

TEXOMA COUNCIL OF GOVERNMENTS

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED APRIL 30, 2012

TEXOMA COUNCIL OF GOVERNMENTS
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INTRODUCTORY SECTION

Hon. Al Smith
President
Governing Body

Susan B. Thomas, PhD
Executive Director



Administration & Finance
1117 Gallagher Drive
Suite 470
Sherman, Texas 75090

Phone: (903) 813-3510
Fax: (903) 813-3511
www.texoma.cog.tx.us

August 28, 2012

Commissioner Al Smith
President of the Governing Body
Texoma Council of Governments
1117 Gallagher Drive, Suite 100
Sherman, Texas 75090

Dear Commissioner Smith
and Members of the Governing Body:

Texoma Council of Governments Comprehensive Annual Financial Report for fiscal year ended April 30, 2012, is hereby submitted for your consideration. This report was prepared in accordance with TCOG's bylaws. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of TCOG operations as measured by the financial activity of its various grants and contracts; and, that all disclosures necessary to enable the reader to gain maximum understanding of TCOG's financial affairs and to satisfy Federal and State requirements of applicable grants are included. Standards issued by the Office of Management and Budget (Circulars A-87 and A-133) and GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended and interpreted, as of April 30, 2012, were followed in the operation and audit of TCOG.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

TCOG's accounting records are maintained on a modified accrual basis, with revenues recorded when susceptible to accrual and expenditures recorded when liabilities are incurred, if measurable. This policy is implemented by generally accepted accounting principles and the Common Rule.

Budgetary amounts reported on the schedule of revenues and expenditures in memorandum form are monitored monthly for variances by TCOG staff. Variances are dealt with on an individual basis according to contractual requirements of the specific grant or contract.

INTERNAL CONTROLS

In developing and improving TCOG's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to protect TCOG assets, prevent fraud and to insure economy and efficiency of operations within limitations. Internal controls are developed to assure management and funding sources of the integrity of the accounting and reporting systems.

REPORTING ENTITY AND SERVICES

TCOG operations are controlled by grant or contract arrangements with the United States of America and the State of Texas. For the fiscal year ended April 30, 2012, the largest subgrantee of TCOG is Tri-County Senior Nutrition Project (Tri-County). Tri-County contracts with an independent public accounting firm for an annual audit of its operations. The resulting audit report has been received and presented to the Governing Body for review and approval.

FUNCTIONAL ACTIVITIES

During the fiscal year ended April 30, 2012, TCOG, through grants and contracts, operated the Area Agency on Aging of Texoma, Community and Economic Development and Planning Activities, Criminal Justice Planning, Homeland Security Planning, Emergency 911, Weatherization Assistance Program, Comprehensive Energy Assistance Program, Section 8 Housing, Public Housing Authorities of seventeen cities, and other programs for the Texoma Region.

CASH MANAGEMENT

Cash maintained in the general account is not invested in interest bearing instruments because of the restrictions placed on federal funds by the United States Treasury. Funds received from local units of government for matching grants are deposited into an interest bearing account and TexPool, a division of the Texas State Treasury. The interest earned on local funds is used to match grant requirements, reduce future local government contributions, and satisfy any costs not allowed by grant conditions.

FIXED ASSETS

Fixed assets are recorded at cost from grant funds or local funds. Fixed assets purchased from local funds are depreciated and grants are charged accordingly in conformity with Office of Management and Budget Circular A-87.

ANNUAL AUDIT

TCOG's bylaws require that an annual audit be made of its financial accounts and transactions for the preceding fiscal year. In 1997, the Office of Management and Budget revised Circular A-133 to include units of local government. This circular requires that grantors of the United States of America perform audits which meet the requirements of the Single Audit Act Amendments of 1996.

In accordance with these requirements, the Annual Audit Report is contained herein for your review and consideration.

CERTIFICATION OF INDIRECT COST PERCENTAGE

The undersigned Executive Director and Finance Director hereby certify that based upon the enclosed audited financial data, TCOG's indirect cost for fiscal year ended April 30, 2012, did not exceed 15 percent of total expenditures, as defined by The Local Government Code, Chapter 391, 586.(f)(1).

OVERVIEW

The Annual Audit Report contains an unqualified opinion from the auditors. There are three (3) internal control findings that are addressed below. There are no questioned or disallowed costs, instances of noncompliance, or other reportable conditions. The audit firm has not issued a separate management letter.

Internal Control Findings:

Item 2012-1. The balance sheet produced by TCOG's accounting software does not provide the segregation of funds desired by the audit firm. Response: Management has provided the desired segregation of funds via exporting the accounting data into an excel spreadsheet file. While this methodology is effective in the short term, it does not provide the level of financial accounting system integrity desired by Management or the audit firm. Management is pursuing software and/or account coding modifications that should resolve this finding in the current or future fiscal year.

Item 2012-2. The limited number of staff in the Finance Department presents challenges to segregation of duties. Response: In addition, Management continues to assign duties in a "step" fashion to the degree possible so that no one individual has complete control over any accounting process. Management does present financial data to the members of the Full Governing Body each month for review and discussion. This allows for continuing financial oversight at the highest levels of the organization. Adding new staff positions is cost prohibitive at this time.

Members of the Governing Body

August 28, 2012

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Item 2012-3. The Council does not prepare the financial statements nor control the period-end financial reporting process to a satisfactory degree. Response: Management will endeavor to identify continuing educational opportunities for the Finance Department staff during the fiscal year so as to enable preparation of required financial statements at fiscal year end.

We would like to express our appreciation to everyone associated with the preparation of this Annual Audit Report. We would also like to thank the Members of the Governing Body for their interest and support in planning and conducting the financial operations of Texoma Council of Governments in a responsible and progressive manner.

Sincerely,



Susan B. Thomas, Ph.D.
Executive Director

Sincerely,



Terrell Culbertson
Finance Officer

Enclosure

TEXOMA COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

COUNTIES (3)

Cooke

Grayson

Fannin

CITIES (31)

Bells

Howe

Sherman

Bonham

Knollwood

Southmayd

Callisburg

Ladonia

Tioga

Collinsville

Leonard

Tom Bean

Denison

Lindsay

Trenton

Dodd City

Muenster

Valley View

Ector

Oak Ridge

Van Alstyne

Gainesville

Pottsboro

Whitesboro

Gunter

Ravenna

Whitewright

Honey Grove

Sadler

Windom

Savoy

SCHOOL DISTRICTS (17)

Bells

Honey Grove

Savoy

Bonham

Leonard

Sherman

Denison

Muenster

Tom Bean

Dodd City

Muenster Sacred Heart

Van Alstyne

Ector

Pottsboro

Whitesboro

Era

Sam Rayburn

COMMUNITY COLLEGE DISTRICTS (2)

North Central Texas College

Grayson County College

ASSOCIATE MEMBERS (25)

Denison COC

Bonham Public Housing

Pottsboro Public Housing

Bonham COC

Celeste Public Housing

Princeton Public Housing

Gainesville Area COC

Ector Public Housing

Savoy Public Housing

Muenster COC

Farmersville Public Housing

Tioga Public Housing

Sherman COC

Gunter Public Housing

Tom Bean Public Housing

Tom Bean COC

Honey Grove Public Housing

Trenton Public Housing

Whitewright COC

Howe Public Housing

Van Alstyne Public Housing

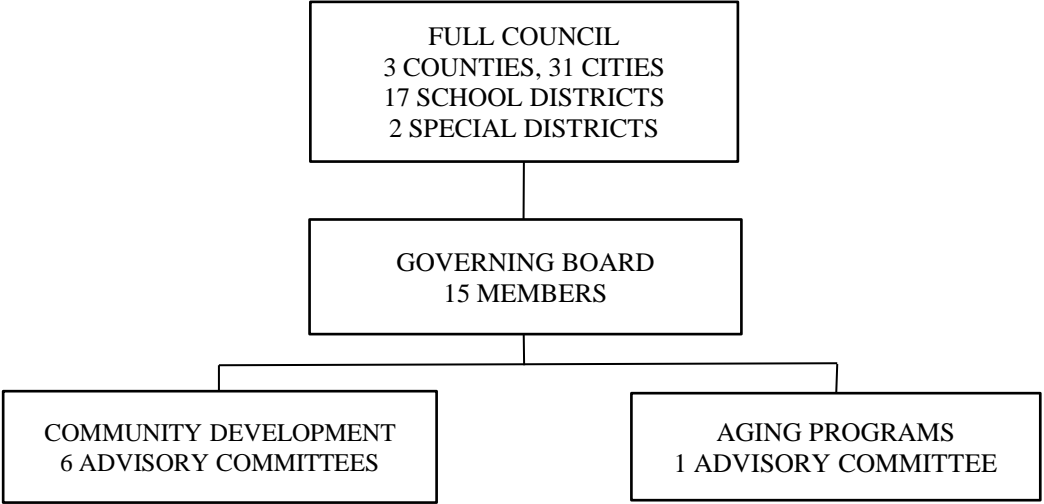
Bells Public Housing

Ladonia Public Housing

Whitewright Public Housing

Windom Public Housing

TEXOMA COUNCIL OF GOVERNMENTS
ORGANIZATION CHART



FINANCIAL SECTION

MCCLANAHAN AND HOLMES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

R. FRANK RAY, CPA
R. E. BOSTWICK, CPA
STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA

228 SIXTH STREET S.E.
PARIS, TEXAS 75460
903-784-4316
FAX 903-784-4310

304 WEST CHESTNUT
DENISON, TEXAS 75020
903-465-6070
FAX 903-465-6093

1400 WEST RUSSELL
BONHAM, TEXAS 75418
903-583-5574
FAX 903-583-9453

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Texoma Council of Governments
Sherman, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Texoma Council of Governments (Council) as of and for the year ended April 30, 2012, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining aggregate fund information of the Council, as of April 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2012, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Texoma Council of Governments
Sherman, Texas
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's financial statements as a whole. The introductory section, supplementary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Nonprofit Organizations*," and the State of Texas Uniform Grant Management Standards, and also is not a required part of the financial statements. The supplementary schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Certified Public Accountants

Bonham, Texas
August 28, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2012

This discussion and analysis of Texoma Council of Governments (TCOG) financial performance provides an overview of TCOG financial activities for the fiscal year ended April 30, 2012, and should be read in conjunction with TCOG financial statements.

