

**CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

Belton, Texas

**ANNUAL FINANCIAL REPORT**

June 30, 2010

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

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ANNUAL FINANCIAL REPORT

June 30, 2019

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## REPORT ON FINANCIAL STATEMENTS

To the Board of Directors  
The Home Depot, Inc.  
Atlanta, Georgia

### Financial Section

We have audited the consolidated financial statements of The Home Depot, Inc. and its subsidiaries (the Company) for the years ended December 31, 2010 and 2009, and the related notes to the financial statements. These financial statements include the consolidated balance sheet as of December 31, 2010 and 2009, and the consolidated statements of income, comprehensive income, equity, and cash flows for the years ended December 31, 2010 and 2009. The Company's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). Our audit included examining on a test basis the accounting records and other evidence supporting the amounts and disclosures in the financial statements. We also performed certain procedures to test the Company's internal control over financial reporting. Our audit was designed to obtain reasonable assurance about whether the financial statements are free of material misstatement. A material misstatement is one that could influence the economic decisions of users based on the financial statements. The Company's financial statements are prepared in accordance with GAAP.

In our opinion, the consolidated financial statements of The Home Depot, Inc. and its subsidiaries for the years ended December 31, 2010 and 2009, and the related notes to the financial statements, present fairly, in all material aspects, the financial position, results of operations, comprehensive income, equity, and cash flows of the Company for the years ended December 31, 2010 and 2009, in accordance with GAAP.

In connection with our audit of the consolidated financial statements of The Home Depot, Inc. and its subsidiaries for the years ended December 31, 2010 and 2009, we have also audited the Company's internal control over financial reporting and we have issued a separate report on our audit of the Company's internal control over financial reporting. The purpose of this report is to provide an opinion on the Company's internal control over financial reporting and the results of our testing of internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance about the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Central Texas Council of Governments  
Belton, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Texas Council of Governments as of and for the year ended June 30, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 21, 2011, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's financial statements as a whole. The combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular a-133, "Audits of States, Local Governments and Nonprofit Organizations," and the State of Texas Uniform Grant Management Standards, issued by the Governor's Office of Budget and Planning, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

March 21, 2011

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 thereof be presented as a supplement to the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for providing the basic financial statements with appropriate operational, financial, or statistical context. We have applied certain limited exceptions to the required supplementary information in connection with our audit of the financial statements generally presented in the United States of America, which exceptions are explained in management's discussion and analysis. We have also reviewed the basic financial information for consistency with management's responses to our inquiries. The basic financial statements and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited exceptions do not provide us with sufficient evidence to express an opinion or provide any assurance.

The audit was conducted for the purpose of forming an opinion on the financial statements that, without any exception, the Governmental Accounting Standards Board's requirements for the basic financial statements and related information are presented for the purpose of additional analysis and are not a part of the basic financial statements. The accounting principles used in our audit are those that we believe are the most appropriate of management and were derived from and based upon a set of accounting principles and other criteria that we believe are the most appropriate. The Governmental Accounting Standards Board's requirements for the basic financial statements are applied in the audit of the financial statements and related information. We have also reviewed the basic financial information for consistency with management's responses to our inquiries. We have also reviewed the basic financial information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on the information because the limited exceptions do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 thereof be presented as a supplement to the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for providing the basic financial statements with appropriate operational, financial, or statistical context. We have applied certain limited exceptions to the required supplementary information in connection with our audit of the financial statements generally presented in the United States of America, which exceptions are explained in management's discussion and analysis. We have also reviewed the basic financial information for consistency with management's responses to our inquiries. The basic financial statements and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited exceptions do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Patricia Brown & Hill, LLP*

March 21, 2011



## CENTRAL TEXAS COUNCIL OF GOVERNMENTS

### Management's Discussion and Analysis

As management of the Central Texas Council of Governments (the Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2010.

#### FINANCIAL HIGHLIGHTS

- The assets of the Central Texas Council of Governments exceed its liabilities as of June 30, 2010, by \$5,287,232 (net assets). Of this amount, \$2,418,578 (unrestricted net assets) may be used to meet the Council's ongoing obligations.
- The Council's total net assets decreased by \$1,060,265.
- As of the close of the current fiscal year, Central Texas Council of Governments' governmental funds reported combined ending fund balances of \$4,895,152, a decrease of \$977,282.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,576,641.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the 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, which begin on page 8 of this report, are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The Statement of Activities presents information showing how the Council's net assets changed during the fiscal year. All changes in net assets are reported when 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 the future fiscal periods (e.g., earned but unused compensated absences).

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Council fall in two categories: governmental funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Beginning on page 11 of this report, information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, U.S.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2010

Department of Housing and Urban Development Fund, U.S. Department of Labor, U.S. Department of Health and Human Services Fund and Commission on State Emergency Communications, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements under Supplemental Information beginning on page 26 in this report.

Budgets are adopted on a grant basis, which often covers more than one year. These budgets are not considered to be legally adopted annual budgets and are therefore not presented in this report.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Council's own programs. The accounting used for fiduciary funds is much like that used for businesses.

The fiduciary funds financial statement can be found on page 16 of this report.

**Notes to the Financial Statements** – The notes 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 18-24 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents combining financial statements referred to earlier in connection with nonmajor governmental funds. These statements are located directly after the notes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Council, the assets exceeded the liabilities by \$5,297,647 as of June 30, 2010.

**Central Texas Council of Governments – Net Assets**

	Governmental Activities	
	2010	2009
Cash and other current assets	\$ 7,562,401	\$ 7,447,284
Capital assets	3,778,109	3,986,978
<b>Total assets</b>	<b>11,340,510</b>	<b>11,434,262</b>
Current liabilities	2,667,249	1,574,850
Noncurrent liabilities	3,386,029	3,511,915
<b>Total liabilities</b>	<b>6,053,278</b>	<b>5,086,765</b>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	717,167	801,128
Restricted	2,151,487	3,447,066
Unrestricted	2,418,578	2,099,303
<b>Total net assets</b>	<b>\$ 5,287,232</b>	<b>\$ 6,347,497</b>

A large portion of the Council's net assets are restricted. These net assets are not available for general spending as they represent resources that are subject to external restrictions.

