

WEST CENTRAL TEXAS
COUNCIL OF GOVERNMENTS

Abilene, Texas

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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Financial Section

November 8, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Central Texas Council of Governments (the "Council") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Central Texas Council of Governments, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8, 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, other supplementary information, and Schedule of Expenditure 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 November 8, 2023 on our consideration of the West Central Texas Council of Governments' 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.

A handwritten signature in cursive script that reads "Condly and Company, L.L.P.".

Certified Public Accountants

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

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, 2022.

FINANCIAL HIGHLIGHTS

- The Council's net position was \$(1,989,894) and \$(3,985,501) at September 30, 2022 and 2021, respectively.
- The Council's revenues totaled \$16,118,951 and \$15,645,024 for the years ended September 30, 2022 and 2021, respectively. Expenses totaled \$14,123,344 and \$16,395,356 for the years ended September 30, 2022 and 2021, respectively. Net assets increased (decreased) by \$1,995,607 and (\$750,332) for the years ended September 30, 2022 and 2021, 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.
 - o The *governmental* fund statements present how *general government* services were financed in the *short term* as well as what remains for future spending.
 - o 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 the 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 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 \$(1,927,600) and \$(3,985,501) at September 30, 2022 and 2021, respectively.

Assets, Liabilities, and Net Position – Governmental Activities

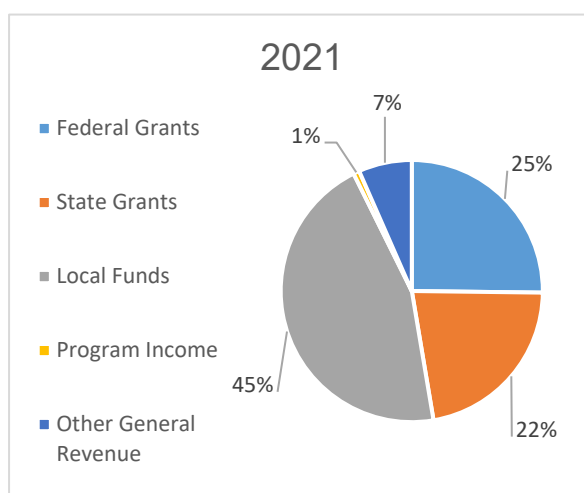
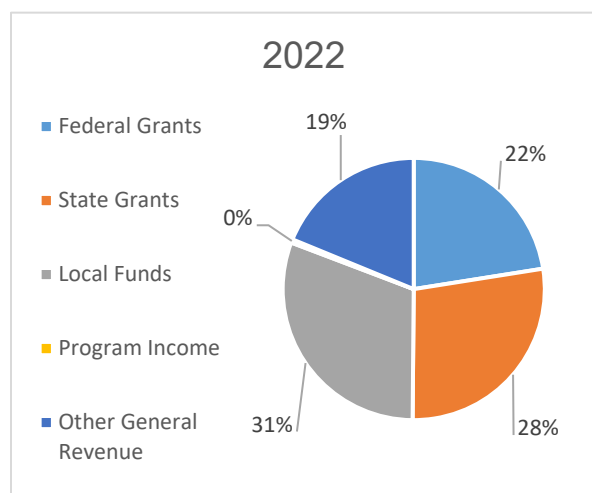
	2022	2021
Assets:		
Other current and non-current assets	\$ 4,175,000	\$ 3,347,411
Capital assets, net	1,229,156	1,332,552
Total assets	<u>\$ 5,404,156</u>	<u>\$ 4,679,963</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions	\$ 900,861	\$ 2,597,644
Deferred outflows of resources related to OPEB	40,655	84,524
Total deferred outflows of resources	<u>\$ 941,516</u>	<u>\$ 2,682,168</u>
Liabilities:		
Long-term debt outstanding	\$ 255,201	\$ 351,037
Deferred revenue	800,034	687,083
Other current and non-current liabilities	2,921,976	8,637,913
Total liabilities	<u>\$ 3,977,211</u>	<u>\$ 9,676,033</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions	\$ 4,358,355	\$ 1,669,436
Deferred inflows of resources related to OPEB	-	2,163
Total deferred inflows of resources	<u>\$ 4,358,355</u>	<u>\$ 1,671,599</u>
Net Position:		
Invested in capital assets, net of related debt	\$ 822,984	\$ 861,348
Unrestricted, undesignated	(2,812,878)	(4,846,849)
Total net position	<u>\$ (1,989,894)</u>	<u>\$ (3,985,501)</u>

Total assets increased from 2021 to 2022 due in large part to an increase in cash, which increased by \$895,216. The decrease in total liabilities is primarily attributed to the decrease in the net pension liability, which decreased by \$6,007,000. 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 \$16,118,951 for the year ended September 30, 2022. In the 2022 fiscal year, approximately 31% of the Council's revenue came from local funds, 22% from federal grants or federal grants passed through the state, 28% from state grants, and the remainder is from program income, government membership dues, and other miscellaneous revenue.

Total Revenues



Changes in Net Position

Revenues:

	2022	2021
Federal grants	\$ 3,620,849	\$ 3,941,388
State grants	4,442,011	3,466,042
Local funds	4,929,128	7,092,087
Other local funds:		
Program income	67,202	117,317
Membership dues	36,297	36,855
Miscellaneous and other	3,023,464	991,335
Total revenues	16,118,951	15,645,024

	2022	2021
Expenses:		
General operations	816,163	1,423,254
Area health education (AHEC)	358,906	415,788
9-1-1	2,786,044	2,378,066
Criminal justice	220,430	263,438
Homeland security	1,064,789	984,609
Regional services/solid waste	224,725	266,821
Aging services	3,244,499	2,899,726
Community programs	1,878,840	1,776,189
Employer of record services	2,428,169	4,956,493
Other	1,100,779	1,030,972
Total expenses	14,123,344	16,395,356
Increase (decrease) in net position	1,995,607	(750,332)
Net position at beginning of year	(3,985,501)	(3,235,169)
Net position end of year	\$ (1,989,894)	\$ (3,985,501)

The increase in revenue was primarily attributed to an increase in state grants, which increased by \$975,969, which is largely composed of the increased number of grants with CARES funding. Local funding decreased \$2,100,665, which is primarily related to the funding for Employer of Record. 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, 2022 and 2021, the Council had \$822,984 and \$861,348 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, 2022 and 2021, the Council had \$406,172 and \$471,204 in obligations outstanding relating to capital assets, respectively. Amounts outstanding for the line of credit totaled \$495,000 and \$515,000 as of September 30, 2022 and 2021, 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, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and short-term investments	\$ 1,223,949
Investments	13,172
Receivables:	
Grants	2,320,429
Other	104,099
Notes receivable, current	28,866
Prepaid expenses	53,167
Notes receivable, long-term	75,162
Net pension asset	356,156
Capital assets:	
Land	174,500
Building and improvements, net	982,816
Furniture, equipment, and vehicles, net	22,481
Right-of-use assets	<u>49,359</u>
 Total Assets	 <u>5,404,156</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	900,861
Deferred outflows of resources related to OPEB	<u>40,655</u>
 Total Deferred Outflows of Resources	 <u>941,516</u>
LIABILITIES	
Accounts payable	1,371,129
Accrued expenses	431,724
Deferred revenue	800,034
Line-of-credit	495,000
Note payable, current	106,701
Right-of-use lease payable, current	44,270
Note payable, non-current	243,814
Right-of-use lease payable, non-current	11,387
Other post-employment benefits (OPEB) liability	<u>473,152</u>
 Total Liabilities	 <u>3,977,211</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>4,358,355</u>
 Total Deferred Inflows of Resources	 <u>4,358,355</u>
NET POSITION	
Invested in capital assets, net of related debt	822,984
Unrestricted, undesignated	<u>(2,812,878)</u>
 Total Net Position	 <u>\$ (1,989,894)</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, 2022

