000</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of actuarial experience studies. The experience study was for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB Statement No. 68.

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%	This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB Statement No. 68
Overall payroll growth	3.00%	
Investment rate of return	7.60%	

Salary increases were based on a service-related table. Regarding mortality rates, for depositing members - 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 100% of the MP-2014 Ultimate scale after 2014; for service retirees, beneficiaries, and non-depositing members – 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; for disabled retirees – 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The valuation assumption for the long-term expected return is re-assessed at a minimum of every four years and is set based on a thirty-year time horizon. The most recent analysis was performed in 2020.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Geometric Real Rate of Return (expected minus inflation)
U.S. equities	11.50%	4.25%
Private equity	25.00%	7.25%
Global equities	2.50%	4.55%
International equities – developed	5.00%	4.25%
International equities – emerging	6.00%	4.75%
Investment grade bonds	3.00%	-0.85%
Strategic credit	9.00%	2.11%
Direct lending	16.00%	6.70%
Distressed debt	4.00%	5.70%
REIT equities	2.00%	3.45%
Master limited partnerships	2.00%	5.10%
Private real estate partnerships	6.00%	4.90%
Hedge funds	6.00%	1.85%

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Schedule of Changes in the Net Pension Liability

Changes in the Council's net pension liability presented below is calculated on the same basis as the plan.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of December 31, 2019	\$ 37,262,220	\$ 32,804,314	\$ 4,457,906
Changes for the year:			
Service cost	819,902		819,902
Interest on total pension liability ¹	3,011,728		3,011,728
Effect of plan changes ²			-
Effect of economic / demographic gains or losses	347,285		347,285
Effect of assumptions changes or inputs	2,164,965		2,164,965
Refund of contributions	(42,778)	(42,778)	-
Benefit payments	(1,793,570)	(1,793,570)	-
Administrative expenses		(26,168)	26,168
Member contributions		389,042	(389,042)
Net investment income		3,388,098	(3,388,098)
Employer contributions		1,052,253	(1,052,253)
Other ³		(8,439)	8,439
Balances as of December 31, 2020	\$ 41,769,752	\$ 35,762,752	\$ 6,007,000

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

² No plan changes valued.

³ Relates to allocation of system-wide items.

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

The following presents the net pension liability of the Council calculated using the discount rate of 7.60% as well as what the Council net pension liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (6.60%)	Current Rate (7.60%)	1% Increase (8.60%)
Total pension liability	\$ 46,718,905	\$ 41,769,752	\$ 37,580,778
Fiduciary net position	35,762,753	35,762,752	35,762,753
Net pension liability	\$ 10,956,152	\$ 6,007,000	\$ 1,818,025

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

For the year ended September 30, 2021, the Council recognized total pension expense of \$1,706,664.

As of September 30, 2021, the Council reported on the Statement of Net Position deferred outflows of resources related to pensions from the following sources:

Contributions subsequent to measurement date	\$ 819,749
Difference between expected and actual experience	231,523
Change of assumptions	1,443,310
Difference between projected and actual investment earnings	<u>103,062</u>
Total	<u>\$ 2,597,644</u>

As of September 30, 2021, the Council reported on the Statement of Net Position deferred inflows of resources related to pensions from the following sources:

Difference between expected and actual experience	\$ (82,807)
Difference between projected and actual investment earnings	<u>(1,586,629)</u>
Total	<u>\$ (1,669,436)</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$819,749 will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Remaining net deferred outflows (inflows) of resources related to pensions totaling \$108,459 will be recognized in pension expense (income) for the years ending September 30, 2022, 2023, 2024, and 2025 in the amounts of \$688,716, (\$273,408), (\$269,449), and (\$37,400), respectively.

Note 10: Other Post-Employment Benefits

Plan Description

The West Central Texas Council of Governments participates in a statewide, multiple-employer defined benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group-term life insurance coverage to current eligible employees, and if elected, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000. The GTLF does not meet the requirements to be defined as a trust under GASB 75.

Contributions

The Council determines rates based on an actuarially determined rate. The Council's average contribution rate was 0.32% of covered payroll as of the measurement date of December 31, 2020. Employees are not required to contribute to the plan.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	37
Active employees	102
Total participants	<u>213</u>

Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for GTL benefits.

Actuarial Assumptions

The total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	Does not apply
Salary increases	Does not apply
Discount rate	2.12%, which represents expected rate of return, net of investment and administrative expenses

Actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2013 through December 31, 2016, first used in the December 31, 2017 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2013 through 2016, and dated December 31, 2016. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.12%. The discount rate was based on the Fidelity Index's "20-Year Bond GO Index" rate as of December 31, 2020. Due to the GTL being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of December 31, 2019	\$ 373,975
Changes for the year:	
Service cost	8,221
Interest on total OPEB liability	10,381
Effect of economic/demographic experience	8,495
Changes in assumptions	49,304
Benefit payments	<u>(6,669)</u>
Balances as of December 31, 2020	<u>\$ 443,707</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED SEPTEMBER 30, 2021***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District calculated using the discount rate of 2.12% as well as what the District's total OPEB liability would have been if it were calculated using a discount rate that is 1% lower and 1% higher than the current rate:

	1% Decrease (1.12%)	Current Rate (2.12%)	1% Increase (3.12%)
Total OPEB liability	\$ 543,655	\$ 443,707	\$ 367,998

OPEB Expense

Contributions subsequent to measurement date	\$ 24,050
Change in OPEB liability	<u>48,279</u>
Total OPEB expense	<u>\$ 72,329</u>

Deferred (Inflows)/Outflows of Resources

For the year ended September 30, 2021, the Council recognized OPEB expense of \$61,532. The Council reported deferred outflows of resources related to OPEB from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (71)	\$ 11,311
Changes in assumptions and other Inputs	(2,092)	49,163
Contributions made subsequent to measurement date	<u>-</u>	<u>24,050</u>
Total	<u>\$ (2,163)</u>	<u>\$ 84,524</u>

Deferred outflows of resources related to contributions subsequent to measurement date of \$24,050 will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Remaining net deferred outflows of resources related to OPEB totaling \$58,311 will be recognized in OPEB expense for the years ending September 30, 2022, 2023, and 2024 in the amounts of \$34,902, \$19,799, and \$3,610, respectively.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the OGTLF. This report may be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782. TCDRS' CAFR is also available at www.tcdrs.org.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 11: Healthcare Coverage

During the year ended September 30, 2021, employees of the Council were covered by a health insurance plan (the Plan). The Council paid premiums of \$815 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan operates under the Interlocal Cooperation Act and Chapter 172 of the Local Government Code, which established the Texas Political Subdivision Uniform Group Benefits Program. Employees retiring from the Council may, at their option, continue health benefits coverage with the Plan, however premiums are solely the responsibility of the retiree.

