

TEXOMA COUNCIL OF GOVERNMENTS

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FISCAL YEAR ENDED APRIL 30, 2013

**Independent Auditor:
LaFollett & Company PLLC**

TEXOMA COUNCIL OF GOVERNMENTS
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INTRODUCTORY SECTION

Hon. Creta L. Carter II
President
Governing Body

Susan B. Thomas, PhD
Executive Director



Administration & Finance
1117 Gallagher Dr
Suite 470
Sherman, TX 75090

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August 15, 2013

The Honorable Creta L. Carter II
President of the Governing Body
Texoma Council of Governments
1117 Gallagher Drive, Suite 470
Sherman, Texas 75090

Dear Judge Carter
and Members of the Governing Body:

Texoma Council of Governments Comprehensive Annual Financial Report for fiscal year ended April 30, 2013, is submitted for your review and acceptance. 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, 2013, 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, 2013, 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, 2013, 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 eighteen 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, 2013, 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 unmodified opinion from the auditors. There is one (1) audit report finding that is 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.

Audit Findings:

Item 2013-1. The General Fund trial balances provided by Management contained both full-accrual and modified accrual basis balances. Balance sheet balances for TCOG's long-term debt and capital assets should be separated into separate funds within the accounting system. Management agrees with the recommendation to separate these balances and has already taken action to implement this change.

Members of the Governing Body
August 15, 2013
Page 4

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 Director

Enclosure

TEXOMA COUNCIL OF GOVERNMENTS

MEMBER GOVERNMENTS

COUNTIES (3)

Cooke

Grayson

Fannin

CITIES (29)

Bells

Bonham

Callisburg

Denison

Dodd City

Ector

Gainesville

Gunter

Honey Grove

Howe

Knollwood

Ladonia

Leonard

Lindsay

Muenster

Oak Ridge

Pottsboro

Ravenna

Sadler

Savoy

Sherman

Southmayd

Tioga

Tom Bean

Valley View

Van Alstyne

Whitesboro

Whitewright

Windom

SCHOOL DISTRICTS (17)

Bells

Bonham

Collinsville

Denison

Dodd City

Ector

Era

Fannindell

Gainesville

Honey Grove

Leonard

Muenster

Pottsboro

Sam Rayburn

Sherman

Tom Bean

Van Alstyne

COMMUNITY COLLEGE DISTRICTS (2)

North Central Texas College

Grayson County College

ASSOCIATE MEMBERS (25)

Denison COC

Celeste Public Housing

Ector Public Housing

Farmersville Public Housing

Gunter Public Housing

Honey Grove Public Housing

Howe Public Housing

Ladonia Public Housing

Bonham Public Housing

Princeton Public Housing

Savoy Public Housing

Tom Bean Public Housing

Trenton Public Housing

Van Alstyne Public Housing

Whitewright Public Housing

Windom Public Housing

Pottsboro Public Housing

Gainesville Area COC

Muenster COC

Sherman COC

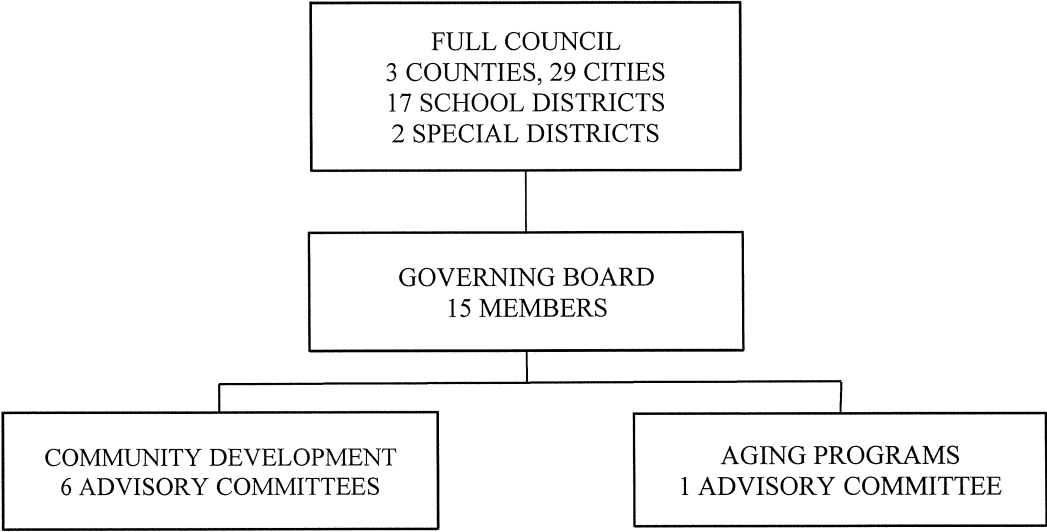
Tom Bean COC

Whitewright COC

Bells Public Housing

Tioga Public Housing

TEXOMA COUNCIL OF GOVERNMENTS
ORGANIZATION CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Texoma Council of Governments (the Council), as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of April 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 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.

Management has omitted budgetary comparison information for the General Fund and major Special Revenue Fund's that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, supplementary schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 Non-Profit Organizations* and the *State of Texas Uniform Grant Management Standards*, and is also not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

LaFollett and Company PLLC

Tom Bean, Texas
August 15, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2013

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, 2013, and should be read in conjunction with TCOG financial statements.

Financial Highlights

For the fiscal year ended April 30, 2013, total assets were \$3,603,862 compared to \$4,706,380 for the prior year; total liabilities were \$1,982,053 compared to \$2,108,137 for the prior year; total net position was \$1,621,809 compared to \$2,598,243 for the prior year. Of this amount, \$39,956 may be used to meet TCOG's ongoing obligations to funding agencies, vendors, and other creditors; prior year amount was \$970,092. The substantial reduction to total assets and net position are the direct result of a change in the funding methodology imposed by U.S. Department of Housing and Urban Development (HUD). Beginning in calendar year 2012, HUD required that TCOG as well as other grantees within the nation to spend down cash reserves that had been allowed to accumulate for several years. This spend down did not affect the service level of programs and activities but did reduce total assets (cash) and net position.

For the fiscal year ended April 30, 2013, total revenues were \$10,395,915 compared to \$14,813,975 for the prior year; total expenses were \$11,372,349 compared to \$14,787,218 for the prior year. This reduction in revenues and expenses was the result of the completion of ARRA Weatherization spending.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to TGOG'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 position presents information on all of TCOG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of TCOG's financial position.

The statement of activities presents information showing how TCOG's net position changed during the most recent fiscal year. All changes in net position 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.

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2013

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 12-22 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 23 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 \$1,621,809 at April 30, 2013, compared to \$2,598,243 for the prior year. This \$976,434 decrease in net position is mostly attributable to a change in grant funding from HUD which resulted in TCOG having to spend down cash reserves that HUD has allowed to be accumulated over several years. This spend down was required by HUD for grantees across the nation and was not unique to TCOG's situation.

The most significant portion of TCOG's net position (94%) 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, 2013, compared to the prior year:

Texoma Council of Government's Statement of Net Position

	Total		Percent
	2013	2012	Change
Assets:			
Current and Other Assets	\$ 1,409,212	\$ 2,267,060	-38%
Capital Assets	2,194,650	2,439,320	-10%
Total Assets	<u>3,603,862</u>	<u>4,706,380</u>	<u>-23%</u>
Liabilities:			
Current Liabilities	1,424,719	1,373,865	4%
Noncurrent Liabilities	557,334	734,272	-24%
Total Liabilities	<u>1,982,053</u>	<u>2,108,137</u>	<u>-6%</u>
Net Position:			
Invested in Capital Assets	1,529,115	1,628,151	-6%
Restricted	52,738	-	100%
Unrestricted	39,956	970,092	-96%
Total Net Position	<u>\$ 1,621,809</u>	<u>\$ 2,598,243</u>	<u>-38%</u>

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2013

For the fiscal year ended April 30, 2013, total revenues were \$10,395,915 compared to \$14,813,975 for the prior year; total expenses were \$11,372,349 compared to \$14,787,218 for the prior year. The decrease in revenues and expenses is mostly attributable to a decrease in federal grant funding. Fiscal year 2012 was the final year TCOG received temporary funding increases awarded from the American Reinvestment and Recovery Act.