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
GOVERNMENTAL ACTIVITIES			
General operations	\$ 816,163	\$ 2,983,381	\$ 2,167,218
Area health education (AHEC)	358,906	358,906	-
9-1-1 emergency communications	2,786,044	2,786,044	-
Criminal justice	220,430	220,430	-
Homeland security	1,064,789	1,064,789	-
Economic development	334,342	350,139	15,797
Regional services/solid waste	224,725	224,725	-
Aging services	3,244,499	3,244,499	-
Community programs	1,878,840	1,878,840	-
Employer of record services	2,428,169	2,428,169	-
Other programs	521,573	521,573	-
Interest on debt	64,503		(64,503)
Unallocated depreciation	180,361		(180,361)
Total Governmental Activities	<u>14,123,344</u>	<u>16,061,495</u>	<u>1,938,151</u>
Total Primary Government	<u>\$ 14,123,344</u>	<u>\$ 16,061,495</u>	<u>\$ 1,938,151</u>
General Revenues:			
Membership dues			\$ 36,297
Unrestricted investment earnings			92
Miscellaneous			<u>21,067</u>
Total General Revenues			<u>57,456</u>
Change in Net Position			<u>1,995,607</u>
Net Position - Beginning			(3,985,501)
Net Position - Ending			<u>\$ (1,989,894)</u>

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**BALANCE SHEET - GOVERNMENTAL FUNDS****SEPTEMBER 30, 2022**

	General Fund	Emergency Communications 9-1-1	Aging Services
ASSETS			
Cash and short-term investments	\$ 1,052,535	\$ 301,602	\$ (201,130)
Investments	13,172		
Receivables:			
Grants	125	293,807	802,818
Other	64,815	3,477	4,266
Prepaid expenses	25,208	11,000	418
Total Assets	<u>\$ 1,155,855</u>	<u>\$ 609,886</u>	<u>\$ 606,372</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 142,307	\$ 480,915	\$ 606,372
Accrued expenses	431,724		
Deferred revenue	28,031	128,971	
Total Liabilities	<u>602,062</u>	<u>609,886</u>	<u>606,372</u>
Fund Balance:			
Nonspendable fund balance	25,208		
Restricted fund balance			
Committed fund balance			
Unassigned fund balance	528,585		
Total Fund Balance	<u>553,793</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,155,855</u>	<u>\$ 609,886</u>	<u>\$ 606,372</u>

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

Revolving Loan Fund	Employer of Record Services	Supportive Services for Veteran Families	Other Non-Major Governmental Funds	Total Governmental Funds
\$ 672,166	\$ (339,638)	\$ (44,736)	\$ (216,850)	\$ 1,223,949
				13,172
66,180	341,316	90,869	725,314	2,320,429
	957	348	30,236	104,099
		16,541		53,167
<u>\$ 738,346</u>	<u>\$ 2,635</u>	<u>\$ 63,022</u>	<u>\$ 538,700</u>	<u>\$ 3,714,816</u>
\$ 175	\$	\$ 63,022	\$ 78,338	\$ 1,371,129
				431,724
<u>180,035</u>	<u>2,635</u>		<u>460,362</u>	<u>800,034</u>
<u>180,210</u>	<u>2,635</u>	<u>63,022</u>	<u>538,700</u>	<u>2,602,887</u>
				25,208
438,136				438,136
120,000				120,000
				528,585
<u>558,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,111,929</u>
<u>\$ 738,346</u>	<u>\$ 2,635</u>	<u>\$ 63,022</u>	<u>\$ 538,700</u>	<u>\$ 3,714,816</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet	\$ 1,111,929
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.	900,861
Deferred outflows of resources related to OPEB are not reported in the funds.	40,655
Capital assets reported in governmental activities are not reported in the funds.	1,229,156
Liabilities for notes payable, capital leases payable and line of credit reported in governmental activities are not reported in the funds.	(901,172)
Net pension asset is not reported in the funds.	356,156
Other-post employment benefits liability is not reported in the funds.	(473,152)
Deferred inflows of resources related to pensions are not reported in the funds.	(4,358,355)
Deferred inflows of resources related to OPEB are not reported in the funds.	-
Notes receivable reported in governmental activities are not reported in the funds.	<u>104,028</u>
Net position of governmental activities - Statement of Net Position	\$ <u><u>(1,989,894)</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, 2022

	General Fund	Emergency Communications 9-1-1	Aging Services
Revenues			
Federal grants	\$	\$	\$ 1,923,261
State grants		2,785,564	978,992
Local funds	333,916		5,709
Note receivable payments received			
Other local funds:			
Program income			5,515
Membership dues	36,297		
Interest income	92	480	
Miscellaneous	21,067		
Total revenues	391,372	2,786,044	2,913,477
Expenditures			
Personnel costs	757,263	627,519	644,575
Personnel costs - other			
Professional and contracted services	80,223	18,181	238,360
Occupancy and communications	(299,070)	39,548	166,098
Office supplies, postage, copier, miscellaneous	169,284	47,845	79,884
Travel, meetings and seminars	22,070	56,139	21,992
Other	34,322		180
Direct support and purchased services			1,602,103
Network, database, equipment & maintenance		1,872,192	
Program income/in-kind expended			336,538
Debt Service:			
Principal payments on notes	94,555		
Principal payments on right-of-use leases	11,036		
Interest	45,425		
Total expenditures	915,108	2,661,424	3,089,730
Excess of revenues over (under) expenditures	(523,736)	124,620	(176,253)
Other Sources (Uses)			
Line-of-credit proceeds	660,000		
Line-of-credit payments	(680,000)		
Notes receivable issued			
Reimbursement (payment) of indirect cost	635,607	(124,620)	(154,770)
Local match/in-kind			331,023
Total other sources (uses)	615,607	(124,620)	176,253
Excess of revenues and other sources over expenditures and other uses	91,871	-	-
Fund balances, October 1	461,922	-	-
Fund balances, September 30	\$ 553,793	\$ -	\$ -

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

Revolving Loan Fund	Employer of Record Services	Supportive Services for Veteran Families	Other Non-Major Governmental Funds	Total Governmental Funds
\$ 91,180	\$	\$	\$ 1,606,408	\$ 3,620,849
			677,455	4,442,011
223,015	2,428,169	1,642,730	518,604	4,929,128
				223,015
			61,687	67,202
15,797			35	36,297
				16,404
				21,067
<u>329,992</u>	<u>2,428,169</u>	<u>1,642,730</u>	<u>2,864,189</u>	<u>13,355,973</u>
79,019		595,672	1,170,183	3,874,231
	2,428,169			2,428,169
		180,234	207,026	724,024
		86,363	133,234	126,173
		47,212	205,531	549,756
1,289		17,820	62,054	181,364
		3,937	89,849	128,288
		564,821	68,864	2,235,788
600			728,174	2,600,966
				336,538
				94,555
				11,036
				45,425
<u>80,908</u>	<u>2,428,169</u>	<u>1,496,059</u>	<u>2,664,915</u>	<u>13,336,313</u>
249,084	-	146,671	199,274	19,660
				660,000
				(680,000)
(49,899)				(49,899)
(10,272)		(146,671)	(199,274)	-
				331,023
<u>(60,171)</u>	<u>-</u>	<u>(146,671)</u>	<u>(199,274)</u>	<u>261,124</u>
188,913	-	-	-	280,784
369,223	-	-	-	831,145
<u>\$ 558,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,111,929</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, 2022**

Net change in fund balances - total governmental funds	\$ 280,784
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation is not recognized as an expense in governmental funds since it does not require use of current financial resources.	(180,361)
Governmental funds report the effect of notes receivable issued as other uses, but are reported as increases to assets in governmental activities.	49,899
Governmental funds report the effect of notes receivable payments received as other sources, but are reported as decreases to assets in governmental activities.	(223,015)
Governmental funds report the effect of note and right of use lease payments as expenditures, but are reported as decreases in debt in governmental activities.	141,997
Governmental funds report the effect of line of credit payments as other uses, but are reported as decreases in debt in governmental activities.	680,000
Governmental funds report the effect of line of credit proceeds as other sources, but are reported as increases in debt in governmental activities.	(660,000)
The change in net pension liability and the related deferred outflows and inflows current financial resources and, therefore are not reported in the governmental funds.	1,977,454
The change in OPEB liability and the related deferred outflows and inflows current financial resources and, therefore are not reported in the governmental funds.	<u>(71,151)</u>
Change in net assets of governmental activities - Statement of Activities	\$ <u><u>1,995,607</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, 2022

	Employee Benefit Plan Funds
ASSETS	
Cash and short-term investments	\$ 13,500
Investments at fair value	624,942
Total Assets	638,442
NET POSITION	
Restricted for employee benefits	638,442
Total Net Position	\$ 638,442

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, 2022**

	Employee Benefit Plan Funds
Additions	
Employee contributions	\$ 21,992
Plan member contributions	56,528
Investment income	<u>(168,992)</u>
Total Additions	<u>(90,472)</u>
Deductions	
Benefits paid	<u>24,767</u>
Total Deductions	<u>24,767</u>
Change in Net Position	(115,239)
Net Position, October 1	<u>753,681</u>
Net Position, September 30	<u><u>\$ 638,442</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, 2022

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 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, 2022

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 grants or other receivables in the fund and does not represent a bank overdraft balance. Fund information is reported in this manner 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.