By executing the annual re-rate notice and benefit selection form, the Council may renew and extend the interlocal agreement with the pool. Non-execution will result in termination of the agreement.

Note 12: Commitments and Contingencies

Contingencies

The Council participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Council, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Federal and State Grants

In the normal course of operations, the Council receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Note 13: New Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued the following statements which will become effective in future years.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The statement will become effective for financial statements beginning after December 15, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. The statement will become effective for financial statements for periods beginning after June 15, 2021.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interest - an amendment of GASB Statements No. 14 and No. 61*. This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement become effective for reporting periods beginning after December 15, 2020.

In May 2020, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to Statement 87 and Implementation Guide 2020-3 are effective upon issuance. The other requirements of this statement are effective for fiscal years beginning after June 15, 2021.

The Council will fully analyze the impact of these new Statements prior to the effective dates for the Statements listed above.

Required Supplementary Information

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - PENSION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021 *

	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017	Measurement Date 12/31/2016	Measurement Date 12/31/2015	Measurement Date 12/31/2014
Total Pension Liability:							
Service cost	\$ 819,902	\$ 864,570	\$ 835,618	\$ 908,744	\$ 897,578	\$ 861,870	\$ 892,741
Interest on total pension liability	3,011,728	2,876,354	2,703,937	2,506,095	2,295,319	2,143,588	1,978,485
Effect of plan changes						(129,053)	
Effect of assumption changes or inputs	2,164,965			275,900		378,260	
Effect of economic / demographic (gains) or losses	347,285	(248,418)	169,898	224,450	157,921	(192,714)	88,855
Benefit payments / refunds of contributions	(1,836,348)	(1,719,041)	(1,504,744)	(1,298,448)	(1,139,274)	(1,030,927)	(1,026,815)
Net change in total pension liability	4,507,532	1,773,465	2,204,709	2,616,741	2,211,544	2,031,024	1,933,266
Total pension liability, beginning	37,262,220	35,488,755	33,284,046	30,667,305	28,455,761	26,424,737	24,491,471
Total pension liability, ending (a)	41,769,752	37,262,220	35,488,755	33,284,046	30,667,305	28,455,761	26,424,737
Fiduciary Net Position:							
Employer contributions	1,052,253	921,118	847,615	841,819	727,928	717,291	700,228
Member contributions	389,042	368,792	364,246	373,476	368,972	373,589	369,096
Investment income net of investment expenses	3,388,098	4,693,097	(551,900)	3,763,090	1,773,067	(306,561)	1,514,551
Benefit payments / refunds of contributions	(1,836,348)	(1,719,041)	(1,504,744)	(1,298,448)	(1,139,274)	(1,030,927)	(1,026,815)
Administrative expenses	(26,168)	(24,998)	(22,952)	(19,585)	(19,273)	(17,322)	(18,031)
Other	(8,439)	(10,122)	(5,768)	(1,299)	107,140	49,660	18,056
Net change in fiduciary net position	2,958,438	4,228,846	(873,503)	3,659,053	1,818,560	(214,270)	1,557,085
Fiduciary net position, beginning	32,804,314	28,575,468	29,448,971	25,789,918	23,971,358	24,185,628	22,628,543
Fiduciary net position, ending (b)	35,762,752	32,804,314	28,575,468	29,448,971	25,789,918	23,971,358	24,185,628
Net pension liability, ending ((a) - (b))	\$ 6,007,000	\$ 4,457,906	\$ 6,913,287	\$ 3,835,075	\$ 4,877,387	\$ 4,484,403	\$ 2,239,109
Fiduciary net position as a % of total pension liability	85.62%	88.04%	80.52%	88.48%	84.10%	84.24%	91.53%
Pensionable covered payroll	\$ 5,557,749	\$ 5,268,451	\$ 5,203,508	\$ 5,335,368	\$ 5,271,024	\$ 5,336,991	\$ 5,272,795
Net pension liability as a % of covered payroll	108.08%	84.62%	132.86%	71.88%	92.53%	84.02%	42.47%

* A full 10-year schedule will be displayed as it becomes available

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS - PENSION PLAN
FOR THE LAST 10 FISCAL YEARS

Period Ending December 31, (Measurement Date)	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll*	Actual Contribution as a % of Covered Payroll
2012	\$ 605,804	\$ 605,804	\$ -	\$ 5,457,703	11.10%
2013	\$ 661,008	\$ 661,008	\$ -	\$ 5,330,720	12.40%
2014	\$ 700,228	\$ 700,228	\$ -	\$ 5,272,795	13.28%
2015	\$ 717,291	\$ 717,291	\$ -	\$ 5,336,991	13.44%
2016	\$ 727,928	\$ 727,928	\$ -	\$ 5,271,024	13.81%
2017	\$ 839,253	\$ 841,819	\$ (2,566)	\$ 5,335,368	15.78%
2018	\$ 847,615	\$ 847,615	\$ -	\$ 5,203,508	16.29%
2019	\$ 921,118	\$ 921,118	\$ -	\$ 5,268,451	17.48%
2020	\$ 1,050,970	\$ 1,052,253	\$ (1,283)	\$ 5,557,749	18.93%
2021	\$ 1,085,568	\$ 1,085,568	\$ -	\$ 5,613,840	19.34%

Notes to Schedule of Contributions:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.1 years
Asset Valuation Method	5 year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	7.60%, 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 Plan Provisions Reflected in the Schedule**	There were no benefit changes during the year.

* Payroll is calculated based on contributions as reported to TCDRS.

** Only changes effective 2019 and later are shown in the Notes to Schedule

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - OPEB

FOR THE YEAR ENDED SEPTEMBER 30, 2021 *

	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017
Total OPEB Liability:				
Service cost	\$ 8,221	\$ 6,085	\$ 7,125	\$ 7,530
Interest on total OPEB liability	10,381	11,495	10,499	10,208
Effect of assumption changes or inputs	49,304	80,260	(34,334)	12,980
Effect of economic/demographic (gains) or losses	8,495	5,321	(281)	11,399
Benefit payments / refunds of contributions	<u>(6,669)</u>	<u>(6,849)</u>	<u>(6,765)</u>	<u>(6,402)</u>
Net change in total OPEB liability	<u>69,732</u>	<u>96,312</u>	<u>(23,756)</u>	<u>35,715</u>
Total OPEB liability, beginning	<u>373,975</u>	<u>277,663</u>	<u>301,419</u>	<u>265,704</u>
Total OPEB liability, ending	<u>\$ 443,707</u>	<u>\$ 373,975</u>	<u>\$ 277,663</u>	<u>\$ 301,419</u>
Covered payroll	\$ 5,557,749	\$ 5,268,451	\$ 5,203,508	\$ 5,335,368
Total OPEB liability as a % of covered payroll	7.98%	7.10%	5.34%	5.65%