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

Texoma Council of Government's Changes in Net Position

	Total		Percent
	2013	2012	Change
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 9,985,314	\$ 14,359,489	-30%
General Revenues:			
Grants and Contributions Not Restricted to Specific Programs	410,003	452,696	-9%
Interest Income	598	1,790	-67%
Total Revenue	10,395,915	14,813,975	-30%
Expenses:			
General Government	184,765	223,384	-17%
Aging and Disabilities	2,611,395	3,075,133	-15%
Community and Economic Development	2,004,548	1,845,328	9%
Housing and Client Services	6,497,201	9,495,696	-32%
Interest on Long-Term Debt	12,623	53,303	-76%
Loss on Disposal of Capital Assets	61,817	94,374	-34%
Total Expenses	11,372,349	14,787,218	-23%
Change in Net Position	(976,434)	26,757	-3749%
Net Position, Beginning	2,598,243	2,571,486	1%
Net Position, Ending	\$ 1,621,809	\$ 2,598,243	-38%

Financial Analysis of TCOG's Funds

During 2013, the U.S. Department of Housing and Urban Development required that TCOG "spend down" cash balances in this major fund in lieu of full reimbursement for current year HUD expenditures. This policy resulted in a significant decrease the fund balance for the HUD fund. HUD fund results are presented on pages 9 and 10.

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis
Fiscal Year Ended April 30, 2013

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 of 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, 2013, amounts to \$2,194,650 compared to \$2,439,320 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.

Long-Term Debt. At April 30, 2013, TCOG had total long-term liabilities of \$757,374 compared to \$905,052 for the prior year. Of this amount, \$665,535 comprises debt secured by the office building located at 1117 Gallagher Drive, Sherman, Texas. The prior year amount was \$811,169. Additional information on TCOG's long-term debt can be found in the notes to the financial statements.

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 470, Sherman, Texas 75090, phone (903) 813-3516.

BASIC FINANCIAL STATEMENTS

Texoma Council of Governments
Statement of Net Position
April 30, 2013

	Governmental Activities
<hr/>	
ASSETS	
Current Assets:	
Cash and Investments	\$ 641,482
Accounts Receivable	506,548
Under Allocated Employee Benefits & Central Service IT	208,813
Prepaid Expenses	52,369
Total Current Assets	<hr/> 1,409,212 <hr/>
Noncurrent Assets:	
Capital Assets net of Accumulated Depreciation:	
Buildings and Improvements	1,602,467
Furniture, Vehicles and Other Equipment	592,183
Total Noncurrent Assets	<hr/> 2,194,650 <hr/>
Total Assets	<hr/> 3,603,862 <hr/>
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	337,245
Unearned Revenue	871,854
Over Allocated Indirect Costs	15,580
Accrued Compensated Absences	22,960
Notes Payable	163,698
Total Current Liabilities	<hr/> 1,411,337 <hr/>
Noncurrent Liabilities:	
Notes Payable	501,837
Accrued Compensated Absences	68,879
Total Noncurrent Liabilities	<hr/> 570,716 <hr/>
Total Liabilities	<hr/> 1,982,053 <hr/>
NET POSITION	
Investment in Capital Assets, Net of Related Debt	1,529,115
Restricted	52,738
Unrestricted	39,956
Total Net Position	<hr/> \$ 1,621,809 <hr/>

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

Texoma Council of Governments
Statement of Activities
Year Ended April 30, 2013

		Program Revenues	Net (Expense) Revenue and Change in Net Assets
	Expenses	Operating Grants and Contributions	Total Governmental Activities
General Government	\$ 184,765	\$ -	\$ (184,765)
Aging and Disabilities	2,611,395	2,482,459	(128,936)
Community and Economic Development	2,004,548	1,137,090	(867,458)
Housing and Client Services	6,497,201	6,365,765	(131,436)
Interest on Long-term Debt	12,623	-	(12,623)
Loss on Disposal of Capital Assets	61,817	-	(61,817)
	<u>11,372,349</u>	<u>9,985,314</u>	<u>(1,387,035)</u>
Total Governmental Activities			
General Revenues			
Grants and Contributions not Restricted to			
Specific Programs			410,003
Unrestricted Investment Income			598
Total General Revenues			<u>410,601</u>
Change in Net Position			(976,434)
Net Position, Beginning			<u>2,598,243</u>
Net Position, Ending			<u><u>\$ 1,621,809</u></u>

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

Texoma Council of Governments
Balance Sheet
Governmental Funds
April 30, 2013

	General	US 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 Programs	Total Governmental Funds
ASSETS							
Cash and Pooled Investments	\$ -	\$ 25,063	\$ 133,660	\$ 52,433	\$ 203,010	\$ 227,316	\$ 641,482
Accounts Receivable	14,074	92,146	-	23,745	145,435	231,148	506,548
Due From Other Funds	-	-	-	-	-	91,500	91,500
Under Allocated Empl. Benefits & Central Service II	208,813	-	-	-	-	-	208,813
Prepaid Items	52,369	-	-	-	-	-	52,369
Total Assets	<u>\$ 275,256</u>	<u>\$ 117,209</u>	<u>\$ 133,660</u>	<u>\$ 76,178</u>	<u>\$ 348,445</u>	<u>\$ 549,964</u>	<u>\$ 1,500,712</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 35,781	\$ 14,451	\$ 33,911	\$ 28,124	\$ 79,806	\$ 145,172	\$ 337,245
Due to Other Funds	91,500	-	-	-	-	-	91,500
Deferred Revenue	600	50,020	99,749	48,054	268,639	404,792	871,854
Over Allocated Indirect Costs	15,580	-	-	-	-	-	15,580
Total Liabilities	<u>143,461</u>	<u>64,471</u>	<u>133,660</u>	<u>76,178</u>	<u>348,445</u>	<u>549,964</u>	<u>1,316,179</u>
Fund Balances							
Non-Spendable	52,369	-	-	-	-	-	52,369
Restricted	-	52,738	-	-	-	-	52,738
Unassigned, Reported in:							
Special Revenue Funds	-	-	-	-	-	-	-
General Fund	79,426	-	-	-	-	-	79,426
Total Fund Balances	<u>131,795</u>	<u>52,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,533</u>
Total Liabilities and Fund Balances	<u>\$ 275,256</u>	<u>\$ 117,209</u>	<u>\$ 133,660</u>	<u>\$ 76,178</u>	<u>\$ 348,445</u>	<u>\$ 549,964</u>	<u>\$ 1,500,712</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.

