

TEXOMA COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT

APRIL 30, 2017

TEXOMA COUNCIL OF GOVERNMENTS

Table of Contents

April 30, 2017

	<u>Page No.</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iii
Member Governments	iv
Organization Chart	v
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Balance Sheets – Governmental Funds	9
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	10
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Notes to Financial Statements	12-22
OTHER INFORMATION	
Schedule of Revenues and Expenditures by Object – Special Revenue Funds	23-25
Schedule of Indirect Costs	26
Comparison of Budgeted Vs. Actual Indirect Costs	27
Schedule of Employee Benefits	28
Comparison of Budgeted Vs. Actual Employee Benefits	29
Schedule of Central Service IT Costs	30
Comparison of Budgeted Vs. Actual Central Service IT Costs	31

TEXOMA COUNCIL OF GOVERNMENTS

Table of Contents (Continued)

April 30, 2017

Page No.

OTHER INFORMATION (continued)

Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH)
Financial Data Schedules (FDS)

Schedule I – Balance Sheet	32
Schedule II – Income Statement	33

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	34-35
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards	36-37
Schedule of Expenditures of Federal and State Awards	38-40
Notes to the Schedule of Expenditures of Federal and State Awards	41
Schedule of Findings and Questioned Costs	42-44
Summary Schedule of Prior Audit Findings and Questioned Costs	45

STATISTICAL SECTION

Grant Register	46-48
Membership Profile	49
Schedule of Membership Dues	50-51
Revenues by Source and Authorized Staff	52
Total Governmental Expenditures	53
Schedule of Insurance in Force	54

INTRODUCTORY SECTION

September 20, 2017

The Honorable Jason Brinkley
President of the Governing Board
Texoma Council of Governments
1117 Gallagher Drive, Suite 470
Sherman, Texas 75090

Dear Judge Brinkley:

Texoma Council of Governments' Annual Audit Report including financial statements and supplementary information for fiscal year ended April 30, 2017, is submitted for the Governing Board's review and acceptance. This report was prepared in accordance with TCOG's bylaws. We believe the data 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 Uniform Guidance 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, 2017, were followed in the operations 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 agents, of the integrity of the accounting and reporting systems.

REPORTING ENTITY AND SERVICES

TCOG operations are controlled by grants, or contract arrangements, with the United States of America and the State of Texas. For the fiscal year ended April 30, 2017, the largest sub-grantee 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 will be presented to the Governing Board for review and approval upon receipt.

FUNCTIONAL ACTIVITIES

During the fiscal year ended April 30, 2017, 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, including a minimal deposit in 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 or other operational expenses 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 Uniform Guidance.

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 (OMB) 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 December 2014 the OMB implemented the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, commonly referred to as the Uniform Guidance, which synthesizes and supersedes guidance from previous OMB circulars. In accordance with Uniform Guidance requirements, the Annual Audit Report is contained herein for the Board's review and consideration.

CERTIFICATION OF INDIRECT COST PERCENTAGE

The undersigned Executive Director hereby certifies that based upon the enclosed audited financial data, TCOG's indirect cost for fiscal year ended April 30, 2017 was 7.6% of total expenditures and did not exceed 15% 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 and contains no findings. There are no questioned or disallowed costs, instances of noncompliance, or other reportable conditions. The audit firm has not issued a separate management letter.

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 Board for their direction and support in the financial operations of Texoma Council of Governments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "SMT", is placed below the text "Respectfully submitted,".

Susan B. Thomas, Ph.D.
Executive Director

Cc: Texoma Council of Governments Governing Board Members

Enclosure

texoma council of governments

member governments 2016-2017

COUNTIES (3)

Cooke

Fannin

Grayson

CITIES/TOWNS (25)

City of Bonham

City of Ladonia

City of Tom Bean

City of Callisburg

City of Leonard

City of Trenton

City of Denison

Town of Lindsay

City of Valley View

City of Ector

Town of Oak Ridge

City of Van Alstyne

City of Gainesville

City of Pottsboro

City of Whitesboro

City of Gunter

City of Sadler

City of Whitewright

City of Honey Grove

City of Sherman

Town of Windom

City of Howe

City of Southmayd

City of Knollwood

City of Tioga

SCHOOL DISTRICTS (10)

Bells ISD

Leonard ISD

Savoy ISD

Denison ISD

Muenster ISD

Sherman ISD

Dodd City ISD

Pottsboro ISD

Ector ISD

Sam Rayburn ISD

COMMUNITY COLLEGE DISTRICTS (2)

Grayson College

North Central Texas College

ASSOCIATE MEMBERS (21)

Bonham Chamber of Commerce

Honey Grove Public Housing

Van Alstyne Public Housing

Denison Chamber of Commerce

Howe Public Housing

Whitewright Public Housing

Sherman Chamber of Commerce

Ladonia Public Housing

Windom Public Housing

Bells Public Housing

Pottsboro Public Housing

Bonham Public Housing

Princeton Public Housing

Celeste Public Housing

Savoy Public Housing

Ector Public Housing

Tioga Public Housing

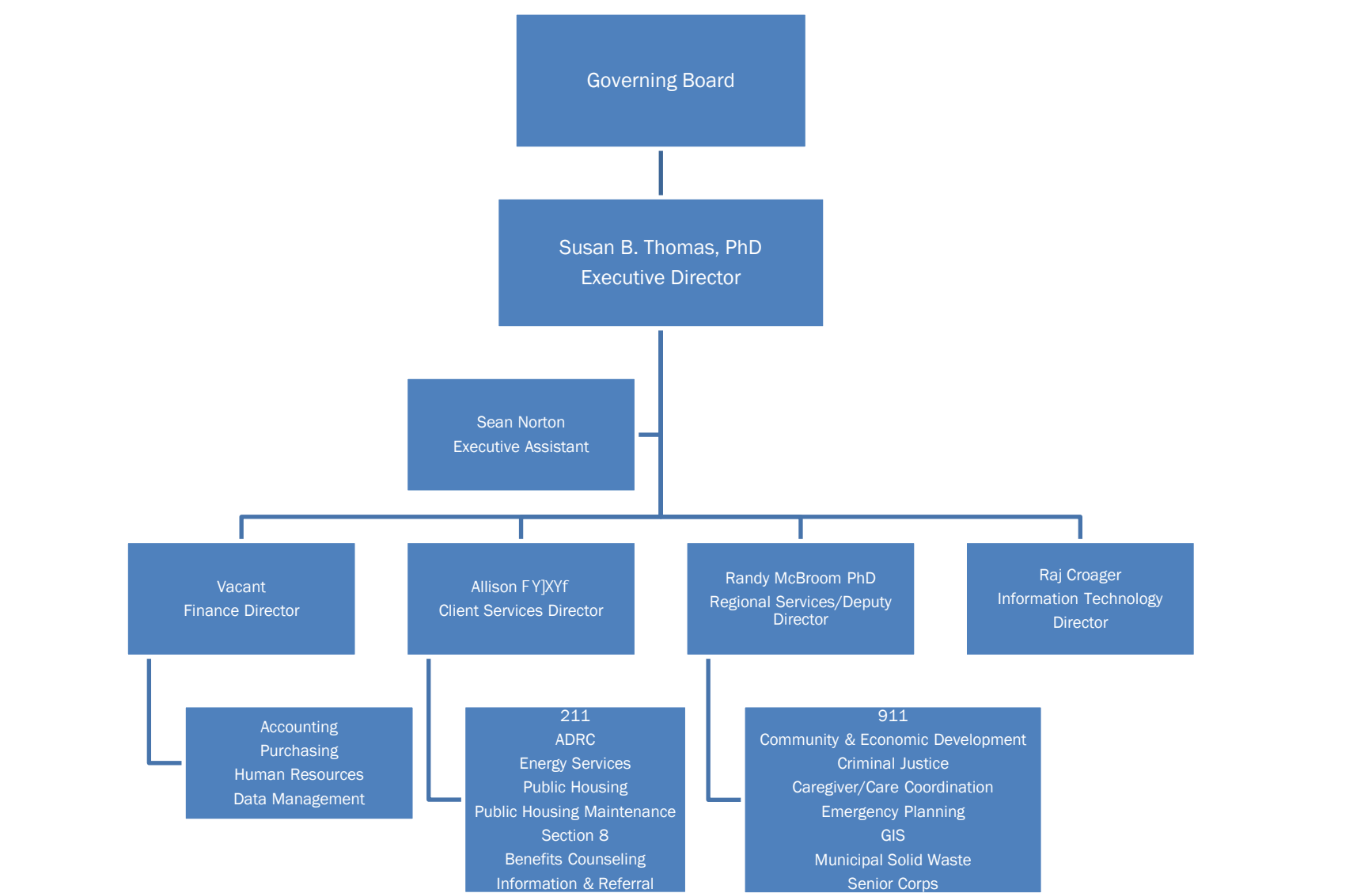
Farmersville Public Housing

Tom Bean Public Housing

Gunter Public Housing

Trenton Public Housing

Texoma Council of Governments
Organization Chart



Texoma Council of Governments
Governance Chart

Governing Board	<ul style="list-style-type: none">• 15 Board Members
Member Jurisdictions	<ul style="list-style-type: none">• 3 Counties• 25 Cities• 10 School Districts• 2 Special Districts• 21 Associate Members
Aging Services	<ul style="list-style-type: none">• RSVP Advisory Council Cooke County• RSVP Advisory Council Fannin County• RSVP Advisory Council Grayson County• Foster Grandparent Program Advisory Council• Texoma Regional Advisory Council
Client Services	<ul style="list-style-type: none">• 211 Texas Advisory Council• Family Self Sufficiency Fannin County• Family Self Sufficiency Grayson County• ADRC Executive Oversight Committee• Texoma Housing Partners Board of Commissioners• Community Services Advisory Council
Regional Services	<ul style="list-style-type: none">• Criminal Justice Advisory Committee• Homeland Security Advisory Committee• Natural Resources Advisory Committee

FINANCIAL SECTION

McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA

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

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

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

INDEPENDENT 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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Funds 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 (pages i through v), supplemental schedules (pages 23 through 31), statistical section (pages 46 through 54), and the Real Estate Assessment Center Financial Assessment Subsystem Financial Data Schedules (FDS) (pages 32 and 33) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The FDS are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC). The schedule of expenditures of federal and state awards (pages 38 through 40) are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental schedules (pages 23 through 31), the FDS (pages 32 and 33), and the schedule of expenditures of federal and state awards (pages 38 through 40) 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 supplemental 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 September 12, 2017, 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.