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.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

Supportive Services for Veterans Families

Supportive Services for Veterans Families receives federal funding from the Department of Veterans Affairs. Services include housing repairs, rental assistance, and other services to support veterans and their families.

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 an 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, 2022

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 to retain employment or create employment. A loan committee determines the rate and term of the loan. At September 30, 2022, 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, 2022

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, 2022, the Council had deferred outflows of resources related to pensions and other post-employment benefits in the amount of \$941,516 and \$2,682,168, 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, 2022, the Council had deferred inflows of resources related to pensions and other post-employment benefits in the amount of \$4,358,355 and \$1,671,599, 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).
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).

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022, the nonspendable fund balance was composed of prepaid items in the amount of \$25,208 in the general fund.

At September 30, 2022, the Council had one restricted fund balance and one committed fund balance in the amount of \$438,136 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, 2022.

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, 2022

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, 2022 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.

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.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 November 8, 2023, 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 is 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.

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, 2022, 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 \$1,350,652. The Council's cash deposits at September 30, 2022, and during the year ended September 30, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the Council's agent bank in the Council's name.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

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 that guarantees a higher value. The term "short-term" refers to investments that 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 \$13,172 is 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, 2022

Note 3: Notes Receivable

Notes receivable at September 30, 2022 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.	\$	13,045
Note receivable from a third party maturing February 2024, monthly payments totaling \$417 including interest at 7.25%, secured by equipment.		7,530
Note receivable from a third party maturing January 2023, monthly payments totaling \$544 including interest at 6.00%, secured by equipment.		9,608
Note receivable from a third party maturing January 2024, monthly payments totaling \$72 including interest at 6.00%, secured by equipment.		1,437
Note receivable from a third party maturing June 2028, monthly payments totaling \$382 including interest at 6.00%, secured by equipment.		22,700
Note receivable from a third party maturing December 2022, monthly payments totaling \$550 including interest at 6.25%, secured by equipment.		1,614
Note receivable from a third party maturing January 2028, monthly payments totaling \$829 including interest at 5.25%, secured by equipment.		<u>48,094</u>
		104,028
Less current portion		<u>(28,866)</u>
Non-current portion	\$	<u>75,162</u>

Maturity for principal repayment for the fiscal years ending 2023 through 2027 and beyond are \$28,866, \$27,311, \$12,446, \$21,160, and \$14,245, respectively.

Interest income recognized on notes receivable for the year ended September 30, 2022 totaled \$15,977.

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Note 4: Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

Governmental activities	Beginning Balances	Increases	Decreases	Ending Balances
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	2,499,437			2,499,437
Furniture, equipment, and vehicles	2,055,766		(40,805)	2,014,961
Right-of-use assets		117,769		117,769
Total capital assets being depreciated	<u>4,555,203</u>	<u>117,769</u>	<u>(40,805)</u>	<u>4,632,167</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,407,546)	(109,075)		(1,516,621)
Furniture, equipment, and vehicles	(1,989,605)	(2,875)		(1,992,480)
Right-of-use assets		(68,410)		(68,410)
Total accumulated depreciation	<u>(3,397,151)</u>	<u>(143,747)</u>	<u>-</u>	<u>(3,577,511)</u>
Total capital assets being depreciated, net	<u>1,158,052</u>	<u>(62,591)</u>	<u>(40,805)</u>	<u>1,054,656</u>
Governmental activities capital assets, net	\$ <u>1,332,552</u>	\$ <u>(62,591)</u>	\$ <u>(40,805)</u>	\$ <u>1,229,156</u>

Depreciation was charged to functions as follows:

General Government	\$ <u>143,747</u>
	\$ <u>143,747</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 October 31, 2023, 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.

	Beginning Balance	Draws	Repayments	Ending Balance
Line-of-credit	\$ <u>515,000</u>	\$ <u>660,000</u>	\$ <u>(680,000)</u>	\$ <u>495,000</u>

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022, are as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Note payable	\$ 445,070	\$	\$ (94,555)	\$ 350,515	\$ 106,701
Finance lease payable	26,134	40,521	(10,998)	55,657	44,270
Net pension liability	6,007,000		(6,007,000)	-	-
Total OPEB liability	443,007	29,445		473,152	-
Total	\$ 6,921,211	\$ 69,966	\$ (6,112,553)	\$ 879,324	\$ 150,971

As of September 30, 2022, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Notes payable:

A note payable for the purchase of land and construction of a building, payable in monthly installments of \$10,738 including interest at 3.75%, secured by land and buildings, final payment due November 2026.

\$ 350,515

Total notes payable

\$ 350,515

Finance leases payable:

A lease obtained for the purchase of a 2021 Chevrolet Tahoe, payable in annual installments of \$16,741 including interest at 4%, secured by equipment, final payment due May 2023.

\$ 15,136

The Council has multiple vehicle leases, payable in monthly installments ranging from \$322 to \$401, including interest at 0.55%, secured by equipment, final payments due March 2024.

31,570

The Council has equipment leases, payable in monthly installments ranging from \$288 to \$581 including interest ranging from 0.55% to 1%, secured by equipment, final payments due between October 2022 and December 2023.

8,951

Total finance leases payable

\$ 55,657

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022***Debt Service Requirements*

Maturities of the note payable obligation are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 106,701	\$ 9,947	\$ 116,648
2024	110,273	6,375	116,648
2025	113,964	2,684	116,648
2026	19,577	80	19,657
Total	<u>\$ 350,515</u>	<u>\$ 19,086</u>	<u>\$ 396,601</u>

Maturities of the finance lease obligations are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 44,270	\$ 498	\$ 44,768
2026	11,387	13	11,400
Total	<u>\$ 55,657</u>	<u>\$ 511</u>	<u>\$ 56,168</u>

The following is a schedule of maturities of finance leases and notes payable by year and in aggregate:

Year Ending September 30,	
2023	\$ 150,970
2024	121,661
2025	113,964
2026	<u>19,577</u>
	<u>\$ 406,172</u>

Note 7: 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 2022, 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 of 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.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Note 8: 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.

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, 2021, membership data for the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	153
Active employees	66
Total participants	306

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 19.52% from October 2021 through December 2021 and 17.18% from January 2022 through September 2022. 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.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022, the annual pension cost for the TCDRS plan for its employees was \$741,162 and actual contributions were \$741,162.

Net Pension Asset

The net pension asset (NPA) 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 NPA was measured as of December 31, 2021, and the TPL used to calculate the NPA was determined by an actuarial valuation as of that date.