Current liabilities increased for the year ended June 30, 2010 and represent grant drawdowns prior to meeting all eligibility requirements.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 MANAGEMENT DISCUSSION AND ANALYSIS  
 JUNE 30, 2010

**Analysis of the Council's Operations** – The following table provides a summary of the Council's operations for the year ended June 30, 2010:

**Central Texas Council of Government's Changes in Net Assets**

	Governmental Activities	
	2010	2009
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,803	\$ 60,032
Operating grants and contributions	42,670,528	35,792,970
General revenues:		
Grants and contributions not restricted to specific programs	419,856	399,732
<b>Total revenues</b>	<b>43,093,187</b>	<b>36,252,734</b>
<b>Expenses after allocation of indirect costs</b>		
General Government	282,498	351,502
U.S. Department of Agriculture	347,774	235,258
U.S. Department of Commerce	131,839	142,715
U.S. Department of Housing and Urban Dev	15,039,003	13,452,544
U.S. Department of Justice	106,539	86,859
U.S. Department of Labor	7,488,065	6,204,513
U.S. Department of Transportation	399,598	473,783
U.S. Department of Health and Human Services	13,931,630	10,014,180
U.S. Department of Homeland Security	509,140	513,054
U.S. Department of Veterans Affairs	300,659	-
Office of the Governor, Criminal Justice Division	140,291	125,032
Texas Department of Aging and Disability Svcs	136,524	77,297
Texas Commission on Environmental Quality	185,017	151,388
Texas Health and Human Services Commission	91,784	250,627
Texas Workforce Commission	2,285,102	2,376,457
Commission on State Emergency Comm	2,777,989	1,528,949
<b>Expenses after allocation of indirect costs</b>	<b>44,153,452</b>	<b>35,984,158</b>
<b>Change in net assets</b>	<b>(1,060,265)</b>	<b>268,576</b>
Net assets, beginning	6,347,497	6,078,921
Net assets, ending	<b>\$ 5,287,232</b>	<b>\$ 6,347,497</b>

The Trade Adjustment Assistance, Dislocated Workers, TANF and ARRA programs attributed to the increases in revenue and expenditures over the prior year through the U.S. Department of Labor and the U.S. Department of Health and Human Services. The Veterans Directed – Home and Community Based Services through the U.S. Department of Veterans Affairs also provided additional funding.

**Governmental funds** – The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$4,905,567.

**Capital Assets**

The Council's investment in capital assets for its governmental activities as of June 30, 2010, is \$3,778,109 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, equipment, buildings and land.

**Central Texas Council of Government's Capital Assets at year-end**

	Governmental Activities	
	2010	2009
Total capital assets	\$ 4,831,651	\$ 4,792,951
Less: accumulated depreciation	1,053,542	805,973
<b>Total Assets</b>	<b>\$ 3,778,109</b>	<b>\$ 3,986,978</b>

**Economic Factors**

The budget of the Central Texas Council of Governments may vary from year to year as funding is provided primarily by state and federal grant assistance. Congressional funding provided to state and local governments historically has increased, but the current economic condition will impact funds available. The Central Texas Council of Governments continues to work with other grantors such as private foundations seeking funding opportunities to replace governmental funds.

**Request for Information**

This financial report is designed to provide a general overview of the Central Texas Central Texas Council of Governments' finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Administration, P.O. Box 729, Central Texas Council of Governments, Belton, Texas 76513.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Statement of Net Assets**  
**June 30, 2010**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 3,699,714
Receivables	
Grantors	3,694,271
Other	1,392
Prepaid expenses	167,024
Total current assets	<u>7,562,401</u>
Noncurrent assets:	
Capital assets not being depreciated:	
Land	490,000
Capital assets net of accumulated depreciation:	
Building	3,229,861
Furniture, fixtures and equipment	58,248
Total capital assets	<u>3,778,109</u>
Total assets	<u>11,340,510</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,003,283
Other	170,203
Unearned revenue	493,763
Total current liabilities	<u>2,667,249</u>
Noncurrent liabilities:	
Due within one year	455,373
Due in more than one year	2,930,656
Total noncurrent liabilities	<u>3,386,029</u>
Total liabilities	<u>6,053,278</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	717,167
Restricted	2,151,487
Unrestricted	2,418,578
Total net assets	<u>\$ 5,287,232</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Statement of Activities  
For the Year Ended June 30, 2010

	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
<b>Governmental activities</b>			
General Government	\$ 278,425	\$ 4,073	\$ 282,498
U.S. Department of Agriculture	347,774	-	347,774
U.S. Department of Commerce	123,817	8,022	131,839
U.S. Department of Housing and Urban Development	14,751,112	287,891	15,039,003
U.S. Department of Justice	95,517	11,022	106,539
U.S. Department of Labor	7,233,646	254,419	7,488,065
U.S. Department of Transportation	316,239	83,359	399,598
U.S. Department of Health and Human Services	13,723,825	207,805	13,931,630
U.S. Department of Homeland Security	467,829	41,311	509,140
U.S. Department of Veterans Affairs	287,871	12,788	300,659
Commission on State Emergency Communications	2,662,273	115,716	2,777,989
Office of the Governor, Criminal Justice Division	114,930	25,361	140,291
Texas Department of Aging and Disability Services	109,742	26,782	136,524
Texas Commission on Environmental Quality	172,098	12,919	185,017
Texas Health and Human Services Commission	91,784	-	91,784
Texas Workforce Commission	2,279,425	5,677	2,285,102
Indirect costs	1,097,145	(1,097,145)	-
	<b>\$ 44,153,452</b>	<b>\$ -</b>	<b>\$ 44,153,452</b>

General revenues:

Grants and contributions not restricted to specific programs  
Total general revenues

Change in net assets  
Net assets, beginning

Net assets, ending

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Charges for Services	Operating Grants and Contributions	Governmental Activities
\$ -	\$ 202,238	\$ (80,260)
-	347,475	(299)
-	131,839	-
2,371	13,701,659	(1,334,973)
-	106,539	-
-	7,484,332	(3,733)
-	399,598	-
-	13,854,396	(77,234)
-	509,140	-
-	300,659	-
309	2,798,602	20,922
-	140,291	-
-	136,524	-
123	184,894	-
-	91,784	-
-	2,280,558	(4,544)
-	-	-
<b>\$ 2,803</b>	<b>\$ 42,670,528</b>	<b>\$ (1,480,121)</b>

419,856
<b>419,856</b>
(1,060,265)
<b>6,347,497</b>
<b>\$ 5,287,232</b>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Balance Sheet  
Governmental Funds  
June 30, 2010**

	General	Special Revenue	
		U.S. Department of Housing and Urban Dev	U.S. Department of Labor
<b>ASSETS</b>			
Cash and investments	\$ 2,465,498	\$ 775,039	\$ -
Accounts receivable:			
Grantors	-	77,876	1,061,994
Other	1,392	-	-
Prepaid items	167,024	-	-
Due from other funds	486,357	1,467,176	-
Total assets	<u>3,120,271</u>	<u>2,320,091</u>	<u>1,061,994</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable:			
Trade	\$ 273,007	\$ 160,447	\$ 590,926
Other	103,599	-	-
Due to other funds	-	-	465,880
Unearned revenue	-	8,157	5,188
Total liabilities	<u>376,606</u>	<u>168,604</u>	<u>1,061,994</u>
Fund balances			
Reserved for prepaid expenditures	167,024	-	-
Unreserved, reported in:			
General Fund	2,576,641	-	-
Special revenue funds	-	2,151,487	-
Total fund balances	<u>2,743,665</u>	<u>2,151,487</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,120,271</u>	<u>\$ 2,320,091</u>	<u>\$ 1,061,994</u>

Amounts reported for governmental activities in the statement of net assets are different because:  
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

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

Net assets of governmental activities

The notes to the financial statements are an integral part of this statement.