McClanahan and Holmes, LLP

Certified Public Accountants

Bonham, Texas
September 12, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TEXOMA COUNCIL OF GOVERNMENTS

Management's Discussion and Analysis

Year Ended April 30, 2017

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, 2017, and should be read in conjunction with TCOG financial statements.

Financial Highlights

For the fiscal year ended April 30, 2017, total assets were \$5,401,211 compared to \$4,730,662 for the prior year; total liabilities were \$2,547,069 compared to \$2,142,327 for the prior year; total net position was \$2,821,782 compared to \$2,854,142 for the prior year. Of this amount, \$586,645 was unrestricted compared to the prior year unrestricted amount of \$553,099.

For the fiscal year ended April 30, 2017, total revenues were \$11,758,286 compared to \$11,084,734 for the prior year; total expenses were \$11,524,839 compared to \$11,105,360 for the prior year. The 6% net increase in total revenues is the combined net of funding changes from the major funds. The categories of Department of Housing and Urban Development and Department of Housing and Community Affairs experienced an increase in revenues while the categories Commission on State Emergency Communications and Other Programs both experienced a decrease in revenues. The 4% in net increased expenditures resulted from increased expenditures in all functional categories with the exception of Commission on State Emergency Communication. During the current year, Department of Aging and Disability Services was dissolved and is directly under Department of Health and Human Services.

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

Year Ended April 30, 2017

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 position may serve over time as a useful indicator of a government's financial position. In the case of TCOG, assets exceeded liabilities by \$2,821,782 at April 30, 2017 compared to \$2,588,335 for the prior year.

The most significant portion of TCOG's net position (69.3%) 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, 2017, compared to the prior year:

Texoma Council of Government's Statement of Net Position

	Total		Percent
	2017	2016	Change
Assets:			
Current and Other Assets	\$ 2,697,051	\$ 2,049,825	32%
Capital Assets	<u>2,704,160</u>	<u>2,680,837</u>	1%
Total Assets	<u>5,401,211</u>	<u>4,730,662</u>	14%
Liabilities:			
Current Liabilities	1,822,484	1,309,966	39%
Noncurrent Liabilities	<u>756,945</u>	<u>832,362</u>	-9%
Total Liabilities	<u>2,579,429</u>	<u>2,142,328</u>	20%
Net Position:			
Net Investment in Capital Assets	1,955,598	1,864,467	5%
Restricted	279,539	170,769	64%
Unrestricted	<u>586,645</u>	<u>553,099</u>	6%
Total Net Position	<u>\$ 2,821,782</u>	<u>\$ 2,588,335</u>	9%

TEXOMA COUNCIL OF GOVERNMENTS

Management's Discussion and Analysis

Year Ended April 30, 2017

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
	2017	2016	Change
Revenues:			
Program Revenues:			
Operating Grants and Contributions	\$ 9,765,493	\$ 9,327,391	5%
General Revenues:			
Grants and Contributions Not Restricted to Specific Programs	1,992,595	1,753,199	14%
Interest Income	198	144	38%
Total Revenue	<u>11,758,286</u>	<u>11,080,734</u>	6%
Expenses:			
General Government	1,873,676	1,710,287	10%
Aging and Disabilities	3,073,633	2,869,101	7%
Community and Economic Development	1,140,001	1,723,564	-34%
Housing and Client Services	5,397,129	4,777,087	13%
Interest on Long-Term Debt	<u>40,400</u>	<u>25,321</u>	60%
Total Expenses	11,524,839	11,105,360	4%
Change in Net Position	233,447	(24,626)	
Net Position, Beginning	<u>2,588,335</u>	<u>2,612,961</u>	
Net Position, Ending	<u>\$ 2,821,782</u>	<u>\$ 2,588,335</u>	

Financial Analysis of TCOG's Funds

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

TCOG Budget and Economic Factors

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

Since TCOG is primarily dependent 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.

TEXOMA COUNCIL OF GOVERNMENTS

Management's Discussion and Analysis

Year Ended April 30, 2017

Capital Asset and Debt Administration

Capital Assets. TCOG's investment in capital assets for its governmental activities as of April 30, 2017, amounts to \$1,955,598 compared to \$1,864,467 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, 2017, TCOG had total debt related liabilities of \$855,658 compared to \$928,879 for the prior year. Of this amount, \$748,562 comprises debt secured by the office building located at 1117 Gallagher Drive, Sherman, Texas. The prior year amount was \$928,879. 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, 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, 2017

	Governmental Activities
ASSETS	
Cash and Pooled Investments	\$ 1,091,451
Accounts Receivable	1,305,184
Under Allocated Employee Benefits and Central Service IT	255,785
Prepaid Items	44,631
Capital Assets Not Being Depreciated	
Construction in Progress	-
Capital Assets, Net of Accumulated Depreciation:	
Buildings and Improvements	1,297,635
Furniture, Vehicles and Other Equipment	1,406,525
Total Assets	<u>5,401,211</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	782,060
Accrued Wages	58,288
Unearned Revenue	883,423
Noncurrent Liabilities	
Due Within One Year	98,713
Due In More Than One Year	756,945
Total Liabilities	<u>2,579,429</u>
NET POSITION	
Net Investment in Capital Assets	1,955,598
Restricted	279,539
Unrestricted	586,645
Total Net Position	<u>\$ 2,821,782</u>

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

TEXOMA COUNCIL OF GOVERNMENTS

Statement of Activities

Year Ended April 30, 2017

		Program Revenues	Net (Expense) Revenue and Change in Net Position
		Operating Grants and Contributions	Total Governmental Activities
	Expenses		
General Government	\$ 1,873,676	\$ -	\$ (1,873,676)
Aging and Disabilities	3,073,633	2,923,686	(149,947)
Community and Economic Development	1,140,001	1,423,537	283,536
Housing and Client Services	5,397,129	5,418,270	21,141
Interest on Long-Term Debt	<u>40,400</u>	<u>-</u>	<u>(40,400)</u>
Total Governmental Activities	<u>\$ 11,524,839</u>	<u>\$ 9,765,493</u>	<u>(1,759,346)</u>
General Revenues			
Local Grants and Contributions not Restricted to			
Specific Programs			
Unrestricted Investment Income			
Total General Revenues			
			<u>1,992,595</u>
			<u>198</u>
			<u>1,992,793</u>
Change in Net Position			233,447
Net Position - Beginning			<u>2,588,335</u>
Net Position - Ending			<u>\$ 2,821,782</u>

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

TEXOMA COUNCIL OF GOVERNMENTS

Balance Sheets – Governmental Funds

April 30, 2017

	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	Texas Department of Health and Human Services	Other Programs	Total Governmental Funds
ASSETS								
Cash and Pooled Investments	\$ 558,065	\$ 263,964	\$ 212,120	\$ -	\$ -	\$ -	\$ 57,302	\$ 1,091,451
Accounts Receivable	205,930	-	78,399	384,163	-	449,495	187,197	1,305,184
Due From Other Funds	-	-	-	8,174	-	9,879	231,438	249,491
Under Allocated Indirect Cost Pools	255,785	-	-	-	-	-	-	255,785
Prepaid Items	44,631	-	-	-	-	-	-	44,631
Total Assets	<u>\$ 1,064,411</u>	<u>\$ 263,964</u>	<u>\$ 290,519</u>	<u>\$ 392,337</u>	<u>\$ -</u>	<u>\$ 459,374</u>	<u>\$ 475,937</u>	<u>\$ 2,946,542</u>
LIABILITIES								
Accounts Payable	\$ 264,715	\$ 101,618	\$ 94,602	\$ 208,291	\$ -	\$ 104,784	\$ 8,050	\$ 782,060
Accrued Wages	58,288	-	-	-	-	-	-	58,288
Due to Other Funds	24,058	41,660	31,211	-	-	-	152,562	249,491
Unearned Revenue	-	-	164,706	207,655	-	278,826	232,236	883,423
Total Liabilities	<u>347,061</u>	<u>143,278</u>	<u>290,519</u>	<u>415,946</u>	<u>-</u>	<u>383,610</u>	<u>392,848</u>	<u>1,973,262</u>
FUND BALANCES								
Non-Spendable	44,631	-	-	-	-	-	-	44,631
Restricted	-	120,686	-	-	-	75,764	83,089	279,539
Committed	410,990	-	-	-	-	-	-	410,990
Unassigned, Reported in:								
Special Revenue Funds	-	-	-	(23,609)	-	-	-	(23,609)
General Fund	261,729	-	-	-	-	-	-	261,729
Total Fund Balances	<u>717,350</u>	<u>120,686</u>	<u>-</u>	<u>(23,609)</u>	<u>-</u>	<u>75,764</u>	<u>83,089</u>	<u>973,280</u>
Total Liabilities and Fund Balances	<u>\$ 1,064,411</u>	<u>\$ 263,964</u>	<u>\$ 290,519</u>	<u>\$ 392,337</u>	<u>\$ -</u>	<u>\$ 459,374</u>	<u>\$ 475,937</u>	<u>\$ 2,946,542</u>
Fund Balance - Total Governmental Funds (above)								\$ 973,280
Amounts reported for governmental activities in the Statement of Net Position are different because:								
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.								2,704,160
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.								(855,658)
Net Position of Governmental Activities								<u>\$ 2,821,782</u>