Total pension liability	\$ 42,590,369
Fiduciary net position	<u>42,946,525</u>
Net pension asset	\$ <u>(356,156)</u>

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2021 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	
Overall payroll growth	3.00%	
Investment rate of return	7.60%	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

Salary increases were based on a service-related table. Regarding mortality rates, for depositing members - 135% of the Pub-2010 General Employee Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employee Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for service retirees, beneficiaries, and non-depositing members – 135% of the PUB-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010; for disabled retirees – 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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 reassessed at a minimum of every four years and is set based on a long-term time horizon. The most recent analysis was performed in March 2021.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS*NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED SEPTEMBER 30, 2022*

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%	3.80%
Private equity	25.00%	6.80%
Global equities	2.50%	4.10%
International equities – developed	5.00%	3.80%
International equities – emerging	6.00%	4.30%
Investment grade bonds	3.00%	-0.85%
Strategic credit	9.00%	2.11%
Direct lending	16.00%	6.25%
Distressed debt	4.00%	4.50%
REIT equities	2.00%	3.10%
Master limited partnerships	2.00%	3.85%
Private real estate partnerships	6.00%	5.10%
Hedge funds	6.00%	1.55%
Cash equivalents	2.00%	-1.05%

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.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2020	\$ 41,769,752	\$ 35,762,752	\$ 6,007,000
Changes for the year:			
Service cost	967,099		967,099
Interest on total pension liability ¹	3,174,767		3,174,767
Effect of plan changes ²	(465,516)		(465,516)
Effect of economic / demographic gains or losses	(652,615)		(652,615)
Effect of assumptions changes or inputs	(239,975)		(239,975)
Refund of contributions	(80,327)	(80,327)	-
Benefit payments	(1,882,816)	(1,882,816)	-
Administrative expenses		(23,235)	23,235
Member contributions		366,223	(366,223)
Net investment income		7,789,150	(7,789,150)
Employer contributions		1,021,238	(1,021,238)
Other ³		(6,460)	6,460
Balances as of December 31, 2021	\$ 42,590,369	\$ 42,946,525	\$ (356,156)

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 (Asset) 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	\$ 47,902,714	\$ 42,590,369	\$ 38,108,473
Fiduciary net position	42,946,525	42,946,525	42,946,525
Net pension liability (asset)	\$ 4,956,189	\$ (356,156)	\$ (4,838,052)

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

For the year ended September 30, 2022, the Council recognized total pension income of \$956,216.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

As of September 30, 2022, the Council reported on the Statement of Net Position deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred (Inflows) of Resources	Deferred Outflows of Resources
Contributions subsequent to measurement date	\$ -	\$ 545,283
Difference between expected and actual experience	(239,870)	28,940
Change of assumptions	(88,203)	180,413
Difference between projected and actual investment earnings	(4,030,282)	146,225
Total	\$ (4,358,355)	\$ 900,861

Deferred outflows of resources related to contributions subsequent to the measurement date of \$545,283 will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Remaining net deferred outflows (inflows) of resources related to pensions totaling (\$4,002,777) will be recognized in pension income for the years ending September 30, 2023, 2024, 2025, and 2026 in the amounts of (\$1,403,734), (\$1,288,202), (\$1,056,153), and (\$254,688), respectively.

Note 9: 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 post-employment 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, 2021. Employees are not required to contribute to the plan.

Employees covered by benefit terms

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

Inactive employees currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	52
Active employees	66
Total participants	195

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.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Actuarial Assumptions

The total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	Does not apply
Salary increases	Does not apply
Discount rate	2.06%, which represents expected rate of return, net of investment and administrative expenses

Actuarial assumptions used in the December 31, 2021, valuation was 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 2.06%. The discount rate was based on the Fidelity Index's "20-Year Bond GO Index" rate as of December 31, 2021. 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

	<u>Total OPEB Liability</u>
Balances as of December 31, 2020	\$ 443,707
Changes for the year:	
Service cost	10,285
Interest on total OPEB liability	9,547
Effect of economic/demographic experience	9,726
Changes in assumptions	7,211
Benefit payments	<u>(7,324)</u>
Balances as of December 31, 2021	\$ <u>473,152</u>

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 2.06% 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 <u>(1.06%)</u>	Current Rate <u>(2.06%)</u>	1% Increase <u>(3.06%)</u>
Total OPEB liability	\$ 579,589	\$ 473,152	\$ 392,063

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

OPEB Expense

Contributions subsequent to measurement date	\$	10,187
Change in OPEB liability		<u>71,152</u>
Total OPEB expense	\$	<u>81,339</u>

Deferred (Inflows)/Outflows of Resources

For the year ended September 30, 2022, the Council recognized OPEB expense of \$81,339. 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	\$	\$ 5,967
Changes in assumptions and other inputs		24,501
Contributions made subsequent to measurement date		<u>10,187</u>
Total	\$ <u>-</u>	\$ <u>40,655</u>

Deferred outflows of resources related to contributions subsequent to measurement date of \$10,187 will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Remaining net deferred outflows of resources related to OPEB totaling \$30,468 will be recognized in OPEB expense for the years ending September 30, 2023 and 2024 in the amounts of \$25,444 and \$5,024, 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.

Note 10: Healthcare Coverage

During the year ended September 30, 2022, 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.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Note 11: Commitments and Contingencies

Contingencies

The Council participates in grant programs that 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 12: New Pronouncements

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

Adopted

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. The Council adopted this statement during the year ended September 30, 2022.

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 the 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 adopted this statement during the year ended September 30, 2022 with no significant impact to the financial statements.

In December 2020, the GASB issued *Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which addresses the criteria for reporting certain component units and provides guidance on the accounting and financial reporting for deferred compensation plans. The requirements of this statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The Council adopted this statement during the year ended September 30, 2022 with no significant impact to the financial statements.

Not Adopted

In May 2021, the GASB issued *Statement No. 96, Subscription-Based Information Technology Arrangements*, which improves accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The Council will fully analyze the impact of any new Statements before the effective dates.

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, 2022 *

	Measurement Date 12/31/2021	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	\$ 967,099	\$ 819,902	\$ 864,570	\$ 835,618	\$ 908,744	\$ 897,578	\$ 861,870	\$ 892,741
Interest on total pension liability	3,174,767	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	(465,516)						(129,053)	
Effect of assumption changes or inputs	(239,975)	2,164,965			275,900		378,260	
Effect of economic / demographic (gains) or losses	(652,615)	347,285	(248,418)	169,898	224,450	157,921	(192,714)	88,855
Benefit payments / refunds of contributions	(1,963,143)	(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	820,617	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	41,769,752	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)	42,590,369	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	1,021,238	1,052,253	921,118	847,615	841,819	727,928	717,291	700,228
Member contributions	366,223	389,042	368,792	364,246	373,476	368,972	373,589	369,096
Investment income net of investment expenses	7,789,150	3,388,098	4,693,097	(551,900)	3,763,090	1,773,067	(306,561)	1,514,551
Benefit payments / refunds of contributions	(1,963,143)	(1,836,348)	(1,719,041)	(1,504,744)	(1,298,448)	(1,139,274)	(1,030,927)	(1,026,815)
Administrative expenses	(23,235)	(26,168)	(24,998)	(22,952)	(19,585)	(19,273)	(17,322)	(18,031)
Other	(6,460)	(8,439)	(10,122)	(5,768)	(1,299)	107,140	49,660	18,056
Net change in fiduciary net position	7,183,773	2,958,438	4,228,846	(873,503)	3,659,053	1,818,560	(214,270)	1,557,085
Fiduciary net position, beginning	35,762,752	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)	42,946,525	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))	\$ (356,156)	\$ 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	100.84%	85.62%	88.04%	80.52%	88.48%	84.10%	84.24%	91.53%
Pensionable covered payroll	\$ 5,231,761	\$ 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	-6.81%	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
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	\$ 1,021,238	\$ 1,021,238	\$ -	\$ 5,231,761	19.52%
2022	\$ 741,162	\$ 741,162	\$ -	\$ 4,127,655	17.96%

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	18.9 years
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for Males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
Changes in 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, 2022 *

	Measurement Date 12/31/2021	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	\$ 10,285	8,221	\$ 6,085	\$ 7,125	\$ 7,530
Interest on total OPEB liability	9,547	10,381	11,495	10,499	10,208
Effect of assumption changes or inputs	7,211	49,304	80,260	(34,334)	12,980
Effect of economic/demographic (gains) or losses	9,726	8,495	5,321	(281)	11,399
Benefit payments / refunds of contributions	<u>(7,324)</u>	<u>(6,669)</u>	<u>(6,849)</u>	<u>(6,765)</u>	<u>(6,402)</u>
Net change in total OPEB liability	<u>29,445</u>	<u>69,732</u>	<u>96,312</u>	<u>(23,756)</u>	<u>35,715</u>
Total OPEB liability, beginning	<u>443,707</u>	<u>373,975</u>	<u>277,663</u>	<u>301,419</u>	<u>265,704</u>
Total OPEB liability, ending	<u>\$ 473,152</u>	<u>443,707</u>	<u>\$ 373,975</u>	<u>\$ 277,663</u>	<u>\$ 301,419</u>
Covered payroll	\$ 5,231,761	5,557,749	\$ 5,268,451	\$ 5,203,508	\$ 5,335,368
Total OPEB liability as a % of covered payroll	9.04%	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, 2022