* A full 10-year schedule will be displayed as it becomes available

**Combining Statements
as Supplementary Information**

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2021

	Local Initiatives #2117	Criminal Justice Planning #2219	Criminal Justice Planning #2220
ASSETS			
Cash and short-term investments	\$ 102,132	\$	\$ (5,411)
Receivables:			
Grants	3,466		5,411
Other			
Total Assets	<u>\$ 105,598</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 324	\$	\$
Deferred revenue	<u>105,274</u>		
Total Liabilities	<u>105,598</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted fund balance			
Committed fund balance			
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 105,598</u>	<u>\$ -</u>	<u>\$ -</u>

Criminal Justice Planning #2221	Law Enforcement Academy #2318	Law Enforcement Academy #2321	Homeland Security LETPA 2020 #2520	Homeland Security LETPA 2021 #2521
\$ (5,526)	\$ (27,574)	\$ (11,666)	\$ (8,407)	\$ (1,798)
5,546	112,491 (250)	11,877	16,132	1,798
<u>\$ 20</u>	<u>\$ 84,667</u>	<u>\$ 211</u>	<u>\$ 7,725</u>	<u>\$ -</u>
\$ 20	\$ 513 84,154	\$ 211	\$ 7,725	\$
<u>20</u>	<u>84,667</u>	<u>211</u>	<u>7,725</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 20</u>	<u>\$ 84,667</u>	<u>\$ 211</u>	<u>\$ 7,725</u>	<u>\$ -</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2021

	Homeland Security #2620	Homeland Security Planning #2720	Homeland Security Planning #2721
ASSETS			
Cash and short-term investments	\$ (5,934)	\$ (70,420)	\$ 80
Receivables:			
Grants	185,437	71,144	
Other			
Total Assets	\$ <u>179,503</u>	\$ <u>724</u>	\$ <u>80</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 179,503	\$ 724	\$ 80
Deferred revenue			
Total Liabilities	<u>179,503</u>	<u>724</u>	<u>80</u>
Fund Balance:			
Restricted fund balance			
Committed fund balance			
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>179,503</u>	\$ <u>724</u>	\$ <u>80</u>

Homeland Security #2818	Homeland Security #2919	Homeland Security #2920	Area Health Education Center #3320	Area Health Education Center #3321
\$ (1,937)	\$	\$	\$ (74,689)	\$ (15,382)
1,937			97,070	22,844
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,381</u>	<u>\$ 7,462</u>
\$	\$	\$	\$ 22,369	\$ 7,462
			12	
-	-	-	22,381	7,462
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,381</u>	<u>\$ 7,462</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2021

	Area Health Education Center CARES #3520	Community Health Worker #3617	Economic Development Planning #4318
ASSETS			
Cash and short-term investments	\$ (312)	\$ 16,180	\$
Receivables:			
Grants	312		
Other			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>-</u>	\$ <u>16,180</u>	\$ <u>-</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$	\$	\$
Deferred revenue		16,180	
	<hr/>	<hr/>	<hr/>
Total Liabilities	<hr/> -	<hr/> 16,180	<hr/> -
Fund Balance:			
Restricted fund balance			
Committed fund balance			
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<hr/> -	<hr/> -	<hr/> -
Total Liabilities and Fund Balance	\$ <u>-</u>	\$ <u>16,180</u>	\$ <u>-</u>

Americorps Planning #3420	Americorps Planning #3421	Economic Development Planning #4319	EDA Disaster Resiliency Plan #4420	Economic Development Planning - CARES #4520
\$ (24,849)	\$ (6,391)	\$ (29,674)	\$ (25,319)	\$ (96,816)
24,849	9,022	33,624	25,319	101,301
<u>\$ -</u>	<u>\$ 2,631</u>	<u>\$ 3,950</u>	<u>\$ -</u>	<u>\$ 4,485</u>
\$	\$ 2,631	\$ 3,950	\$	\$ 4,485
<u>-</u>	<u>2,631</u>	<u>3,950</u>	<u>-</u>	<u>4,485</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 2,631</u>	<u>\$ 3,950</u>	<u>\$ -</u>	<u>\$ 4,485</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2021

	Housing Finance Administration #4918	Housing Finance Administration #4919	Aging & Disability Resource Center #5619
ASSETS			
Cash and short-term investments	\$ 23,313	\$ (30)	\$
Receivables:			
Grants	582	30	
Other			
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>23,895</u>	\$ <u>-</u>	\$ <u>-</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$	\$	\$
Deferred revenue	<u>23,895</u>	<u> </u>	<u> </u>
Total Liabilities	<u>23,895</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted fund balance			
Committed fund balance	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>23,895</u>	\$ <u>-</u>	\$ <u>-</u>

Aging & Disability Resource Center #5620	Aging & Disability Resource Center #5621	TCDD #5721	Local Initiatives #6017	Local Initiatives #6118
\$ (47,150)	\$ (8,085)	\$ (16,681)	\$ 168,997	\$ 4,829
94,174	13,862	16,842	15,080	
<u>\$ 47,024</u>	<u>\$ 5,777</u>	<u>\$ 161</u>	<u>\$ 184,077</u>	<u>\$ 4,829</u>
\$ 47,024	\$ 5,777	\$ 161	\$ 2,916	\$
			181,161	4,829
<u>47,024</u>	<u>5,777</u>	<u>161</u>	<u>184,077</u>	<u>4,829</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 47,024</u>	<u>\$ 5,777</u>	<u>\$ 161</u>	<u>\$ 184,077</u>	<u>\$ 4,829</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2021

	Supportive Services for Veteran Families #6219	Supportive Services for Veteran Families #6220	Supportive Services for Veteran Families #6221
ASSETS			
Cash and short-term investments	\$ (1,047)	\$ (412)	\$ (34,394)
Receivables:			
Grants		214	50,783
Other	6,154	198	
	<u>5,107</u>	<u>-</u>	<u>16,389</u>
Total Assets	<u>\$ 5,107</u>	<u>\$ -</u>	<u>\$ 16,389</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 5,107	\$	\$ 16,389
Deferred revenue			
	<u>5,107</u>	<u>-</u>	<u>16,389</u>
Total Liabilities	<u>5,107</u>	<u>-</u>	<u>16,389</u>
Fund Balance:			
Restricted fund balance			
Committed fund balance			
	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 5,107</u>	<u>\$ -</u>	<u>\$ 16,389</u>