Financial Highlights

For the fiscal year ended April 30, 2012, total assets were \$4,706,380 compared to \$5,051,691 for the prior year; total liabilities were \$2,108,137 compared to \$2,480,205 for the prior year; total net assets were \$2,598,243 compared to \$2,571,486 for the prior year. Of this amount, \$970,092 may be used to meet TCOG's ongoing obligations to funding agencies, vendors, and other creditors; prior year amount was \$1,027,476.

For the fiscal year ended April 30, 2012, total revenues were \$14,813,975 compared to \$18,123,189 for the prior year; total expenses were \$14,787,218 compared to \$18,028,491 for the prior year.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of TCOG's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of TCOG's financial position.

The statement of activities presents information showing how TCOG's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant revenues and earned but unused leave).

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

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning TCOG's funding resources. This information begins on page 21 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of TCOG, assets exceeded liabilities by \$2,598,243 at April 30, 2012, compared to \$2,571,486 for the prior year.

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2012

The most significant portion of TCOG's net assets (63%) reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. TCOG uses these capital assets to carry out its mission; consequently, these assets are not available for future spending. Although TCOG's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed statement of net assets of TCOG for April 30, 2012, compared to the prior year.

Texoma Council of Government's Statement of Net Assets

	<u>Total</u>		<u>Percent Change</u>
	<u>2012</u>	<u>2011</u>	
Assets:			
Current and Other Assets	\$ 2,267,060	\$ 2,559,439	(11)%
Capital Assets	<u>2,439,320</u>	<u>2,492,252</u>	<u>(2)%</u>
Total Assets	<u>4,706,380</u>	<u>5,051,691</u>	<u>(7)%</u>
Liabilities:			
Current Liabilities	1,373,865	1,584,805	(13)%
Noncurrent Liabilities	<u>734,272</u>	<u>895,400</u>	<u>(18)%</u>
Total Liabilities	<u>2,108,137</u>	<u>2,480,205</u>	<u>(15)%</u>
Net Assets:			
Invested in Capital Assets	1,628,151	1,544,010	5 %
Unrestricted	<u>970,092</u>	<u>1,027,476</u>	<u>(6)%</u>
Total Net Assets	<u>\$ 2,598,243</u>	<u>\$ 2,571,486</u>	<u>1%</u>

For the fiscal year ended April 30, 2012, total revenues were \$14,813,975 compared to \$18,123,189 for the prior year; total expenses were \$14,787,218 compared to \$18,028,491 for the prior year. Decreases in expenses and revenues are the result from a decrease in demand for services and grant funding available to meet those demands.

The following table compares the revenue and expenses for the current and previous fiscal year:

Texoma Council of Government's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2012</u>	<u>2011</u>	
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 14,359,489	\$ 16,987,608	(15)%
General Revenues:			
Grants and Contributions Not Restricted to Specific Programs	452,696	1,133,682	(60)%
Interest Income	<u>1,790</u>	<u>1,899</u>	<u>(6)%</u>
Total Revenue	<u>14,813,975</u>	<u>18,123,189</u>	<u>(18)%</u>

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2012

Texoma Council of Government's Changes in Net Assets (continued)

	<u>Governmental Activities</u>		<u>Percent Change</u>
	<u>2012</u>	<u>2011</u>	
Expenses:			
General Government	223,384	214,111	4%
Aging and Disabilities	3,075,133	2,674,751	15 %
Community and Economic Development	1,845,328	3,395,161	(46)%
Housing and Client Services	9,495,696	10,992,798	(14)%
Interest on Long-Term Debt	53,303	93,182	(43)%
Loss on Disposal of Capital Assets	<u>94,374</u>	<u>658,488</u>	<u>(86)%</u>
Total Expenses	<u>14,787,218</u>	<u>18,028,491</u>	<u>(18)%</u>
 Change in Net Assets	 26,757	 94,698	 (72)%
 Net Assets, Beginning	 <u>2,571,486</u>	 <u>2,476,788</u>	 <u>4%</u>
 Net Assets, Ending	 <u>\$ 2,598,243</u>	 <u>\$ 2,571,486</u>	 <u>1%</u>

Financial Analysis of TCOG's Funds

As noted earlier, TCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In addition to this Annual Audit Report, TCOG is monitored by various grantor funding agencies throughout the year.

TCOG Budget and Economic Factors

TCOG's annual budget is a management tool that assists users in analyzing financial activity for the fiscal year ending April 30. TCOG's primary funding sources are federal, state and local grants, which have grant periods that may or may not coincide with TCOG's fiscal year. These grants normally are for a 12-month period; however, they can be awarded for periods shorter or longer than 12 months. Because of TCOG's dependency on grant funding, greater emphasis is placed on complying with individual grant budgets.

Since TCOG is primarily dependent on federal, state and local grant funding for operations, it is affected more by the federal and state budget than local economic conditions. The demand for TCOG services to the public is dependent on local economic conditions.

Capital Asset and Debt Administration

Capital Assets. TCOG's investment in capital assets for its governmental and business type activities as of April 30, 2012, amounts to \$2,439,320 compared to \$2,492,252 for the prior year (both amounts are net of accumulated depreciation). This investment in capital assets includes the office building in Sherman, Texas, together with improvements and other grant and non-grant related equipment.

Details of TCOG's capital assets are continued in the notes to the financial statements on page 18.

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2012

Long-Term Debt. At April 30, 2012, TCOG had total installment debt outstanding of \$905,052 compared to \$1,059,819 for the prior year. Of this amount, \$811,169 comprises debt secured by the office building located at 1117 Gallagher Drive, Sherman, Texas. The prior year amount was \$948,242. Additional information on TCOG's long-term debt can be found in the notes on page 19 of the audit report.

Requests for Information

This financial report is designed to provide the Governing Board as well as citizens, taxpayers, and creditors with a general overview of TCOG's finances and to show TCOG's accountability for the money it receives. To request additional information, please contact Dr. Susan B. Thomas, TCOG's Executive Director, or Mr. Terrell Culbertson, TCOG's Finance Director, at 1117 Gallagher Drive, Suite 100, Sherman, Texas 75090, phone (903) 813-3516.

BASIC FINANCIAL STATEMENTS

TEXOMA COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
APRIL 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 1,248,313
Accounts Receivable	594,415
Under Allocated Employee Benefits & Central Service IT	386,815
Prepaid Expenses	37,517
Total Current Assets	<u>2,267,060</u>
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation:	
Buildings and Improvements	1,714,320
Furniture and Equipment	725,000
Total Noncurrent Assets	<u>2,439,320</u>
Total Assets	<u>4,706,380</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	291,207
Unearned Revenue	792,996
Over Allocated Indirect Costs	118,882
Accrued Compensated Absences	23,471
Notes Payable	147,309
Total Current Liabilities	<u>1,373,865</u>
Noncurrent Liabilities:	
Notes Payable	663,860
Accrued Compensated Absences	70,412
Total Noncurrent Liabilities	<u>734,272</u>
Total Liabilities	<u>2,108,137</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	1,628,151
Unrestricted	970,092
Total Net Assets	<u>\$ 2,598,243</u>

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

TEXOMA COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2012

	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
General Government	\$ 223,384	\$ -	\$(223,384)
Aging and Disabilities	3,075,133	3,058,092	(17,041)
Community and Economic Development	1,845,328	1,766,181	(79,147)
Housing and Client Services	9,495,696	9,535,216	39,520
Interest on Long-Term Debt	53,303		(53,303)
Loss on Disposal of Capital Assets	94,374	-	(94,374)
	<u>14,787,218</u>	<u>14,359,489</u>	<u>(427,729)</u>
General Revenues			
Grants and Contributions Not Restricted to Specific Programs			452,696
Unrestricted Investment Income			1,790
Total General Revenues			<u>454,486</u>
Change in Net Assets			26,757
Net Assets, Beginning			2,571,486
Net Assets, Ending			<u>\$ 2,598,243</u>

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

TEXOMA COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2012

	General	U. S. Department of Housing and Urban Development	Commission on State Emergency Communications	Texas Department of Housing and Community Affairs	Texas Department of Aging and Disability Services	Other Grants	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 158,260	\$ 551,364	\$ 220,478	\$ 161,742	\$ 159,663	\$(3,194)	\$ 1,248,313
Accounts Receivable	4,307	223,428	-	16,451	52,928	297,301	594,415
Due from Other Funds	-	30,000	-	-	-	-	30,000
Under Allocated Empl. Benefits & Central Service IT	386,815	-	-	-	-	-	386,815
Prepaid Items	37,517	-	-	-	-	-	37,517
Total Assets	<u>\$ 586,899</u>	<u>\$ 804,792</u>	<u>\$ 220,478</u>	<u>\$ 178,193</u>	<u>\$ 212,591</u>	<u>\$ 294,107</u>	<u>\$ 2,297,060</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 23,645	\$ 32,888	\$ 91,290	\$ 8,211	\$ 112,950	\$ 22,223	\$ 291,207
Due to Other Funds	30,000	-	-	-	-	-	30,000
Deferred Revenue	71,733	50,568	129,188	169,982	99,641	271,884	792,996
Over Allocated Indirect Costs	118,882	-	-	-	-	-	118,882
Total Liabilities	<u>244,260</u>	<u>83,456</u>	<u>220,478</u>	<u>178,193</u>	<u>212,591</u>	<u>294,107</u>	<u>1,233,085</u>
Fund Balances							
Unassigned, Reported in:							
Special Revenue Funds	-	721,336	-	-	-	-	721,336
General Fund	342,639	-	-	-	-	-	342,639
Total Fund Balances	<u>342,639</u>	<u>721,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,063,975</u>
Total Liabilities and Fund Balances	<u>\$ 586,899</u>	<u>\$ 804,792</u>	<u>\$ 220,478</u>	<u>\$ 178,193</u>	<u>\$ 212,591</u>	<u>\$ 294,107</u>	<u>2,297,060</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.

2,439,320

Long-term liabilities are not due and payable in the current period and therefore are not are not reported in governmental funds.