	Local Initiatives #2117	Criminal Justice Planning #2221	Criminal Justice Planning #2222
ASSETS			
Cash and short-term investments	\$ 18,016	\$ (5,546)	\$ (5,391)
Receivables:			
Grants		5,546	5,411
Other	<u>9,530</u>	<u></u>	<u></u>
Total Assets	<u>\$ 27,546</u>	<u>\$ -</u>	<u>\$ 20</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 488	\$	\$ 20
Deferred revenue	<u>27,058</u>	<u></u>	<u></u>
Total Liabilities	<u>27,546</u>	<u>-</u>	<u>20</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>\$ 27,546</u>	<u>\$ -</u>	<u>\$ 20</u>

Law Enforcement Academy #2318	Law Enforcement Academy #2321	Homeland Security LETPA 2020 #2521	Homeland Security LETPA 2021 #2522	Homeland Security #2620
\$ 1,112	\$ (21,541)	\$ (6,961)	\$ (1,458)	\$ (140,831)
	20,536	6,961	1,458	140,831
<u>(249)</u>	<u>1,964</u>			
\$ <u>863</u>	\$ <u>959</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>863</u>	\$ 959	\$	\$	\$
<u>863</u>	<u>959</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>863</u>	\$ <u>959</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET - NONMAJOR

SPECIAL REVENUE FUNDS (CONT.)

SEPTEMBER 30, 2022

	Homeland Security #2622	Homeland Security Cyber Security #1621	Homeland Security Cyber Security #1721
ASSETS			
Cash and short-term investments	\$ (3,157)	\$ (23,953)	\$ (2,560)
Receivables:			
Grants	3,157	23,953	2,560
Other			
Total Assets	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$	\$	\$
Deferred revenue			
Total Liabilities	-	-	-
Fund Balance:			
Restricted fund balance			
Committed fund balance			
Total Fund Balance	-	-	-
Total Liabilities and Fund Balance	\$ -	\$ -	\$ -

Homeland Security All Hazards #1821	Homeland Security Planning #2721	Homeland Security #2818	Homeland Security #2921	Homeland Security #2922
\$ (141)	\$ (57,779)	\$ (1,937)	\$	\$
141	58,111	1,937		160
<u>\$ -</u>	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>
\$	\$ 332	\$	\$	\$ 160
-	332	-	-	160
-	-	-	-	-
<u>\$ -</u>	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2022

	Area Health Education Center #3320	Area Health Education Center #3321	Area Health Education Center #3322
ASSETS			
Cash and short-term investments	\$ (1,309)	\$ (32,023)	\$ (9,183)
Receivables:			
Grants	1,309	32,023	12,098
Other			
Total Assets	\$ -	\$ -	\$ 2,915
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$	\$	\$ 2,915
Deferred revenue			
Total Liabilities	-	-	2,915
Fund Balance:			
Restricted fund balance			
Committed fund balance			
Total Fund Balance	-	-	-
Total Liabilities and Fund Balance	\$ -	\$ -	\$ 2,915

Americorps Planning #3420	Americorps Planning #3421	Area Health Education Center #3520	Community Health Worker #3617	Economic Development Planning #4319
\$ (24,849)	\$ (27,068)	\$ 267	\$ 16,180	\$ (30,039)
24,849	27,449			30,771
<u>\$ -</u>	<u>\$ 381</u>	<u>\$ 267</u>	<u>\$ 16,180</u>	<u>\$ 732</u>
\$	\$	\$	\$	\$
	381	267	16,180	732
-	381	267	16,180	732
-	-	-	-	-
<u>\$ -</u>	<u>\$ 381</u>	<u>\$ 267</u>	<u>\$ 16,180</u>	<u>\$ 732</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2022

	EDA Disaster Resiliency Plan #4420	Economic Development Planning - CARES #4520	Housing Finance Administration #4918
ASSETS			
Cash and short-term investments	\$ (18,084)	\$ (21,840)	\$ 23,313
Receivables:			
Grants	18,174	21,840	552
Other			
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>90</u>	\$ <u>-</u>	\$ <u>23,865</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 90	\$	\$
Deferred revenue			23,865
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>90</u>	<u>-</u>	<u>23,865</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>90</u>	\$ <u>-</u>	\$ <u>23,865</u>

Housing Finance Administration #4919	Housing Finance Administration #4921	Coronavirus Emergency Support #5121	Aging & Disability Resource Center #5620	Aging & Disability Resource Center #5621
\$ (30)	\$ 44	\$	\$ (141)	\$ (60,105)
30			141	93,470
<u>\$ -</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,365</u>
\$	\$ 44	\$	\$	\$ 32,940
				425
<u>-</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>33,365</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,365</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2022

	Aging & Disability Resource Center #5622	TCDD #5721	TCDD #5722
ASSETS			
Cash and short-term investments	\$ (10,470)	\$ (361)	\$ (39,904)
Receivables:			
Grants	17,249		41,916
Other		361	
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>6,779</u>	\$ <u>-</u>	\$ <u>2,012</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 6,779	\$	\$ 2,012
Deferred revenue	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>6,779</u>	<u>-</u>	<u>2,012</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>6,779</u>	\$ <u>-</u>	\$ <u>2,012</u>

Local Initiatives #6017	Local Initiatives #6118	Homeless Youth #6320	CMP Self-advocacy Pilot Program #6417	Vets in Need #6617
\$ 113,281	\$ 11,567	\$ (21,830)	\$ 5	\$ 9,604
9,133		21,830		
18,565				
<u>\$ 140,979</u>	<u>\$ 11,567</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 9,604</u>
\$ 2,918	\$ 2,008	\$	\$	\$
138,061	9,559		5	9,604
140,979	11,567	-	5	9,604
-	-	-	-	-
<u>\$ 140,979</u>	<u>\$ 11,567</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 9,604</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2022

	Local Initiatives #6717	Local Initiatives #6817	Grant Support for Leadership Development #6921
ASSETS			
Cash and short-term investments	\$ 2,142	\$ 97,115	\$ (29,914)
Receivables:			
Grants			43,943
Other		203	
Total Assets	\$ <u>2,142</u>	\$ <u>97,318</u>	\$ <u>14,029</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$	\$ 129	\$ 14,029
Deferred revenue	<u>2,142</u>	<u>97,189</u>	
Total Liabilities	<u>2,142</u>	<u>97,318</u>	<u>14,029</u>
Fund Balance:			
Restricted fund balance			
Committed fund balance			
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>2,142</u>	\$ <u>97,318</u>	\$ <u>14,029</u>

USDA Solid Waste #8219	Solid Waste Management #8418	Solid Waste Management #8421	Community Development Block Grant #8720	Community Development Block Grant #8721
\$ 138	\$ 6,930	\$ 135,722	\$ 1,889	\$ (12,192)
		2,005		12,192
<u>(138)</u>				
\$ <u>-</u>	\$ <u>6,930</u>	\$ <u>137,727</u>	\$ <u>1,889</u>	\$ <u>-</u>
\$	\$	\$	\$	\$
	6,831	3,063	1,889	
	99	134,664		
-	6,930	137,727	1,889	-
-	-	-	-	-
\$ <u>-</u>	\$ <u>6,930</u>	\$ <u>137,727</u>	\$ <u>1,889</u>	\$ <u>-</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET - NONMAJOR
SPECIAL REVENUE FUNDS (CONT.)
SEPTEMBER 30, 2022

	Pipeline Safety & Outreach #8820	Pipeline Safety & Outreach #8821	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and short-term investments	\$ 125	\$ (43,703)	\$ (216,850)
Receivables:			
Grants	(125)	43,703	725,314
Other			30,236
Total Assets	\$ -	\$ -	\$ 538,700
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$	\$	\$ 78,338
Deferred revenue			460,362
Total Liabilities	-	-	538,700
Fund Balance:			
Restricted fund balance			-
Committed fund balance			-
Total Fund Balance	-	-	-
Total Liabilities and Fund Balance	\$ -	\$ -	\$ 538,700