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

Year Ended April 30, 2017

	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	Texas Department of Health and Human Services	Other Programs	Total Governmental Funds
REVENUES								
Federal	\$ -	\$ 2,972,860	\$ -	\$ 2,027,467	\$ 482,158	\$ 614,188	\$ 544,167	\$ 6,640,840
State	-	-	881,147	-	81,155	592,021	217,961	1,772,284
Local and In-Kind	1,992,595	19,346	-	-	595,295	598,527	139,201	3,344,964
Investment Income	30	50	112	-	-	-	6	198
Total Revenues	<u>1,992,625</u>	<u>2,992,256</u>	<u>881,259</u>	<u>2,027,467</u>	<u>1,158,608</u>	<u>1,804,736</u>	<u>901,335</u>	<u>11,758,286</u>
EXPENDITURES								
Current								
General Government	1,717,163	-	-	-	-	-	6,864	1,724,027
Aging and Disabilities	-	-	-	-	1,170,524	1,406,139	492,946	3,069,609
Community and Economic Development	-	-	863,611	-	-	-	203,560	1,067,171
Housing and Client Services	-	2,931,420	-	2,031,129	-	398,597	-	5,361,146
Capital Outlay	75,609	-	17,648	-	-	-	197,965	291,222
Debt Service								
Principal	67,808	-	-	-	-	-	-	67,808
Interest	40,400	-	-	-	-	-	-	40,400
Total Expenditures	<u>1,900,980</u>	<u>2,931,420</u>	<u>881,259</u>	<u>2,031,129</u>	<u>1,170,524</u>	<u>1,804,736</u>	<u>901,335</u>	<u>11,621,383</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>91,645</u>	<u>60,836</u>	<u>-</u>	<u>(3,662)</u>	<u>(11,916)</u>	<u>-</u>	<u>-</u>	<u>136,903</u>
OTHER FINANCING SOURCES (USES)								
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,764)</u>	<u>75,764</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,764)</u>	<u>75,764</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	91,645	60,836	-	(3,662)	(87,680)	75,764	-	136,903
Fund Balances - Beginning	<u>625,705</u>	<u>59,850</u>	<u>-</u>	<u>(19,947)</u>	<u>87,680</u>	<u>-</u>	<u>83,089</u>	<u>836,377</u>
Fund Balances - Ending	<u>\$ 717,350</u>	<u>\$ 120,686</u>	<u>\$ -</u>	<u>\$ (23,609)</u>	<u>\$ -</u>	<u>\$ 75,764</u>	<u>\$ 83,089</u>	<u>\$ 973,280</u>

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

TEXOMA COUNCIL OF GOVERNMENTS
Reconciliation of the Statements of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended April 30, 2017

Amounts recorded for governmental activities in the statement of activities (page 8) are different because:

Net Change in Fund Balance - Total Governmental Funds (page 10)	\$ 136,903
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	23,323
Other amounts, including the change in liability for accrued vacation leave payable, are not reported under the modified accrual basis of accounting utilized by governmental funds.	5,413
Current year long-term debt principal payments reported as expenditures in the governmental funds financial statements are shown as a reduction in debt in the government-wide financial statements.	<u>67,808</u>
Change in Net Position of Governmental Activities - Statement of Activities (page 8)	<u><u>\$ 233,447</u></u>

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

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements

April 30, 2017

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 Position 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 is 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.

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.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 a special revenue fund 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 Fund** is a special revenue fund 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 a special revenue fund 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.

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

The **Other Programs Fund** is a special revenue fund 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 Position or Equity

Cash

Cash includes amounts in demand deposits and certificates of deposits with an initial maturity of ninety days or less. Interest earned is based on the amount of funds invested.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash (continued)

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 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, 2017. 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.

Unearned Revenue

Unearned revenue represents amounts received from grantors in excess of expenditures for programs in progress as of April 30, 2017.

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 \$1,000 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

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (continued)

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."

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, 2017, 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 \$44,631 of prepaid assets classified as a non-spendable fund balance at April 30, 2017.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance (continued)

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 U.S. Department of Housing and Urban Development Fund, Texas Department of Health and Human Services Fund and Other Programs Fund, had \$120,686, \$75,764 and \$83,089 of fund balances restricted by their federal and state grantors at April 30, 2017, respectively.

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. The Board has committed \$410,990 to be spent on future needs of the building, including debt payments, upkeep and depreciation recovery.

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

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, 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 Uniform Guidance 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.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Program Revenue

Amounts reported as program revenues include grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment.

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 position 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	\$ 291,222
Depreciation Expense	<u>(267,899)</u>
Net adjustments to increase <i>net change in fund balance - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 23,323</u>

3. BUDGETARY INFORMATION

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

4. DETAILED NOTES ON ALL FUNDS

Cash Deposits with Financial Institutions

Custodial Credit Risk - Deposits. 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, 2017, \$500,000 of the Council’s \$1,167,028 deposits bank statement value was covered by FDIC insurance. A balance totaling \$506,038 was fully collateralized with securities held by the pledging financial institution. The remaining balance of \$160,990 was uninsured as of April 30, 2017. Council management is aware of the uninsured balance and has determined custodial credit risk is minimal.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

4. DETAILED NOTES ON ALL FUNDS (continued)

Investments

As of April 30, 2017, the primary government had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 980	39

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 it. 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.

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

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

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

4. DETAILED NOTES ON ALL FUNDS (continued)

Capital Assets

Below is a summary of capital assets and related depreciation as of April 30, 2017:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated				
Construction in Progress	\$ 56,733	\$ -	\$ (56,733)	\$ -
Capital Assets, being Depreciated				
Buildings	1,550,000	-	-	1,550,000
Buildings and Improvemens	1,087,189	127,264	-	1,214,453
Furniture, Vehicles, and Other	<u>2,464,017</u>	<u>220,691</u>	<u>(49,366)</u>	<u>2,635,342</u>
Total Capital Assets being Depreciated	<u>5,101,206</u>	<u>347,955</u>	<u>(49,366)</u>	<u>5,399,795</u>
Less Accumulated Depreciation				
Buildings	592,843	39,742	-	632,585
Buildings and Improvements	766,139	68,094	-	834,233
Furniture, Vehicles, and Other	<u>1,118,120</u>	<u>160,063</u>	<u>(49,366)</u>	<u>1,228,817</u>
Total Accumulated Depreciation	<u>2,477,102</u>	<u>267,899</u>	<u>(49,366)</u>	<u>2,695,635</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,680,837</u>	<u>\$ 80,056</u>	<u>\$ (56,733)</u>	<u>\$ 2,704,160</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 155,062
Aging and Disabilities	4,024
Community and Economic Development	72,830
Housing and Client Services	<u>35,983</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 267,899</u>

Allocation of Indirect Costs and Employee Benefits to Grant Programs

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

A detail of the costs allocated for the year ended April 30, 2017, is as follows:

	Indirect <u>Costs</u>	Employee <u>Benefits</u>	Central <u>Service IT</u>	<u>Total</u>
Under (Over) Applied Costs at April 30, 2016	\$ 127,247	\$ (50,437)	\$ 114,671	\$ 191,481
Costs Allocated During the Year	(849,799)	(1,061,860)	(197,146)	(2,108,805)
Actual Costs	<u>877,910</u>	<u>1,090,158</u>	<u>205,041</u>	<u>2,173,109</u>
Under (Over) Applied Costs at April 30, 2017	<u>\$ 155,358</u>	<u>\$ (22,139)</u>	<u>\$ 122,566</u>	<u>\$ 255,785</u>

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

4. DETAILED NOTES ON ALL FUNDS (continued)

Long-Term Debt

The following changes in general long-term debt occurred during the fiscal year ended April 30, 2017, as reported in the financial statements:

	Beginning Balance	Additions	Retirement	Ending Balance	Due Within One Year
Note Payable	\$ 816,370	\$ -	\$ (67,808)	\$ 748,562	\$ 71,939
Compensated Absences	112,509	218,432	(223,845)	107,096	26,774
Governmental Activities Long-term Liabilities	<u>\$ 928,879</u>	<u>\$ 218,432</u>	<u>\$ (291,653)</u>	<u>\$ 855,658</u>	<u>\$ 98,713</u>

The note payable has a fixed interest rate of 5.1% and is due in 119 monthly installments of \$9,017, with a final payment of \$3,272. The note is secured by the Council's building and matures November 10, 2025.