(905,052)

Net Assets of Governmental Activities

\$ 2,598,243

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

TEXOMA COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	General	U. S. Department of Housing and Urban Development	Commission on State Emergency Communications	Texas Department of Housing and Community Affairs	Texas Department of Aging and Disability Services	Other Grants	Total Governmental Funds
REVENUES							
Federal	\$ -	\$ 2,870,371	\$ -	\$ 5,462,948	\$ 1,166,825	\$ 638,345	\$ 10,138,489
State	-	-	780,848	-	148,809	796,809	1,726,466
Local and In-kind	237,093	-	-	-	839,491	1,870,646	2,947,230
Investment Income	566	1,100	84	-	9	31	1,790
Total Revenues	<u>237,659</u>	<u>2,871,471</u>	<u>780,932</u>	<u>5,462,948</u>	<u>2,155,134</u>	<u>3,305,831</u>	<u>14,813,975</u>
EXPENDITURES							
Current:							
General Government	72,434	-	-	-	-	-	72,434
Aging and Disabilities	-	-	-	-	2,167,800	890,292	3,058,092
Community and Economic Development	-	-	780,932	-	-	985,249	1,766,181
Housing and Client Services	-	2,812,544	-	5,440,287	-	1,281,084	9,533,915
Capital Outlay	293,034	-	-	585	1,307	16,826	311,752
Debt Service:							
Principal	137,073	-	-	-	-	-	137,073
Interest	9,606	-	-	-	-	-	9,606
Total Expenditures	<u>512,147</u>	<u>2,812,544</u>	<u>780,932</u>	<u>5,440,872</u>	<u>2,169,107</u>	<u>3,173,451</u>	<u>14,889,053</u>
Excess of Revenues Over Expenditures	<u>(274,488)</u>	<u>58,927</u>	<u>-</u>	<u>22,076</u>	<u>(13,973)</u>	<u>132,380</u>	<u>(75,078)</u>
OTHER FINANCIAL RESOURCES							
Transfers In (Out)	<u>442,826</u>	<u>(302,343)</u>	<u>-</u>	<u>(22,076)</u>	<u>13,973</u>	<u>(132,380)</u>	<u>-</u>
Net Change in Fund Balances	168,338	(243,416)	-	-	-	-	(75,078)
Fund Balances, Beginning	<u>174,301</u>	<u>964,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,139,053</u>
Fund Balances, Ending	<u>\$ 342,639</u>	<u>\$ 721,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,975</u>

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

TEXOMA 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 APRIL 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$(75,078)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		41,442
Loss on Disposal of Capital Assets	(94,374)
The change in liability for accrued vacation leave payable is not reported as an expenditure under the modified accrual basis of accounting utilized by governmental funds.		17,694
Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as a reduction in debt in the statement of net assets.		<u>137,073</u>
Change in Net Assets of Governmental Activities - Statement of Activities	\$	<u><u>26,757</u></u>

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

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Texoma Council of Governments (the "Council") relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for the Council are prescribed by the Governmental Accounting Standards Board (GASB).

A. Description of the Reporting Entity

The Council is a voluntary association of the local governmental units located within Cooke, Fannin and Grayson Counties, in the State of Texas. The Council was organized January 23, 1968, under Article 1011(m) of Vernon's (Texas) Annotated Revised Civil Statutes (subsequently revised to Chapter 391 of the Texas Local Government Code) to encourage and permit local units of governments to join and cooperate with one another to improve the health, safety and general welfare of their citizens, and to plan for the future development of the communities, area and regions serviced by the Council.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information on all of the activities of the Council. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Other items not properly included among program revenue are reported instead as general revenue.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant revenue, membership dues and interest are susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Council.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Council reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the Council. It is used to account for all financial resources except those that are required to be accounted for in other funds.

The ***U. S. Department of Housing and Urban Development Fund*** is used to account for the federal grants awarded to the Council by the U. S. Department of Housing and Urban Development.

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

The ***Texas Department of Housing and Community Affairs Fund*** is used to account for the federal grants awarded to the Council by the U. S. Department of Energy passed through from the Texas Department of Housing and Community Affairs and the U. S. Department of Health and Human Services passed through from the Texas Department of Housing and Community Affairs.

The ***Texas Department of Aging and Disability Services Fund*** is used to account for the federal and state grants awarded to the Council by the U. S. Department of Health and Human Services and the Texas Department of Aging and Disability Services.

The ***Other Grants Fund*** is used to account for all other federal, state, and local grants awarded to the Council.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Assets, Liabilities and Net Assets or Equity

Cash

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

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

Grants Receivable

Grants receivable represent amounts due from federal and state agencies for the various programs administered by the Council. The receivable includes amounts due on programs closed-out and those in progress as of April 30, 2012.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Interfund Receivables and Payables

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

Deferred Revenue

Deferred revenue represents amounts received from grantors in excess of expenditures for programs in progress as of April 30, 2012.

Capital Assets

Capital assets, which include building, furniture and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Donated capital assets are recorded at estimated fair market value on the date received.

Assets capitalized have an original cost of \$500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line methods. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Furniture and Equipment	3 – 15
Building Improvements	15
Building	39

Depreciation on assets purchased with local funds is included in the computation of the indirect cost allocation rate.

Compensated Absences

Accrued vacation represents the estimated liability for accumulated and unpaid vacation. Accumulated unpaid vacation leave is accrued when incurred. Fulltime regular Council employees accumulate and vest in vacation leave on a sliding scale rate based on length of service and/or position in the organization up to a maximum of 21 days per year. Vacation accrual at calendar year-end is limited to 120 hours.

Council employees accumulate sick leave at the rate of one day per month of service up to a maximum of 80 days. Sick leave is vested only to the extent that an employee actually uses it while employed by the Council. Part-time regular employees earn vacation and sick leave based upon the number of hours worked per week. The Council does not accrue for such leave benefits in accordance with GASB No. 16, “Accounting for Compensated Absences.”

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Beginning with fiscal year 2012, the Council implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

As of April 30, 2012, fund balances of the governmental funds are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision making authority for the Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purpose. Under the Council's policy, only the Board may assign amounts for specific purposes.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

TEXOMA COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Indirect Costs

Employee benefits, indirect costs, and central service IT costs are allocated to the grants in accordance with Office of Management and Budget Circular A-87 and the operating manuals of the various funding agencies. Employee benefits are allocated to the grants as a percentage of direct salary costs charged to the grant. Indirect costs and central service IT costs are allocated to the grants as a percentage of total direct personnel costs. The percentage rates used to apply employee benefits, indirect costs, and central service IT costs are determined by the Council's "Statement of Employee Benefit Program," "Statement of Proposed Indirect Cost," and "Statement of Central Service IT Cost." These rates are based upon estimated costs and may result in over or under-application of employee benefit, indirect costs, and central service IT costs when compared with actual costs versus audited costs. The cumulative balance of over or under-applied costs is used in the calculation of the employee benefit cost rate, the indirect cost rate, and the central service IT cost rate for future years.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital Outlay	\$	311,752
Depreciation Expense	(<u>270,310)</u>
Net adjustments to increase <i>net change in fund balance – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>		<u>\$ 41,442</u>

3. BUDGETARY INFORMATION

The Council's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending April 30th. The Board approves the financial plan for revenue and expenditures in all funds. The financial plan for the Special Revenue Funds is made on a project (grant) basis, spanning more than one year. Appropriations for all projects in the Special Revenue Funds lapse at the end of a contract period which may not coincide with the fiscal year-end of the Council. The appropriations for the General Fund lapse at the fiscal year-end. Although the financial plans are reviewed and approved by the Council's Board, they are not considered legally adopted annual budgets or appropriations. Accordingly, comprehensive budget and actual results are not presented in this report.

TEXOMA COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2012

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of April 30, 2012, the primary government had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 974	41

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Council to adopt, implement, and publicize an investment policy. That policy must address the following areas:

(1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Council to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the Council to have independent auditors perform test procedures related to investment practices as provided by the Act. The Council is in substantial compliance with the requirements of the Act and with local policies.

The Council's investment pool is 2a7-like pool. 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.

Interest Rate Risk. In accordance with its investment policy, the Council manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment to one year, unless otherwise provided in a specific investment strategy that complies with current law.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. As of April 30, 2012, the Council's entire deposit balance was collateralized with securities held by the pledging financial institution or by FDIC insurance.

Credit Risk. It is the Council's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The Council's investment pool was rated AAAM by Standard and Poor's Investors Service.

Concentration of Credit Risk. The Council's policy is to diversify its portfolio to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer, or a specific class of investments.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Below is a summary of capital assets and related accumulated depreciation as of April 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government Activities:				
Capital Assets, being Depreciated:				
Building	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
Buildings and Improvements	796,485	293,034	-	1,089,519
Furniture and Equipment	<u>1,509,062</u>	<u>18,718</u>	<u>(171,409)</u>	<u>1,356,371</u>
Total Capital Assets being Depreciated	<u>3,855,547</u>	<u>311,752</u>	<u>(171,409)</u>	<u>3,995,890</u>
Less Accumulated Depreciation:				
Building	394,124	39,744	-	433,868
Buildings and Improvements	419,664	71,667	-	491,331
Furniture and Equipment	<u>549,507</u>	<u>158,899</u>	<u>(77,035)</u>	<u>631,371</u>
Total Accumulated Depreciation	<u>1,363,295</u>	<u>270,310</u>	<u>(77,035)</u>	<u>1,556,570</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,492,252</u>	<u>\$ 41,442</u>	<u>\$ (94,374)</u>	<u>\$ 2,439,320</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 150,950
Aging and Disabilities	17,041
Community and Economic Development	79,147
Housing and Client Services	<u>23,172</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 270,310</u>

Allocation of Indirect Costs and Employee Benefits to Grant Programs

The allocation of indirect costs and employee benefits creates an over or under-applied amount based on the actual costs incurred each year.

A detail of the costs allocated for the year ended April 30, 2012, is as follows:

	<u>Indirect Costs</u>	<u>Employee Benefits</u>	<u>Central Service IT</u>	<u>Total</u>
Under (Over) Applied Costs at April 30, 2011	\$ (108,952)	\$ 171,692	\$ 46,364	\$ 109,104
Costs Allocated During the Year	(791,230)	(1,016,307)	(234,243)	(2,041,780)
Actual Costs	<u>781,300</u>	<u>1,193,265</u>	<u>226,044</u>	<u>2,200,609</u>
Under (Over) Applied Costs at April 30, 2012	<u>\$ (118,882)</u>	<u>\$ 348,650</u>	<u>\$ 38,165</u>	<u>\$ 267,933</u>

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt

The following changes in general long-term debt occurred during the fiscal year ended April 30, 2012, as reported in the financial statements:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note Payable	\$ 948,242	\$ -	\$(137,073)	\$ 811,169	\$ 147,309
Compensated Absences	<u>111,577</u>	<u>125,546</u>	<u>(143,240)</u>	<u>93,883</u>	<u>23,471</u>
 Governmental Activities					
Long-term Liabilities	<u>\$ 1,059,819</u>	<u>\$ 125,546</u>	<u>\$(280,313)</u>	<u>\$ 905,052</u>	<u>\$ 170,780</u>

Note Payable

A \$1,800,000 original balance note payable to Prosperity Bank (formerly Guaranty National Bank) dated June 1, 2001, with an interest rate of 8.0%, due in 180 monthly installments of \$17,202 beginning March 2002. Interest only was due monthly through February 2002. The note is secured by a building. The balance due at April 30, 2012, is \$811,169. Future requirements for the note payable are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 147,309	\$ 59,116	\$ 206,425
2014	160,129	46,296	206,425
2015	173,419	33,006	206,425
2016	187,813	18,612	206,425
2017	<u>142,499</u>	<u>8,209</u>	<u>150,708</u>
	<u>\$ 811,169</u>	<u>\$ 165,239</u>	<u>\$ 976,408</u>

Retirement Plan

At April 30, 2012, substantially all employees were participants in the Texoma Council of Governments Employee Retirement Plan (the "Plan") administered by a corporate trustee, International City Management Association Retirement Corporation (ICMA-RC). The Plan is a defined contribution plan, which has been approved by the Internal Revenue Service for qualification under IRC Section 401(a), and provides retirement and death benefits based on a participant's vested interest. The Plan has a fiscal year-end of September 30.