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

Net Assets of Governmental Activities

2,194,650

(757,374)

\$ 1,621,809

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, 2013

	General	US 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 Programs	Total Governmental Funds
REVENUES							
Federal	\$ -	\$ 2,237,023	\$ -	\$ 2,323,710	\$ 1,277,205	\$ 392,379	\$ 6,230,317
State	-	-	508,248	-	123,629	628,525	1,260,402
Local and In-kind	180,672	-	-	-	737,073	1,986,852	2,904,597
Investment Income	191	248	44	-	-	115	598
Total Revenues	<u>180,863</u>	<u>2,237,271</u>	<u>508,292</u>	<u>2,323,710</u>	<u>2,137,907</u>	<u>3,007,871</u>	<u>10,395,914</u>
EXPENDITURES							
Current:							
General Government	36,149	-	-	-	-	-	36,149
Aging and Disabilities	-	-	-	-	2,137,907	463,263	2,601,170
Community and Economic Development	-	-	508,292	-	-	1,471,013	1,979,305
Housing and Client Services	-	3,063,361	-	2,310,452	-	1,060,244	6,434,057
Capital Outlay	52,802	-	-	11,788	-	1,828	66,418
Debt Service:							-
Principal	145,634	-	-	-	-	-	145,634
Interest	12,623	-	-	-	-	-	12,623
Total Expenditures	<u>247,208</u>	<u>3,063,361</u>	<u>508,292</u>	<u>2,322,240</u>	<u>2,137,907</u>	<u>2,996,348</u>	<u>11,275,356</u>
Excess of Revenues Over Expenditures	<u>(66,345)</u>	<u>(826,090)</u>	<u>-</u>	<u>1,470</u>	<u>-</u>	<u>11,523</u>	<u>(879,442)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In (Out)	<u>(144,499)</u>	<u>157,492</u>	<u>-</u>	<u>(1,470)</u>	<u>-</u>	<u>(11,523)</u>	<u>-</u>
Net Change in Fund Balances	<u>(210,844)</u>	<u>(668,598)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(879,442)</u>
Fund Balances, Beginning	<u>342,639</u>	<u>721,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,063,975</u>
Fund Balances, Ending	<u>\$ 131,795</u>	<u>\$ 52,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,533</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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ (879,442)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	(181,669)
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Losses on capital asset disposals are not recorded in the governmental funds.	(61,817)
---	----------

Other amounts, including the change in liability for accrued vacation leave payable is not reported under the modified accrual basis of accounting utilized by governmental funds.	860
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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 government-wide financial statements.	145,634
	<hr/>

Change in Net Position of Governmental Activities - Statement of Activities	<u><u>\$ (976,434)</u></u>
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The accompanying notes are an integral part of these financial statements.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

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 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.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government 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.

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 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.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 Programs Fund* is used to account for all other federal, state, local grants, and other contributions related to these programs.

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 includes 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.

Accounts Receivable

Accounts 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, 2013. The Council considers all grants as fully collectible. Therefore, no allowance for doubtful accounts has been recorded.

Interfund Receivables, Payables, and Transfers

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 result from temporary assistance between funds. These balances, along with transfers, are eliminated in the government-wide financials.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Revenue

Deferred revenue represents amounts received from grantors in excess of expenditures for programs in progress as of April 30, 2013.

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
Buildings	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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position

Net position represents the difference between assets and liabilities. Investments 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 position is 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 regulation 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, 2013, 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. The Council had \$52,369 of prepaid assets classified as a non-spendable fund balance at April 30, 2013.

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. The Council's U.S. Department of Housing and Urban Development Fund had \$52,738 of fund balance restricted by its federal grantor at April 30, 2013.

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.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, the assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

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	\$ 66,418
Depreciation Expense	<u>(248,087)</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>\$ (181,669)</u>

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

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.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of April 30, 2013, the primary government had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 974	50

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.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

4. DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

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, 2013, the Council's \$641,482 deposits carrying value was fully-collateralized with securities held by the pledging financial institution above the \$250,000 of 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.

Capital Assets

Below is a summary of capital assets and related depreciation as of April 30, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, being Depreciated				
Buildings	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
Buildings and Improvements	1,089,519	40,715	-	1,130,234
Furniture, Vehicles, and Other	1,356,371	25,702	(147,065)	1,235,008
Total Capital Assets being Depreciated	<u>3,995,890</u>	<u>66,417</u>	<u>(147,065)</u>	<u>3,915,242</u>
Less Accumulated Depreciation:				
Buildings	433,868	39,744	-	473,612
Buildings and Improvements	491,331	73,039	-	564,370
Furniture, Vehicles, and Other	631,371	135,304	(84,065)	682,610
Total Accumulated Depreciation	<u>1,556,570</u>	<u>248,087</u>	<u>(84,065)</u>	<u>1,720,592</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,439,320</u>	<u>\$(181,670)</u>	<u>\$ (63,000)</u>	<u>\$ 2,194,650</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 148,616
Aging and Disabilities	11,085
Community and Economic Development	57,667
Housing and Client Services	30,719
Total Depreciation Expense - Governmental Activities	<u>\$ 248,087</u>

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

4. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2013, is as follows:

	Indirect Costs	Employee Benefits	Central Service IT	Total
Under (Over) Applied Costs at April 30, 2012	\$ (118,882)	\$ 348,650	\$ 38,165	\$ 267,933
Costs Allocated During the Year	(687,223)	(1,175,409)	(196,386)	(2,059,018)
Actual Costs	790,525	1,001,536	192,257	1,984,318
Under (Over) Applied Costs at April 30, 2013	\$ (15,580)	\$ 174,777	\$ 34,036	\$ 193,233

Long-Term Debt

The following changes in general long-term debt occurred during the fiscal year ended April 30, 2013, as reported in the financial statements:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable	\$ 811,169	\$ -	\$ (145,634)	\$ 665,535	\$ 163,698
Compensated Absences	93,883	124,263	(126,307)	91,839	22,960
Governmental Activities					
Long-term Liabilities	\$ 905,052	\$ 124,263	\$ (271,941)	\$ 757,374	\$ 186,658

Note Payable and Subsequent Events

A \$1,800,000 original balance note payable to Prosperity Bank (formerly Guaranty National Bank) was issued June 1, 2001, with a fixed 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, 2013, is \$665,535. The note matures February 1st of 2017.

Subsequent to year-end, this note was refinanced on May 29, 2013. The total after refinancing was \$653,438. After this loan modification agreement, the fixed interest rate is 4.5% and is due in 44 monthly installments of \$15,799, with a final payment \$14,488. The note remains secured by a building. The note matures February 1st of 2017.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt (Continued)

After the fiscal year 2014 refinancing, future requirements for the note payable are as follows:

Fiscal Year				
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	
2014	\$ 163,698	\$ 25,534	\$ 189,232	
2015	170,208	19,377	189,585	
2016	178,115	11,470	189,585	
2017	153,514	3,163	156,677	
	<u>\$ 665,535</u>	<u>\$ 59,544</u>	<u>\$ 725,079</u>	

Retirement Plan

At April 30, 2013, 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.

The Council's total payroll in fiscal year 2013 was \$2,454,531 and the Council's contributions were based on a payroll of \$2,230,785. Total contributions of \$223,080 were made for the year, which consisted of \$156,156 employer contributions and \$66,924 of required employee contributions.

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

4. DETAILED NOTES ON ALL FUNDS (Continued)

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 \$17,584 into the Plan during fiscal year 2013.

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 the date of the independent auditor's report, which is the date on which the financial statements were available to be issued. Other than the matter discussed for long-term debt refinancing in Note 4, there are no subsequent events to disclose.