Future requirements for long-term debt are as follows:

Fiscal Year	Ending	Principal	Interest	Totals
2018	\$	71,939	\$ 36,269	\$ 108,208
2019		75,672	32,536	108,208
2020		79,524	28,684	108,208
2021		83,724	24,484	108,208
2022		88,069	20,139	108,208
2023-2026		349,634	32,367	382,001
	<u>\$</u>	<u>748,562</u>	<u>\$ 174,479</u>	<u>\$ 923,041</u>

Retirement Plan

At April 30, 2017, 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

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

4. DETAILED NOTES ON ALL FUNDS (continued)

Retirement Plan (continued)

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 2017 was \$2,641,193 and the Council's contributions were based on a payroll of \$2,472,483. Total contributions of \$249,360 were made for the year, which consisted of \$173,059 employer contributions and \$76,301 of required employee contributions.

Deferred Compensation Plan

The Council has an agreement with the ICMA-RC to provide a deferred compensation plan in accordance with the Internal Revenue Code, Section 457, on a voluntary basis to fulltime employees. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is only available to participants at employment termination, retirement, or for an unforeseeable emergency. The Council makes no contributions to the plan. In accordance with federal law, a trust fund was established for the deposit of Section 457 assets. The trust fund is for the exclusive benefit of plan participants and beneficiaries. Because the assets are not owned by the Council but are held in a trust, the deferred compensation assets and related liabilities are not reported in the Council's financial statements. The Council's fiduciary responsibilities are to submit participant payroll deductions and enrollment change forms to the plan administrator (ICMA-RC). Other than reviewing quarterly statements for accuracy, the Council has no other fiduciary responsibility. Investments are managed by the Plan's trustee with various investment options available. The choice of the investment option is made by the employee. TCOG employees contributed total amount of \$5,941 into the Plan during fiscal year 2017.

Interfund Balances and Transfers

The following tables reflect the interfund balances and interfund transfers at April 30, 2017. These are done to assist the funds with operations during the year and will be repaid as soon as practical.

<u>Interfund Balances</u>			<u>Net Interfund Operating Transfers</u>		
	<u>Due From</u>	<u>Due To</u>		<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 24,058	TDADS	\$ -	\$ 75,764
HUD	-	41,660	TDHHS	75,764	-
CSEC	-	31,211		<u>\$ 75,764</u>	<u>\$ 75,764</u>
TDHCA	8,174	-			
TDADS	-	-			
TDHHS	9,879				
Other	<u>231,438</u>	<u>152,562</u>			
	<u>\$ 249,491</u>	<u>\$ 249,491</u>			

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2017

4. DETAILED NOTES ON ALL FUNDS (continued)

Fund Deficit

The Texas Department of Housing and Community Affairs had a fund deficit at April 30, 2017 of \$23,609. The deficit is due to not receiving local funds by fiscal year end and will be funded by the end of the grant cycle.

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

Effective September 1, 2017, Texoma Housing Partners canceled their management contract with TCOG. Management does not believe this will have a negative impact on the Council as the operating contract provided approximately \$32,000 in annual revenue. Subsequent to year end, litigation involving TCOG was settled.

SUPPLEMENTARY INFORMATION

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Revenues and Expenditures By Object –
Special Revenue Funds
Year Ended April 30, 2017

	U.S Department of Housing and Urban Development	Corporation for National and Community Service	Economic Development Administration	Governor's Office Criminal Justice Division
REVENUES				
Federal	\$ 2,972,860	\$ 272,896	\$ 60,000	\$ -
State	-	27,713	-	51,981
Local and In-Kind	19,346	58,330	74,007	-
Interest Income	50	-	-	-
Total Revenues	<u>2,992,256</u>	<u>358,939</u>	<u>134,007</u>	<u>51,981</u>
EXPENDITURES				
Operational				
Direct Salaries	154,504	62,381	31,882	22,338
Benefit Program Costs	73,007	29,388	15,020	10,523
Indirect Costs	88,445	35,818	20,286	12,826
Travel	5,922	13,455	6,391	963
Supplies	30,820	772	1,960	4,631
Contracted Services	5,320	-	-	-
Capital Outlay	-	-	-	-
Professional Services	-	-	-	-
Other Direct Costs	-	165,763	11,129	-
Client Services				
Subcontracts	-	-	-	519
In-kind Services	-	51,362	47,339	-
Other	<u>2,573,402</u>	<u>-</u>	<u>-</u>	<u>181</u>
Total Expenditures	<u>2,931,420</u>	<u>358,939</u>	<u>134,007</u>	<u>51,981</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 60,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Revenues and Expenditures By Object –
Special Revenue Funds (Continued)
Year Ended April 30, 2017

	Commission on State Emergency Communications	Texas Department of Housing and Community Affairs	Governor's Office Division of Emergency Management	Texas Department of Aging and Disability Services
REVENUES				
Federal	\$ -	\$ 2,027,467	\$ 211,271	\$ 482,158
State	881,147	-	63,469	81,155
Local and In-Kind	-	-	-	595,295
Interest Income	112	-	-	-
Total Revenues	<u>881,259</u>	<u>2,027,467</u>	<u>274,740</u>	<u>1,158,608</u>
EXPENDITURES				
Operational				
Direct Salaries	79,321	281,296	32,437	168,716
Benefit Program Costs	37,418	131,635	15,384	79,482
Indirect Costs	37,847	160,577	18,521	95,787
Travel	15,078	36,675	-	11,674
Supplies	10,823	72,950	5,332	14,159
Contracted Services	10,566	800	-	-
Capital Outlay	17,649	-	-	-
Professional Services	-	(2,435)	-	-
Other Direct Costs	5,558	673,259	5,101	670,483
Client Services				
Subcontracts	-	667,166	-	-
In-kind Services	-	-	-	130,223
Other	666,999	9,206	197,965	-
Total Expenditures	<u>881,259</u>	<u>2,031,129</u>	<u>274,740</u>	<u>1,170,524</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ (3,662)</u>	<u>\$ -</u>	<u>\$ (11,916)</u>

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Revenues and Expenditures By Object –
Special Revenue Funds (Continued)
Year Ended April 30, 2017

	Texas Health and Human Services Commission	Texas Commission on Environmental Quality	Total
REVENUES			
Federal	\$ 614,188	\$ -	\$ 6,640,840
State	592,021	74,798	1,772,284
Local and In-Kind	598,527	-	1,345,505
Interest Income	-	6	168
Total Revenues	<u>1,804,736</u>	<u>74,804</u>	<u>9,758,797</u>
EXPENDITURES			
Operational			
Direct Salaries	416,837	34,552	1,284,264
Benefit Program Costs	196,494	16,278	604,629
Indirect Costs	233,729	19,876	723,712
Travel	16,791	1,203	108,152
Supplies	7,574	171	149,192
Contracted Services	2,641	(15)	19,312
Capital Outlay	-	-	17,649
Professional Services	900,858	-	898,423
Other Direct Costs	23,812	2,739	1,557,844
Client Services			
Subcontracts	6,000	-	673,685
In-kind Services	-	-	228,924
Other	-	-	3,447,753
Total Expenditures	<u>1,804,736</u>	<u>74,804</u>	<u>9,713,539</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,258</u>

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Indirect Costs

Year Ended April 30, 2017

	<u>2017 Actual</u>	<u>2016 Actual</u>
Indirect Salaries	\$ 234,444	\$ 256,810
Employee Benefits	110,447	120,968
Advertising	-	517
Audit Services	-	31,803
Bank Fee	510	81
Contracted Services	15,388	14,671
Consultant Services	-	9,066
Depreciation Expense	107,449	104,021
Dues and Subscriptions	57	629
Insurance and Bonding General	8,309	7,302
Legal Services	215,064	91,917
Postage	1,003	1,374
Printing	130	1,254
Mortgage Interest	35,684	20,564
Repair and Maintenance Building	36,818	37,321
Copy Center Expense	3,520	4,036
Sanitation Services	-	1,896
Supplies Office	9,458	9,021
Travel Indirect Staff	11,668	18,332
Utilities	<u>87,961</u>	<u>90,133</u>
Total Indirect Costs	<u>877,910</u>	<u>821,716</u>
Less: Contributions to Indirect Costs	<u>-</u>	<u>-</u>
Net Indirect Costs	<u>\$ 877,910</u>	<u>\$ 821,716</u>
Basis for Indirect Cost Allocation		
Net Indirect Costs	<u>\$ 877,910</u>	<u>\$ 821,716</u>
Direct Salaries and Benefits	<u>\$ 3,360,846</u>	<u>\$ 3,258,199</u>
Effective Indirect Cost Rate	<u>26.12%</u>	<u>25.22%</u>