Employer contributions are 7% of participants' defined compensation, and participants are required to contribute 3% of their defined compensation. Employees may make voluntary after-tax contributions subject to certain limitations.

Participants immediately vest in mandatory contributions, plus actual earnings thereon. Vesting in Council contributions is based on years of continuous service according to a schedule, which provides full vesting at the end of seven years.

The Plan investments are stated at fair value. Investments in securities traded on a national securities exchange are valued daily at the last quoted sales price on the day valuations are made. Other equity securities which are not traded on a particular day are reported at the last reported bid price. Debt securities are valued at a price deemed to best reflect fair value.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

4. DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plan (Continued)

The Council's total payroll in fiscal year 2012 was \$2,864,997 and the Council's contributions were based on a payroll of \$2,681,763. Total contributions of \$268,263 were made for the year, which consisted of \$187,723 employer contributions, \$80,453 required employee contributions, and \$87 voluntary employee contributions.

Deferred Compensation Plan

The Council has an agreement with the ICMA-RC to provide a deferred compensation plan in accordance with the Internal Revenue Code, Section 457, on a voluntary basis to fulltime employees. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is only available to participants at employment termination, retirement or for an unforeseeable emergency. The Council makes no contributions to the plan. In accordance with federal law, a trust fund was established for the deposit of Section 457 assets. The trust fund is for the exclusive benefit of plan participants and beneficiaries. Because the assets are not owned by the Council but are held in a trust, the deferred compensation assets and related liabilities are not reported in the Council's financial statements. The Council's fiduciary responsibilities are to submit participant payroll deductions and enrollment change forms to the plan administrator (ICMA-RC). Other than reviewing quarterly statements for accuracy, the Council has no other fiduciary responsibility. Investments are managed by the Plan's trustee with various investment options available. The choice of the investment option is made by the employee.

TCOG employees contributed total amount of \$30,296 into the Plan during fiscal year 2012.

Commitments and Contingencies

Certain expenditures in the Aging Programs are contracted out to other governments or local agencies to perform the specific services set forth in the grant agreements. The Council disburses grant funds to the subcontractors based on monthly expenditures and performance reports received from each agency.

Subcontractors are required to have an annual independent audit. The Council requires each agency to submit a copy of the audit reports. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursement of the disallowed or questioned cost either from the Council or the delegate agency. The Council generally has the right of recovery from the subcontractors.

The Council participates in numerous federal and state assisted grant programs. Under the terms of these grants, the Council is subject to program compliance audits by the grantors or their representatives. Accordingly, the Council's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would have to be made to the grantor agencies. Accordingly, the amounts, if any, of expenditures that might be disallowed by the grantor agencies cannot be determined at this time; however, Council management believes such amounts, if any, would be immaterial.

Subsequent Events

Management has evaluated subsequent events through August 28, 2012, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY OBJECT -
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	U. S. Department of Housing and Urban Development	Corporation for National and Community Service	Economic Development Administration	Federal Transit Administration
	<u>Development</u>	<u>Service</u>	<u>Administration</u>	<u>Administration</u>
REVENUES				
Local and In-kind	\$ -	\$ 121,070	\$ 51,338	\$ 184,316
Federal	2,870,371	296,680	89,551	1,985
State	-	21,889	-	-
Interest Income	1,100	-	-	-
Total Revenues	<u>2,871,471</u>	<u>439,639</u>	<u>140,889</u>	<u>186,301</u>
EXPENDITURES				
Operational				
Direct Salaries	173,120	54,846	61,789	1,307
Benefit Program Costs	70,460	22,254	25,148	532
Indirect Costs	87,396	27,604	31,193	660
Travel	10,778	4,363	7,170	18
Supplies	19,773	13,247	10,179	1
Contracted Services	3,875	-	4,103	183,783
Capital Outlay	-	1,262	1,307	-
Other Direct Costs	2,447,142	20,105	-	-
Client Services				
Subcontracts	-	-	-	-
In-kind Services	-	120,068	-	-
Other	-	175,586	-	-
Total Expenditures	<u>2,812,544</u>	<u>439,335</u>	<u>140,889</u>	<u>186,301</u>
Excess Revenues Over (Under) Expenditures	<u>\$ 58,927</u>	<u>\$ 304</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Transfers between subfunds are presented on this schedule but are not presented in the basic financial statements.

<u>Governor's Office Criminal Justice Division</u>	<u>Commission on State Emergency Communications</u>	<u>Texas Department of Housing and Community Affairs</u>	<u>Governor's Office Division of Emergency Management</u>	<u>Texas Department of Aging and Disability Services</u>	<u>Texas Health and Human Services Commission</u>
\$ -	\$ -	\$ -	\$ 1,510	\$ 839,491	\$ 7,674
2,933	-	5,462,948	111,182	1,166,825	-
65,880	780,848	-	-	148,809	556,873
-	84	-	-	9	31
<u>68,813</u>	<u>780,932</u>	<u>5,462,948</u>	<u>112,692</u>	<u>2,155,134</u>	<u>564,578</u>
21,657	76,190	539,128	51,145	405,920	179,172
8,814	31,054	219,425	20,816	165,210	72,923
10,933	38,498	272,169	25,819	193,685	90,452
427	11,988	99,849	7,876	44,732	10,755
3,725	8,290	49,931	5,188	5,796	70,885
-	-	2,784,479	-	1,310,127	13,759
1,041	-	585	-	1,307	2,969
-	69,283	1,475,306	338	42,330	2,444
-	-	-	-	-	-
-	-	-	1,510	-	-
-	545,629	-	-	-	-
<u>46,597</u>	<u>780,932</u>	<u>5,440,872</u>	<u>112,692</u>	<u>2,169,107</u>	<u>443,359</u>
<u>\$ 22,216</u>	<u>\$ -</u>	<u>\$ 22,076</u>	<u>\$ -</u>	<u>\$ (13,973)</u>	<u>\$ 121,219</u>

(continued)

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY OBJECT -
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	<u>Texas Department of Transportation</u>	<u>Texas Department of Health / UNT</u>	<u>Office of Rural Community Affairs</u>
REVENUES			
Local and In-kind	\$ -	\$ -	\$ -
Federal	134,163	-	1,851
State	-	11,029	-
Interest Income	-	-	-
Total Revenues	<u>134,163</u>	<u>11,029</u>	<u>1,851</u>
EXPENDITURES			
Operational			
Direct Salaries	48,100	-	896
Benefit Program Costs	19,577	-	365
Travel	24,282	-	452
Indirect Costs	3,484	-	110
Supplies	3,681	3,853	28
Contracted Services	26,092	7,309	-
Capital Outlay	8,947	-	-
Other Direct Costs	-	667	-
Client Services			
Subcontracts	-	-	-
In-kind Services	-	-	-
Other	-	-	-
Total Expenditures	<u>134,163</u>	<u>11,829</u>	<u>1,851</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$(800)</u>	<u>\$ -</u>

Texas Commission on Environmental Quality	Local Funds	Total
\$ 13,529	\$ 1,491,209	\$ 2,710,137
-	-	10,138,489
141,138	-	1,726,466
-	-	1,224
<u>154,667</u>	<u>1,491,209</u>	<u>14,576,316</u>
28,606	601,792	2,243,668
11,643	244,885	913,106
14,441	207,888	1,025,472
749	2,884	205,183
25	20,270	214,872
98,678	175,007	4,607,212
-	1,300	18,718
525	138,916	4,197,056
-	108,827	108,827
-	-	121,578
<u>-</u>	<u>-</u>	<u>721,215</u>
<u>154,667</u>	<u>1,501,769</u>	<u>14,376,907</u>
<u>\$ -</u>	<u>\$ (10,560)</u>	<u>\$ 199,409</u>

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
YEARS ENDED APRIL 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Indirect Salaries	\$ 253,567	\$ 234,786
Benefit Programs	103,202	87,340
Indirect Personnel Costs	<u>356,769</u>	<u>322,126</u>
Advertising	-	351
Audit Services	39,025	38,025
Data Processing Services	5,735	5,015
Contracted Services	10,285	11,218
Depreciation Expense	107,047	80,292
Insurance and Bonding/General	7,344	10,407
Legal Services	2,201	3,147
Postage	5,003	2,126
Printing	3,357	3,506
Mortgage Interest	43,697	74,826
Repair/Maintenance Building	34,902	40,334
Reproduction Cost	2,575	1,962
Sanitation Service	1,398	1,690
Supplies - Office	6,940	8,012
Telephone Service	20,354	15,703
Travel	17,237	10,689
Utilities	<u>123,131</u>	<u>112,961</u>
Total	<u>787,000</u>	<u>742,390</u>
Less: Contributions to Indirect Costs	<u>(5,700)</u>	<u>(5,900)</u>
Net Indirect Costs	<u>\$ 781,300</u>	<u>\$ 736,490</u>
Basis for Allocation:		
Net Indirect Costs	<u>\$ 781,300</u>	<u>\$ 736,490</u>
Direct Salaries and Benefits	<u>\$ 3,156,773</u>	<u>\$ 3,305,250</u>
Indirect Cost Rate	<u>24.75%</u>	<u>22.28%</u>