SUPPLEMENTARY INFORMATION

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY OBJECT -
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED APRIL 30, 2013

	U.S. Department of Housing and Urban Development	Corporation for National and Community Service	Economic Development Administration	Governor's Office Criminal Justice Division	Commission on State Emergency Communications
REVENUES					
Local and In-kind	\$ -	\$ 119,945	\$ 48,823	\$ -	\$ -
Federal	2,237,023	242,977	60,670	-	-
State	-	13,722	-	35,773	508,248
Interest Income	248	-	-	-	44
Total Revenues	<u>2,237,271</u>	<u>376,644</u>	<u>109,493</u>	<u>35,773</u>	<u>508,292</u>
EXPENDITURES					
Operational					
Direct Salaries	151,510	55,769	44,891	16,125	68,369
Benefit Program Costs	83,321	30,629	24,836	8,894	37,647
Indirect Costs	80,805	29,730	23,993	8,609	36,480
Travel	7,629	1,815	3,815	363	12,651
Supplies	17,679	16,182	4,958	1,782	3,458
Contracted Services	2,054	-	7,000	-	-
Capital Outlay	-	-	-	-	-
Other Direct Costs	-	9,240	-	-	3,084
Client Services					
Subcontracts	-	-	-	-	-
In-kind Services	-	80,558	-	-	-
Other	<u>2,720,363</u>	<u>152,721</u>	<u>-</u>	<u>-</u>	<u>346,603</u>
Total Expenditures	<u>3,063,361</u>	<u>376,644</u>	<u>109,493</u>	<u>35,773</u>	<u>508,292</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (826,090)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY OBJECT -
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED APRIL 30, 2013

	Texas Department of Housing and Community Affairs	Governor's Office Division of Emergency Management	Texas Department of Aging and Disability Services	Texas Health and Human Services Commission	Texas Department of Health/UNT
REVENUES					
Local and In-kind	\$ -	\$ -	\$ 737,074	\$ 6,525	\$ -
Federal	2,323,710	87,305	1,277,205	-	-
State	-	-	123,629	393,700	12,805
Interest Income	-	-	-	115	-
Total Revenues	<u>2,323,710</u>	<u>87,305</u>	<u>2,137,908</u>	<u>400,340</u>	<u>12,805</u>
EXPENDITURES					
Operational					
Direct Salaries	273,403	38,798	393,267	176,848	-
Benefit Program Costs	150,311	21,289	215,895	97,264	-
Indirect Costs	145,800	20,676	197,829	94,322	-
Travel	47,307	3,689	34,335	6,746	-
Supplies	36,994	4,912	3,366	21,553	3,847
Contracted Services	800	-	73,288	6,239	7,184
Capital Outlay	11,788	-	-	505	-
Other Direct Costs	1,176,530	5,440	34,533	9,565	899
Client Services					
Subcontracts	479,307	-	1,166,318	-	-
In-kind Services	-	-	19,077	-	-
Other	-	-	-	-	875
Total Expenditures	<u>2,322,240</u>	<u>94,804</u>	<u>2,137,908</u>	<u>413,042</u>	<u>12,805</u>
Excess Revenues Over (Under) Expenditures	<u>\$ 1,470</u>	<u>\$ (7,499)</u>	<u>\$ -</u>	<u>\$ (12,702)</u>	<u>\$ -</u>

(continued)

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES BY OBJECT -
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED APRIL 30, 2013

	Office of Rural Community Affairs	Texas Commission on Environmental Quality	Local Funds	Total
REVENUES				
Local and In-kind	\$ -	\$ -	\$ 1,811,559	\$ 2,723,926
Federal	1,427	-	-	6,230,317
State	-	172,524	-	1,260,401
Interest Income	-	-	-	407
Total Revenues	<u>1,427</u>	<u>172,524</u>	<u>1,811,559</u>	<u>10,215,051</u>
EXPENDITURES				
Operational				
Direct Salaries	623	39,545	626,413	1,885,561
Benefit Program Costs	342	21,755	344,664	1,036,847
Indirect Costs	332	21,093	223,940	883,609
Travel	-	552	423	119,325
Supplies	130	-	26,570	141,431
Contracted Services	-	-	256,018	352,583
Capital Outlay	-	-	1,323	13,616
Other Direct Costs	-	746	172,243	1,412,280
Client Services				
Subcontracts	-	88,833	128,241	1,862,699
In-kind Services	-	-	-	99,635
Other	-	-	-	3,220,562
Total Expenditures	<u>1,427</u>	<u>172,524</u>	<u>1,779,835</u>	<u>11,028,148</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,724</u>	<u>\$ (813,097)</u>

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED APRIL 30, 2013

	2013 Actual	2012 Actual
Indirect Salaries	\$ 252,291	\$ 253,568
Employee Benefits	138,562	103,202
Advertising	29	0
Audit Services	43,925	39,025
Data Processing Services	6,000	5,735
Contracted Services	11,986	10,286
Depreciation Expense	103,092	107,047
Insurance & Bonding General	5,384	7,344
Legal Services	5,030	2,201
Postage	7,872	5,003
Printing	3,435	3,357
Mortgage Interest	46,333	43,697
Repair & Maintenance Building	35,798	34,902
Copy Center Expense	6,065	2,575
Sanitation Services	696	1,398
Supplies Office	4,848	6,940
Telephone Service	17,098	20,354
Travel Indirect Staff	10,689	17,237
Utilities	94,956	123,131
Total Indirect Costs	<u>794,088</u>	<u>787,000</u>
Less: Contributions To Indirect Costs	<u>(5,400)</u>	<u>(5,700)</u>
Net Indirect Costs	<u><u>\$ 788,688</u></u>	<u><u>\$ 781,300</u></u>
Basis For Allocation:		
Net Indirect Costs	\$ 788,688	\$ 781,300
Direct Salaries And Benefits	<u>\$ 2,922,408</u>	<u>\$ 3,156,773</u>
Indirect Cost Rate	<u><u>26.99%</u></u>	<u><u>24.75%</u></u>

TEXOMA COUNCIL OF GOVERNMENTS
COMPARISON OF BUDGETED VS ACTUAL INDIRECT COSTS
FOR THE YEAR ENDED APRIL 30, 2013

	2013 Budget	2013 Actual
Indirect Salaries	\$ 237,304	\$ 252,291
Employee Benefits	127,907	138,562
Advertising	1,000	29
Audit Services	42,925	43,925
Data Processing Services	4,996	6,000
Contracted Services	11,808	11,986
Depreciation Expense	119,968	103,092
Insurance & Bonding General	6,153	5,384
Legal Services	1,400	5,030
Postage	3,550	7,872
Printing	2,965	3,435
Mortgage Interest	48,026	46,333
Repair & Maintenance Building	39,074	35,798
Copy Center Expense	4,500	6,065
Sanitation Services	1,230	696
Supplies Office	6,000	4,848
Telephone Service	13,800	17,098
Travel Indirect Staff	17,400	10,689
Utilities	96,196	94,956
Total Indirect Costs	<u>786,202</u>	<u>794,088</u>
Less: Contributions To Indirect Costs	<u>(5,160)</u>	<u>(5,400)</u>
Net Indirect Costs	<u>\$ 781,042</u>	<u>\$ 788,688</u>
Basis For Allocation:		
Net Indirect Costs	\$ 781,042	\$ 788,688
Direct Salaries And Benefits	<u>\$ 2,886,221</u>	<u>\$ 2,922,408</u>
Indirect Cost Rate	<u>27.06%</u>	<u>26.99%</u>

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS
FOR THE YEAR ENDED APRIL 30, 2013

	2013 Actual	2012 Actual
Sick Leave	\$ 83,231	\$ 99,848
Annual Leave	124,263	143,240
Holidays	104,343	115,903
Funeral Leave	1,448	4,624
Admin Leave	2,166	3,523
Crisis Leave	1,229	621
	<u>316,680</u>	<u>367,761</u>
Payroll Taxes	181,950	214,359
Retirement	131,165	151,580
Workers Comp Insurance	6,852	9,749
Unemployment Insurance	4,227	17,931
Group Insurance	356,473	426,806
Employee Assistance Program	1,488	1,920
Air Ambulance Membership	2,700	3,160
	<u>684,855</u>	<u>825,505</u>
Total Benefits	<u>1,001,536</u>	<u>1,193,266</u>
Basis For Allocation:		
Total Employee Benefits	1,001,536	1,193,266
Chargeable Time (See Below)	2,996,581	3,145,782
Employee Benefit Rate	33.42%	37.93%
Computation Of Chargeable Time		
Personnel Costs:		
Indirect Salaries And Benefits	390,853	356,770
Direct Salaries And Benefits	2,922,408	3,156,773
Total Personnel Costs	<u>3,313,261</u>	<u>3,513,543</u>
Less: Fringe Benefit Costs Per Schedule Of Employee Benefits Which Are Not Included In Chargeable Time	<u>(316,680)</u>	<u>(367,761)</u>
Chargeable Time For Basis Of Allocation Of Employee Benefits	<u>\$ 2,996,581</u>	<u>\$ 3,145,782</u>