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, 2022**

	Local Initiatives #2117	Criminal Justice Planning #2221	Criminal Justice Planning #2222
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Federal grants	\$	\$	\$
State grants		59,525	5,411
Local funds	121,568		
Other local funds:			
Interest income			
Program income	540		
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>122,108</u>	<u>59,525</u>	<u>5,411</u>
Expenditures			
Personnel costs	43,509	51,968	4,532
Professional and contracted services	3,852	391	
Occupancy and communications	22,496	15	261
Office supplies, postage, copier, miscellaneous	43,133	395	29
Travel, meetings and seminars	3,462		
Other			
Direct support and purchased services			
Network, database, equipment and maintenance			
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>116,452</u>	<u>52,769</u>	<u>4,822</u>
Excess of revenues over expenditures	5,656	6,756	589
Other Sources (Uses)			
Payment of indirect cost	(5,656)	(6,756)	(589)
Local match/in-kind			
	<u> </u>	<u> </u>	<u> </u>
Total other sources (uses)	<u>(5,656)</u>	<u>(6,756)</u>	<u>(589)</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>

Law Enforcement Academy #2318	Law Enforcement Academy #2321	Homeland Security LETPA 2020 #2521	Homeland Security LETPA 2021 #2522	Homeland Security #2620
\$	\$	\$	\$	\$
	78,206	89,554	1,458	665,055
	16,140			
	61,147			
-	155,493	89,554	1,458	665,055
	124,015	18,926	1,116	7,549
	1,158			
	3,462			
	8,137			
	2,291			
		64,793		655,195
-	139,063	83,719	1,116	662,744
-	16,430	5,835	342	2,311
	(16,430)	(5,835)	(342)	(2,311)
-	(16,430)	(5,835)	(342)	(2,311)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2022**

	Homeland Security #2622	Homeland Security Cyber Security #1621	Homeland Security Cyber Security #1721
Revenues			
Federal grants	\$ 3,157	\$ 23,953	\$ 25,680
State grants			
Local funds			
Other local funds:			
Interest income			
Program income			
Total revenues	<u>3,157</u>	<u>23,953</u>	<u>25,680</u>
Expenditures			
Personnel costs	2,545	16,987	19,270
Professional and contracted services			
Occupancy and communications			
Office supplies, postage, copier, miscellaneous		522	622
Travel, meetings and seminars		485	3
Other		759	168
Direct support and purchased services			
Network, database, equipment, and maintenance			
Total expenditures	<u>2,545</u>	<u>18,753</u>	<u>20,063</u>
Excess of revenues over expenditures	612	5,200	5,617
Other Sources (Uses)			
Payment of indirect cost	(612)	(5,200)	(5,617)
Local match/in-kind			
Total other uses	<u>(612)</u>	<u>(5,200)</u>	<u>(5,617)</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>

Homeland Security All Hazards #1821	Homeland Security Planning #2721	Homeland Security #2818	Homeland Security #2921	Homeland Security #2922
\$ 18,463	\$ 231,923	\$	\$ 5,387	\$ 160
18,463	231,923	-	5,387	160
2,554 15,000	174,403 5,791 14,528		3,163	
127	1,945 (245)		1,256	160
17,681	196,422	-	4,419	160
782	35,501	-	968	-
(782)	(35,501)		(968)	
(782)	(35,501)	-	(968)	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2022**

	Area Health Education Center #3320	Area Health Education Center #3321	Area Health Education Center #3322
Revenues			
Federal grants	\$ 12	\$ 122,948	\$ 12,098
State grants		199,751	
Local funds			
Other local funds:			
Interest income			
Program income			
Total revenues	12	322,699	12,098
Expenditures			
Personnel costs		171,118	4,634
Professional and contracted services		26,780	
Occupancy and communications		39,907	2,914
Office supplies, postage, copier, miscellaneous	12	7,541	899
Travel, meetings and seminars		13,974	811
Other		41,133	1,422
Direct support and purchased services			
Network, database, equipment and maintenance			
Total expenditures	12	300,453	10,680
Excess of revenues over expenditures	-	22,246	1,418
Other Sources (Uses)			
Payment of indirect cost		(22,246)	(1,418)
Local match/in-kind			
Total other uses	-	(22,246)	(1,418)
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, October 1	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -

Americorps Planning #3420	Americorps Planning #3421	Area Health Education Center CARES #3520	Community Health Worker #3617	Economic Development Planning #4319
\$	\$ 18,427	\$ 5,671	\$	\$ 46,498
-	18,427	5,671	-	46,498
	9,382 7,825	338		35,418 231 186 3,085 2,973
		5,289		
-	17,207	5,627	-	41,893
-	1,220	44	-	4,605
	(1,220)	(44)		(4,605)
-	(1,220)	(44)	-	(4,605)
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2022

	EDA Disaster Resiliency Plan #4420	Economic Development Planning - CARES #4520	Housing Finance Administration #4918
Revenues			
Federal grants	\$ 52,026	\$ 144,637	\$ 135
State grants			
Local funds			
Other local funds:			
Interest income			
Program income			
Total revenues	<u>52,026</u>	<u>144,637</u>	<u>135</u>
Expenditures			
Personnel costs	43,844	109,098	
Professional and contracted services	284		
Occupancy and communications	2,603	4,350	135
Office supplies, postage, copier, miscellaneous	266	128	
Travel, meetings and seminars		4,057	
Other		9,929	
Direct support and purchased services			
Network, database, equipment and maintenance			
Total expenditures	<u>46,997</u>	<u>127,562</u>	<u>135</u>
Excess of revenues over expenditures	5,029	17,075	-
Other Sources (Uses)			
Payment of indirect cost	(5,029)	(17,075)	
Local match/in-kind			
Total other uses	<u>(5,029)</u>	<u>(17,075)</u>	<u>-</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>

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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, 2022

	Aging & Disability Resource Center #5622	TCDD #5721	TCDD #5722
Revenues			
Federal grants	\$	\$	\$
State grants	17,249		
Local funds		53,704	73,435
Other local funds:			
Interest income			
Program income			
Total revenues	17,249	53,704	73,435
Expenditures			
Personnel costs	7,671	26,803	56,016
Professional and contracted services	6,695	2,500	441
Occupancy and communications	802	2,578	4,866
Office supplies, postage, copier, miscellaneous	977	16,472	2,698
Travel, meetings and seminars		1,867	2,132
Other			
Direct support and purchased services			
Network, database, equipment and maintenance			
Total expenditures	16,145	50,220	66,153
Excess of revenues over expenditures	1,104	3,484	7,282
Other Sources (Uses)			
Payment of indirect cost	(1,104)	(3,484)	(7,282)
Local match/in-kind			
Total other uses	(1,104)	(3,484)	(7,282)
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, October 1	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -

Local Initiatives #6017	Local Initiatives #6118	Homeless Youth #6320	CMP Self-advocacy Pilot Program #6417	Vets in Need #6617
\$	\$	\$	\$	\$
117,374	9,200			3,600
<u>117,374</u>	<u>9,200</u>	<u>-</u>	<u>-</u>	<u>3,600</u>
1,402				
610				
11,200				
61,785				
6,447	9,200			
896				
34,647				3,600
<u>116,987</u>	<u>9,200</u>	<u>-</u>	<u>-</u>	<u>3,600</u>
387	-	-	-	-
(387)				
<u>(387)</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, 2022

	Local Initiatives #6717	Local Initiatives #6817	Grant Support for Leadership Development #6921
Revenues			
Federal grants	\$	\$	\$
State grants			
Local funds		21,888	89,503
Other local funds:			
Interest income			
Program income			
Total revenues	-	21,888	89,503
Expenditures			
Personnel costs		12,066	26,248
Professional and contracted services		1,746	43,843
Occupancy and communications		2,022	674
Office supplies, postage, copier, miscellaneous		1,342	13,458
Travel, meetings and seminars		288	1,868
Other		2,856	
Direct support and purchased services			
Network, database, equipment and maintenance			
Total expenditures	-	20,320	86,091
Excess of revenues over expenditures	-	1,568	3,412
Other Sources (Uses)			
Payment of indirect cost		(1,568)	(3,412)
Local match/in-kind			
Total other uses	-	(1,568)	(3,412)
Excess of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, October 1	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -

USDA Solid Waste #8219	Solid Waste Management #8418	Solid Waste Management #8421	Community Development Block Grant #8720	Community Development Block Grant #8721
\$	\$	\$	\$	\$
		128,404		12,192
		35		
-	-	128,439	-	12,192
		68,220		8,676
		12,450		
		9,438		
		2,445		
		3,993		
		263		2,388
		10,748		
-	-	107,557	-	11,064
-	-	20,882	-	1,128
		(20,882)		(1,128)
-	-	(20,882)	-	(1,128)
-	-	-	-	-
-	-	-	-	-
\$	\$	\$	\$	\$
-	-	-	-	-

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, 2022

	Pipeline Safety & Outreach #8820	Pipeline Safety & Outreach #8821	Total Nonmajor Special Revenue Funds
Revenues			
Federal grants	\$	\$ 84,094	\$ 1,606,408
State grants			677,455
Local funds			518,604
Other local funds:			
Interest income			35
Program income			61,687
Total revenues	-	84,094	2,864,189
Expenditures			
Personnel costs		50,883	1,170,183
Professional and contracted services		563	207,026
Occupancy and communications			133,234
Office supplies, postage, copier, miscellaneous		2,100	205,531
Travel, meetings and seminars		1,357	62,054
Other		9,082	89,849
Direct support and purchased services		7,569	68,864
Network, database, equipment and maintenance			728,174
Total expenditures	-	71,554	2,664,915
Excess of revenues over expenditures	-	12,540	199,274
Other Sources (Uses)			
Payment of indirect cost		(12,540)	(199,274)
Local match/in-kind			-
Total other uses	-	(12,540)	(199,274)
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, 2022

	Section 125 Flexible Benefits Plan	Section 457(b) Deferred Comp Plan	Total Employee Benefit Plan Funds
ASSETS			
Cash and short-term investments	\$ 13,500	\$	\$ 13,500
Investments at fair value		624,942	624,942
Total Assets	\$ 13,500	\$ 624,942	\$ 638,442
NET POSITION			
Restricted for employee benefits	\$ 13,500	\$ 624,942	\$ 638,442
Total Net Position	\$ 13,500	\$ 624,942	\$ 638,442

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Section 125 Flexible Benefits Plan	Section 457(b) Deferred Comp Plan	Total Employee Benefit Plan Funds
Additions			
Employee contributions	\$ 21,992	\$	\$ 21,992
Plan member contributions		56,528	56,528
Investment income		(168,992)	(168,992)
Total Additions	21,992	(112,464)	(90,472)
Deductions			
Benefits paid	21,958	2,809	24,767
Total Deductions	21,958	2,809	24,767
Change in Net Position	34	(115,273)	(115,239)
Net Position, October 1	13,466	740,215	753,681
Net Position, September 30	\$ 13,500	\$ 624,942	\$ 638,442

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

November 8, 2023

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

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, 2022, 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 November 8, 2023.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Central Texas Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of West Central Texas Council of Governments' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings, and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on 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*.

West Central Texas Council of Governments' Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on West Central Texas Council of Governments' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. West Central Texas Council of Governments' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

A handwritten signature in dark ink that reads "Condley and Company, L.L.P." in a cursive, flowing script.

Certified Public Accountants

November 8, 2023

Independent Auditor's Report

Report on Compliance for each Major Federal and State 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:

Opinion on Each Major Federal and State Program

We have audited West Central Texas Council of Governments' (the "Council") 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 its major federal and state programs for the year ended September 30, 2022. The Council's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); 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. Our responsibilities under those standards, the Uniform Guidance, and the State of Texas Single Audit Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high-level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State of Texas Single Audit Circular will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Texas Single Audit Circular, we:

- Exercise reasonable judgment and maintain professional skepticism throughout the audit.
- Identify audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the internal control over compliance finding identified in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. Accordingly, this report is not suitable for any other purpose.

Condley and Company, L.L.P.

Certified Public Accountants

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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? X Yes 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? X Yes

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)? X Yes No

Identification of major programs:

Assistance Listing Number(s)
93.044, 93.045, 93.053

n/a – State
n/a – State

Name of Federal Program or Cluster
Aging Cluster

9-1-1 Emergency Communications
Homeland Security

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

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

B. Financial Statement Findings

2022-001

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees in the normal course of performing their assigned functions to prevent or detect material misstatements in the financial reporting of all funds.

Condition: During the 2022 audit, it was identified that the Council failed to reconcile grant expenditures to the grant awards causing financial reporting to be inaccurate.

Effect: Grant revenues and expenditures were materially misstated or misclassified as federal or state. It was also noted that some grants were over-expended during the year under audit, causing receivables to be overstated. Revenues and expenditures were also incorrectly reported.

Cause: Staff responsible for grant accounting were not properly trained on grant management and reconciliation.

Recommendation: We recommend the Council implement and strengthen internal controls and procedures to ensure grant expenditures are accurately tracked and reconciled in a timely manner. We also recommend the Council train staff involved in grant management to enhance their skills and knowledge.

Views of responsible official and planned corrective actions:

The Council has employed a CPA with extensive knowledge of grant management and accounting to reconcile and monitor grant awards and ensure proper financial reporting.

C. Federal Award Findings and Questioned Costs

2022-002

Criteria: In accordance with federal regulations (Uniform Guidance 2 CFR 200), recipients of federal awards are required to submit their single audit within the stipulated timeframe, usually nine months after the end of the fiscal year.

Condition: During the 2022 audit, it was identified that the Council failed to submit its single audit report for the fiscal year ended September 30, 2022 within the required timeframe, which is a violation of the Uniform Guidance requirements.

Effect: The late submission of the single audit report has resulted in a breach of compliance with federal regulations. This non-compliance has the potential to disallow funding from federal agencies.

Cause: The delay in submitting the single audit report was primarily attributed to a change in key personnel.

Recommendation: We recommend the Council develop a system of monitoring grant requirements and establish a timeline for meeting deadlines related to reporting in compliance with the Uniform Guidance.

Views of responsible official and planned corrective actions:

The Council has employed a CPA with extensive knowledge of grant management and accounting to reconcile and monitor grant awards and ensure proper financial reporting. The Council will reconcile grant receivables and ensure accurate grant accounting on an ongoing basis, particularly at fiscal yearend. As a result, the Council will be prepared to complete their single audit in a timely manner and in accordance with federal guidelines.



WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Planning - Training - Community Development - Human Services

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2022

Identifying number 2022-001

The Council has employed a CPA with extensive knowledge of grant management and accounting to reconcile and monitor grant awards and ensure proper financial reporting. The Council will reconcile grant receivables and ensure accurate grant accounting on an ongoing basis, particularly at fiscal yearend.

Responsible individual: Diane Terrell, Director of Finance

Anticipated completion date: Immediately

Identifying number 2022-002

The Council has employed a CPA with extensive knowledge of grant management and accounting to reconcile and monitor grant awards and ensure proper financial reporting. The Council will reconcile grant receivables and ensure accurate grant accounting on an ongoing basis, particularly at fiscal yearend. As a result, the Council will be prepared to complete their single audit in a timely manner and in accordance with federal guidelines.

Responsible individual: Diane Terrell, Director of Finance

Anticipated completion date: Immediately

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

There were no findings identified for the year ended September 30, 2021.