Special Revenue			
U. S. Dept of Health and Human Services	Commission on State Emergency Communications	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 459,177	\$ -	\$ 3,699,714
1,873,097	39,652	641,652	3,694,271
-	-	-	1,392
-	-	-	167,024
-	-	170,823	2,124,356
<u>1,873,097</u>	<u>498,829</u>	<u>812,475</u>	<u>9,686,757</u>
\$ 639,274	\$ 107,508	\$ 232,121	2,003,283
-	-	-	103,599
1,182,322	134,528	408,230	2,190,960
51,501	256,793	172,124	493,763
<u>1,873,097</u>	<u>498,829</u>	<u>812,475</u>	<u>4,791,605</u>
-	-	-	167,024
-	-	-	2,576,641
-	-	-	2,151,487
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,895,152</u>
<u>\$ 1,873,097</u>	<u>\$ 498,829</u>	<u>\$ 812,475</u>	
			3,778,109
			<u>(3,386,029)</u>
			<u>\$ 5,287,232</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010**

	General	Special Revenue	
		U.S. Department of Housing and Urban Dev	U. S. Department of Labor
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 13,704,030	\$ 7,484,332
Other	419,856	-	-
<b>Total revenues</b>	<b>419,856</b>	<b>13,704,030</b>	<b>7,484,332</b>
<b>EXPENDITURES</b>			
Current:			
General Government	6,867	-	-
U S. Department of Agriculture	-	-	-
U S. Department of Commerce	-	-	-
U S. Department of Housing and Urban Development	-	15,019,401	-
U.S. Department of Justice	-	-	-
U.S. Department of Labor	-	-	7,484,332
U.S. Department of Transportation	-	-	-
U.S. Department of Health and Human Services	-	-	-
Commission on State Emergency Communications	-	-	-
U.S. Department of Homeland Security	-	-	-
U.S. Department of Veterans Affairs	-	-	-
Office of the Governor, Criminal Justice Division	-	-	-
Texas Department of Aging and Disability Services	-	-	-
Texas Commission on Environmental Quality	-	-	-
Texas Health and Human Services Commission	-	-	-
Texas Workforce Commission	-	-	-
<b>Total expenditures</b>	<b>6,867</b>	<b>15,019,401</b>	<b>7,484,332</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>412,989</b>	<b>(1,315,371)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	19,792	-
Transfers out	(94,692)	-	-
<b>Total other financing sources (uses)</b>	<b>(94,692)</b>	<b>19,792</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>318,297</b>	<b>(1,295,579)</b>	<b>-</b>
<b>FUND BALANCES, BEGINNING</b>	<b>2,425,368</b>	<b>3,447,066</b>	<b>-</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 2,743,665</b>	<b>\$ 2,151,487</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

Special Revenue			
U. S. Dept of Health and Human Services	Commission on State Emergency Communications	Other Governmental Funds	Total Governmental Funds
\$ 13,768,901	\$ 2,798,911	\$ 4,608,443	\$ 42,364,617
85,495	-	97,333	602,684
<u>13,854,396</u>	<u>2,798,911</u>	<u>4,705,776</u>	<u>42,967,301</u>
-	-	76,352	83,219
-	-	347,475	347,475
-	-	131,839	131,839
-	-	-	15,019,401
-	-	106,539	106,539
-	-	-	7,484,332
-	-	399,598	399,598
13,929,296	-	-	13,929,296
-	2,798,911	-	2,798,911
-	-	509,140	509,140
-	-	300,659	300,659
-	-	140,291	140,291
-	-	136,524	136,524
-	-	185,017	185,017
-	-	91,784	91,784
-	-	2,280,558	2,280,558
<u>13,929,296</u>	<u>2,798,911</u>	<u>4,705,776</u>	<u>43,944,583</u>
(74,900)	-	-	(977,282)
74,900	-	-	94,692
-	-	-	(94,692)
<u>74,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(977,282)
-	-	-	5,872,434
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,895,152</u>

**CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2010**

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

Net change in fund balances-total governmental funds	\$ (977,282)
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. This is the amount by which depreciation exceeded capital outlay in the current period.	(208,869)
The payment of long-term debt principal consumes the current financial resources of governmental funds, while this transaction has no effect on net assets.	124,908
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>978</u>
<b>Change in net assets of governmental activities</b>	<b><u>\$ (1,060,265)</u></b>

The notes to the financial statements are an integral part of this statement.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Statement of Fiduciary Net Assets  
June 30, 2010

Agency

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 668,785
Due from other funds	66,604
Total assets	<u>735,389</u>
<b>LIABILITIES</b>	
Liabilities	
Accounts payable	8,927
Due to other governments	726,462
Total liabilities	<u>\$ 735,389</u>

The notes to the financial statements are an integral part of this statement.

Department of Government  
June 24, 2010

Amount

Agency	Amount
201,150	2
10,000	
191,150	

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Agency	Amount
10,000	
181,150	2

Agency	Amount
10,000	
181,150	2

The amount of the proposed budget for the Department of Government is \$1,000,000.

## CENTRAL TEXAS COUNCIL OF GOVERNMENTS

### Notes to the Financial Statements June 30, 2010

#### I. Summary of Significant Accounting Policies

##### A. Reporting Entity

The Central Texas Council of Governments (the "Council") is a voluntary association of cities, counties, school districts and special districts within the seven-county Central Texas Region. The Council was established in 1968 to assist local governments in planning for common needs, cooperating for mutual benefit and coordinating for sound regional development.

The basic financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity," criteria for including organizations within the Council's reporting entity include entities upon which the Council is able to impose its will, or that are fiscally dependent upon the Council. Additionally, those entities that the nature and significance of their relationship with the Council is such that exclusion from the Council's financial reporting entity would render the Council's financial statements incomplete or misleading are also required to be included. However, no other organizations are required to be included in the Council's June 30, 2010, financial statements in accordance with GASB 14.

##### B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by federal, state and local grants.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefits from goods, services, or privileges provided by a given function and 2.) grants and contributions that are restricted to meeting the operational requirement of a particular function.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

##### C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

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

CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

Governmental funds grant resources and supportive services fees are susceptible to accrual and are recognized as revenues to the extent of qualifying expenditures recorded for the individual programs since the Council is only reimbursed for qualifying expenditures incurred for grant and contact purposes.