Homeless Youth #6320	CMP Self-advocacy Pilot Program #6417	Vets in Need #6617	Local Initiatives #6717	Local Initiatives #6817
\$ (21,782)	\$ 5	\$ 4,154	\$ 2,142	\$ 54,413
21,830				
<u>\$ 48</u>	<u>\$ 5</u>	<u>\$ 4,154</u>	<u>\$ 2,142</u>	<u>\$ 54,413</u>
\$ 48	\$ 5	\$ 4,154	\$ 2,142	\$ 179
<u>48</u>	<u>5</u>	<u>4,154</u>	<u>2,142</u>	<u>54,234</u>
<u>48</u>	<u>5</u>	<u>4,154</u>	<u>2,142</u>	<u>54,413</u>
-	-	-	-	-
<u>\$ 48</u>	<u>\$ 5</u>	<u>\$ 4,154</u>	<u>\$ 2,142</u>	<u>\$ 54,413</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2021

	Grant Support for Leadership Development #6920	Grant Support for Leadership Development #6921	USDA Solid Waste #8219
ASSETS			
Cash and short-term investments	\$ (519)	\$ 437	\$ 138
Receivables:			
Grants	424	13,692	
Other			(138)
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u><u>(95)</u></u>	\$ <u><u>14,129</u></u>	\$ <u><u>-</u></u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ (95)	\$ 14,129	\$
Deferred revenue			
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>(95)</u>	<u>14,129</u>	<u>-</u>
Fund Balance:			
Restricted fund balance			
Committed fund balance			
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u><u>(95)</u></u>	\$ <u><u>14,129</u></u>	\$ <u><u>-</u></u>

Solid Waste Management #8418	Solid Waste Management #8421	Community Development Block Grant #8720	Pipeline Safety & Outreach #8819	Pipeline Safety & Outreach #8820
\$ 6,930	\$ (7,947)	\$ (11,432)	\$	\$ (56,357)
	8,279	13,321		59,662
<u>\$ 6,930</u>	<u>\$ 332</u>	<u>\$ 1,889</u>	<u>\$ -</u>	<u>\$ 3,305</u>
\$ 6,831	\$ 346	\$ 1,889	\$	\$ 3,305
99	(14)			
<u>6,930</u>	<u>332</u>	<u>1,889</u>	<u>-</u>	<u>3,305</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 6,930</u>	<u>\$ 332</u>	<u>\$ 1,889</u>	<u>\$ -</u>	<u>\$ 3,305</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2021

	Pipeline Safety & Outreach #8821	Total Nonmajor Special Revenue Funds
ASSETS		
Cash and short-term investments	\$	\$ (234,191)
Receivables:		
Grants	125	1,038,480
Other		5,964
Total Assets	\$ 125	\$ 810,253
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 125	\$ 334,128
Deferred revenue		476,125
Total Liabilities	125	810,253
Fund Balance:		
Restricted fund balance		-
Committed fund balance		-
Total Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 125	\$ 810,253

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND****CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS****FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Local Initiatives #2117	Criminal Justice Planning #2219	Criminal Justice Planning #2220
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Federal grants	\$	\$	\$
State grants		1,800	59,154
Local funds	18,095		
Other local funds:			
Interest income			
Program income	58,789		
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>76,884</u>	<u>1,800</u>	<u>59,154</u>
Expenditures			
Personnel costs	28,361		47,352
Professional and contracted services	22,140		462
Occupancy and communications	4,031	1,800	4,050
Office supplies, postage, copier, miscellaneous	17,644		154
Travel, meetings and seminars	1,369		622
Other			
Direct support and purchased services			
Network, database, equipment and maintenance			
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>73,545</u>	<u>1,800</u>	<u>52,640</u>
Excess of revenues over expenditures	3,339	-	6,514
Other Sources (Uses)			
Payment of indirect cost	(3,339)		(6,514)
Local match/in-kind			
	<u> </u>	<u> </u>	<u> </u>
Total other sources (uses)	<u>(3,339)</u>	<u>-</u>	<u>(6,514)</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Criminal Justice Planning #2221	Law Enforcement Academy #2318	Law Enforcement Academy #2321	Homeland Security LETPA 2020 #2520	Homeland Security LETPA 2021 #2521
\$ 5,546	\$ 139,416	\$ 11,877	\$ 98,049	\$ 1,798
	45,644			
5,546	185,060	11,877	98,049	1,798
4,529	128,191	8,603	15,751	1,377
405	4,525	1,551		
23	17,061	605		
	16,404			
	2,509		8,374	
			69,213	
4,957	168,690	10,759	93,338	1,377
589	16,370	1,118	4,711	421
(589)	(16,370)	(1,118)	(4,711)	(421)
(589)	(16,370)	(1,118)	(4,711)	(421)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Homeland Security #2620	Homeland Security Planning #2720	Homeland Security Planning #2721
Revenues			
Federal grants	\$ 622,150	\$ 261,300	\$
State grants			
Local funds			
Other local funds:			
Interest income			
Program income			
Total revenues	622,150	261,300	-
Expenditures			
Personnel costs	50,991	197,630	
Professional and contracted services		2,567	
Occupancy and communications		13,889	
Office supplies, postage, copier, miscellaneous		850	
Travel, meetings and seminars		2,163	
Other			
Direct support and purchased services			
Network, database, equipment, and maintenance	557,374		
Total expenditures	608,365	217,099	-
Excess of revenues over expenditures	13,785	44,201	-
Other Sources (Uses)			
Payment of indirect cost	(13,785)	(44,201)	
Local match/in-kind			
Total other uses	(13,785)	(44,201)	-
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, October 1	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -

Homeland Security #2818	Homeland Security #2919	Homeland Security #2920	Area Health Education Center #3320	Area Health Education Center #3321
\$	\$ 1,265	\$ 48	\$ 72,389 274,201 9,328	\$ 4,129 18,716
-	1,265	48	355,918	22,845
			161,866	10,363
		48	46,352	4,141
	1,265		41,320	3,637
			11,600	1,496
			9,601	487
			62,929	1,374
-	1,265	48	333,668	21,498
-	-	-	22,250	1,347
			(22,250)	(1,347)
-	-	-	(22,250)	(1,347)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Americorps Planning #3420	Americorps Planning #3421	Area Health Education Center CARES #3520
Revenues			
Federal grants	\$ 18,580	\$ 9,022	\$ 5,951
State grants			
Local funds			
Other local funds:			
Interest income			
Program income			
Total revenues	<u>18,580</u>	<u>9,022</u>	<u>5,951</u>
Expenditures			
Personnel costs	16,433	5,992	4,071
Professional and contracted services		2,251	
Occupancy and communications			
Office supplies, postage, copier, miscellaneous			1,351
Travel, meetings and seminars			
Other			
Direct support and purchased services			
Network, database, equipment and maintenance			
Total expenditures	<u>16,433</u>	<u>8,243</u>	<u>5,422</u>
Excess of revenues over expenditures	2,147	779	529
Other Sources (Uses)			
Payment of indirect cost	(2,147)	(779)	(529)
Local match/in-kind			
Total other uses	<u>(2,147)</u>	<u>(779)</u>	<u>(529)</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Health Worker #3617	Economic Development Planning #4318	Economic Development Planning #4319	EDA Disaster Resiliency Plan #4420	Economic Development Planning - CARES #4520
\$ 3,473	\$ 25,688	\$ 47,103	\$ 48,293	\$ 204,898
<u>3,473</u>	<u>25,688</u>	<u>47,103</u>	<u>48,293</u>	<u>204,898</u>
3,473	20,401	33,959	42,729	143,933
		4,307		19,375
	2,276	163		7,865
	359	1,398		1,758
		208		3,588
		2,650		4,459
<u>3,473</u>	<u>23,036</u>	<u>42,685</u>	<u>42,729</u>	<u>180,978</u>
-	2,652	4,418	5,564	23,920
	(2,652)	(4,418)	(5,564)	(23,920)
<u>-</u>	<u>(2,652)</u>	<u>(4,418)</u>	<u>(5,564)</u>	<u>(23,920)</u>
-	-	-	-	-
-	-	-	-	-
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Housing Finance Administration #4918	Housing Finance Administration #4919	Aging & Disability Resource Center #5619
Revenues			
Federal grants	\$ 135	\$ 30	\$ 6,378
State grants			(7,065)
Local funds			
Other local funds:			
Interest income			
Program income			
Total revenues	135	30	(687)
Expenditures			
Personnel costs			
Professional and contracted services			
Occupancy and communications	135	30	
Office supplies, postage, copier, miscellaneous			(437)
Travel, meetings and seminars			
Other			
Direct support and purchased services			(250)
Network, database, equipment and maintenance			
Total expenditures	135	30	(687)
Excess of revenues over expenditures	-	-	-
Other Sources (Uses)			
Payment of indirect cost			
Local match/in-kind			
Total other uses	-	-	-
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, October 1	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -

Aging & Disability Resource Center #5620	Aging & Disability Resource Center #5621	TCDD #5721	Local Initiatives #6017	Local Initiatives #6118
\$ 73,585 145,939	\$ 13,861	\$ 41,337 33,631	\$ 54,236	\$
219,524	13,861	74,968	54,236	-
74,937	6,762	54,755	278	
85,948	5,218		12,980	
9,827	855	5,236	434	
29,676	147	7,576	22,488	
4,404		279	16,067	
4,682			1,989	
209,474	12,982	67,846	54,236	-
10,050	879	7,122	-	-
(10,050)	(879)	(7,122)		
(10,050)	(879)	(7,122)	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Supportive Services for Veteran Families #6219	Supportive Services for Veteran Families #6220	Supportive Services for Veteran Families #6221
Revenues			
Federal grants	\$	\$	\$
State grants			
Local funds	287,216	1,104,357	94,170
Other local funds:			
Interest income			
Program income			
Total revenues	287,216	1,104,357	94,170
Expenditures			
Personnel costs	97,370	438,852	43,995
Professional and contracted services	7,482	72,697	6,036
Occupancy and communications	12,684	59,447	6,619
Office supplies, postage, copier, miscellaneous	9,400	27,451	1,227
Travel, meetings and seminars	360	6,095	823
Other		3,500	
Direct support and purchased services	138,706	404,270	24,912
Network, database, equipment and maintenance			
Total expenditures	266,002	1,012,312	83,612
Excess of revenues over expenditures	21,214	92,045	10,558
Other Sources (Uses)			
Payment of indirect cost	(21,214)	(92,045)	(10,558)
Local match/in-kind			
Total other uses	(21,214)	(92,045)	(10,558)
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, October 1	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -

Homeless Youth #6320	CMP Self-advocacy Pilot Program #6417	Vets in Need #6617	Local Initiatives #6717	Local Initiatives #6817
\$	\$	\$	\$	\$
21,830		3,260		5,693
21,830	-	3,260	-	5,693
5,138				
4,200				
4,526				694
6,050				535
143				
200				3,414
		3,260		
20,257	-	3,260	-	4,643
1,573	-	-	-	1,050
(1,573)				(1,050)
(1,573)	-	-	-	(1,050)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Grant Support for Leadership Development #6920	Grant Support for Leadership Development #6921	USDA Solid Waste #8219
Revenues			
Federal grants	\$	\$	\$
State grants			
Local funds	54,487	21,365	
Other local funds:			
Interest income			
Program income			
Total revenues	54,487	21,365	-
Expenditures			
Personnel costs	29,509	5,112	
Professional and contracted services	12,265	13,487	
Occupancy and communications	1,050	338	
Office supplies, postage, copier, miscellaneous	6,345	1,658	
Travel, meetings and seminars	2,019	105	
Other			
Direct support and purchased services	(545)		
Network, database, equipment and maintenance			
Total expenditures	50,643	20,700	-
Excess of revenues over expenditures	3,844	665	-
Other Sources (Uses)			
Payment of indirect cost	(3,844)	(665)	
Local match/in-kind			
Total other uses	(3,844)	(665)	-
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, October 1	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -

Solid Waste Management #8418	Solid Waste Management #8421	Community Development Block Grant #8719	Pipeline Safety & Outreach #8819	Pipeline Safety & Outreach #8820
\$ 147,508	\$ 8,293	\$ 13,321	\$	\$ 97,540
33				
<u>147,541</u>	<u>8,293</u>	<u>13,321</u>	<u>-</u>	<u>97,540</u>
61,099	5,509	12,481		54,491
9,240				424
8,838	695			
2,123	221			4,439
1,874	182			557
268				12,181
45,389				11,063
<u>128,831</u>	<u>6,607</u>	<u>12,481</u>	<u>-</u>	<u>83,155</u>
18,710	1,686	840	-	14,385
(18,710)	(1,686)	(840)		(14,385)
<u>(18,710)</u>	<u>(1,686)</u>	<u>(840)</u>	<u>-</u>	<u>(14,385)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Pipeline Safety & Outreach #8821	Total Nonmajor Special Revenue Funds
Revenues		
Federal grants	\$	\$ 1,558,922
State grants	125	916,911
Local funds		1,707,668
Other local funds:		
Interest income		33
Program income		104,433
Total revenues	125	4,287,967
Expenditures		
Personnel costs		1,812,820
Professional and contracted services		339,570
Occupancy and communications		209,504
Office supplies, postage, copier, miscellaneous		173,806
Travel, meetings and seminars		61,829
Other		90,975
Direct support and purchased services	125	633,601
Network, database, equipment and maintenance		626,587
Total expenditures	125	3,948,692
Excess of revenues over expenditures	-	339,275
Other Sources (Uses)		
Payment of indirect cost		(339,275)
Local match/in-kind		-
Total other uses	-	(339,275)
Excess of revenues and other sources over expenditures and other uses	-	-
Fund balances, October 1	-	-
Fund balances, September 30	\$ -	\$ -