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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>Rural Development</i>			
Rural Business Enterprise Grant	10.351	n/a	\$ 91,180
TOTAL U.S. DEPARTMENT OF AGRICULTURE			91,180
<u>U. S. DEPARTMENT OF COMMERCE</u>			
<i>Economic Development Administration:</i>			
<i>Passed through West Central Texas Economic Development District</i>			
Economic Development Support for Planning Organizations	11.302	ED21AUS3020005	46,498
Economic Development Cluster:			
Economic Development Planning - CARES ACT	11.307	ED20AUS3070025	144,637
Disaster Resiliency Plan and Technical Assistance	11.307	08-79-05345	52,026
TOTAL U.S. DEPARTMENT OF COMMERCE			243,161
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Office of Community Planning and Development</i>			
<i>Passed through Texas Department of Agriculture:</i>			
Texas Community Development Block Grant Program	14.228	CEDAF21-11	12,192
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			12,192
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed through Office of the Governor- Criminal Justice Division:</i>			
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0002	28,660
TOTAL U.S. DEPARTMENT OF JUSTICE			28,660
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Pipeline & Hazardous Materials Safety Administration:</i>			
Technical Assistance Grant	20.710	693JK32140013PTAG	84,094
TOTAL DEPARTMENT OF TRANSPORTATION			84,094
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Administration for Community Living:</i>			
<i>Passed Through Texas Health and Human Services Commission</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	3,594
Special Programs for the Aging-Title VII, Chapter 2- Long-Term Care			
Ombudsman Services for Older Individuals OAA	93.042	HHS000874100028	32,915
Ombudsman Services for Older Individuals - CARES 18	93.042	HHS000874100028	24,841
Ombudsman Services for Older Individuals - American Rescue Plan	93.042	HHS000874100028	2,869
Special Programs for the Aging-Title III, Part D-			
Disease Prevention and Health Promotion Services #55203	93.043	HHS000874100028	22,142
Disease Prevention and Health Promotion Services- American Rescue Plan	93.043	HHS000874100028	2,658

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal/State Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers COVID VACCINE	93.048	HHS000270200011	28,096
Special Programs for the Aging-Title III, Part E- National Family Caregiver Support Program			
Title III E OAA	93.052	HHS000874100028	275,260
Title III E American Rescue Plan	93.052	HHS000874100028	7,993
Title III E RITE (Lifespan Respite)	93.072	HHS000270200011	640
Medicare Enrollment Assistance Program MIPPA	93.071	HHS000270200011	6,917
Medicare Improvements for Patients and Providers Act MIPPA	93.071	HHS000874100028	17,628
Aging Cluster:			
Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers - OAA	93.044	HHS000874100028	606,217
Grants for Supportive Services and Senior Centers - CDC Vaccination	93.044	HHS000874100028	30,235
Grants for Supportive Services and Senior Centers - American Rescue Pl	93.044	HHS000874100028	240,805
Special Programs for the Aging-Title III, Part C- Nutrition Services - OAA	93.045	HHS000874100028	648,857
Nutrition Services - American Rescue Plan	93.045	HHS000874100028	361,282
Nutrition Services - CARES	93.045	HHS000874100028	130,690
Nutrition Services - COVID-19	93.045	HHS000874100028	76,563
Nutrition Services - Consolidated Appropriations	93.045	HHS000874100028	1,225
Nutrition Services Incentive Program	93.053	HHS000874100028	110,978
Total Aging Cluster			2,206,852
<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	12
Area Health Education Centers #3321	93.107	17082FBV-02	123,444
Area Health Education Centers #3322	93.107	16LTF0015C2	7,775
Area Health Education Centers CARES #3520	93.107	UHSC16LTF0015C2	5,671
<u>Centers for Medicare and Medicaid Services:</u>			
<u>Passed Through Texas Health and Human Services Commission</u>			
Health Insurance Counseling Advocacy Program #50923-24	93.324	HHS000874100028	89,150
<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	HHS000270200011	29,650
<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	53,704
Sexual Assault Prevention and Response #5721	93.630	22241	73,435
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,015,246
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
<u>Passed through Texas Onestar Foundation</u>			
AmeriCorp National Service Program	94.006	14VSWTX005	18,427
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			18,427

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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><u>Passed Through Texas Office of the Governor</u></i>			
State Homeland Security Program (SHSP) 1621	97.067	4512101	23,953
State Homeland Security Program (SHSP) 1721	97.067	4308201	25,680
State Homeland Security Program (SHSP) 1821	97.067	4319601	18,463
State Homeland Security Program (SHSP) 2521	97.067	3408705	89,554
State Homeland Security Program (SHSP) 2522	97.067	3408706	1,458
State Homeland Security Program (SHSP) 2721	97.067	2949707	<u>231,923</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>391,031</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>3,883,991</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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>Passed Through the Homeland Security Grants Division:</i>			
Statewide Emergency Radio Infrastructures (SERI)	N/A	4011601	\$ 663,717
Statewide Emergency Radio Infrastructures (SERI)	N/A	4011602	3,157
<i>Passed Through the Criminal Justice Division:</i>			
Regional Law Enforcement Academy	N/A	1425718	78,206
Regional Criminal Justice Coordination	N/A	2200073	59,525
Regional Criminal Justice Coordination	N/A	2200516	5,411
TOTAL TEXAS OFFICE OF THE GOVERNOR			<u>810,016</u>
<u>TEXAS HEALTH AND HUMAN SERVICES COMMISSION</u>			
State General Revenue FY21	N/A	HHS000874100028	220,529
State General Revenue FY22	N/A	HHS000270200011	134,647
State General Revenue Promoting Independence FY22	N/A	HHS000270200011	9,154
State General Revenue Respite FY22	N/A	HHS000270200011	6,157
State General Revenue FY23	N/A	HHS000270200011	17,249
TOTAL HEALTH AND HUMAN SERVICES COMMISSION			<u>387,736</u>
<u>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</u>			
Regional Solid Waste Grant	N/A	582-22-30130	128,440
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			<u>128,440</u>
<u>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</u>			
Emergency Communications	N/A	FY 2020	443,425
Emergency Communications	N/A	FY 2021	1,875,703
Emergency Communications	N/A	FY 2022	466,436
TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS			<u>2,785,564</u>
<u>TEXAS TECH HEALTH SCIENCES CENTER</u>			
Area Health Education Center (AHEC)	N/A	CON3092123	199,255
Area Health Education Center (AHEC)	N/A	16LTF0015C2	4,323
TOTAL TEXAS TECH HEALTH SCIENCES CENTER			<u>203,578</u>
TOTAL EXPENDITURES OF STATE AWARDS			\$ <u>4,315,334</u>

WEST CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022. 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, 2022

Fund	Wages and Fringe	Rate 1 30.61%	Rate 2 13.00%	Governmental Funds
3	\$ 130,361	\$ 36,563	\$ 1,758	\$ 38,321
4	604,278	74,128	47,187	121,315
7	25,672	5,810	880	6,690
9	10,636		168	168
84	3,717		483	483
1121	564,125	67,268	45,817	113,085
1122	55,323	7,550	3,986	11,536
1621	16,987	5,200		5,200
1721	19,270	5,409	208	5,617
1821	2,554	782		782
2117	43,383		5,656	5,656
2221	51,149		6,756	6,756
2222	4,532		589	589
2321	125,253		16,429	16,429
2521	18,694	5,835		5,835
2522	1,116	342		342
2620	7,434	2,311		2,311
2622	2,545	489	123	612
2721	171,179	22,300	13,201	35,501
2921	3,163	968		968
3321	169,769		22,246	22,246
3322	4,634	1,418		1,418
3421	9,382		1,220	1,220
3520	338		44	44
4319	35,418		4,604	4,604
4420	43,844		5,029	5,029
4520	109,098	3,861	13,214	17,075
4821	79,019		10,273	10,273
5021	644,575	123,021	31,749	154,770
5621	67,829	753	8,498	9,251
5622	7,671	185	919	1,104
5721	26,803		3,484	3,484
5722	56,016		7,282	7,282
6017	1,402	387		387
6221	382,025	72,400	18,915	91,315
6222	106,021	18,783	5,806	24,589
6421	93,324	24,782	1,607	26,389
6522	14,303	4,378		4,378
6817	12,066		1,569	1,569
2921	25,082		3,261	3,261
6922	1,165		151	151
8421	68,221	20,882		20,882
8721	8,676		\$ 1,128	1,128
8821	50,883	10,298	2,241	12,539
	<u>\$ 3,878,935</u>	<u>\$ 516,103</u>	<u>\$ 286,481</u>	<u>\$ 802,584</u>
Actual Indirect Costs Recovered				802,584
Total Indirect Costs-Wages and Benefits				802,584
Over/Under Recovery of Indirect Costs				<u>\$ -</u>