TEXOMA COUNCIL OF GOVERNMENTS
COMPARISON OF BUDGETED VS ACTUAL EMPLOYEE BENEFITS
FOR THE YEAR ENDED APRIL 30, 2013

	2013 Budget	2013 Actual
Sick Leave	\$ 62,543	\$ 83,231
Annual Leave	127,794	124,263
Holidays	105,842	104,343
Funeral Leave	4,000	1,448
Admin Leave	5,003	2,166
Crisis Leave	0	1,229
	<u>305,182</u>	<u>316,680</u>
 Payroll Taxes	 191,381	 181,950
Retirement	117,850	131,165
Workers Comp Insurance	8,500	6,852
Unemployment Insurance	6,200	4,227
Group Insurance	379,227	356,473
Employee Assistance Program	1,860	1,488
Air Ambulance Membership	2,480	2,700
	<u>707,498</u>	<u>684,855</u>
 Total Benefits	 <u>1,012,680</u>	 <u>1,001,536</u>
 Basis For Allocation:		
Total Employee Benefits	1,012,680	1,001,536
Chargeable Time (See Below)	3,286,332	2,996,581
 Employee Benefit Rate	 30.81%	 33.42%
 Computation Of Chargeable Time		
Personnel Costs:		
Indirect Salaries And Benefits	338,517	390,853
Direct Salaries And Benefits	3,252,997	2,922,408
Total Personnel Costs	<u>3,591,514</u>	<u>3,313,261</u>
 Less: Fringe Benefit Costs Per Schedule Of Employee Benefits Which Are Not Included In Chargeable Time	 <u>(305,182)</u>	 <u>(316,680)</u>
 Chargeable Time For Basis Of Allocation Of Employee Benefits	 <u><u>\$ 3,286,332</u></u>	 <u><u>\$ 2,996,581</u></u>

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF CENTRAL SERVICE I.T. COSTS
FOR THE YEAR ENDED APRIL 30, 2013

	<u>2013 Actual</u>	<u>2012 Actual</u>
Contracted Services	\$ 177,599	\$ 208,535
Supplies	1,014	2,527
Telephone Service	<u>13,645</u>	<u>14,983</u>
Total Costs	<u><u>\$ 192,258</u></u>	<u><u>\$ 226,045</u></u>
Basis For Allocation:		
Net CIT Costs	192,258	226,045
Direct Salaries And Benefits	<u>2,922,408</u>	<u>3,156,773</u>
CIT Cost Rate	<u><u>6.58%</u></u>	<u><u>7.16%</u></u>

TEXOMA COUNCIL OF GOVERNMENTS
COMPARISON OF BUDGETED VS ACTUAL CENTRAL SERVICE I.T. COSTS
FOR THE YEAR ENDED APRIL 30, 2013

	<u>2013 Budget</u>	<u>2013 Actual</u>
Contracted Services	\$ 184,424	\$ 177,599
Supplies	4,980	1,014
Telephone Service	<u>4,500</u>	<u>13,645</u>
Total Costs	<u><u>\$ 193,904</u></u>	<u><u>\$ 192,258</u></u>
Basis For Allocation:		
Net CIT Costs	193,904	192,258
Direct Salaries And Benefits	<u>2,886,221</u>	<u>2,922,408</u>
CIT Cost Rate	<u><u>6.72%</u></u>	<u><u>6.58%</u></u>

SINGLE AUDIT SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Texoma Council of Governments (the Council), as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated August 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See findings 2013-1 and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Findings

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

Purpose of this Report

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

LaFollett and Company PLLC

Tom Bean, Texas
August 15, 2013



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

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

Report on Compliance for Each Major Federal Program

We have audited the Texoma Council of Government's (the Council) compliance with the types of compliance requirements described in the *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, 2013. The Council's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Texas Uniform Grant Management Standards*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Texoma Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended April 30, 2013.

Report on Internal Control Over Compliance

Management of the Council, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

LaFollett and Company PLLC

Tom Bean, Texas
August 15, 2013

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED APRIL 30, 2013

Federal Grantor/Pass-Through Grantor	Program Title	Federal CFDA Number	Direct or Pass-Through Grantor's Number	Expenditures
U.S. Department of Homeland Security				
Passed Through From:				
Governor's Division of Emergency Management				
	Hazard Mitigation Grant	97.039	2010SHSP	\$ 1,579
	Hazard Mitigation Grant	97.039	2011SHSP	\$ 9,997
	Subtotal			<u>\$ 11,576</u>
	State Homeland Security Program	97.073	09-SR 99023-02	\$ 1,080
	State Homeland Security Program	97.073	2010-SS-T0-0008	\$ 41,480
	Subtotal			<u>\$ 42,560</u>
	Interoperable Emergency Communications Program	97.055	2010-IP-TO-0005	<u>\$ 40,668</u>
Total U.S. Department of Homeland Security				<u>\$ 94,803</u>
U.S. Department of Energy				
Passed Through From:				
Texas Department of Housing & Community Affairs				
	Weatherization Assistance for Low-Income Persons - ARI	81.042	16090000679	\$ 60
	Weatherization Assistance for Low-Income Persons	81.042	56120001491	<u>\$ 52,030</u>
Total U.S. Department of Energy				<u>\$ 52,090</u>
U.S. Department of Housing & Urban Development				
Direct Programs:				
	Section 8 Housing Choice Vouchers 2012	14.871	TX542	\$ 2,021,008
	Section 8 Housing Choice Vouchers 2013	14.871	TX542	<u>\$ 1,042,353</u>
	Total Direct Programs:			<u>\$ 3,063,361</u>
Passed Through From:				
Texas Department of Rural and Community Affairs				
	Community Development Block Grant	14.228	C710211	\$ 978
	Community Development Block Grant	14.228	C710212	<u>\$ 449</u>
	Total Pass-Through Programs:			<u>\$ 1,426</u>
Total U.S. Department of Housing & Urban Development				<u>\$ 3,064,787</u>
Corporation for National and Community Services				
Direct Programs:				
	Retired Senior Volunteer Program	94.002	10SRWTX007	\$ 56,453
	Retired Senior Volunteer Program	94.002	10SRWTX007	<u>\$ 47,600</u>
	Subtotal			<u>\$ 104,053</u>
	Foster Grandparent Program	94.011	12SFWTX001	\$ 127,162
	Foster Grandparent Program	94.011	11FZWTX006	\$ 5,000
	Foster Grandparent Program	94.011	09SFWTX001	<u>\$ 140,430</u>
	Subtotal			<u>\$ 272,592</u>
Total Corporation for National and Community Services				<u>\$ 376,645</u>