The Council reports the following major governmental funds:

- **General Fund** – This fund is the Council's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **U.S. Department of Housing and Urban Development** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Housing and Urban Development
- **U.S. Department of Labor** – This fund accounts for various workforce programs awarded to the Central Texas Council of Governments by the U.S. Department of Labor.
- **U.S. Department of Health and Human Services** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Health and Human Services.
- **Commission on State Emergency Communications** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the Texas Commission on State Emergency Communications.

Additionally, the Council reports the following fund type:

**Agency Funds** – These funds are used to account for net assets held in a custodial capacity for specified other persons, organizations or other governments. The Council has one agency fund, Clearwater Underground Water Conservation District.

**D. Assets, Liabilities, and Net Assets**

**1. Deposits and Investments**

As of June 30, 2010, the Council had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
TexPool	\$ 1,430,383	38
TexStar	811,528	44

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Council to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Council to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the Council to have independent auditors perform test procedures related to investment practices as provided by the Act. The Council is in substantial compliance with the requirements of the Act and with local policies.

The Council's investment pools are 2a7-like pools. 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.



### **Custodial Credit Risk**

In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. As of June 30, 2010, the Council's \$2,306,588 deposit balance was entirely collateralized with securities held by the pledging financial institution or covered by FDIC insurance. The Council's highest cash balance during the year ended June 30, 2010, was fully collateralized with securities held by the pledging financial institution and FDIC insurance.

### **Credit Risk**

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

TexPool AAAM  
TexStar AAAM

### **2. Grants receivable**

Receivables from grantors represent amounts due from federal and state agencies for various programs administered by the Council. The receivable includes amounts due on completed programs and those in progress as of June 30, 2010.

### **3. Interfund receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

### **4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

### **5. Capital assets**

Capital assets, which include furniture, fixtures and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Furniture, fixtures and equipment of the Council are depreciated using the straight line method over the estimated useful life.

### **6. Compensated absences**

Employees accrue vacation leave based on years of service with the Council. Employees may accrue up to a maximum of 30 vacation days for which payment is made to the employee upon termination of employment. Employees will be paid for accrued vacation upon termination of employment provided they have been in full time employment for six months of service.

The Council's sick leave policy permits the accumulation of 18 sick days per year up to a maximum accumulation of 90 days. Employees are not paid for unused sick days upon termination of employment; therefore, no accrual for unused sick leave is recorded. Sick pay is charged as an expenditure as taken.

### **7. Allocation of Employee Benefits and Indirect Costs**

CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

The Council's employee benefits and indirect costs are allocated to grant projects based on actual costs incurred in accordance with the Office of Management and Budget Circular A-87. The Council's employee benefits are allocated to grant projects as a percentage of salary costs. Indirect costs necessary to sustain the overall agency operations are allocated as a percentage of total direct salary and employee benefits costs charged to grant projects.

**8. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**II. Budgetary information**

The Council's budget is controlled at the fund and project level with management authorized to make transfers of budgeted amounts between object class levels within a fund or project, within restrictions imposed by grantor agencies. The budget for the Special Revenue Funds is made on a project/grant basis and often covers more than one year. Budgets 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. Although budgets are reviewed and approved by the Council, they are not considered legally adopted annual budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

**III. Detailed notes on all funds.**

**A. Deferred revenue.**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
Grant drawdowns prior to meeting all eligibility requirements	\$ 493,763

**B. Capital assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Depreciable assets:</b>				
Buildings	\$ 3,975,215	\$ -	\$ -	\$ 3,975,215
Furniture, fixtures and equipment	327,736	38,700	-	366,436
Total depreciable assets	4,302,951	38,700	-	4,341,651
<b>Non-depreciable assets:</b>				
Land	490,000	-	-	490,000
Total non-depreciable assets	490,000	-	-	490,000
<b>Less accumulated depreciation</b>				
Buildings	546,593	198,761	-	745,354
Furniture, fixtures and equipment	259,380	48,808	-	308,188
Total accumulated depreciation	805,973	247,569	-	1,053,542
Total	\$ 3,986,978	\$ (208,869)	\$ -	\$ 3,778,109

CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

Depreciation expense was charged to functions of the Council as follows:

Governmental activities	Depreciation
General Government	\$ 199,279
U S. Department of Agriculture	299
U S. Department of Housing and Urban Development	19,602
U.S. Department of Labor	3,733
U.S. Department of Health and Human Services	2,334
Texas Workforce Commission	4,544
Commission on State Emergency Communications	17,778
	<u>\$ 247,569</u>

**C. Interfund receivables, payables and transfers**

The Council uses a pooled cash account which is accounted for within the General Fund. All expenditures are paid out of this cash account, and appropriated interfund balances are recorded to reflect this activity. The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:		
Receivable Fund	Payable Fund	Amount
General Fund		\$ 486,357
U.S. Department of Housing and Urban Development		1,467,176
Other Governmental Funds		170,823
Agency Funds		66,604
	U.S. Department of Labor	(465,880)
	U.S. Department of Health and Human Services	(1,182,322)
	Other Governmental Funds	(542,758)
		<u>\$ -</u>

**Interfund Transfers In/Out:**

The balances record as transfers result from the time lag between the dates that (1) interfund goods and services are provided for reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A summary of interfund transfers as of June 30, 2010, is as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 94,692
U.S. Department of Housing and Urban Development	19,792	-
U.S. Department of Health and Human Services	74,900	-
	<u>\$ 94,692</u>	<u>\$ 94,692</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010

**D. Lease**

The Council leases office space under noncancellable annual operating leases. The total costs were \$91,784 in 2010. The future minimum lease payments are as follows:

Fiscal Year	Total
2011	\$ 93,150
2012	93,150
2013	93,150
2014	15,525
Total	<u>\$ 294,975</u>

**E. Long-term liabilities**

Long term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due in One Year
<b>Governmental activities:</b>					
Notes Payable	\$ 3,185,850	\$ -	\$ 124,908	\$ 3,060,942	\$ 130,286
Compensated Absences	326,065	370,563	371,541	325,087	325,087
Total	<u>\$ 3,511,915</u>	<u>\$ 370,563</u>	<u>\$ 496,449</u>	<u>\$ 3,386,029</u>	<u>\$ 455,373</u>

On September 7, 2005 the Council executed a note payable in the amount of \$3,500,000 for the purchase of real estate and building renovations. The note will bear per annum interest at the rate of sixty-five (65%) of the LIBOR rate plus 1.028813%. The initial rate is 4.49%.