TEXOMA COUNCIL OF GOVERNMENTS
 COMPARISON OF BUDGETED VS ACTUAL INDIRECT COSTS
 YEAR ENDED APRIL 30, 2012

	Budget 2012	Actual 2012
	<u> </u>	<u> </u>
Indirect Salaries	\$ 240,595	\$ 253,567
Benefit Programs	97,922	103,202
Indirect Personnel Costs	<u>338,517</u>	<u>356,769</u>
Advertising	1,000	-
Audit Services	34,350	39,025
Data Processing Services	4,996	5,735
Contracted Services	10,824	10,285
Depreciation Expense	125,996	107,047
Insurance and Bonding/General	7,155	7,344
Legal Services	1,400	2,201
Postage	3,550	5,003
Printing	2,965	3,357
Mortgage Interest	57,318	43,697
Repair/Maintenance Building	39,074	34,902
Reproduction Cost	4,500	2,575
Sanitation Service	1,230	1,398
Supplies - Office	6,000	6,940
Telephone Service	13,800	20,354
Travel	17,400	17,237
Utilities	<u>135,369</u>	<u>123,131</u>
 Total	 805,444	 787,000
 Less: Contributions to Indirect Costs	 <u>(5,160)</u>	 <u>(5,700)</u>
 Net Indirect Costs	 <u>\$ 800,284</u>	 <u>\$ 781,300</u>
 Basis for Allocation:		
Net Indirect Costs	<u>\$ 800,284</u>	<u>\$ 781,300</u>
Direct Salaries and Benefits	<u>\$ 3,334,265</u>	<u>\$ 3,156,773</u>
 Indirect Cost Rate	 <u>24.00%</u>	 <u>24.75%</u>

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS
YEARS ENDED APRIL 30, 2012 AND 2011

	2012	2011
Benefits Program:		
Release Time	\$ 367,761	\$ 369,941
Payroll Tax	214,358	222,850
Retirement	151,580	180,326
Group Insurance	426,806	422,364
Workers' Compensation Insurance	9,749	4,007
Unemployment Insurance	17,931	14,519
Employee Assistance Program	1,920	2,064
Air Ambulance Membership	3,160	3,153
Total Benefits	\$ 1,193,265	\$ 1,219,224
Basis for Allocation:		
Total Employee Benefits	\$ 1,193,265	\$ 1,219,224
Chargeable Time (see below)	\$ 3,145,782	\$ 2,633,036
Employee Benefit Rate	37.93%	46.30%
Computation of Chargeable Time:		
Personnel Costs:		
Indirect Salaries and Benefits	\$ 356,770	\$ 322,126
Direct Salaries and Benefits	3,156,773	2,680,851
Total Personnel Costs	3,513,543	3,002,977
Less: Fringe Benefit Costs per Schedule of Employee Benefits Which are not Included in Chargeable Time	(367,761)	(369,941)
Chargeable Time for Basis of Allocation of Employee Benefits	\$ 3,145,782	\$ 2,633,036

TEXOMA COUNCIL OF GOVERNMENTS
 COMPARISON OF BUDGETED VS ACTUAL EMPLOYEE BENEFITS
 YEAR ENDED APRIL 30, 2012

	Budget 2012	Actual 2012
Benefits Program:		
Release Time	\$ 385,013	\$ 367,761
Payroll Tax	199,256	214,358
Retirement	134,276	151,580
Group Insurance	417,193	426,806
Workers' Compensation Insurance	8,500	9,749
Unemployment Insurance	4,485	17,931
Employee Assistance Program	2,550	1,920
Air Ambulance Membership	3,400	3,160
Less: Overapplied Prior Year Costs	(63,964)	-
Total Benefits	\$ 1,090,709	\$ 1,193,265
Basis for Allocation:		
Total Employee Benefits	\$ 1,090,709	\$ 1,193,265
Chargeable Time (see below)	\$ 3,206,501	\$ 3,145,782
Employee Benefit Rate	34.02%	37.93%
Computation of Chargeable Time:		
Personnel Costs:		
Indirect Salaries and Benefits	\$ 338,517	\$ 356,770
Direct Salaries and Benefits	3,252,997	3,156,773
Total Personnel Costs	3,591,514	3,513,543
Less: Fringe Benefit Costs per Schedule of Employee Benefits Which are not Included in Chargeable Time	(385,013)	(367,761)
Chargeable Time for Basis of Allocation of Employee Benefits	\$ 3,206,501	\$ 3,145,782

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF CENTRAL SERVICE IT COSTS
YEARS ENDED APRIL 30, 2012 AND 2011

	2012	2011
Contracted Services	\$ 208,535	\$ 161,353
Repair & Maintenance Building	-	2,647
Supplies	2,527	14,384
Telephone Service	14,983	13,706
Travel	-	268
	\$ 226,045	\$ 192,358
 Basis for Allocation:		
Central Service IT Costs	\$ 226,045	\$ 192,358
Direct Salaries and Benefits	\$ 3,156,773	\$ 3,305,250
	7.16%	5.82%

TEXOMA COUNCIL OF GOVERNMENTS
 COMPARISON OF BUDGETED VS ACTUAL CENTRAL SERVICE IT COSTS
 YEAR ENDED APRIL 30, 2012

	<u>Budget 2012</u>	<u>Actual 2012</u>
Contracted Services	\$ 226,348	\$ 208,535
Repair and Maintenance - Building	-	-
Supplies	5,000	2,527
Telephone Service	14,009	14,983
Travel	<u>2,000</u>	<u>-</u>
 Total Central Service IT Costs	 <u>\$ 247,357</u>	 <u>\$ 226,045</u>
 Basis for Allocation:		
Central Service IT Costs	<u>\$ 247,357</u>	<u>\$ 226,045</u>
Direct Salaries and Benefits	<u>\$ 3,334,265</u>	<u>\$ 3,156,773</u>
 Central Service IT Cost Rate	 <u>7.42%</u>	 <u>7.16%</u>

SINGLE AUDIT SECTION

MCCLANAHAN AND HOLMES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

R. FRANK RAY, CPA
R. E. BOSTWICK, CPA
STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA

228 SIXTH STREET S.E.
PARIS, TEXAS 75460
903-784-4316
FAX 903-784-4310

304 WEST CHESTNUT
DENISON, TEXAS 75020
903-465-6070
FAX 903-465-6093

1400 WEST RUSSELL
BONHAM, TEXAS 75418
903-583-5574
FAX 903-583-9453

Independent Auditors' Report On Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors
Texoma Council of Governments
Sherman, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Texoma Council of Governments (the Council) as of and for the year ended April 30, 2012, and have issued our report thereon dated August 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Council is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures 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 Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 2012-1 to be a material weakness.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as Item 2012-2 and 2012-3 to be significant deficiencies.

To the Board of Directors
Texoma Council of Governments
Sherman, Texas
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's 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 determination of financial statement amounts. 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*.

The Council's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Council's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of directors, others within the Council, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

McCandless and Helms, LLP
Certified Public Accountants

Bonham, Texas
August 28, 2012

MCCLANAHAN AND HOLMES, LLP
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R. FRANK RAY, CPA
R. E. BOSTWICK, CPA
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228 SIXTH STREET S.E.
PARIS, TEXAS 75460
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FAX 903-784-4310

304 WEST CHESTNUT
DENISON, TEXAS 75020
903-465-6070
FAX 903-465-6093

1400 WEST RUSSELL
BONHAM, TEXAS 75418
903-583-5574
FAX 903-583-9453

Independent Auditors' Report on Compliance with Requirements that could
Have a Direct and Material Effect on each Major Program and on Internal
Control over Compliance in Accordance with OMB Circular A-133 and the
State of Texas Uniform Grant Management Standards

Board of Directors
Texoma Council of Governments
Sherman, Texas

Compliance

We have audited Texoma Council of Governments' (the Council) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Council's major federal and state programs for the year ended April 30, 2012. The Council's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State of Texas Uniform Grant Management Standards (UGMS)*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

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 April 30, 2012.

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

This report is intended solely for the information and use of the management, the Board of Directors, others within the Council, the federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McClanahan and Helms, LLP
Certified Public Accountants

Bonham, Texas
August 28, 2012

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards
Year Ended April 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Direct/ Pass-Through Grantor's Number	Expenditures
<u>U. S. Department of Commerce</u>			
Direct Programs:			
Investments for Public Works and Economic Development Facilities	11.300	N/A	\$ 42,481
Investments for Public Works and Economic Development Facilities	11.300	08-83-04244	47,070
Total Direct Programs			<u>89,551</u>
Pass-Through from:			
Governor's Division of Emergency Management:			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0044	3
Total Pass-Through Programs			<u>3</u>
Total U. S. Department of Commerce			<u>89,554</u>
<u>U. S. Department of Housing and Urban Development</u>			
Direct Programs:			
Section 8 Housing Choice Vouchers 2008	14.871	TX542	1,893,732
Section 8 Housing Choice Vouchers 2009	14.871	TX542	918,812
Total Direct Programs			<u>2,812,544</u>
Pass-Through from:			
Office of Rural Community Affairs:			
Community Development Block Grants - State's Program	14.228	C710210	167
Community Development Block Grants - State's Program	14.228	C79210	1,683
Total Pass-Through Programs			<u>1,850</u>
Total U. S. Department of Housing and Urban Development			<u>2,814,394</u>
<u>U. S. Department of Transportation</u>			
Direct Programs:			
Federal Transit - Formula Grants	20.507	TX-90-X799	1,985
Total Direct Programs			<u>1,985</u>
Pass-Through from:			
Texas Department of Transportation:			
Highway Planning and Construction	20.205	50-10F0020	95,257
State Planning and Research	20.515	51151F7139	38,906
Total Pass-Through Programs			<u>134,163</u>
Total U. S. Department of Transportation			<u>136,148</u>
<u>U. S. Department of Energy</u>			
Pass-Through from:			
Texas Department of Housing and Community Affairs:			
Weatherization Assistance for Low-Income Persons	81.042	56110001223	254,675
Weatherization Assistance for Low-Income Persons - ARRA	81.042	16090000679	2,417,933
Total Texas Department of Housing and Community Affairs			<u>2,672,608</u>
Total U. S. Department of Energy			<u>2,672,608</u>