TEXOMA COUNCIL OF GOVERNMENTS
Comparison of Budgeted vs. Actual Indirect Costs
Year Ended April 30, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>
Indirect Salaries	\$ 298,517	\$ 234,444
Employee Benefits	140,602	110,447
Advertising	300	-
Audit Services	-	-
Bank Fee	510	510
Contracted Services	15,047	15,388
Consultant Services	-	-
Depreciation Expense	97,000	107,449
Dues and Subscriptions	10,000	57
Insurance and Bonding General	7,708	8,309
Legal Services	47,500	215,064
Postage	1,200	1,003
Printing	500	130
Mortgage Interest	32,213	35,684
Repair and Maintenance Building	30,004	36,818
Copy Center Expense	3,300	3,520
Sanitation Services	-	-
Supplies Office	7,000	9,458
Travel Indirect Staff	17,000	11,668
Utilities	<u>95,880</u>	<u>87,961</u>
Total Indirect Costs	<u>\$ 804,281</u>	<u>\$ 877,910</u>
Basis for Indirect Cost Allocation		
Net Indirect Costs	<u>\$ 804,281</u>	<u>\$ 877,910</u>
Direct Salaries and Benefits	<u>\$ 2,943,291</u>	<u>\$ 3,360,846</u>
Effective Indirect Cost Rate	<u>27.33%</u>	<u>26.12%</u>

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Employee Benefits

Year Ended April 30, 2017

	<u>2017 Actual</u>	<u>2016 Actual</u>
Sick Leave	\$ 86,761	\$ 82,712
Annual Leave	137,084	137,405
Holidays	95,829	85,652
Funeral Leave	1,679	4,793
Admin Leave	<u>9,891</u>	<u>7,846</u>
	<u>331,244</u>	<u>318,408</u>
 Payroll Taxes	 193,845	 191,296
Retirement	174,947	149,890
Workers Comp Insurance	15,074	13,988
Unemployment Insurance	5,995	10,969
Group Insurance	363,938	360,966
Employee Assistance Program	1,889	1,440
Air Ambulance Membership	<u>3,226</u>	<u>2,873</u>
	<u>758,914</u>	<u>731,422</u>
 Total Benefits	 <u>\$ 1,090,158</u>	 <u>\$ 1,049,830</u>
 Basis for Employee Benefit Allocation not including Employee Benefits in Base:		
Total Employee Benefits	\$ 1,090,158	\$ 1,049,830
Chargeable Time (See Below)	<u>2,309,949</u>	<u>2,243,973</u>
 Employee Benefit Rate	 <u>47.19%</u>	 <u>46.78%</u>
 Computation of Chargeable Time		
Gross Salaries	\$ 2,641,193	\$ 2,562,381
Less: Fringe Benefit Costs Per Schedule Of Employee Benefits		
Which Are Not Included In Chargeable Time	<u>(331,244)</u>	<u>(318,408)</u>
Chargeable Time For Basis Of Allocation Of Employee Benefits	<u>\$ 2,309,949</u>	<u>\$ 2,243,973</u>

TEXOMA COUNCIL OF GOVERNMENTS
Comparison of Budgeted vs. Actual Employee Benefits
Year Ended April 30, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>
Sick Leave	\$ 66,118	\$ 86,761
Annual Leave	132,236	137,084
Holidays	111,892	95,829
Funeral Leave	3,500	1,679
Admin Leave	<u>4,000</u>	<u>9,891</u>
	<u>317,746</u>	<u>331,244</u>
 Payroll Taxes	 202,321	 193,845
Retirement	164,286	174,947
Workers Comp Insurance	11,500	15,074
Unemployment Insurance	15,142	5,995
Group Insurance	380,671	363,938
Employee Assistance Program	2,216	1,889
Air Ambulance Membership	<u>2,288</u>	<u>3,226</u>
	<u>778,424</u>	<u>758,914</u>
 Total Benefits	 <u>\$ 1,096,170</u>	 <u>\$ 1,090,158</u>
 Basis for Employee Benefit Allocation not including Employee Benefits in Base:		
Total Employee Benefits	\$ <u>1,096,170</u>	\$ <u>1,090,158</u>
Chargeable Time (See Below)	\$ <u>2,326,974</u>	\$ <u>2,309,949</u>
 Employee Benefit Rate	 <u>47.11%</u>	 <u>47.19%</u>
 Computation of Chargeable Time		
Gross Salaries	\$ 2,644,720	\$ 2,641,193
Less: Fringe Benefit Costs Per Schedule Of Employee Benefits		
Which Are Not Included In Chargeable Time	<u>(317,746)</u>	<u>(331,244)</u>
Chargeable Time For Basis Of Allocation Of Employee Benefits	<u>\$ 2,326,974</u>	<u>\$ 2,309,949</u>

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Central Service IT Costs

Year Ended April 30, 2017

	<u>2017 Actual</u>	<u>2016 Actual</u>
Contracted Services	\$ 129,488	\$ 220,829
Supplies	2,685	1,623
Software Licensing and Maintenance	39,182	13,133
Telephone Service	<u>33,686</u>	<u>33,910</u>
Total Costs	<u>\$ 205,041</u>	<u>\$ 269,495</u>
Basis for Employee Benefit Allocation not including Employee Benefits in Base:		
Net CIT Costs	<u>\$ 205,041</u>	<u>\$ 269,495</u>
Direct Salaries And Benefits	<u>\$ 3,360,846</u>	<u>\$ 3,258,199</u>
CIT Cost Rate	<u>6.1%</u>	<u>8.27%</u>

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Central Service IT Costs

Year Ended April 30, 2017

	<u>2017 Budget</u>	<u>2017 Actual</u>
Contracted Services	\$ 123,806	\$ 129,488
Supplies	4,800	2,685
Software Maintenance	-	39,182
Telephone Service	<u>32,256</u>	<u>33,686</u>
Total Costs	<u>\$ 160,862</u>	<u>\$ 205,041</u>
Basis for Employee Benefit Allocation not including Employee Benefits in Base:		
Net CIT Costs	<u>\$ 160,862</u>	<u>\$ 205,041</u>
Direct Salaries And Benefits	<u>\$ 2,943,291</u>	<u>\$ 3,360,846</u>
CIT Cost Rate	<u>5.47%</u>	<u>6.1%</u>

TEXOMA COUNCIL OF GOVERNMENTS

Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

Financial Data Schedules (FDS)

Schedule I: Balance Sheet

April 30, 2017

PHA CODE:	TX542 Fiscal Year End date: 12/31/2016
PHA NAME:	Texoma Council of Governments
SUBMISSION TYPE:	Audited/Uniform Guidance
PROGRAM NAME:	Housing Choice Vouchers

Line Item #	Description	Value
Assets		
Current Assets Cash:		
111	Cash-Unrestricted	\$ 332,721
113	Cash - Other Restricted	105,960
100	Total Cash	<u>438,681</u>
Receivables		
124	Accounts Receivable - Other Government	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>-</u>
150	Total Current Assets	<u>438,681</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 438,681</u>
Liabilities and Equity		
Liabilities		
Current Liabilities		
312	Accounts Payable <= 90 Days	\$ 15,024
342	Unearned Revenue	235,098
347	Inter Program - Due To	19,797
310	Total Current Liabilities	<u>269,919</u>
353	Non-current Liabilities - Other	82,146
350	Total Non-current Liabilities	<u>82,146</u>
300	Total Liabilities	<u>352,065</u>
Equity		
511.4	Restricted Net Position	23,814
512.4	Unrestricted Net Position	62,802
513	Total Equity - Net Assets/Position	<u>86,616</u>
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	<u>\$ 438,681</u>

TEXOMA COUNCIL OF GOVERNMENTS

Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

Financial Data Schedules (FDS)

Schedule II: Income Statement

April 30, 2017

PHA CODE:	TX542 Fiscal Year End date: 12/31/2016
PHA NAME:	Texoma Council of Governments
SUBMISSION TYPE:	Audited/Uniform Guidance
PROGRAM NAME:	Housing Choice Vouchers

Line Item #	Description	Value
Revenue		
70600	HUD PHA Operating Grants	\$ 2,910,571
71100	Investment Income - Unrestricted	44
71400	Fraud Recovery	594
71500	Other Revenue	17,933
70000	Total Revenue	<u>2,929,142</u>
Expenses Administrative		
91100	Administrative Salaries	119,828
91200	Auditing Fees	5,320
91500	Employee Benefit Contributions - Administrative	56,708
91600	Office Expenses	31,431
91800	Travel	5,316
91810	Allocated Overhead	83,550
91000	Total Operating - Administrative	<u>302,153</u>
Expenses - Tenant Services		
92100	Tenant Services - Salaries	32,432
92300	Employee Benefit Contributions - Tenant Services	15,286
92500	Total Tenant Services	<u>47,718</u>
96900	Total Operating Expenses	<u>349,871</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>2,579,271</u>
97300	Housing Assistance Payments	2,549,290
90000	Total Expenses	<u>\$ 2,899,161</u>
Memo Account Information		
10000	Excess (Deficiency) of Total Revenue over (Under) Total Expenses	\$ 29,981
11030	Beginning Equity	\$ (35,275)
11040	Prior Period Adjustments, Equity Transfer and Correction of Errors	\$ 91,910
11170	Administrative Fee Equity	\$ 62,802
11180	Housing Assistance Payments Equity	\$ 23,814
11190	Unit Months Available	8,004
11210	Number of Unit Months Leased	6,149

SINGLE AUDIT SECTION

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA

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

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

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

INDEPENDENT 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, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated September 12, 2017.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McClanahan and Holmes, LLP

Certified Public Accountants

Bonham, Texas
September 12, 2017

McClanahan and Holmes, LLP
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
ANDREW B. REICH, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA

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

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE 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 and State Program

We have audited the Texoma Council of Governments' (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning, 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, 2017. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion 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, the Council 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, 2017.