The annual requirements to amortize the note as of June 30, 2010, are as follows:

Fiscal Year	Principal	Interest
2011	\$ 130,286	\$ 143,657
2012	124,216	126,880
2013-2017	779,564	590,154
2018-2022	978,488	391,229
2023-2027	1,048,388	138,594
Total	<u>\$ 3,060,942</u>	<u>\$ 1,390,514</u>

**V. Other information**

**A. Risk management**

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council maintains workers' compensation and other risks of loss coverage. The Council management believes such coverage is sufficient to preclude any significant uninsured losses to the Council. The Council retains a risk of loss of for \$1,000 deduction per vehicle accident and \$1,000 per property loss occurrence. Moreover, the Council will be subject by 5% - 15% surcharge for liability and property coverage if losses have exceeded contributions to Texas Municipal League.

**B. Contingent liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the general fund. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the Council expects such amounts, if any, to be immaterial.

**C. Retirement system and pension plans**

Retirement Plan

The Council is a member of the National Association of Regional Boards - Multiple Employer Retirement Plan (the "Plan"). The Plan is a defined contribution retirement plan, administered by the Central Texas Council of Governments. After 90 days of employment the Plan provides retirement benefits for all full-time employees. The Board of Directors has the authority to amend the retirement plan. Employees contribute 3% of gross salaries to the Plan after 90 days of employment. The Council contributes to the Plan an amount equal to 7% of gross salaries for full-time employees who have worked at least 1,000 hours in the Plan year. These contributions totaled approximately \$330,974 in fiscal year 2010. Employees are 100% vested in the Council's contributions after two full years of employment. Each employee participating in the Plan contributes 3% of his/her gross salary. Employee contributions totaled approximately \$141,846 in fiscal year 2010.

Deferred Compensation Plan (Plan)

A tax-deferred compensation plan, which meets the requirements of Internal Revenue Code Section 457, as amended, is available for the Council employees' participation. The Council's fiduciary responsibility under the plan is to remit employee contributions to Nationwide Retirement Solution on a regular basis. The Council has no legal access to the plan assets. The plan assets are not reported on the balance sheet because the assets are held in a custodial account due to change in tax law.

**D. Insurance**

The Central Texas Council of Governments is exposed to various risks in the areas of general liability and directors' and officers' liability, workers compensation and automobile liability. During fiscal year 2010, insurance coverage to minimize potential losses was provided through contracts with the Texas Municipal League Intergovernmental Risk Pool.

## 1. Introduction

The purpose of this report is to provide a comprehensive overview of the current state of the federal government's power. The report is organized into several sections, each of which will be discussed in detail. The first section, "Introduction," provides a general overview of the report's content. The second section, "The Federal Government's Power," discusses the various powers of the federal government, including its authority to regulate interstate commerce, to coin money, and to declare war. The third section, "The Role of the Courts," discusses the role of the federal courts in interpreting the Constitution and the laws of the United States. The fourth section, "The Role of Congress," discusses the role of Congress in passing laws and overseeing the executive branch. The fifth section, "The Role of the Executive Branch," discusses the role of the President and the various departments and agencies of the executive branch. The sixth section, "The Role of the States," discusses the role of the states in the federal system. The seventh section, "The Role of the People," discusses the role of the citizens in the federal system. The eighth section, "Conclusion," provides a summary of the report's findings and conclusions.

## 2. The Federal Government's Power

### 2.1 The Constitution

The Constitution is the supreme law of the United States. It is the foundation of the federal government's power. The Constitution grants the federal government certain powers, while reserving other powers to the states or to the people. The federal government's powers are divided into three categories: legislative, executive, and judicial. The legislative power is vested in Congress, the executive power is vested in the President, and the judicial power is vested in the federal courts. The Constitution also sets out the structure of the federal government, including the separation of powers and the checks and balances system. The Constitution is a living document, and its meaning has evolved over time through the actions of the federal government, the courts, and the people.

## Supplemental Information

### 2.2 The Federal Government's Powers

The federal government has a wide range of powers, including the power to regulate interstate commerce, to coin money, to declare war, and to make treaties. These powers are granted to the federal government by the Constitution. The federal government's power to regulate interstate commerce is one of its most important powers. This power allows the federal government to regulate the flow of goods and services between states, and to prevent states from imposing barriers to interstate trade. The federal government's power to coin money is another important power. This power allows the federal government to create and issue currency, and to regulate the money supply. The federal government's power to declare war is a power that is rarely used, but it is an important power that allows the federal government to defend the United States against foreign threats. The federal government's power to make treaties is another important power. This power allows the federal government to enter into agreements with other countries, and to resolve international disputes.

### 2.3 The Role of the Courts

The federal courts play a crucial role in the federal government's power. They are responsible for interpreting the Constitution and the laws of the United States. The federal courts also have the power to review the actions of the executive branch and Congress, and to declare them unconstitutional if they violate the Constitution. The federal courts are an important part of the federal government's power, and they play a vital role in maintaining the rule of law and the separation of powers.

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**U.S. Department of Agriculture** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Agriculture.

**U.S. Department of Commerce** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Commerce.

**U.S. Department of Justice** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Justice.

**U.S. Department of Transportation** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Transportation.

**U.S. Department of Homeland Security** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Homeland Security.

**U.S. Department of Veterans Affairs** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the U.S. Department of Veterans Affairs.

**Office of the Governor, Criminal Justice Division** – This fund accounts for various programs awarded to the Central Texas Council by the Office of the Governor, Criminal Justice Division.

**Texas Department of Aging and Disability Services** – This fund accounts for various programs awarded to the Central Texas Council by Governments by the Texas Department of Aging and Disability Services.

**Texas Commission on Environmental Quality** – This fund accounts for various programs awarded to the Central Texas Council of Governments by the Texas Commission on Environmental Quality.

**Texas Health and Human Services Commission** – This fund accounts for various housing and technical assistance programs awarded to the Central Texas Council of Governments by the Texas Health and Human Services Commission.

**Texas Workforce Commission** – This fund accounts for various workforce programs awarded to the Central Texas Council of Governments by the Texas Workforce Commission.

**Miscellaneous Grants and Contracts** – This fund accounts for miscellaneous grants and contracts awarded to the Central Texas Council of Governments.

**CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	U. S. Department of Agriculture	U. S. Department of Commerce	U. S. Department of Justice
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Accounts receivable:			
Grantors	26,262	5,561	37,081
Due from other funds	-	-	-
<b>Total assets</b>	<b>26,262</b>	<b>5,561</b>	<b>37,081</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	8,688	23	-
Due to other funds	17,574	5,538	35,351
Unearned revenue	-	-	1,730
<b>Total liabilities</b>	<b>26,262</b>	<b>5,561</b>	<b>37,081</b>
<b>Fund balances</b>			
	-	-	-
<b>Total liabilities and fund balances</b>	<b>\$ 26,262</b>	<b>\$ 5,561</b>	<b>\$ 37,081</b>



U. S. Department of Transportation	U. S. Department of Homeland Security	U. S. Department of Veterans Affairs	Office of the Governor, Criminal Justice Division
\$ -	\$ -	\$ -	\$ -
183,813	79,156	-	24,445
-	-	116,372	-
<u>183,813</u>	<u>79,156</u>	<u>116,372</u>	<u>24,445</u>
924	295	46,695	83
182,889	66,749	-	2,151
-	12,112	69,677	22,211
<u>183,813</u>	<u>79,156</u>	<u>116,372</u>	<u>24,445</u>
-	-	-	-
<u>\$ 183,813</u>	<u>\$ 79,156</u>	<u>\$ 116,372</u>	<u>\$ 24,445</u>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

	Texas Department of Aging and Disability Services	Texas Commission on Environmental Quality	Texas Health and Human Services Commission
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Accounts receivable:			
Grantors	26,171	-	-
Due from other funds	-	29,541	-
Total assets	<u>26,171</u>	<u>29,541</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	-	1,403	-
Due to other funds	25,131	-	-
Unearned revenue	1,040	28,138	-
Total liabilities	<u>26,171</u>	<u>29,541</u>	<u>-</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 26,171</u>	<u>\$ 29,541</u>	<u>\$ -</u>

Texas Workforce Commission	Miscellaneous Grants and Contracts	Total Other Governmental Funds
\$ -	\$ -	\$ -
234,023	25,140	641,652
-	24,910	170,823
<u>234,023</u>	<u>50,050</u>	<u>812,475</u>
161,176	12,834	232,121
72,847	-	408,230
-	37,216	172,124
<u>234,023</u>	<u>50,050</u>	<u>812,475</u>
-	-	-
<u>\$ 234,023</u>	<u>\$ 50,050</u>	<u>\$ 812,475</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
June 30, 2010**

	Special Revenue		
	U. S. Department of Agriculture	U. S. Department of Commerce	U. S. Department of Justice
<b>REVENUES</b>			
Intergovernmental	\$ 347,475	\$ 39,758	\$ 101,287
Other	-	92,081	5,252
Total revenues	<u>347,475</u>	<u>131,839</u>	<u>106,539</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
U S. Department of Agriculture	347,475	-	-
U S. Department of Commerce	-	131,839	-
U.S. Department of Justice	-	-	106,539
U.S. Department of Transportation	-	-	-
U.S. Department of Homeland Security	-	-	-
U.S. Department of Veterans Affairs	-	-	-
Office of the Governor, Criminal Justice Division	-	-	-
Texas Department of Aging and Disability Services	-	-	-
Texas Commission on Environmental Quality	-	-	-
Texas Health and Human Services Commission	-	-	-
Texas Workforce Commission	-	-	-
Commission on State Emergency communications	-	-	-
Total expenditures	<u>347,475</u>	<u>131,839</u>	<u>106,539</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-
<b>FUND BALANCES, BEGINNING</b>	-	-	-
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue			
U. S. Department of Transportation	U. S. Department of Homeland Security	U. S. Department of Veterans Affairs	Office of the Governor, Criminal Justice Division
\$ 399,598	\$ 509,140	\$ 300,659	\$ 140,291
-	-	-	-
<b>399,598</b>	<b>509,140</b>	<b>300,659</b>	<b>140,291</b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>399,598</b>	-	-	-
-	<b>509,140</b>	-	-
-	-	<b>300,659</b>	-
-	-	-	<b>140,291</b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>399,598</b>	<b>509,140</b>	<b>300,659</b>	<b>140,291</b>
-	-	-	-
-	-	-	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
June 30, 2010**

	Special Revenue		
	Texas Department of Aging and Disability Services	Texas Commission on Environmental Quality	Texas Health and Human Services Commission
<b>REVENUES</b>			
Intergovernmental	\$ 136,524	\$ 185,017	\$ 91,784
Other	-	-	-
Total revenues	<u>136,524</u>	<u>185,017</u>	<u>91,784</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
U S. Department of Agriculture	-	-	-
U S. Department of Commerce	-	-	-
U.S. Department of Justice	-	-	-
U.S. Department of Transportation	-	-	-
U.S. Department of Homeland Security	-	-	-
U.S. Department of Veterans Affairs	-	-	-
Office of the Governor, Criminal Justice Division	-	-	-
Texas Department of Aging and Disability Services	136,524	-	-
Texas Commission on Environmental Quality	-	185,017	-
Texas Health and Human Services Commission	-	-	91,784
Texas Workforce Commission	-	-	-
Commission on State Emergency communications	-	-	-
Total expenditures	<u>136,524</u>	<u>185,017</u>	<u>91,784</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-
<b>FUND BALANCES, BEGINNING</b>	-	-	-
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue		
Texas Workforce Commission	Miscellaneous Grants and Contracts	Total Other Governmental Funds
\$ 2,280,558	\$ 76,352	\$ 4,608,443
-	-	97,333
<u>2,280,558</u>	<u>76,352</u>	<u>4,705,776</u>
-	76,352	76,352
-	-	347,475
-	-	131,839
-	-	106,539
-	-	399,598
-	-	509,140
-	-	300,659
-	-	140,291
-	-	136,524
-	-	185,017
-	-	91,784
2,280,558	-	2,280,558
<u>2,280,558</u>	<u>76,352</u>	<u>4,705,776</u>
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Schedule of Indirect Costs  
Year Ended June 30, 2010**

	Budget	Actual	(Over) / Under
Indirect personnel costs:			
Salaries	\$ 461,851	\$ 460,486	\$ 1,365
Total salaries	<u>461,851</u>	<u>460,486</u>	<u>1,365</u>
Employee benefits	<u>299,464</u>	<u>314,119</u>	<u>(14,655)</u>
Total employee benefits	<u>299,464</u>	<u>314,119</u>	<u>(14,655)</u>
Other indirect costs:			
Contract services	367,585	156,959	210,626
Travel	41,838	41,533	305
Equipment use fee	-	61	(61)
Consumable supplies	19,424	19,908	(484)
Employee development	4,730	4,510	220
Equipment rental	-	(2,334)	2,334
Communications	7,642	7,541	101
Dues and subscriptions	15,652	12,762	2,890
Other	202,651	190,126	12,525
Total other indirect costs	<u>659,522</u>	<u>431,066</u>	<u>228,456</u>
Total indirect costs	1,420,837	1,205,671	215,166
Less: Agency funds allocation	<u>56,476</u>	<u>56,476</u>	<u>-</u>
Net indirect costs	<u>1,364,361</u>	<u>1,149,195</u>	<u>215,166</u>
Actual indirect costs recovered	<u>1,364,361</u>	<u>1,149,195</u>	<u>215,166</u>
Under (over) recovery of indirect costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Schedule of Indirect Costs**  
**Year Ended June 30, 2010**