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards
Year Ended April 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Direct/ Pass-Through Grantor's Number	Expenditures
<u>U. S. Department of Health and Human Services</u>			
Pass-Through from:			
Texas Department of Aging and Disability Services:			
Aging Cluster			
Special Program for the Aging - Title III, Part B	93.044	539-09-0223-00001	249,825
Special Program for the Aging - Title III, Part B	93.044	539-09-0223-00001	67,306
Subtotal			<u>317,131</u>
Special Program for the Aging - Title III, Part C	93.045	539-09-0223-00001	83,100
Special Program for the Aging - Title III, Part C	93.045	539-09-0223-00001	95,090
Special Program for the Aging - Title III, Part C	93.045	539-09-0223-00001	137,618
Special Program for the Aging - Title III, Part C	93.045	539-09-0223-00001	35,287
Subtotal			<u>351,095</u>
Nutrition Services Incentive Program	93.053	539-09-0223-00001	116,542
Nutrition Services Incentive Program	93.053	539-09-0223-00001	117,130
Subtotal			<u>233,672</u>
Total Aging Cluster			<u>901,898</u>
Special Program for the Aging - Title VII, Chapter 3	93.041	539-09-0223-00001	3,108
Special Program for the Aging - Title VII, Chapter	93.041	539-09-0223-00001	530
Subtotal			<u>3,638</u>
Special Program for the Aging - Title VII, Chapter 2	93.042	539-09-0223-00001	9,847
Special Program for the Aging - Title VII, Chapter 2	93.042	539-09-0223-00001	15,450
Special Program for the Aging - Title VII, Chapter 2	93.042		2,931
Subtotal			<u>28,228</u>
Special Program for the Aging - Title III, Part D	93.043	539-09-0223-00001	7,220
Special Program for the Aging - Title III, Part D	93.043	539-09-0223-00001	10,381
Subtotal			<u>17,601</u>
National Family Caregiver Support, Title III, Part E	93.052	539-09-0223-00001	55,115
National Family Caregiver Support, Title III, Part E	93.052	539-09-0223-00001	47,306
Subtotal			<u>102,421</u>
CMS Research, Demonstrations and Evaluations	93.779	539-09-0223-00001	43,037
CMS Research, Demonstrations and Evaluations	93.779	539-09-0223-00001	3,069
CMS Research, Demonstrations and Evaluations	93.779	539-09-0223-00001	32,824
CMS Research, Demonstrations and Evaluations	93.779	539-09-0223-00001	18,922
Subtotal			<u>97,852</u>
Affordable Care Act - Medicare Improvements	93.518	539-09-0223-00001	2,719
Affordable Care Act - Medicare Improvements	93.518	539-09-0223-00001	12,828
Subtotal			<u>15,547</u>
Total Texas Department of Aging and Disability Services			<u>1,167,185</u>
Texas Department of Housing and Community Affairs:			
Low-Income Home Energy Assistance	93.568	81120001413	15,736
Low-Income Home Energy Assistance	93.568	58110001099	1,493,304
Low-Income Home Energy Assistance	93.568	58100000823	194,688
Low-Income Home Energy Assistance	93.568	81100000921	867,783
Subtotal			<u>2,571,511</u>
Community Services Block Grant	93.569	61120001318	14,635
Community Services Block Grant	93.569	61100000880	(4,660)
Community Services Block Grant	93.569	61110001144	208,853
Subtotal			<u>218,828</u>
Total Texas Department of Housing and Community Affairs			<u>2,790,339</u>
Total U.S. Department of Health and Human Services			<u>3,957,524</u>

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards
Year Ended April 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Direct/ Pass-Through Grantor's Number	Expenditures
<u>Corporation for National and Community Service</u>			
Direct Programs:			
Retired and Senior Volunteer Program	94.002		303
Retired and Senior Volunteer Program	94.002	10SRWTX007	18,818
Retired and Senior Volunteer Program	94.002	10SRWTX007	49,904
Subtotal			69,025
Foster Grandparent Program	94.011	09SFWTX001	82,311
Foster Grandparent Program	94.011	09SFWTX001	145,345
Subtotal			227,656
Total Corporation for National and Community Services			296,681
 <u>U. S. Department of Homeland Security</u>			
Pass-Through from:			
Governor's Division of Emergency Management:			
Interoperable Emergency Communications 2010	97.055	2010-IP-T0-0005	61,800
Subtotal			61,800
Hazard Mitigation Grant	97.039	DR-1709-001	8,262
State Homeland Security Program	97.073	09-SR-99023-02	628
State Homeland Security Program	97.073	2010-SS-T0-0008	40,489
Subtotal			41,117
Total Governor's Division of Emergency Management			111,179
Total U. S. Department of Homeland Security			111,179
Total Expenditures of Federal Awards			10,078,088
 <u>Governor's Office - Criminal Justice Division</u>			
State Planning Assistance Grant 2011/2012		2001803	28,107
State Planning Assistance Grant 2010/2011		2001804	37,773
Total Governor's Office - Criminal Justice Division			65,880
 <u>Commission on State Emergency Communications</u>			
Emergency 911 - 2010/2011		N/A	503,826
Emergency 911 - 2011/2012		N/A	277,023
Total Commission on State Emergency Communications			780,849
 <u>Texas Commission on Environmental Quality</u>			
Regional Solid Waste Grant		582-12-10164	30,242
Regional Solid Waste Grant		582-10-91898	110,896
Total Texas Commission on Environmental Quality			141,138

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards
Year Ended April 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Direct/ Pass-Through Grantor's Number	Expenditures
<u>Texas Department of Aging and Disability Services</u>			
Direct Programs			
Guardianship Services		539-07-0002-00001	29,128
Guardianship Services		539-07-0002-00002	15,951
General Revenue		N/A	14,232
General Revenue		N/A	103,921
Subtotal			<u>118,153</u>
Total Direct Programs			<u>163,232</u>
Passed through Corporation for National and Community Service:			
Retired Senior Volunteer Program 2011-2012		11R2WTX011	15,899
Retired Senior Volunteer Program 2010-2011		09RZWTX016	991
Foster Grandparent 2011-2012		09FZWTX007	5,000
Subtotal			<u>21,890</u>
Total Texas Department of Aging and Disability Services			<u>185,122</u>
<u>Texas Health and Human Services Commission</u>			
HHSC Guardianship		HHSC 529-09-0-0	20
HHSC Guardianship		HHSC 529-09-0-0	21,357
Subtotal			<u>21,377</u>
211 Area Information Center Operations		HHSC 529-07-0105	103,696
211 Area Information Center Operations		HHSC 529-11-0001	170,685
211 Area Information Center Operations		529-11-0063-00006A	261,115
Subtotal			<u>535,496</u>
TDH University of North Texas - UNT Immunization 2011		PO NT 752-0000104609	7,640
TDH University of North Texas - UNT Immunization 2012		PO NT752-0000116668	4,189
TDH University of North Texas - UNT Immunization			(800)
Subtotal			<u>11,029</u>
Total Texas Health and Human Services Commission			<u>567,902</u>
Total Expenditure of State of Texas Financial Awards			<u>1,740,891</u>
Total Expenditures of Federal and State of Texas Awards			<u>\$ 11,818,979</u>

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
APRIL 30, 2012

1. Fund Accounting

The accounts of Texoma Council of Governments (the Council) are organized on the basis of funds with each being considered a separate accounting group. All federal and state programs are accounted for in Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

2. Basis of Accounting

Both the federal and state programs are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

TEXOMA COUNCIL OF GOVERNMENTS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED APRIL 30, 2012

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified that are not considered to be material weakness(es)?	Yes
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133 and state awards as defined by the State of Texas Uniform Grant Management Standards	None
Dollar threshold considered between Type A and Type B federal and state programs	\$302,343 - Federal; \$300,000 - State
Low risk auditee statement	The Council was not classified as a low-risk auditee in the context of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards
Major federal programs	Section 8 Housing Choice Vouchers, CFDA #14.871 Weatherization Assistance for Low-Income Persons, CFDA#81.042 Aging Cluster, CFDA#'s 93.044, 93.045, 93.053
Major state programs	Emergency 911 211 Area Information Center Operations

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2012

Findings Related to the Financial Statements Which are Required to be
Reported in Accordance with Generally Accepted Auditing Standards (continued)

Item 2012-1

<u>Condition:</u>	Although the Council reports six funds in its financial statements, the general ledger is not designed in this format. Revenue and expenditure account numbers are maintained in this manner, but balance sheet accounts must be manually separated into funds.
<u>Criteria:</u>	A fund should be a self-balancing set of accounts recording assets, together with all related liabilities and equities, and changes therein, which are segregated.
<u>Cause:</u>	Controls were not properly designed.
<u>Effect:</u>	The control objective of segregating and reporting specific activities is compromised. The accounting system does not segregate the balance sheet accounts into separate funds which results in more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.
<u>Recommendation:</u>	The general ledger should be designed in a manner that facilitates reporting those funds required by grants or sound financial administration.
<u>Management's Response:</u>	Management has provided the desired segregation of funds via exporting the accounting data into an excel spreadsheet file. While this methodology is effective in the short term, it does not provide the level of financial accounting system integrity desired by Management or the audit firm. Management is pursuing software and/or account coding modifications that should resolve this finding in the current or future fiscal year.

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2012

Item 2012-2

Condition: There is limited segregation of duties in the accounting system.

Cause: Limited number of personnel.

Effect: Results in the possibility of material misstatement of the financial statements.

Recommendation: Continued segregation of duties when possible and continue proper oversight by the Board of Directors.

Management's Response: Management continues to assign duties in a "step" fashion to the degree possible so that no one individual has complete control over any accounting process. Management does present financial data to the Full Governing Body each month for review and discussion. This allows for continuing financial oversight at the highest levels of the organization. Adding new staff positions is cost prohibitive at this time.

Item 2012-3

Condition: The Council does not prepare the financial statements nor control the period-end financial reporting process including controls over procedures used to analyze transactions compromising general ledger activity; controls over recording recurring and non-recurring adjustments to the financial statements; and, controls over the adequacy of note disclosures to the financial statements.

Management's Response: The Council does not prepare the financial statements nor control the period-end financial reporting process to a satisfactory degree. Management will endeavor to identify continuing educational opportunities for the Financial Department staff during the fiscal year so as to enable preparation of required financial statements at fiscal year end.

TEXOMA COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2012

Item 2011-1

Condition: Although the Council reports four funds in its financial statements, the general ledger is not designed in this format. Revenue and expenditure account numbers are maintained in this manner, but balance sheet accounts must be manually separated into funds.

Criteria: A fund should be a self-balancing set of accounts recording assets, together with all related liabilities and equities, and changes therein, which are segregated.

Cause: Controls were not properly designed.

Effect: The control objective of segregating and reporting specific activities is compromised. The accounting system does not segregate the balance sheet accounts into separate funds which results in more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

Recommendation: The general ledger should be designed in a manner that facilitates reporting those funds required by grants or sound financial administration.

Management's Response: Management has provided the desired segregation of funds via exporting the accounting data into an excel spreadsheet file. While this methodology is effective in the short term, it does not provide the level of financial accounting system integrity desired by Management or the audit firm. Management is pursuing software and/or account coding modifications that should resolve this finding in the current or future fiscal year.