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 the Uniform Guidance and UGMS, 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 the Uniform Guidance and the UGMS. Accordingly, this report is not suitable for any other purpose.

McClanahan and Holmes, LLP

Certified Public Accountants

Bonham, Texas
September 12, 2017

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards
Year Ended April 30, 2017

Federal Grants

Department of Commerce

Economic Development Administration			
Economic Development Administration	11.302	08-83-05011	\$ 60,000
Total U. S. Department of Commerce			60,000

U. S. Department of Housing and Urban Development

Direct Programs:			
Office of Public and Indian Housing			
Section 8 Housing Choice Vouchers 2016	14.871	TX542FSH505A015	1,934,926
Section 8 Housing Choice Vouchers 2017	14.871	TX542FSH505A015	996,338
Total U. S. Department of Housing and Urban Development			2,931,264

U.S. Department of Energy

Pass-Through from:			
Department of Energy			
Weatherization Assistance Program (DOE)-CLOSED 6/30/16	81.042	56150002277	22,079
Weatherization Assistance Program (DOE)	81.042	56160002495	100,305
Total U.S. Department of Energy			122,384

Texas Department of Housing and Community Affairs

Administration for Children and Families			
Energy Services			
Comprehensive Energy Assistance Program (CEAP)	93.568	58160002355	601,585
Comprehensive Energy Assistance Program (CEAP)	93.568	58150002127	2,004
Comprehensive Energy Assistance Program (CEAP) - Hunt-Denton-Collin-Rockwall	93.568	58160002570	153,367
Comprehensive Energy Assistance Program (CEAP)	93.568	58170002604	86,880
Subtotal			843,836
Low-Income Home Energy Assistance (LIHEAP)	93.568	81160002421	771,165
Low-Income Home Energy Assistance (LIHEAP) 2017	93.568	81170002670	72,923
Subtotal			844,088
Community Services Block Grant (CSBG)	93.569	61160002396	162,960
Community Services Block Grant (CSBG) - Supplemental	93.569	61150002462	40,105
Community Services Block Grant (CSBG) - Discretionary	93.569	61160002523	7,091
Community Services Block Grant (CSBG)	93.569	61170002646	10,666
Subtotal			220,822
Total Texas Department of Housing and Community Affairs			1,908,746

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended April 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Administration for Community Living			
Pass-Through from:			
Texas Department of Health and Human Services			
Special Program for the Aging - Title III, Part B	93.044	539-16-0008-00001	163,791
Special Program for the Aging - Title III, Part B	93.044	539-16-0008-00001	181,395
Special Program for the Aging - CMS MFP	93.791	539-16-0008-00001	367
Special Program for the Aging - Title III, Part C	93.045	539-16-0008-00001	228,419
Special Program for the Aging - Title III, Part C	93.045	539-16-0008-00001	183,419
National Services Incentive Program	93.053	539-16-0008-00001	88,995
National Services Incentive Program	93.053	539-16-0008-00001	33,282
Special Program for the Aging - Title VII, Chapter 3	93.041	539-16-0008-00001	1,458
Special Program for the Aging - Title VII, Chapter 3	93.041	539-16-0008-00001	4
Special Program for the Aging - Title VII, Chapter 2	93.042	539-16-0008-00001	10,447
Special Program for the Aging - Title VII, Chapter 2	93.042	539-16-0008-00001	116
Special Program for the Aging - Title III, Part D	93.043	539-16-0008-00001	3,741
Special Program for the Aging - Title III, Part D	93.043	539-16-0008-00001	4,724
National Family Caregiver Support, Title III, Part E	93.052	539-16-0008-00001	41,771
National Family Caregiver Support, Title III, Part E	93.052	539-16-0008-00001	38,442
CMS Research, Development and Evaluation	93.789	539-16-0008-00001	22,936
CMS Research, Development and Evaluation	93.789	539-16-0008-00001	21,762
ACL MIPPA Priority 2	93.071	539-16-0008-00001	2,620
ACL MIPPA Priority 2	93.071	539-16-0008-00001	14,353
Subtotal			1,042,042
Aging And Disability Resource Center			
ADRC	93.791	NA	54,304
Subtotal			54,304
Total U.S. Department of Health and Human Services			1,096,346
Corporation for National and Community Service			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	16SRWTX002	43,713
Retired and Senior Volunteer Program	94.002	13SRWTX004	12,903
Foster Grandparent Program	94.011	15SFWTX002	160,198
Foster Grandparent Program	94.011	15SFWTX002	56,083
Total Corporation for National and Community Services			272,897
U. S. Department of Homeland Security			
Office of The Govenor			
State Homeland Security Planning	97.067	2969002	13,306
SHSP	97.067	3124101	136,742
LETPA	97.067	3113601	61,223
Total U.S. Department of Homeland Security			211,271
Total Expenditures of Federal Awards			6,480,524

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended April 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
State Grants			
Governor's Division of Emergency Management			
State Homeland Security Program		160167	14,148
State Homeland Security Interlocal		PO# P170047	6,498
State Homeland Security Program		EMW-2014-SS-00029	2,768
State Homeland Security Program		EMW-2016-55-0005	40,056
Total Governor's Division of Emergency Management			63,470
Office of the Governor			
Governor's Division of Criminal Justice Division			
Regional Criminal Justice Coordination		30,061,105	39,696
Regional Criminal Justice Coordination		30,071,050	12,286
Total Governor's Division of Criminal Justice Division			51,982
Commission on State Emergency Communications			
Emergency 911 - 2014/2015		N/A	169,319
Emergency 911 - 2015/2016		N/A	296,376
Emergency 911 - 2016/2017		N/A	415,452
Total Commission on State Emergency Communications			881,147
Texas Commission on Environmental Quality			
Municipal Solid Waste		582-16-60666	74,798
Total Texas Commission on Environmental Quality			74,798
Texas Department of Health and Human Services			
State General Revenue		539-16-0008-00001	77,417
State General Revenue		539-16-0008-00001	3,589
Housing Bond		539-16-0008-00001	36,964
SGR Assisted Living Facility (ALF)		539-16-0008-00001	6,444
SGR Assisted Living Facility (ALF)		539-16-0008-00001	6,129
Subtotal			130,543
ADRC SGR Operations		539-14-0475-00007	153,811
Subtotal			153,811
211 Area Informatin Center Operations		529-16-0006-00024B	237,026
211 Area Informatin Center Child Care		529-16-0006-00024C	4,644
211 Area Informatin Center Operations		529-16-0006-00024	141,064
211 Area Informatin Center Child Care		529-16-0006-00024A	6,089
Subtotal			388,823
Texas Department of Health and Human Services			673,177
Corporation for National and Community Service			
Retired Senior Volunteer Program		15SWTX026	24,531
Foster Grandparant Program		15SFWTX012	3,182
Total Corporation for National and Community Service			27,713
Total Expenditures of State Awards			1,772,286
Total Expenditures of Federal and State of Texas Awards			\$ 8,252,810

TEXOMA COUNCIL OF GOVERNMENTS

Notes To The Schedule of Expenditures of Federal and State Awards Year Ended April 30, 2017

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.

3. The Council has elected not to use the 10% de minimus indirect cost rate.

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended April 30, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

<u>Financial Statements</u>			<u>2017</u>
Type of auditor’s reports issued:			Unmodified
Internal control over financial reporting:			
• Significant deficiencies identified?			No
• Significant deficiencies identified that are considered to be a material weakness?			No
Noncompliance material to the financial statements noted?			No
<u>Federal and State Awards</u>			
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 2 CFR section 200.516(a) and state awards as defined by the State of Texas Uniform Grant Management Standards?			No
Identification of major federal programs:			
	<u>CFDA Number</u> 14.871	<u>Name of Federal Program or Cluster</u> Section 8 Housing Choice Vouchers	
Identification of major state programs:		<u>Name of State Program</u> Emergency 911	
Dollar threshold to distinguish between Type A and Type B programs:		Federal State	\$750,000 \$300,000
Auditee qualified as a low-risk auditee?			No

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Findings and Questioned Costs (Continued)
Year Ended April 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings required to be reported.

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Findings and Questioned Costs (Continued)
Year Ended April 30, 2017

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings required to be reported.

TEXOMA COUNCIL OF GOVERNMENTS
Summary Schedule of Prior Year Findings & Questioned Costs
Year Ended April 30, 2017

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2016-001 Financial reporting of fund balances and long-term debt transactions

Condition: Long-term debt transactions were posted in the General Fund in a manner that resulted in debt principal expense being understated by \$639,150. A long-term debt refinancing transaction was not recorded in the General Fund and resulted in an understatement of proceeds from debt issuance of \$838,372. The net effect of these misstatements on the Statement of Revenues, Expenditures, and Changes in Fund Balances was \$199,222.

Criteria: Per governmental accounting principles, long-term debt principal payments should be recorded as an expense at the fund level and debt proceeds recorded as another financing source. Closing procedures should also ensure that fund balances properly roll forward.

Cause: Internal controls did not operate to properly detect material misstatements in fund balances and long-term debt transactions.