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED APRIL 30, 2013

Federal Grantor/Pass- Through Grantor	Program Title	Federal CFDA Number	Direct or Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Commerce</u>				
	Direct Programs:			
	Investments for Public Works and Economic Developmen	11.300	08-83-04752	\$ 109,493
Total U.S. Department of Commerce				\$ 109,493
<u>U.S. Department of Health and Human Services</u>				
	Passed Through From:			
	Texas Department of Housing & Community Affairs			
	LIHEAP Weatherization 2012/2013	93.568	81120001413	\$ 729,807
	LIHEAP Weatherization 2013/2014	93.568	81130001736	\$ 23,745
	Comprehensive Energy Assistance 2012	93.568	58100000823	\$ 1,029,064
	Comprehensive Energy Assistance 2012	93.568	58130001650	\$ 197,463
	Subtotal			1,980,079
	Community Services Block Grant 2012	93.569	61000001453	\$ 14,382
	Community Services Block Grant 2012	93.569	61130001600	\$ 67,870
	Community Services Block Grant 2012	93.569	61120001318	\$ 207,818
	Subtotal			\$ 290,070
	Total Texas Department of Housing & Community Affairs			\$ 2,270,149
	Texas Department on Aging & Disability Services			
	Special Program for the Aging - Title III Part D	93.043	539-11-0025-00001	\$ 967
	CMS Research, Demonstrations, and Evaluations	93.779	539-11-0025-00001	\$ 57,032
	Special Program for the Aging - Title III Part B	93.044	539-11-0025-00001	\$ 244,512
	Special Program for the Aging - Title III Part B	93.044	539-11-0025-00001	\$ 262,034
	Subtotal			\$ 506,546
	Special Program for the Aging - Title III Part C	93.045	539-11-0025-00001	\$ 98,121
	Special Program for the Aging - Title III Part C	93.045	539-11-0025-00001	\$ 140,185
	Special Program for the Aging - Title III Part C	93.045	539-11-0025-00001	\$ 125,149
	Special Program for the Aging - Title III Part C	93.045	539-11-0025-00001	\$ 135,170
	Subtotal			\$ 498,625
	Nutrition Services Incentive Program	93.053	539-11-0025-00001	\$ 74,602
	Nutrition Services Incentive Program	93.053	539-11-0025-00001	\$ 30,021
	Subtotal			\$ 104,623
	Special Program for the Aging - Title VII Chapter 3	93.041	539-11-0025-00001	\$ 2,304
	Special Program for the Aging - Title VII Chapter 3	93.041	539-11-0025-00001	\$ 505
	Subtotal			\$ 2,809
	National Family Caregiver Support - Title III Part E	93.052	539-11-0025-00001	\$ 39,885
	National Family Caregiver Support - Title III Part E	93.052	539-11-0025-00001	\$ 55,299
	Subtotal			\$ 95,184
	Special Program for the Aging - Title VII Chapter 2	93.042	539-11-0025-00001	\$ 12,179
	Special Program for the Aging - Title VII Chapter 2	93.042	539-11-0025-00001	\$ 2,931
	Subtotal			\$ 15,110
	Total Texas Department on Aging & Disability Services			\$ 1,280,896
Total U.S. Department of Health and Human Services				\$ 3,551,045
Total Expenditures of Federal Awards				\$ 7,248,863

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED APRIL 30, 2013

Federal Grantor/Pass- Through Grantor	Program Title	Federal CFDA Number	Direct or Pass-Through Grantor's Number	Expenditures
<u>Commission on State Emergency Communications</u>				
	Emergency 911		N/A	\$ 291,423
	Emergency 911		N/A	\$ 216,869
Total Commission on State Emergency Communications				<u>\$ 508,292</u>
<u>Texas Commission on Environmental Quality</u>				
	Solid Waste Plan Implementation		582-12-10164	\$ 172,524
Total Texas Commission on Environmental Quality				<u>\$ 172,524</u>
<u>Texas Department on Aging & Disability Services</u>				
	Direct Programs			
	Guardianship Services		539-07-0002-00001	\$ 37,275
	General Revenue		N/A	\$ 11,777
	General Revenue		N/A	\$ 40,558
	Subtotal			<u>\$ 89,610</u>
	Passed Through From Corporation for National and Community Services			
	Retired Senior Volunteer Program		11RZWTX011	\$ 4,704
Total Texas Department on Aging & Disability Services				<u>\$ 94,314</u>
<u>Texas Health and Human Services Commission</u>				
	211 Area Information Center Operations		529-11-0001-00004	\$ 257,099
	211 Area Information Center Operations		529-11-0063-00006A	\$ 136,601
	Subtotal			<u>\$ 393,700</u>
	TDH University of North Texas - UNT Immunization 2012		NT752-0000116668	\$ 5,473
	TDH University of North Texas - UNT Immunization 2013		NT752-0000133198	\$ 7,332
	Subtotal			<u>\$ 12,805</u>
Total Texas Health and Human Services Commission				<u>\$ 406,505</u>
Total Expenditures of State Awards				<u>\$ 1,181,636</u>
Total Expenditures of Federal and State Awards				<u><u>\$ 8,430,499</u></u>

TEXOMA COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
APRIL 30, 2013

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, 2013

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's reports issued: Unmodified

Internal control over financial reporting:

- Significant deficiencies identified? Yes
- Significant deficiencies identified that are considered to be a material weakness? No

Noncompliance material to the financial statements noted? No

Federal and State Awards

Internal control over major programs:

- Significant deficiencies identified? No
- Significant deficiencies identified that are considered to be a material weakness? No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 and state awards as defined by the State of Texas Uniform Grant Management Standards? No

Dollar threshold to distinguish between Type A and Type B programs:	Federal	\$300,000
	State	\$300,000

Auditee qualified as a low-risk auditee? No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
93.568	Low-Income Home Energy Assistance Program
93.044, 93.045, 93.053	Aging Cluster

Identification of major state programs:

Name of State Program
Emergency 911
211 Area Information Center Operations

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2013

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

Item 2013-1

<u>Condition:</u>	The General Fund trial balances provided by Management contained both full-accrual and modified accrual basis balances.
<u>Criteria:</u>	The General Fund should be maintained solely on the modified accrual basis of accounting.
<u>Cause:</u>	Accounting system controls were not properly designed.
<u>Effect:</u>	The control objective of reporting governmental-type fund financials on the modified accrual basis is compromised.
<u>Recommendation:</u>	Balance sheet balances for the Council's long-term debt and capital assets should be separated into separate funds within the accounting system. Debt principal payments should also be expensed in the General Fund, while depreciation expense should only be recorded in the separate capital asset fund.
<u>Management's Response:</u>	TCOG Management understands the need to separate long-term debt and capital assets into separate funds within the accounting system. This is easily accomplished and has already been completed.

TEXOMA COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2013

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>	<p>Prior Year 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.</p> <p>Fiscal Year 2013 Update - For 2013, Management changed the account coding structure such that the accounting software does produce individual trial balances for each grant program thus providing an efficient and effective means to produce appropriate financial statements for each fund reported.</p>

Item 2012-2

<u>Condition:</u>	There is limited segregation of duties in the accounting system.
<u>Cause:</u>	Limited number of personnel.
<u>Effect:</u>	Possibility of material misstatement of the financial statements.

TEXOMA COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2013

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

Management's Response: Prior Year 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.

Fiscal Year 2013 Update - It is neither prudent nor economical to hire additional Finance Department staff simply in order to provide absolute segregation of duties. Therefore, Management will continue to assign job task in an alternating step fashion so as to preclude any one individual from having total control over any accounting process. Management will continue to provide monthly and other periodic financial reports to all levels of TCOG internal management as well as the Governing Board.

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: Prior Year 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.

Fiscal Year 2013 Update - Although TCOG's Finance Department staff does not prepare the actual audit report, they do prepare year-end closing entries and generate financial reports that are provided to the audit firm in electronic and paper copies as requested. In addition, Finance Department staff prepares most, if not all, of the statistical information that goes into the audit report and they provide must, if not all, of the information that forms the basis for the financial data contained within the notes.