TEXOMA COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2012

Item 2011-2

Condition: There is limited segregation of duties in the accounting system.

Cause: Limited number of personnel.

Effect: Results in the possibility of material misstatement of the financial statements.

Recommendation: Continued segregation of duties when possible and continue proper oversight by the Board of Directors.

Management's Response: Management continues to assign duties in a "step" fashion to the degree possible so that no one individual has complete control over any accounting process. Management does present financial data to the Full Governing Body each month for review and discussion. This allows for continuing financial oversight at the highest levels of the organization. Adding new staff positions is cost prohibitive at this time.

Item 2011-3

Condition: The Council does not prepare the financial statements nor control the period-end financial reporting process including controls over procedures used to analyze transactions compromising general ledger activity; controls over recording recurring and non-recurring adjustments to the financial statements; and, controls over the adequacy of note disclosures to the financial statements.

Management's Response: The Council does not prepare the financial statements nor control the period-end financial reporting process to a satisfactory degree. Management will endeavor to identify continuing educational opportunities for the Financial Department staff during the fiscal year so as to enable preparation of required financial statements at fiscal year end.

STATISTICAL SECTION
(Unaudited)

TEXOMA COUNCIL OF GOVERNMENTS
GRANT REGISTER
YEAR ENDED APRIL 30, 2012
(UNAUDITED)

CFDA No.	Fund Source	ACCT NO.	TYPE OF PROGRAM	CONTRACT NO.	GRANT PERIOD	AGENCY FUNDS	LOCAL FUNDS	TOTAL
<u>STATE FUNDS AND FEDERAL FUNDS PASSED THROUGH STATE AGENCIES</u>								
<u>Governor's Office Criminal Justice Division</u>								
	State		State Planning Assistance Grant 10/11	2001804	09/01/10 TO 08/31/11	62,500.00		62,500.00
			Agency Total			62,500.00	0.00	62,500.00
<u>Governor's Division of Emergency Management</u>								
97.039	Federal	30387	Hazard Mitigation Planning	DR-1709-001	02/20/08 TO 08/20/11	146,216.00		146,216.00
11.555	Federal	30391	Homeland Security PSIC	2007-GS-H7-0044	06/01/08	327,359.00	80,340.00	407,699.00
97.073	Federal	30393	Homeland Security 2009	09-SR 99023-02	08/01/09 TO 04/15/12	128,446.48		128,446.48
97.073	Federal	30396	Homeland Security 2010	2010-SS-T0-0008	08/01/10 TO 02/28/13	120,545.00		120,545.00
97.055	Federal	30397	IECGP Program	2010-IP-T0-0005	06/01/10 TO 08/31/12	127,100.00		127,100.00
			Agency Total			849,666.48	80,340.00	930,006.48
<u>Commission on State Emergency Communications</u>								
	State	30338	Emergency 911	None	09/01/10 TO 08/31/11	905,115.00		905,115.00
	State	30339	Emergency 911	None	09/01/11 TO 08/31/12	746,430.00	0.00	746,430.00
			Agency Total			1,651,545.00	0.00	1,651,545.00
<u>Texas Commission on Environmental Quality</u>								
	State	30320	Solid Waste Plan Implementation	582-10-91898	09/01/09 TO 08/31/11	340,000.00		340,000.00
	State	30327	Solid Waste Plan Implementation	582-12-10164	09/01/11 TO 08/31/12	115,000.00		115,000.00
			Agency Total			455,000.00	0.00	455,000.00
<u>Texas Department of Housing & Community Affairs</u>								
81.042	Federal	20200	DOE Weatherization 2012/2013		04/01/12 TO 03/31/13			0.00
93.568	Federal	20201	LIHEAP Weatherization 2012/2013	81120001413	04/01/12 TO 03/31/13	800,128.00		800,128.00
81.042	Federal	20262	DOE ARRA	16090000679	09/01/09 TO 12/31/11	7,063,409.00		7,063,409.00
93.568	Federal	20267	Comprehensive Energy Assistance 2010	58100000823	01/01/10 TO 12/31/10	1,746,060.00		1,746,060.00
93.569	Federal	20268	Community Services Block Grant 2010	61100000880	01/01/10 TO 04/30/11	1,582,774.00		1,582,774.00
93.568	Federal	20273	Comprehensive Energy Assistance 2011	58110001099	01/01/11 TO 12/31/11	2,042,429.00		2,042,429.00
81.042	Federal	20289	DOE Weatherization 2011/2012	56110001223	04/01/11 TO 03/31/12	275,659.00		275,659.00
93.568	Federal	20290	LIHEAP Weatherization 2011/2012	81100000921	04/01/11 TO 03/31/12	1,089,919.00		1,089,919.00
93.568	Federal	20295	Comprehensive Energy Assistance 2012	58100000823	01/01/12 TO 12/31/12	1,156,166.00		1,156,166.00
93.569	Federal	20297	Community Services Block Grant 2012	61120001318	01/01/12 TO 12/31/12	166,840.00		166,840.00
93.569	Federal	30323	Community Services Block Grant 2011	61110001144	01/01/11 TO 04/30/12	231,201.00		231,201.00
			Agency Total			16,154,585.00		16,154,585.00

TEXOMA COUNCIL OF GOVERNMENTS
GRANT REGISTER
YEAR ENDED APRIL 30, 2012
(UNAUDITED)

CFDA No.	Fund Source	ACCT NO.	TYPE OF PROGRAM	CONTRACT NO.	GRANT PERIOD	AGENCY FUNDS	LOCAL FUNDS	TOTAL
<u>Texas Department of Transportation</u>								
20.205	Federal	30317	FHWA 2009-2010	10F0020	10/01/09 TO 09/30/10	488,199.00		488,199.00
20.515	Federal	30318	TXDOT Regional Planning	510XXF7021	01/01/10 TO 12/31/10	47,348.00		47,348.00
20.515	Federal	30325	TXDOT Regional Planning	51151F7139	03/16/11 TO 12/31/11		0.00	0.00
Agency Total						535,547.00	0.00	535,547.00
<u>Texas Department on Aging & Disability Services</u>								
	State	50539	Guardianship Services	539-07-0002-00002	09/01/10 TO 08/31/11	54,456.00	0.00	54,456.00
	State	50546	Guardianship Services	539-07-0002-00001	09/01/11 TO 08/31/12	54,456.00		54,456.00
	State	50537	General Revenue	NFA #3	09/01/10 TO 08/31/11	90,735.00		90,735.00
	State	50545	General Revenue		09/01/11 TO 08/31/12	90,436.00		90,436.00
93.044	Federal	50537	Texoma AAA Title IIIB	VARIOUS NFA	10/01/10 TO 09/30/11	303,841.00	372,944.00	676,785.00
93.045	Federal	50537	Texoma AAA Title IIIC1	VARIOUS NFA	10/01/09 TO 09/30/10	361,012.00		361,012.00
93.045	Federal	50537	Texoma AAA Title IIIC2	VARIOUS NFA	10/01/09 TO 09/30/10	171,694.00		171,694.00
93.053	Federal	50537	Texoma AAA NSIP	VARIOUS NFA	10/01/09 TO 09/30/10	120,817.00		120,817.00
93.043	Federal	50537	Texoma AAA Title IIID	VARIOUS NFA	10/01/09 TO 09/30/10	15,175.00		15,175.00
93.052	Federal	50537	Texoma AAA Title IIIE	VARIOUS NFA	10/01/09 TO 09/30/10	107,514.00		107,514.00
93.042	Federal	50537	Texoma AAA Title VII-OAG	VARIOUS NFA	10/01/09 TO 09/30/10	18,742.00		18,742.00
93.041	Federal	50537	Texoma AAA Title VII-EAP	VARIOUS NFA	10/01/09 TO 09/30/10	3,147.00		3,147.00
93.779	Federal	50537	CMS HCFA	VARIOUS NFA	10/01/09 TO 09/30/11	94,177.00		94,177.00
93.044	Federal	50545	Texoma AAA Title IIIB	VARIOUS NFA	10/01/11 TO 09/30/12	294,114.00	230,228.00	524,342.00
93.045	Federal	50545	Texoma AAA Title IIIC1	VARIOUS NFA	10/01/11 TO 09/30/12	321,525.00		321,525.00
93.045	Federal	50545	Texoma AAA Title IIIC2	VARIOUS NFA	10/01/11 TO 09/30/12	136,587.00		136,587.00
93.053	Federal	50545	Texoma AAA NSIP	VARIOUS NFA	10/01/11 TO 09/30/12	146,910.00		146,910.00
93.043	Federal	50545	Texoma AAA Title IIID	VARIOUS NFA	10/01/11 TO 09/30/12	11,348.00		11,348.00
93.052	Federal	50545	Texoma AAA Title IIIE	VARIOUS NFA	10/01/11 TO 09/30/12	87,191.00		87,191.00
93.042	Federal	50545	Texoma AAA Title VII-OAG	VARIOUS NFA	10/01/11 TO 09/30/12	18,381.00		18,381.00
93.041	Federal	50545	Texoma AAA Title VII-EAP	VARIOUS NFA	10/01/11 TO 09/30/12	2,834.00		2,834.00
93.779	Federal	50545	CMS HCFA	VARIOUS NFA	10/01/11 TO 09/30/12	89,861.00		89,861.00
93.779	Federal	50545	MIPPA	VARIOUS NFA	04/01/11 TO 03/31/12	<u>28,601.00</u>		<u>28,601.00</u>
Agency Total						2,623,554.00	603,172.00	3,226,726.00
<u>Texas Health and Human Services Commission</u>								
	State	20293	211 Area Information Center Operations	529-11-0063-00006A	09/01/11 TO 08/31/12	390,695.00		390,695.00
	State	50525	HHSC Guardianship	HHSC 529-08-0-0	09/01/08 TO 08/31/09	60,000.00		60,000.00
	State	50529	HHSC Guardianship	HHSC 529-09-0-0	09/01/09 TO 08/31/10	39,000.00		39,000.00
	State	50540	HHSC Guardianship	HHSC 529-09-0-0	09/01/10 TO 08/31/11	34,800.00		34,800.00
	State	50527	211 Area Information Center Operations	HHSC 529-07-0105	09/01/09 TO 08/31/10	409,528.00		409,528.00
	State	50533	H1N1 Program	HHSC 529-07-0105	09/01/09 TO 05/31/10	39,607.00	0.00	39,607.00
	State	50538	211 Area Information Center Operations	HHSC 529-11-0001-00004	09/01/10 TO 08/31/11	<u>402,876.00</u>		<u>402,876.00</u>
Agency Total						1,376,506.00	0.00	1,376,506.00