Effect: The control objectives of reporting long-term debt transactions and fund balances were compromised. Internal controls did not provide for proper accounting of fund balances and long-term debt on a modified accrual basis, which resulted in more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

Recommendation: Management should record long-term debt transactions based on the modified accrual basis, which will properly record the debt principal payments and debt proceeds at the fund level and the debt balances in the accounts groups. Also, management should implement a system of financial statement review that will provide for the detection of errors in a timely manner, including proper rollforward of fund balances and debt balances.

Current Status: The Council implemented the recommended procedures. No similar findings were noted in the 2017 audit.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings required to be reported.

**STATISTICAL SECTION
(UNAUDITED)**

TEXOMA COUNCIL OF GOVERNMENTS

Grant Register (Unaudited)

Year Ended April 30, 2017

Federal CFDA Number	Fund Source	Account Number	Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Grant Start Date	Grant End Date	Total	FYE2017 Expenditures
Federal Grants								
Department of Commerce								
11.302		32000	Economic Development Administration Economic Development Administration	08-83-05011	01/01/15	12/31/17	\$ 180,000	\$ 60,000
Total U. S. Department of Commerce							\$ 180,000	\$ 60,000
U. S. Department of Housing and Urban Development								
Direct Programs:								
Office of Public and Indian Housing								
14.871		20000	Section 8 Housing Choice Vouchers 2016	TX542FSH505A015	01/01/16	12/31/16	\$ 2,984,598	\$ 1,934,926
14.871		20000	Section 8 Housing Choice Vouchers 2017	TX542FSH505A015	01/01/17	12/31/17	\$ 2,639,368	\$ 996,338
Total U. S. Department of Housing and Urban Development							\$ 5,623,966	\$ 2,931,264
U.S. Department of Energy								
Pass-Through from:								
Department of Energy								
81.042		26000	Weatherization Assistance Program (DOE)-CLOSED 6/30/16	56150002277	07/21/15	06/30/16	\$ 192,559	\$ 22,079
81.042		26000	Weatherization Assistance Program (DOE)	56160002495	07/01/16	06/30/17	\$ 253,587	\$ 100,305
Total U.S. Department of Energy							\$ 446,146	\$ 122,384
Texas Department of Housing and Community Affairs								
Administration for Children and Families								
Energy Services								
93.568		22000	Comprehensive Energy Assistance Program (CEAP)	58160002355	01/01/16	06/30/17	\$ 749,722	\$ 601,585
93.568		22015	Comprehensive Energy Assistance Program (CEAP)	58150002127	01/01/15	07/31/16	\$ 780,324	\$ 2,004
93.568		22016	Comprehensive Energy Assistance Program (CEAP) - Hunt-Denton-Collin-Rockwall	58160002570	10/14/16	03/31/17	\$ 563,088	\$ 153,367
93.568		22017	Comprehensive Energy Assistance Program (CEAP)	58170002604	01/01/17	12/31/17	\$ 2,693,428	\$ 86,880
Subtotal							\$ 4,786,562	\$ 843,836
93.568		27000	Low-Income Home Energy Assistance (LIHEAP)	81160002421	01/01/16	03/31/17	\$ 987,076	\$ 771,165
93.568		27015	Low-Income Home Energy Assistance (LIHEAP)	81150002155	01/04/15	07/31/16	\$ 534,075	\$ -
93.568		27017	Low-Income Home Energy Assistance (LIHEAP) 2017	81170002670	01/01/17	12/31/17	\$ 885,335	\$ 72,923
Subtotal							\$ 2,406,486	\$ 844,088
93.569		25000	Community Services Block Grant (CSBG)	61160002396	01/01/16	03/31/17	\$ 245,900	\$ 162,960
93.569		25002	Community Services Block Grant (CSBG) - Supplemental	61150002462	05/01/16	07/31/16	\$ 40,130	\$ 40,105
93.569		25003	Community Services Block Grant (CSBG) - Discretionary	61160002523	09/01/16	02/28/17	\$ 12,000	\$ 7,091
93.569		25017	Community Services Block Grant (CSBG)	61170002646	01/01/17	12/31/17	\$ 140,702	\$ 10,666
Subtotal							\$ 438,732	\$ 220,822
Total Texas Department of Housing and Community Affairs							\$ 7,631,780	\$ 2,031,130

TEXOMA COUNCIL OF GOVERNMENTS

Grant Register (Unaudited) (Continued)

Year Ended April 30, 2017

Federal CFDA Number	Fund Source	Account Number	Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Grant Start Date	Grant End Date	Total	FYE2017 Expenditures
U.S. Department of Health and Human Services								
Administration for Community Living								
Pass-Through from:								
Texas Department of Health and Human Services								
93.044			Special Program for the Aging - Title III, Part B	539-16-0008-00001	10/01/16	09/30/17	\$ 163,791	163,791
93.044			Special Program for the Aging - Title III, Part B	539-16-0008-00001	10/01/15	09/30/16	\$ 181,395	181,395
93.791			Special Program for the Aging - CMS MFP	539-16-0008-00001	10/01/16	09/30/17	\$ -	-
93.791			Special Program for the Aging - CMS MFP	539-16-0008-00001	10/01/15	09/30/16	\$ 367	367
93.045			Special Program for the Aging - Title III, Part C	539-16-0008-00001	10/01/16	09/30/17	\$ 228,419	228,419
93.045			Special Program for the Aging - Title III, Part C	539-16-0008-00001	10/01/15	09/30/16	\$ 183,419	183,419
93.053			National Services Incentive Program	539-16-0008-00001	10/01/16	09/30/17	\$ 88,995	88,995
93.053			National Services Incentive Program	539-16-0008-00001	10/01/15	09/30/16	\$ 33,282	33,282
93.041			Special Program for the Aging - Title VII, Chapter 3	539-16-0008-00001	10/01/16	09/30/17	\$ 1,458	1,458
93.041			Special Program for the Aging - Title VII, Chapter 3	539-16-0008-00001	10/01/15	09/30/16	\$ 4	4
93.042			Special Program for the Aging - Title VII, Chapter 2	539-16-0008-00001	10/01/16	09/30/17	\$ 10,447	10,447
93.042			Special Program for the Aging - Title VII, Chapter 2	539-16-0008-00001	10/01/15	09/30/16	\$ 116	116
93.043			Special Program for the Aging - Title III, Part D	539-16-0008-00001	10/01/16	09/30/17	\$ 3,741	3,741
93.043			Special Program for the Aging - Title III, Part D	539-16-0008-00001	10/01/15	09/30/16	\$ 4,724	4,724
93.052			National Family Caregiver Support, Title III, Part E	539-16-0008-00001	10/01/16	09/30/17	\$ 41,771	41,771
93.052			National Family Caregiver Support, Title III, Part E	539-16-0008-00001	10/01/15	09/30/16	\$ 38,442	38,442
93.789			CMS Research, Development and Evaluation	539-16-0008-00001	04/01/17	03/31/18	\$ 22,936	22,936
93.789			CMS Research, Development and Evaluation	539-16-0008-00001	04/01/16	03/31/17	\$ 21,762	21,762
93.071			ACL MIPPA Priority 2	539-16-0008-00001	10/01/16	09/30/17	\$ 2,620	2,620
93.071			ACL MIPPA Priority 2	539-16-0008-00001	10/01/15	09/30/16	\$ 14,353	14,353
Subtotal							\$ 1,042,042	\$ 1,042,042
							\$ 477,864	
Aging And Disability Resource Center								
93.791		51000	ADRC		09/01/16	08/31/17	\$ 57,084	\$ 54,304
93.791								
Subtotal							\$ 57,084	\$ 54,304
Total U.S. Department of Health and Human Services							\$ 1,099,126	\$ 1,096,346
Corporation for National and Community Service								
Direct Programs:								
94.002		56000	Retired and Senior Volunteer Program	16SRWTX002	07/01/16	06/30/17	\$ 43,713	\$ 43,713
94.002		56000	Retired and Senior Volunteer Program	13SRWTX004	07/01/15	06/30/16	\$ 12,903	\$ 12,903
94.011		50000	Foster Grandparent Program	15SFWTX002	07/01/16	06/30/17	\$ 160,198	\$ 160,198
94.011		50000	Foster Grandparent Program	15SFWTX002	07/01/15	06/30/16	\$ 56,083	\$ 56,083
Total Corporation for National and Community Services							\$ 272,897	\$ 272,897
U. S. Department of Homeland Security								
Office of The Governor								
97.067		45016	State Homeland Security Planning	2969002	10/01/16	12/31/17	\$ 50,000	\$ 13,306
97.067		44000	SHSP	3124101	10/1/16	4/30/18	\$ 137,226	\$ 136,742
97.067		44000	LETPA	3113601	10/1/16	1/31/18	\$ 61,223	\$ 61,223
Total U.S. Department of Homeland Security							\$ 248,449	\$ 211,271
Total U.S. Department of Homeland Security							\$ 248,449	\$ 211,271
Total Expenditures of Federal Awards							\$ 15,502,364	\$ 6,602,908

TEXOMA COUNCIL OF GOVERNMENTS

Grant Register (Unaudited) (Continued)