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF FIDUCIARY NET POSITION -
ALL FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Section 125 Flexible Benefits Plan	Section 457(b) Deferred Comp Plan	Total Employee Benefit Plan Funds
ASSETS			
Cash and short-term investments	\$ 13,466	\$	\$ 13,466
Investments at fair value		740,215	740,215
Total Assets	\$ 13,466	\$ 740,215	\$ 753,681
NET POSITION			
Restricted for employee benefits	\$ 13,466	\$ 740,215	\$ 753,681
Total Net Position	\$ 13,466	\$ 740,215	\$ 753,681

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Section 125 Flexible Benefits Plan	Section 457(b) Deferred Comp Plan	Total Employee Benefit Plan Funds
Additions			
Employee contributions	\$ 47,388	\$	\$ 47,388
Plan member contributions		27,783	27,783
Investment income		137,546	137,546
Total Additions	47,388	165,329	212,717
Deductions			
Benefits paid	44,726	18,399	63,125
Total Deductions	44,726	18,399	63,125
Change in Net Position	2,662	146,930	149,592
Net Position, October 1	10,804	593,285	604,089
Net Position, September 30	\$ 13,466	\$ 740,215	\$ 753,681

**Federal/State Awards Section
as Supplementary Information**

June 21, 2022

Independent Auditor's Report

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*

Executive Committee
West Central Texas Council of Governments
3702 Loop 322
Abilene, Texas 79602

Members of the Executive Committee:

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 West Central Texas Council of Governments as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise West Central Texas Council of Governments' basic financial statements, and have issued our report thereon dated June 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Central Texas Council of Governments' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Central Texas Council of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Central Texas Council of Governments' internal control over financial reporting.

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

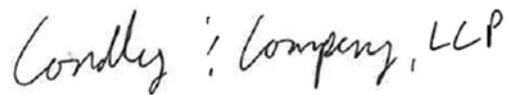
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Texas Council of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Condly : Company, LLP". The signature is written in a cursive, slightly slanted style.

Certified Public Accountants

June 21, 2022

Independent Auditor's Report

Report on Compliance for each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Texas Single Audit Circular

Executive Committee
West Central Texas Council of Governments
3702 Loop 322
Abilene, Texas

Members of the Executive Committee:

Report on Compliance for Each Major Federal Program

We have audited West Central Texas Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Council's major federal and state programs for the year ended September 30, 2021. The Council'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 the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council'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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Texas Single Audit Circular*. Those standards, Uniform Guidance, and the State of Texas Single Audit Circular 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 and state program occurred. An audit includes examining, on a test basis, evidence about West Central Texas Council of Governments' 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 the Council's compliance.

Opinion on Each Major Federal and State Program

In our opinion, West Central Texas Council of Governments 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.

Report on Internal Control Over Compliance

Management 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 West Central Texas Council of Governments' 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 Uniform Guidance, and the State of Texas Single Audit Circular 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 West Central Texas Council of Governments' 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 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 Uniform Guidance and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued? Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One of more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal/State Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing Number(s)
97.067

Name of Federal Program or Cluster
Homeland Security

n/a – State

9-1-1 Emergency Communications

Dollar threshold used to distinguish between type A and type B programs: \$750,000 for Federal; \$300,000 for State

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

The results of our audit procedures disclosed no findings to be reported for the year ended September 30, 2021.

C. Federal Award Findings and Questioned Costs

The results of our procedures disclosed no findings to be reported for the year ended September 30, 2021.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no findings identified for the year ended September 30, 2020.		

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal/State Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
<u>EXPENDITURES OF FEDERAL AWARDS</u>			
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
<i><u>Rural Development</u></i>			
Rural Business Enterprise Grants	10.769	G00-RBDG	\$ 135
TOTAL U.S. DEPARTMENT OF AGRICULTURE			135
<u>U. S. DEPARTMENT OF COMMERCE</u>			
<i><u>Economic Development Administration:</u></i>			
<i><u>Passed through West Central Texas Economic Development District</u></i>			
Economic Development Support for Planning Organizations	11.302	ED18AUS3020018	25,688
Economic Development Support for Planning Organizations	11.302	ED21AUS3020005	47,103
Economic Development Planning - CARES ACT	11.307	ED20AUS3070025	204,898
Disaster Resiliency Plan and Technical Assistance	11.307	08-79-05345	48,293
TOTAL U.S. DEPARTMENT OF COMMERCE			325,982
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i><u>Office of Community Planning and Development</u></i>			
<i><u>Passed through Texas Department of Agriculture:</u></i>			
Texas Community Block Grant Program	14.228	C719211	13,321
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			13,321
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i><u>Pipeline & Hazardous Materials Safety Administration:</u></i>			
Technical Assistance Grant	20.710	693JK32040008PTAG	97,540
Technical Assistance Grant	20.710	693JK32040008PTAG	125
TOTAL DEPARTMENT OF TRANSPORTATION			97,665
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i><u>Administration for Community Living:</u></i>			
<i><u>Passed Through Texas Health and Human Services Commission</u></i>			
Special Programs for the Aging-Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	539-16-00010-00001	4,147
Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care			
Ombudsman Services for Older Individuals OAA	93.042	539-16-00010-00001	34,962
Ombudsman Services for Older Individuals - CARES 18	93.042	539-16-00010-00001	2,685
National Family Caregiver Support, III E			
Title III E OAA	93.052	539-16-00010-00001	111,555
Title III E RITE (Lifespan Respite)	93.072	HHS000270200011	65
Medicare Enrollment Assistance Program MIPPA	93.071	539-16-00010-00001	26,356