STATISTICAL SECTION
(Unaudited)

TEXOMA COUNCIL OF GOVERNMENTS
GRANT REGISTER
YEAR ENDED APRIL 30, 2013
(UNAUDITED)

CFDA No.	Fund Source	ACCT NO.	TYPE OF PROGRAM	CONTRACT NO.	GRANT PERIOD	AGENCY FUNDS	LOCAL FUNDS	TOTAL	FYE2013 Expenditures
STATE FUNDS AND FEDERAL FUNDS PASSED THROUGH STATE AGENCIES									
Governor's Division of Emergency Management									
97.039 Federal		30371	Homeland Security Manual Printing	2010SHSP	01/01/13 TO 04/30/13	1,578.68		1,578.68	1,578.68
98.039 Federal		30380	Homeland Security 2011	2011SHSP	03/16/13 TO 11/30/13	47,192.94		47,192.94	9,997.24
97.039 Federal		30387	Hazard Mitigation Planning	DR-1709-001	02/20/08 TO 08/20/11	146,216.00		146,216.00	-
97.073 Federal		30393	Homeland Security 2009	09-SR 99023-02	08/01/09 TO 04/15/12	128,446.48		128,446.48	1,080.22
97.073 Federal		30396	Homeland Security 2010	2010-SS-TO-0008	08/01/10 TO 02/28/13	120,545.00		120,545.00	41,479.69
97.055 Federal		30397	IECGP Program	2010-IP-TO-0005	06/01/10 TO 08/31/12	127,100.00		127,100.00	40,667.62
			Agency Total			571,079.10	0.00	571,079.10	94,803.45
Commission on State Emergency Communications									
State		30330	Emergency 911	None	09/01/12 TO 08/31/13	659,365.08		659,365.08	291,423.18
State		30339	Emergency 911	None	09/01/11 TO 08/31/12	746,430.00	0.00	746,430.00	216,869.21
			Agency Total			1,405,795.08	0.00	1,405,795.08	508,292.39
Texas Commission on Environmental Quality									
State		30327	Solid Waste Plan Implementation	582-12-10164	09/01/11 TO 08/31/13	230,000.00	-	230,000.00	172,524.18
			Agency Total			230,000.00	0.00	230,000.00	172,524.18
Texas Department of Housing & Community Affairs									
81.042 Federal		20200	DOE Weatherization 2011/2012	56120001491	04/01/12 TO 03/31/13	59,206.00		59,206.00	52,030.01
93.568 Federal		20201	LIHEAP Weatherization 2012/2013	81120001413	04/01/12 TO 03/31/13	800,128.00		800,128.00	729,806.76
93.569 Federal		20203	Community Services Block Grant 2012	61000001453	05/01/12 TO 07/31/12	14,382.00		14,382.00	14,382.00
93.568 Federal		20208	Comprehensive Energy Assistance 2012	58130001650	01/01/12 TO 12/31/12	699,264.00		699,264.00	197,462.83
93.569 Federal		20209	Community Services Block Grant 2012	81130001600	01/01/12 TO 12/31/13	222,453.00		222,453.00	67,869.87
93.568 Federal		20214	LIHEAP Weatherization 2013/2014	61130001736	04/01/13 TO 03/31/14	806,060.00		806,060.00	23,745.34
81.042 Federal		20262	DOE ARRA	16090000679	09/01/09 TO 12/31/11	7,063,409.00		7,063,409.00	60.00
93.568 Federal		20295	Comprehensive Energy Assistance 2012	58100000823	01/01/12 TO 12/31/12	1,156,166.00		1,156,166.00	1,029,064.01
93.569 Federal		20297	Community Services Block Grant 2012	61120001318	01/01/12 TO 12/31/12	222,453.00		222,453.00	207,818.28
			Agency Total			11,043,521.00		11,043,521.00	2,322,239.10
Texas Department on Aging & Disability Services									
State		50546	Guardianship Services	539-07-0002-00001	09/01/11 TO 08/31/13	54,456.00		54,456.00	37,275.25
State		50545	General Revenue		09/01/11 TO 08/31/12	90,436.00		90,436.00	11,777.00
State		50551	General Revenue		09/01/12 TO 08/31/13	89,669.00		89,669.00	40,558.00
93.043 Federal		50551	Texoma AAA Title IID	VARIOUS NFA	10/01/12 TO 09/30/13	11,348.00		11,348.00	
93.043 Federal		50545	Texoma AAA Title IID	VARIOUS NFA	10/01/11 TO 09/30/12	11,348.00		11,348.00	967.00
93.052 Federal		50545	Texoma AAA Title IIE	VARIOUS NFA	10/01/11 TO 09/30/12	87,191.00		87,191.00	39,885.00
93.042 Federal		50545	Texoma AAA Title VII-OAG	VARIOUS NFA	10/01/11 TO 09/30/12	18,381.00		18,381.00	2,931.00
93.041 Federal		50545	Texoma AAA Title VII-EAP	VARIOUS NFA	10/01/11 TO 09/30/12	2,834.00		2,834.00	2,304.00
93.779 Federal		50545	CMS HCFA	VARIOUS NFA	10/01/11 TO 09/30/12	89,861.00		89,861.00	57,031.77
93.779 Federal		50545	MIPPA	VARIOUS NFA	04/01/11 TO 03/31/12	28,601.00		28,601.00	(4,781.00)
93.044 Federal		50551	Texoma AAA Title IIB	VARIOUS NFA	10/01/12 TO 09/30/13	274,900.00	759,916.04	1,034,816.04	244,512.00
93.044 Federal		50545	Texoma AAA Title IIB	VARIOUS NFA	10/01/11 TO 09/30/12	294,114.00	230,228.00	524,342.00	262,033.98
93.045 Federal		50545	Texoma AAA Title IIC1	VARIOUS NFA	10/01/11 TO 09/30/12	321,525.00		321,525.00	98,120.64
93.045 Federal		50545	Texoma AAA Title IIC2	VARIOUS NFA	10/01/11 TO 09/30/12	136,587.00		136,587.00	140,185.37
93.053 Federal		50545	Texoma AAA NSIP	VARIOUS NFA	10/01/11 TO 09/30/12	146,910.00		146,910.00	30,021.00
93.045 Federal		50551	Texoma AAA Title IIC1	VARIOUS NFA	10/01/12 TO 09/30/13	221,180.00		221,180.00	125,149.00
93.045 Federal		50551	Texoma AAA Title IIC2	VARIOUS NFA	10/01/12 TO 09/30/13	168,942.00		168,942.00	135,170.00
93.053 Federal		50551	Texoma AAA NSIP	VARIOUS NFA	10/01/12 TO 09/30/13	89,164.00		89,164.00	74,602.00

TEXOMA COUNCIL OF GOVERNMENTS
GRANT REGISTER
YEAR ENDED APRIL 30, 2013
(UNAUDITED)