Year Ended April 30, 2017

Federal CFDA Number	Fund Source	Account Number	Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Grant Start Date	Grant End Date	Total	FYE2017 Expenditures
			State Grants					
			Governor's Division of Emergency Management					
		44015	State Homeland Security Program	160167	09/01/15	08/31/16	\$ 23,926	\$ 14,148
		44017	State Homeland Security Interlocal	PO# P170047	09/01/16	08/31/17	\$ 23,926	\$ 6,498
		45014	State Homeland Security Program	EMW-2014-SS-00029	09/01/14	05/31/16	\$ 48,857	\$ 2,768
		45015	State Homeland Security Program	EMW-2016-55-0005	10/01/16	12/31/16	\$ 50,000	\$ 40,056
Total Governor's Division of Emergency Management							\$ 146,709	\$ 63,470
			Office of the Governor					
			Governor's Division of Criminal Justice Division					
		40000	Regional Criminal Justice Coordination	30061105	09/01/15	08/31/16	\$ 63,271	\$ 39,696
		40000	Regional Criminal Justice Coordination	30071050	09/01/16	08/31/17	\$ 75,585	\$ 12,286
Total Governor's Div of Criminal Justice Division							\$ 138,856	\$ 51,982
			Commission on State Emergency Communications					
		41015	Emergency 911 - 2014/2015	N/A	09/01/14	08/31/15	\$ 1,048,340	\$ 169,319
		41016	Emergency 911 - 2015/2016	N/A	09/01/15	08/31/16	\$ 1,017,258	\$ 296,376
		41017	Emergency 911 - 2016/2017	N/A	09/01/16	08/31/17	\$ 1,189,414	\$ 415,452
Total Commission on State Emergency Communications							\$ 3,255,012	\$ 881,147
			Texas Commission on Environmental Quality					
		46000	Municipal Solid Waste	582-16-60666	09/01/15	08/31/17	\$ 115,000	\$ 74,798
Total Texas Commission on Environmental Quality							\$ 115,000	\$ 74,798
			Texas Department of Health and Human Services					
		52004	State General Revenue	539-16-0008-00001	09/01/16	08/31/17	\$ 77,417	\$ 77,417
		52004	State General Revenue	539-16-0008-00001	09/01/15	08/31/16	\$ 3,589	\$ 3,589
		52012	Housing Bond	539-16-0008-00001	09/01/16	08/31/17	\$ 36,964	\$ 36,964
		52002	SGR Assisted Living Facility (ALF)	539-16-0008-00001	09/01/16	08/31/17	\$ 6,444	\$ 6,444
		52002	SGR Assisted Living Facility (ALF)	539-16-0008-00001	09/01/15	08/31/16	\$ 6,129	\$ 6,129
			Subtotal				\$ 130,543	\$ 130,543
		51000	ADRC SGR Operations	539-14-0475-00007	09/01/16	08/31/17	\$ 153,811	\$ 153,811
			Subtotal				\$ 153,811	\$ 153,811
		60000	211 Area Informatin Center Operations	529-16-0006-00024B	09/01/16	08/31/17	\$ 237,026	\$ 237,026
		60000	211 Area Informatin Center Child Care	529-16-0006-00024C	09/01/16	08/31/17	\$ 4,644	\$ 4,644
		60000	211 Area Informatin Center Operations	529-16-0006-00024	09/01/15	08/31/16	\$ 141,064	\$ 141,064
		60000	211 Area Informatin Center Child Care	529-16-0006-00024A	09/01/15	08/31/16	\$ 6,089	\$ 6,089
			Subtotal				\$ 388,823	\$ 388,823
Texas Department of Health and Human Services							\$ 673,177	\$ 673,177
			Corporation for National and Community Service					
		56000	Retired Senior Volunteer Program	15SWTX026	07/01/16	06/30/17	\$ 24,531	\$ 24,531
		50000	Foster Grandparant Program	15SFWTX012	07/01/16	06/30/17	\$ 3,182	\$ 3,182
		50000	Foster Grandparant Program	15SFWTX12	07/01/15	06/30/16	\$ -	\$ -
Total Corporation for National and Community Service							\$ 27,713	\$ 27,713
Total Expenditures of State Awards							\$ 4,356,467	\$ 1,772,286
Total Expenditures of Federal and State of Texas Awards							\$ 19,858,831	\$ 8,375,194

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>
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
2014	3	31	41	75
2015	3	29	39	71
2016	3	25	33	61
2017	3	34	22	59

<u>Fiscal Year</u>	<u>County Dues</u>	<u>City Dues</u>	<u>Other Dues</u>	<u>Total Dues</u>
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
2014	13,193	25,005	9,155	47,353
2015	13,193	23,433	8,405	45,031
2016	13,193	23,359	4,036	40,588
2017	13,193	23,856	4,965	42,014

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Membership Dues

Years Ended April 30, 2017 and 2016

(Unaudited)

MEMBER ENTITY	<u>2017</u>	<u>2016</u>
Cooke County	\$ 3,748	\$ 3,748
Fannin County	2,992	2,992
Grayson County	<u>6,453</u>	<u>6,453</u>
County Total	<u>13,193</u>	<u>13,193</u>
City of Bells	262	-
City of Bonham	2,089	2,089
City of Callisburg	100	100
City of Denison	4,840	4,840
City of Dodd City	100	100
City of Ector	135	135
City of Gainesville	3,310	3,310
City of Gunter	352	352
City of Honey Grove	366	366
City of Howe	582	582
City of Knollwood	100	100
City of Ladonia	140	140
City of Leonard	394	394
Town of Lindsay	200	200
City of Muenster	334	-
Town of Oak Ridge	100	100
City of Pottsboro	452	452
Town of Ravenna	100	-
City of Sadler	100	100
City of Savoy	-	171
City of Sherman	7,738	7,738
City of Southmayd	215	215
City of Tioga	190	190
City of Tom Bean	-	203
City of Trenton	223	223
City of Valley View	175	-
City of Whitesboro	826	826
City of Whitewright	333	333
Town of Windom	<u>100</u>	<u>100</u>
City Total	<u>23,856</u>	<u>23,359</u>

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Membership Dues (Continued)

Years Ended April 30, 2017 and 2016

(Unaudited)

	<u>2017</u>	<u>2016</u>
MEMBER ENTITY		
Bells ISD	155	155
Bonham ISD	378	-
Denison ISD	880	880
Dodd City ISD	100	100
Ector ISD	100	100
Fannindell ISD	100	-
Grayson County College	746	746
Leonard ISD	176	176
Muenster ISD	100	100
North Central Texas College (CC Campus only)	451	-
Pottsboro ISD	246	246
Sam Rayburn ISD	100	-
Savoy ISD	-	100
Sherman ISD	1,333	1,333
Denison Chamber of Commerce	100	100
Other Total	<u>4,965</u>	<u>4,036</u>
Grand Total	<u><u>\$ 42,014</u></u>	<u><u>\$ 40,588</u></u>

TEXOMA COUNCIL OF GOVERNMENTS

Revenues by Source and Authorized Staff

Last Ten Fiscal Years Ended (Unaudited)

Fiscal Year	Member Government Dues	Local Govt Income/In-Kind Contributions	Interest Income	State Funds	State Administered Grants	Federal Grants	Totals	Authorized Full-Time Positions
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
2014	47,353	3,192,743	240	1,644,156	3,069,648	3,115,435	11,069,575	58
2015	45,031	2,893,552	288	1,971,476	3,555,022	3,050,816	11,516,185	58
2016	40,588	2,706,695	144	2,027,848	1,337,159	4,968,455	11,080,734	58
2017	42,014	3,302,950	198	1,772,284	1,096,346	5,544,692	11,758,286	63

TEXOMA COUNCIL OF GOVERNMENTS

Total Governmental Expenditures

Last Ten Fiscal Years Ended (Unaudited)

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 9,659,356
2009	10,824,295
2010	14,290,954
2011	17,906,877
2012	14,889,053
2013	11,275,356
2014	11,130,735
2015	11,310,911
2016	11,761,376
2017	11,621,383

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Insurance in Force

April 30, 2017 (Unaudited)

<u>Insurance Carrier & Policy Number</u>	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Deductibles</u>
Texas Municipal 5208	General Liability	\$1,000,000 Each Occurrence \$1,000,000 Sudden Events Involving Pollution - Each Occurrence \$2,000,000 Annual Aggregate	None
Texas Municipal 5208	Automobile Liability Physical Damage	\$1,000,000 Liability (hired, owned and non-owned), \$50,000 Medical Payments Actual Cash Value Comprehensive & Collision	Comprehensive & collision: \$250 per vehicle
Texas Municipal 5208	Public Officials Errors & Omissions	\$1,000,000 Each Occurrence \$2,000,000 Annual Aggregate Covers Governing Body and Staff	\$5,000 each claim
Texas Municipal 5208	Property	\$5,603,192 Real and Personal Property \$1,000,000 Newly Acquired Property \$5,603,192 Boiler and Machinery \$100,000 Valuable Papers \$10,000 Accounts Receivable \$50,000 Loss of Revenues, Extra Expense and Rental Value \$10,000 Outdoor Trees & Shrubs \$5,000 Personal Property of Employees & Officials \$5,000 Leasehold Interest \$20,000 Pollutant Cleanup and Removal	\$500 each loss
Texas Municipal 5208	Crime Coverage	\$150,000 Employee Dishonesty including "Faithful Performance"	\$250
Texas Municipal 5208	Workers 5208	Workers Compensation Statutory Employer's Liability: \$500,000	None