Computation of indirect  
cost rate:

Actual indirect costs recovered /	\$ 1,205,671	
	<hr/>	= 41.40%
Direct personnel costs	2,912,130	

Recap of total  
personnel costs:

Indirect personnel costs	774,604
Direct personnel costs - Special revenue funds	1,942,475
Workforce Board	969,656
Total direct personnel	<hr/> <u>2,912,131</u>
Workforce Center Personnel	4,512,289
Total	<hr/> <u>\$ 8,199,024</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Employee Benefits  
Year Ended June 30, 2010

Employees benefits:		
FICA	\$	440,292
Group insurance		1,441,551
Retirement		380,764
Leave time		952,296
Workers' compensation		14,352
Unemployment insurance		<u>25,670</u>
Total employee benefits		<u>3,254,925</u>
Actual employee benefits recovered		<u>3,254,925</u>
Difference		<u>-</u>
Computation of employee benefit rate:		
Actual employee benefits recovered /	3,254,925	
Salaries	<u>4,944,099</u>	= 65.83%
Recap of total personnel costs:		
Employee benefits	3,254,925	
Salaries	<u>4,944,099</u>	
Total personnel costs	<u>\$ 8,199,024</u>	



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# REPORT ON FINANCIAL STATEMENTS AND OTHER MATTERS RELATED TO THE FINANCIAL STATEMENTS AND OTHER MATTERS

For the Board of Directors  
of the Company  
Atlanta, Georgia

## Single Audit Section

We have audited the financial statements of the Company and its subsidiaries for the year ended December 31, 2010, and the related notes to the financial statements, which together constitute the financial statements of the Company. In our opinion, the financial statements present fairly, in all material aspects, the financial position, results of operations, and cash flows of the Company and its subsidiaries for the year ended December 31, 2010, in accordance with accounting principles generally accepted in the United States of America. We also have audited the Company's internal control over financial reporting as of December 31, 2010, and in our opinion, the Company's internal control over financial reporting was effective in all material aspects at that date.

## Management's Responsibility for the Financial Statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, for the design, implementation, and maintenance of adequate internal control over financial reporting that will enable the management to prevent or detect and correct misstatements that could be material to the financial statements, and for providing us with access to all the information and records that we need to perform our audit.

Our audit was conducted in accordance with the standards of the PCAOB. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. A misstatement is considered material if it could influence the economic decisions of users based on the financial statements. The audit is not designed to detect and prevent all errors and fraud. We are not a party to or monitor of the Company's internal control over financial reporting, and we do not provide an opinion on the effectiveness of the Company's internal control over financial reporting.

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



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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  
Central Texas Council of Governments  
Belton, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Texas Council of Governments as of and for the year ended June 30, 2010, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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.

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

**Compliance and Other Matters**

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

We noted certain other matters that we reported to management of the Council in a separate letter dated March 21, 2011.

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

*Pattillo, Brown & Hill, L.L.P.*

March 21, 2011



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133 AND THE STATE OF TEXAS UNIFORM  
GRANT MANAGEMENT STANDARDS**

To the Board of Directors  
Central Texas Council of Governments  
Belton, Texas

**Compliance**

We have audited the compliance of Central Texas Council of Governments (the "Council") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal and state programs for the year ended June 30, 2010. The Council's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

## Internal Control Over Compliance

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

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

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

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

Pattillo, Brown & Hill, L.L.P.

March 21, 2011

The management of Central Texas Energy is responsible for establishing and maintaining effective internal control over financial reporting. It is the responsibility of management to design, implement, and maintain an adequate internal control system. The management of Central Texas Energy is responsible for the design, implementation, and maintenance of an adequate internal control system. The management of Central Texas Energy is responsible for the design, implementation, and maintenance of an adequate internal control system.

A deficiency is a control weakness that does not allow management or another person to have a reasonable expectation that the company's financial statements are free from material misstatement. A deficiency is a control weakness that does not allow management or another person to have a reasonable expectation that the company's financial statements are free from material misstatement.

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Our consideration of internal control over financial reporting was limited to the scope of the audit. It was not our intent to provide an audit opinion on the effectiveness of internal control over financial reporting. Our consideration of internal control over financial reporting was limited to the scope of the audit.

This report was prepared by the auditor and is not intended to be used for any other purpose. It is not intended to be used for any other purpose. It is not intended to be used for any other purpose.

*Richard L. ...*



Central Texas Council of Governments

Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2010

Federal / State Grantor Program Title	CFDA No.	Funding Agency Grant No.	Expenditures
<b>U. S. Department of Agriculture</b>			
Pass-through Texas Workforce Commission			
Pass-Through Central Texas Workforce Development Board			
FSET Transportation	10.561	2609DOT000	\$ 2,309
FSET	10.561	2609FSE000	55,201
FSET	10.561	2610FSE000	167,115
SNAP E&T ABAWD	10.561	2610FSA000	122,787
RAG 2010	10.561	2610RAG000	63
Total Pass-Through Central Texas Workforce Development Board			<u>347,475</u>
Total Pass-Through Texas Workforce Commission			<u>347,475</u>
Total U.S. Department of Agriculture			<u>347,475</u>
<b>U. S. Department of Commerce</b>			
Economic Development Administration			
Economic Development	11.307	08-83-04339	<u>39,758</u>
Total U. S. Department of Commerce			<u>39,758</u>
<b>U. S. Department of Housing and Urban Development</b>			
Pass-through Texas Department of Rural Affairs			
Technical Assistance	14.228	C78224	2,608
Technical Assistance	14.228	C79224	8,253
Total Pass-Through Texas Department of Rural Affairs			<u>10,861</u>
Pass-through City of Killeen			
Tenant Based Rental Assistance	14.239	BLANK	<u>182,999</u>
Total Pass-through City of Killeen			<u>182,999</u>
Direct			
Section 8 Housing Choice Vouchers, DHA	14.871	TX482	(60,551)
Section 8 Housing Choice Vouchers, DHAP lke	14.871	TX482	(18,304)
Section 8 Housing Choice Vouchers, VASH	14.871	TX482	102,188
Section 8 Housing Choice Vouchers, Enhanced	14.871	TX482	154,903
Section 8 Housing Choice Vouchers, PH-DVP	14.871	TX482	164,594
Section 8 Housing Choice Vouchers, Rescission of Waiv	14.871	TX482	342,709
Section 8 Housing Choice Vouchers	14.871	TX482	12,869,024
Total Direct			<u>13,554,563</u>
Total U. S. Department of Housing and Urban Development			<u>13,748,423</u>

(continued)