CFDA No.	Fund Source	ACCT NO.	TYPE OF PROGRAM	CONTRACT NO.	GRANT PERIOD	AGENCY FUNDS	LOCAL FUNDS	TOTAL	FYE2013 Expenditures
93.052	Federal	50551	Texoma AAA Title IIIIE	VARIOUS NFA	10/01/12 TO 09/30/13	88,810.00		88,810.00	55,299.00
93.042	Federal	50551	Texoma AAA Title VII-OAG	VARIOUS NFA	10/01/12 TO 09/30/13	18,381.00		18,381.00	12,179.00
93.041	Federal	50551	Texoma AAA Title VII-EAP	VARIOUS NFA	10/01/12 TO 09/30/13	2,834.00		2,834.00	505.00
93.779	Federal	50551	CMS HCFA	VARIOUS NFA	10/01/12 TO 09/30/13	48,188.00		48,188.00	-
			Agency Total			2,295,660.00	990,144.04	3,285,804.04	1,365,725.01
			<u>Texas Health and Human Services Commission</u>						
	State	20204	211 Area Information Center Operations	529-11-0001-00004	09/01/12 TO 08/31/13	397,511.11		397,511.11	257,098.71
	State	20293	211 Area Information Center Operations	529-11-0063-00006A	09/01/11 TO 08/31/12	397,716.00		397,716.00	136,601.18
			Agency Total			795,227.11	0.00	795,227.11	393,699.89
			<u>Texas Department of Rural Affairs</u>						
14.228	Federal	30328	CEDA	C710211	09/01/11 TO 08/31/12	8,468.00	0.00	8,468.00	977.70
14.228	Federal	30350	CEDA	C710212	09/01/12 TO 08/31/13	7,569.00	0.00	7,569.00	448.76
			Agency Totals			16,037.00	0.00	16,037.00	1,426.46
			<u>TDH/University of North Texas</u>						
	State	50547	UNT Immunization 2012	NT752-0000116668	09/01/11 TO 08/31/12	10,364.55	0.00	10,364.55	5,473.28
	State	50552	UNT Immunization 2013	NT752-0000133198	09/01/12 TO 08/31/13	10,364.55	0.00	10,364.55	7,331.94
			Agency Total			20,729.10	0.00	20,729.10	12,805.22
			<u>STATE FUNDS PASSED THROUGH FEDERAL AGENCY</u>						
	State	50543	RSVP 2011-2012	11RZWTX011	09/01/11 TO 08/31/12	24,621.00	0.00	24,621.00	4,704.20
			Total			24,621.00	0.00	24,621.00	4,704.20
			<u>DIRECT FEDERAL FUNDS</u>						
14.871	Federal	20253	Section 8 Voucher 2012	TX542	01/01/12 TO 12/31/12	2,031,384.00		2,031,384.00	2,021,008.03
14.871	Federal	20254	Section 8 Voucher 2013	TX542	01/01/13 TO 12/31/13	2,925,984.00		2,925,984.00	1,042,352.61
11.300	Federal	30329	Public Works & Economic Development Act of 1965 (Section 301B)	08-83-04752	01/01/112 TO 12/31/13	120,000.00	120,000.00	240,000.00	109,492.85
94.011	Federal	50549	Foster Grandparent 2012-2013	12SFWTX001	09/30/12 TO 09/29/13	207,284.00	45,686.00	252,970.00	127,162.11
94.011	Federal	50549	Foster Grandparent 2012-2013	11FZWTX006	09/30/12 TO 09/29/13	5,000.00		5,000.00	5,000.00
94.002	Federal	50550	RSVP 2012-2013	10SRWTX007	09/30/12 TO 09/29/13	57,479.00	27,509.00	84,988.00	56,452.78
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	140,430.29
94.002	Federal	50543	RSVP 2010-2011	10SRWTX007	09/30/11 TO 09/29/12	43,109.00	31,919.00	75,028.00	47,599.84
			Direct Federal Funding Total			5,597,524.00	267,736.00	5,865,260.00	3,549,498.51

TEXOMA COUNCIL OF GOVERNMENTS
MEMBERSHIP PROFILE
(UNAUDITED)

<u>Fiscal Year</u>	<u>County Members</u>	<u>City Members</u>	<u>Other Members</u>	<u>Total Membership</u>
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	40	75
2012	3	31	44	78
2013	3	29	38	70

<u>Fiscal Year</u>	<u>County Dues</u>	<u>City Dues</u>	<u>Other Dues</u>	<u>Total Dues</u>
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
2013	\$ 13,193	\$ 23,919	\$ 9,916	\$ 47,028

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF MEMBERSHIP DUES
YEAR ENDED APRIL 30, 2013 and 2012

<u>Member Entity</u>	<u>2013</u>	<u>2012</u>
Cooke County, balance	\$ 3,748	\$ 3,701
Fannin County, balance	2,992	3,025
Grayson County, balance	6,453	6,408
City of Bailey	-	-
City of Bells	262	259
City of Bonham	2,089	2,122
City of Callisburg	100	100
City of Collinsville	-	317
City of Denison	4,840	4,847
City of Dodd City	100	100
City of Ector	135	138
City of Gainesville	3,310	3,350
City of Gunter	352	357
City of Honey Grove	366	372
City of Howe	582	577
City of Knollwood	100	100
City of Ladonia	140	143
City of Leonard	394	395
City of Lindsay	200	188
City of Muenster	334	334
Town of Oak Ridge	100	100
City of Pottsboro	452	445
City of Ravenna	100	100
City of Sadler	100	100
City of Savoy	171	173
City of Sherman	7,738	7,637
City of Southmayd	215	213
City of Tioga	190	185
City of Tom Bean	203	200
City of Trenton	-	142
City of Valley View	175	157
City of Van Alstyne	555	546
City of Whitesboro	826	829
City of Whitewright	333	338
Town of Windom	100	100
Bells ISD	150	156
Bonham ISD	378	402
Collinsville ISD	112	-
Denison ISD	880	863
Dodd City ISD	100	100

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF MEMBERSHIP DUES (CONTINUED)
YEAR ENDED APRIL 30, 2013 and 2012

<u>Member Entity</u>	<u>2013</u>	<u>2012</u>
Ector ISD	\$ 100	\$ 100
Era ISD	100	100
Fannindell ISD	100	-
Gainesville ISD	588	-
Grayson County College	746	746
Honey Grove ISD	118	127
Leonard ISD	175	164
Muenster ISD	100	109
Muenster Sacred Heart	-	100
North Central Tx College	451	1,282
Pottsboro ISD	252	254
Sam Rayburn ISD	100	100
Savoy ISD	-	100
Sherman ISD	1,333	1,254
Tom Bean ISD	154	167
Van Alstyne ISD	266	270
Whitesboro ISD	-	326
Denison Chamber of Commerce	100	100
Associate Memberships Texoma Housing Ptnrs	2,970	2,805
TOTALS	\$ 47,028	\$ 47,723

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

<u>Fiscal Year</u>	<u>Member Government Dues</u>	<u>Local Govt Income/In-Kind Contributions</u>	<u>Interest Income</u>	<u>State Funds</u>	<u>State Administered Grants</u>	<u>Federal Grants</u>	<u>Totals</u>	<u>Authorized Full-Time Positions</u>
2004	\$ 44,596	\$ 2,600,254	\$ 143	\$ 1,331,348	\$ 2,907,088	\$ 3,379,971	\$ 10,263,400	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	84
2012	47,723	2,899,507	1,790	1,726,466	6,879,902	3,258,587	14,813,975	80
2013	\$ 47,028	\$ 2,857,569	\$ 598	\$ 1,260,402	\$ 3,689,647	\$ 2,540,670	\$ 10,395,914	62

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

Fiscal <u>Year</u>	<u>Amount</u>
2004	\$ 9,945,943
2005	\$ 9,150,562
2006	\$ 9,232,191
2007	\$ 9,399,667
2008	\$ 9,659,356
2009	\$ 10,824,295
2010	\$ 14,290,954
2011	\$ 17,906,877
2012	\$ 14,889,053
2013	\$ 11,275,356

TEXOMA COUNCIL OF GOVERNMENTS
SCHEDULE OF INSURANCE IN FORCE
APRIL 30, 2013
(UNAUDITED)

<u>Insurance Carrier & Policy Number</u>	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Deductibles</u>
Texas Municipal League 5208-13	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 5208-13	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 5208-13	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 5208-13	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 5208-13	Crime Coverage	\$100,000 Employee Dishonesty including "Faithful Performance"	\$250
Texas Municipal League 5208-13	Workers Compensation 5208	Workers compensation statutory employer's liability: \$500,000	None
Beazley Furlong Ltd 0623/2623	Contractor's Pollution Liability	Contractor's Pollution Liability Claims made policy \$1,000,000 liability	\$2,500 each claim