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal/State Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
Aging Cluster			
Special Programs for the Aging-Title III, Part B-			
Grants for Supportive Services and Senior Centers - OAA	93.044	539-16-00010-00001	492,017
Grants for Supportive Services and Senior Centers - CDC Vaccination	93.044	539-16-00010-00001	4,881
Grants for Supportive Services and Senior Centers - CARES 18	93.044	539-16-00010-00001	236,452
Grants for Supportive Services and Senior Centers - CARES 17	93.045	539-16-00010-00001	49,904
Grants for Supportive Services and Senior Centers - CARES 16	93.046	539-16-00010-00001	4,124
Grants for Supportive Services and Senior Centers - CARES 15	93.047	539-16-00010-00001	88,996
Grants for Supportive Services and Senior Centers - CARES 14	93.048	539-16-00010-00001	23,471
Grants for Supportive Services and Senior Centers - COVID VACCINE	93.048	HHS000270200011	969
Special Programs for the Aging-Title III, Part C-			
Nutrition Services - OAA	93.045	539-16-00010-00001	483,453
Nutrition Services - Home Delivered Meals COVID 20	93.044	539-16-00010-00001	174,032
Nutrition Services - COVID 19	93.045	539-16-00010-00001	180,015
Nutrition Services - CARES 18	93.045	539-16-00010-00001	224,408
Nutrition Services - CARES 14	93.046	539-16-00010-00002	36,532
Nutrition Services Incentive Program	93.053	539-16-00010-00001	111,007
Total Aging Cluster			2,110,261
<u>Health Resources and Services Administration:</u>			
<u>Passed Through Texas Tech University Health Sciences Center</u>			
Area Health Education Centers #3320	93.107	UHSC16LTF0015C2	125,458
Area Health Education Centers #3321	93.107	U77HP164971300	4,129
Area Health Education Centers CARES #3520	93.107	UHSC16LTF0015C2	5,951
<u>Centers for Medicare and Medicaid Services:</u>			
<u>Passed Through Texas Health and Human Services Commission</u>			
State Health Insurance Assistance Program	93.324	539-16-00010-00001	99,379
<u>Centers for Medicare and Medicaid Services:</u>			
<u>Passed Through Texas Health and Human Services Commission</u>			
Money Follows the Person Rebalancing Demonstration	93.791	539-16-0031-00014	48,304
<u>Centers for Medicare and Medicaid Services:</u>			
<u>Passed Through Texas Council for Developmental Disabilities</u>			
Sexual Assault Prevention and Response #5721	93.630	21141	41,337
<u>Substance Abuse and Mental Health Administration</u>			
<u>Passed Through Texas Health and Human Services Commission</u>			
Older Adult Opioids Grant Program 53200	93.788	539-16-00010-00001	24,541
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,639,130
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
<u>Passed through Texas Onestar Foundation</u>			
AmeriCorp National Service Program	94.006	20VS224609	18,580
AmeriCorp National Service Program	94.006	21VS234305	9,022
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			27,602

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal/State Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through Texas Office of the Governor</i>			
State Homeland Security Program (SHSP) 2520	97.067	3408704	98,049
State Homeland Security Program (SHSP) 2521	97.067	3408705	1,798
State Homeland Security Program (SHSP) 2620	97.067	4011601	622,150
State Homeland Security Program (SHSP) 2720	97.067	2949706	261,300
State Homeland Security Program (SHSP) 2919	97.067	30001908	1,265
State Homeland Security Program (SHSP) 2920	97.067	2100092	48
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>984,610</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>4,088,445</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal/State Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
<u>EXPENDITURES OF STATE AWARDS</u>			
<u>TEXAS OFFICE OF THE GOVERNOR</u>			
<i><u>Passed Through the Criminal Justice Division:</u></i>			
Regional Law Enforcement Academy	N/A	1425716 FY20	\$ 185,060
Regional Law Enforcement Academy	N/A	1425718	11,877
Regional Criminal Justice Coordination	N/A	30001908	1,800
Regional Criminal Justice Coordination	N/A	2100092	59,154
Regional Criminal Justice Coordination	N/A	2200073	<u>5,546</u>
TOTAL TEXAS OFFICE OF THE GOVERNOR			<u>263,437</u>
<u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u>			
State General Revenue FY20	N/A	HHS000874100028	131,657
Ombudsman Assisted Living Facility Services	N/A	HHS000874100028	21,240
State General Revenue FY20	N/A	HHS000270200011	162,247
State General Revenue FY21	N/A	HHS000270200012	<u>8,914</u>
TOTAL HEALTH AND HUMAN SERVICES COMMISSION			<u>324,058</u>
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>			
Solid Waste Coordination	N/A	582-20-10226	147,542
Solid Waste Coordination	N/A	582-22-30130	<u>8,293</u>
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			<u>155,835</u>
<u>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</u>			
Emergency Communications	N/A	FY 2020	2,252,934
Emergency Communications	N/A	FY 2021	<u>125,133</u>
TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS			<u>2,378,067</u>
<u>TEXAS TECH HEALTH SCIENCES CENTER</u>			
Area Health Education Center (AHEC)	N/A	11366-4 FY20	230,460
Area Health Education Center (AHEC)	N/A	11366-4 FY21	<u>18,716</u>
TOTAL TEXAS TECH HEALTH SCIENCES CENTER			<u>249,176</u>
<u>TEXAS VETERANS COMMISSION</u>			
Veteran Housing Services	N/A	HTX_19_012	<u>21,830</u>
TEXAS VETERANS COMMISSION			<u>21,830</u>
TOTAL EXPENDITURES OF STATE AWARDS			\$ <u>3,392,403</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021*

1. Basis of Presentation

The accompanying schedule of expenditures of federal/state awards includes the federal/state award activity of West Central Texas Council of Governments under programs of the federal/state government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; and the State of Texas Single Audit Circular. Because the Schedule presents only a selected portion of the operations of West Central Texas Council of Governments, it is not intended to and does not present the financial position, changes in net position, or cash flows of West Central Texas Council of Governments.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