TEXOMA COUNCIL OF GOVERNMENTS
GRANT REGISTER
YEAR ENDED APRIL 30, 2012
(UNAUDITED)

CFDA No.	Fund Source	ACCT NO.	TYPE OF PROGRAM	CONTRACT NO.	GRANT PERIOD	AGENCY FUNDS	LOCAL FUNDS	TOTAL
<u>Texas Department of Rural Affairs</u>								
14.228	Federal	30316	CEDA	C710209	09/01/09 TO 08/31/10	9,281.00	0.00	9,281.00
14.228	Federal	30321	CEDA	C710210	09/01/10 TO 08/31/11	10,076.00	0.00	10,076.00
14.228	Federal	30328	CEDA	C710211	09/01/11 TO 08/31/12	8,468.00	<u>0.00</u>	<u>8,468.00</u>
Agency Totals						27,825.00	0.00	27,825.00
<u>TDH/University of North Texas</u>								
State		50541	UNT Immunization 2011	PO NT752-0000104609	09/01/10 TO 08/31/11	10,364.55	0.00	10,364.55
State		50547	UNT Immunization 2012	NT752-0000116668	09/01/11 TO 08/31/12	<u>10,364.55</u>	<u>0.00</u>	<u>10,364.55</u>
Agency Total						20,729.10	0.00	20,729.10
<u>STATE FUNDS PASSED THROUGH FEDERAL AGENCY</u>								
State		50536	RSVP 2010-2011	09RZWTX016	09/01/10 TO 08/31/11	23,937.00		23,937.00
State		50543	RSVP 2011-2012	11RZWTX011	09/01/11 TO 08/31/12	<u>23,937.00</u>	<u>0.00</u>	<u>23,937.00</u>
Total						47,874.00	0.00	47,874.00
<u>DIRECT FEDERAL FUNDS</u>								
14.871	Federal	20252	Section 8 Voucher 2011	TX542	01/01/11 TO 12/31/11	2,519,792.00		2,519,792.00
14.871	Federal	20253	Section 8 Voucher 2012	TX542	01/01/12 TO 12/31/12			0.00
20.507	Federal	20229	Urban Mass Transportation Act of 1964 Planning	TX-90-X799	10/01/07	695,928.00	272,177.00	968,105.00
11.300	Federal	30322	Public Works & Economic Development Act of 1965 (Section 301B)	08-83-04660	01/01/11 TO 12/31/11	60,000.00	60,000.00	120,000.00
11.300	Federal	30329	Public Works & Economic Development Act of 1965 (Section 301B)	08-83-04752	01/01/11 TO 12/31/12	60,000.00	60,000.00	120,000.00
94.011	Federal	50535	Foster Grandparent 2010-2011	09SFWTX001	09/30/10 TO 09/29/11	204,020.00	46,254.00	250,274.00
94.011	Federal	50535	Foster Grandparent 2010-2011	09FZWTX007	09/01/10 TO 08/31/11	5,000.00		5,000.00
94.002	Federal	50536	RSVP 2010-2011	10SRWTX007	09/30/10 TO 09/29/11	71,849.00	32,013.00	103,862.00
94.011	Federal	50542	Foster Grandparent 2011-2012	09SFWTX001	09/30/11 TO 09/29/12	207,284.00	42,622.00	249,906.00
94.011	Federal	50542	Foster Grandparent 2011-2012	09FZWTX007	09/30/11 TO 09/29/12	5,000.00		5,000.00
94.002	Federal	50543	RSVP 2010-2011	10SRWTX007	09/30/11 TO 09/29/12	<u>43,109.00</u>	<u>31,919.00</u>	<u>75,028.00</u>
Direct Federal Funding Total						3,871,982.00	544,985.00	4,416,967.00

TEXOMA COUNCIL OF GOVERNMENTS
MEMBERSHIP PROFILE
(UNAUDITED)

Fiscal Year	County Members	City Members	Other Members	Total Membership
2003	3	31	50	84
2004	3	31	44	78
2005	3	29	44	76
2006	3	31	43	77
2007	3	31	42	76
2008	3	29	44	76
2009	3	31	46	80
2010	3	30	45	78
2011	3	32	46	81
2012	3	31	44	78

Fiscal Year	County Dues	City Dues	Other Dues	Total Dues
2003	\$ 11,073	\$ 19,792	\$ 9,092	\$ 39,957
2004	13,220	22,046	9,327	44,593
2005	11,898	20,716	8,926	41,540
2006	12,800	23,342	10,712	46,854
2007	12,800	23,465	10,712	46,977
2008	12,800	23,191	11,012	47,003
2009	12,800	23,529	9,607	45,936
2010	12,800	23,365	10,172	46,337
2011	13,455	24,917	10,078	48,450
2012	13,134	24,964	9,625	47,723

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF MEMBERSHIP DUES
YEAR ENDED APRIL 30, 2012 AND 2011
(UNAUDITED)

Member Entity	2012	2011
Cooke County, Balance	\$ 3,701	\$ 3,901
Fannin County, Balance	3,025	3,038
Grayson County, Balance	6,408	6,516
City of Bailey	-	200
City of Bells	259	264
City of Bonham	2,122	2,094
City of Callisburg	100	100
City of Collinsville	317	314
City of Denison	4,847	4,814
City of Dodd City	100	100
City of Ector	138	131
City of Gainesville	3,350	3,227
City of Gunter	357	338
City of Honey Grove	372	361
City of Howe	577	561
City of Knollwood	100	100
City of Ladonia	143	136
City of Leonard	395	401
City of Lindsay	188	189
City of Muenster	334	336
Town of Oak Ridge	100	100
City of Pottsboro	445	442
City of Ravenna	100	100
City of Sadler	100	100
City of Savoy	173	173
City of Sherman	7,637	7,689
City of Southmayd	213	215
City of Tioga	185	187
City of Tom Bean	200	200
City of Trenton	142	141
City of Valley View	157	153
City of Van Alstyne	546	555
City of Whitesboro	829	761
City of Whitewright	338	335
Town of Windom	100	100
Bells ISD	156	156
Bonham ISD	402	402
Denison ISD	863	863
Dodd City ISD	100	100

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF MEMBERSHIP DUES
YEAR ENDED APRIL 30, 2012 AND 2011
(UNAUDITED)

Member Entity	2012	2011
Ector ISD	100	100
Era ISD	100	100
Fannindell ISD	-	100
Grayson County College	746	746
Gunter ISD	-	168
Honey Grove ISD	127	127
Leonard ISD	164	164
Muenster ISD	109	109
Muenster Sacred Heart	100	100
North Central Tx College	1,282	1,282
Pottsboro ISD	254	254
Sam Rayburn ISD	100	-
Savoy ISD	100	100
Sherman ISD	1,254	1,254
Tom Bean ISD	167	167
Trenton ISD	-	110
Van Alstyne ISD	270	270
Whitesboro ISD	326	326
Bonham Chamber of Commerce	-	175
Denison Chamber of Commerce	100	100
Associate Memberships Texoma Housing Partners	2,805	2,805
 Total Membership Dues	 <u>\$ 47,723</u>	 <u>\$ 48,450</u>

TEXOMA COUNCIL OF GOVERNMENTS
REVENUES BY SOURCE AND AUTHORIZED STAFF
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Member Government Dues	Local Government Income/In-kind Contributions	Interest Income	State Funds	State Administered Grants	Federal Grants	Totals	Authorized Fulltime Positions
2003	\$ 39,957	\$ 2,326,184	\$ 303	\$ 1,005,875	\$ 2,496,537	\$ 3,066,148	\$ 8,935,004	72
2004	44,596	5,443,255	143	1,317,210	2,752,950	3,506,679	13,064,833	78
2005	41,402	1,550,984	239	1,190,705	2,929,672	3,287,936	9,000,938	77
2006	46,854	1,402,716	1,592	1,554,795	2,877,185	3,375,359	9,258,501	77
2007	46,977	1,371,191	1,420	1,837,362	2,774,263	3,513,869	9,545,082	76
2008	47,003	2,269,921	1,397	1,932,824	3,307,267	2,550,917	10,109,329	68
2009	45,936	2,132,838	3,485	2,407,434	2,858,907	3,243,396	10,691,996	66
2010	46,337	2,490,098	3,640	2,141,700	5,526,117	4,607,334	14,815,226	68
2011	48,450	3,892,293	1,899	1,440,445	8,548,810	4,191,292	18,123,189	76
2012	47,723	2,899,507	1,790	1,726,466	6,879,902	3,258,587	14,813,975	80

TEXOMA COUNCIL OF GOVERNMENTS
TOTAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 9,011,050
2004	9,945,943
2005	9,150,562
2006	9,232,191
2007	9,399,667
2008	9,659,536
2009	10,824,295
2010	14,290,954
2011	17,906,877
2012	14,889,053

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF INSURANCE IN FORCE
APRIL 30, 2012

Insurance Carrier & Policy Number	Coverage	Limits of Liability	Deductibles
Texas Municipal League 5208-06	General Liability	\$1,000,000 each occurrence \$1,000,000 sudden events involving pollution - each occurrence \$2,000,000 annual aggregate	None
Texas Municipal League 5208-06	Automobile Liability & Physical Damage	\$1,000,000 liability (hired, owned and non-owned), \$2500 medical payments Actual cash value comprehensive & collision	Comprehensive & collision: \$250 per vehicle
Texas Municipal League 5208-06	Public Officials Errors & Omissions	\$1,000,000 each occurrence \$2,000,000 annual aggregate 7/24/88 retroactive date Covers Governing Body & staff	\$5,000 each claim
Texas Municipal League 5208-06	Property	\$3,634,661 real and personal property \$1,000,000 newly acquired property \$1,000,000 transit \$100,000 valuable papers \$10,000 accounts receivable \$50,000 loss of revenues, extra expense, & rents \$10,000 Outdoor Trees & Shrubs \$5,000 Personal Property of Employees & Officials \$5,000 Leasehold Interest	\$500 each loss
Texas Municipal League 5208-06	Crime Coverage	\$100,000 Employee Dishonesty including "Faithful Performance"	\$250
Texas Municipal League 5208-06	Workers Compensation 5208	Workers compensation statutory employer's liability: \$100,000	None
American Safety RRG WEA 05-6220-002	Contractor's Pollution Liability	Contractor's Pollution Liability Claims made policy	