Since the Council has an approved Indirect Recovery Rate, it has elected not to use the 10% de minimis cost rate as permitted in the UG, Section 200.414.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
DETAIL SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Fund	Wages and Fringe	Rate 1 30.61%	Wages and Fringe	Rate 2 13.00%	Governmental Funds
3	\$ 90,353	\$ 26,851	\$ (1,767)		\$ 25,084
7	97,301	19,001	764		19,765
1120	519,786	57,214	43,339		100,553
1121	47,811	5,393	3,925		9,318
2117	28,362	-	3,339		3,339
2220	47,352	-	6,514		6,514
2221	4,529	-	589		589
2318	128,191	-	16,370		16,370
2321	8,603	-	1,118		1,118
2520	15,751	4,628	83		4,711
2521	1,377	421	-		421
2620	50,990	12,433	1,352		13,785
2720	197,630	32,138	12,063		44,201
3320	161,866	2,064	20,186		22,250
3321	10,363	-	1,347		1,347
3420	16,433	-	2,147		2,147
3421	5,992	-	779		779
3520	4,071	-	529		529
4318	20,401	-	2,652		2,652
4319	33,959	-	4,418		4,418
4420	42,730	-	5,564		5,564
4520	143,933	9,019	14,901		23,920
5020	726,839	133,388	37,312		170,700
5620	74,937	659	9,391		10,050
5621	6,762	-	879		879
5721	54,755	-	7,122		7,122
6219	97,370	14,872	6,342		21,214
6220	438,852	60,740	31,305		92,045
6221	43,995	8,410	2,148		10,558
6320	5,138	1,573	-		1,573
6817	-	431	619		1,050
6920	29,509	-	3,844		3,844
6921	5,112	-	665		665
8418	61,099	18,710	-		18,710
8421	5,509	1,686	-		1,686
8720	12,481	33	806		840
8820	54,491	12,684	1,701		14,385
	<u>\$ 3,294,633</u>	<u>\$ 422,349</u>	<u>\$ 242,346</u>		<u>\$ 664,695</u>
Actual Indirect Costs Recovered					664,695
Total Indirect Costs-Wages and Benefits					664,695
Over/Under Recovery of Indirect Costs					<u>\$ -</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
GRANT/PROJECT IDENTIFICATION INDEX
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Grantor Agency/Grant Name	Grant Duration	Grantor Agency Number	WCTCOG Grant Project No.
Commission on State Emergency Communications Regional 9-1-1	9/1/20-8/31/21	FY 2021	1120
Commission on State Emergency Communications Regional 9-1-1	9/1/21-8/31/22	FY 2022	1121
Regional Programs Local Initiatives	9/1/17-TFN	---	2117
Office of the Governor - Criminal Justice Division Regional Criminal Justice Coord.	9/1/20-8/31/21	2100092	2220
Office of the Governor - Criminal Justice Division Regional Criminal Justice Coord.	9/1/21-8/31/22	2200073	2221
Office of the Governor - Criminal Justice Division Regional Law Enforcement Academy	9/1/19-8/31/21	1425716	2318
Office of the Governor - Criminal Justice Division Regional Law Enforcement Academy	9/1/21-8/31/22	1425718	2321
Office of the Governor - Criminal Justice Division Homeland Security - LEPTA	9/1/20-8/31/21	3408704	2520
Office of the Governor - Criminal Justice Division Homeland Security - LEPTA	9/1/21-8/31/22	3408705	2521
Office of the Governor - Criminal Justice Division Homeland Security - SERI	9/1/20-8/31/21	4011601	2620
Office of the Governor - Criminal Justice Division Homeland Security - Regional Planning	10/1/20-9/30/21	2949706	2720
Office of the Governor - Criminal Justice Division Homeland Security - Interlocal Agreement	9/1/20-8/31/21	2100092	2920
Office of the Governor - Criminal Justice Division Homeland Security - Interlocal Agreement	9/1/21-8/31/22	2200073	2921
Texas Tech University Health Sciences Center Area Health Education Center	9/1/20-8/31/21	UHSC16LTF0015C2 11366-4	3320
Texas Tech University Health Sciences Center Area Health Education Center	9/1/21-8/31/22	U77HP16497-13-00 17082FBV-02	3321
Corporaton for National and Community Service Americorp Capacity Building	5/24/20-5/23/21	20VS224609	3420
Corporaton for National and Community Service Americorp Capacity Building	5/23/21-6/18/22	21VS234305	3421

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
GRANT/PROJECT IDENTIFICATION INDEX (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Grantor Agency/Grant Name	Grant Duration	Grantor Agency Number	WCTCOG Grant Project No.
Texas Tech University Health Sciences Center Area Health Education Center CARES	9/1/20-8/31/21	UHSC16LTF0015C2 11366-4	3520
Regional Programs Local Initiatives	9/1/2017-8/30/2037	2017	3617
U.S. Dept. of Commerce-Economic Development Admin. Economic Development Planning and Administration	1/1/18-12/31/20	ED18AUS3020018	4318
U.S. Dept. of Commerce-Economic Development Admin. Economic Development Planning and Administration	7/01/20-6/30/22	ED21AUS3020005	4319
U.S. Dept. of Commerce-Economic Development Admin. Economic Development Disaster Resiliency Plan	2/05/20-2/05/21	08-79-05345	4420
U.S. Dept. of Commerce-Economic Development Admin. Economic Development CARES	7/01/20-6/30/22	ED20AUS3070025	4520
West Central Texas Housing Finance Corporation Program Administration	1/1/20-12/31/21	---	4918
Health and Human Services Commission Area Agency on Aging	10/1/20-9/30/21	HHS000874100028	5020
Department of Aging and Disability Services Aging and Disability Resource Center	9/1/20-8/31/21	HHS000270200011	5620
Department of Aging and Disability Services Aging and Disability Resource Center	9/1/21-8/31/22	HHS000270200011	5621
Texas Council for Developmental Disabilities Sexual Assault Prevention and Response	1/1/21-12/31/22	21141	5721
Regional Programs Local Initiatives	4/1/03-TFN	---	6017
West Central Texas Regional Foundation Supportive Services for Veteran Families	10/1/19-10/30/20	20-TX-141	6219
West Central Texas Regional Foundation Supportive Services for Veteran Families	10/1/20-9/30/21	20-TX-141	6220
Regional Programs Local Initiatives	9/1/17-TFN	---	6717
Regional Programs Local Initiatives	3/1/17-TFN	---	6817

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
GRANT/PROJECT IDENTIFICATION INDEX (CONT.)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Grantor Agency/Grant Name	Grant Duration	Grantor Agency Number	WCTCOG Grant Project No.
West Central Texas Regional Foundation TCDD Grant Support for Leadership Development	5/1/20-4/30/21	19301	6920
West Central Texas Regional Foundation TCDD Grant Support for Leadership Development	5/1/21-4/30/22	21401	6921
Workforce Solutions Southeast Texas Board Workforce Staff - Business Services	9/1/17-TFN	---	7117
Workforce Solutions Southeast Texas Board Workforce Board Staff	9/1/17-TFN	---	7217
Workforce Solutions North Texas Board Workforce Board Staff	10/1/2017-TFN	---	7320
Workforce Solutions North Texas Board Workforce Board Staff	10/1/2017-TFN	---	7320
Workforce Solutions Southeast Texas Workforce Center Staff	9/1/20-8/31/21	---	7520
Workforce Solutions Central Texas Workforce Center Managing Director	10/1/17-TFN	---	7717
Texas Association of Workforce Boards Executive Director	10/1/17-TFN	---	7817
Texas Commission on Environmental Quality Regional Solid Waste Grants	9/1/19-8/31/21	582-20-10226	8418
Texas Commission on Environmental Quality Regional Solid Waste Grants	9/1/21-8/31/23	582-22-30130	8421
Texas Department of Agriculture Texas Community Development Block Grant Program	9/1/20-8/31/21	C719211	8720
U.S. Department of Transportation Pipeline Safety Technical Assistance Grant	09/29/20-09/28/21	693JK32040008PTAG	8820
U.S. Department of Transportation Pipeline Safety Technical Assistance Grant	09/29/21-09/28/22	693JK32040008PTAG	8821