Central Texas Council of Governments

Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2010

Federal / State Grantor Program Title	CFDA No.	Funding Agency Grant No.	Expenditures
<b>U. S. Department of Justice</b>			
Pass-Through Office of the Governor - Criminal Justice Division			
Juvenile Justice Alternatives	16.540	JA-08-J20-1434010	806
Juvenile Justice Alternatives	16.540	JA-08-J20-1434011	51,740
Violence Against Women	16.588	1395711	3,971
Violence Against Women	16.588	1395712	22,283
ARRA Justice Assistance Grant	16.803	300-9-2902	22,487
Total Pass-Through Office of the Governor - Criminal Justice Division			101,287
Total U. S. Department of Justice			101,287
<b>U. S. Department of Labor</b>			
Pass-Through Texas Workforce Commission			
Pass-Through Central Texas Workforce Development Board			
Resource Administration Grant	17.207	2609RAG000	1,918
Wagner-Peyser Empl Services	17.207	2609WPA000	89,477
ARRA Employment Services	17.207	2609XES000	18,914
ARRA Wagner-Peyser Reemployment	17.207	2609XRE000	31,522
RAG 2010	17.207	2610RAG000	2,665
Wagner-Peyser Employment Services	17.207	2610WPA000	105,172
Add'l Asst Trade Act Services - DLW	17.245	2609TRA001	180,558
DLW Trade Act Services	17.245	2610TRA000	808,349
WIA Adult	17.258	2608WIA000	90,384
ARRA WIA Adult	17.258	2609XWA000	322,351
Resource Administration Grant	17.258	2609RAG000	452
WIA - TVLP	17.258	2610WSA000	11,577
WIA Adult	17.258	2609WIA000	653,741
RAG 2010	17.258	2610RAG000	381
WIA Youth	17.259	2608WIY000	59,939
ARRA WIA Youth	17.259	2609XWY000	580,757
Resource Administration Grant	17.259	2609RAG000	50
WIA - TVLP	17.259	2610WSA000	255
WIA Exemplary Award	17.259	2610WEA000	4,909
WIA Youth	17.259	2609WIY000	715,660
ARRA WIA Alt Statewide Funding	17.259	2610XSA000	3,158
WIA Statewide Alternative Fund	17.260	2609WSA000	9,656
WIA Exemplary Awards	17.260	2609WEA000	24,866
WIA Dislocated Workers	17.260	2608WID000	27,682
ARRA WIA DLW	17.260	2609XDW000	842,109
ARRA WIA Rapid Responses	17.260	2609XRR000	39,631

(continued)

Central Texas Council of Governments

Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2010

Federal / State Grantor Program Title	CFDA No.	Funding Agency Grant No.	Expenditures
WIA NEG BRAC Phase II	17.260	2609NEG000	1,136,960
WIA - TVLP	17.260	2610WSA000	2,296
WIA Exemplary Awards	17.260	2610WEA000	44,183
WIA Dislocated Workers	17.260	2609WID000	826,142
ARRA NEG	17.260	2610XEG000	588,546
Resource Administration Grant	17.271	2609RAG000	133
Resource Administration Grant	17.273	2609RAG000	486
RAG 2010	17.273	2610RAG000	144
Total Pass-Through Central Texas Workforce Development Board			<u>7,225,023</u>
Total Pass-through Texas Workforce Commission			<u>7,225,023</u>
Pass-Through Texas Veterans Commission			
Pass-Through Central Texas Workforce Development Board			
Veteran's Services DVOP/LVER	17.801	07CTWB	33,770
Veteran's Services DVOP/LVER	17.801	10CTWB	39,187
Veteran's Services DVOP/LVER	17.804	07CTWB	32,206
Veteran's Services DVOP/LVER	17.804	10CTWB	117,703
Veteran's Services DVOP/LVER	17.807	07CTWB	7,177
Veteran's Services DVOP/LVER	17.807	10CTWB	7,696
Total Pass-Through Central Texas Workforce Development Board			<u>237,739</u>
Total Pass-Through Texas Veterans Commission			<u>237,739</u>
Direct			
NEG - RIG	17.260	EM-19858-10-60-A-48	21,570
Total Direct			<u>21,570</u>
Total U. S. Department of Labor			<u>7,484,332</u>
<u>Federal Transit Administration, Dept of Transportation</u>			
Pass-Through Texas Department of Transportation			
KTUTS Admin / Management	20.509	50-9XF0025	93,253
KTUTS Admin / Management	20.509	50-10XF0025	306,345
Total Pass-Through Texas Department of Transportation			<u>399,598</u>
Total Federal Transit Administration, Dept of Transportation			<u>399,598</u>

(continued)

Central Texas Council of Governments

Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2010

Federal / State Grantor Program Title	CFDA No.	Funding Agency Grant No.	Expenditures
<b>U. S. Department of Health and Human Services</b>			
<b>Pass-Through Texas Department of Aging and Disability Services</b>			
VII - Elder Abuse Program Award	93.041	BLANK	3,546
VII - Ombudsman Activity Grant	93.042	BLANK	1,187
VII - Ombudsman Activity Grant	93.042	BLANK	4,733
III-D Gant Award	93.043	BLANK	3,041
III-D Gant Award	93.043	BLANK	15,362
III-B Grant Award	93.044	BLANK	104,428
Aging & Disability Resource Center	93.044	BLANK	23,944
III-B Grant Award	93.044	BLANK	503,431
Aging & Disability Resource Center	93.044	BLANK	44,369
III-C Grant Award	93.045	BLANK	132,484
III-C Grant Award	93.045	BLANK	329,778
DADS Nursing Home Diversion Modernization	93.048	HHS-2007-CD-0713	717,110
III-E Grant Award	93.052	BLANK	27,010
III-E Grant Award	93.052	BLANK	92,767
USD/ANSIP Award	93.053	BLANK	30,969
USD/ANSIP Award	93.053	BLANK	41,979
ARRA Award	93.705	BLANK	28,578
ARRA Award	93.707	BLANK	50,805
ARRA Chronic Disease Self Mgmt	93.725	BLANK	2,888
Medical Assistance Program	93.778	BLANK	2,380
Medical Assistance Program	93.778	BLANK	6,335
CMS Basic Funding	93.779	BLANK	2,020
CMS Supplemental Legal Aware	93.779	BLANK	1,526
CMS Basic Funding	93.779	BLANK	53,287
<b>Total Pass-Through Texas Department of Aging and Disability Services</b>			<b>2,223,957</b>
<b>Pass-through Texas Workforce Commission</b>			
<b>Pass-Through Central Texas Workforce Development Board</b>			
TANF	93.558	2609TAN000	756,750
TANF	93.558	2610TAN000	1,615,401
ARRA TANF Emergency Fund	93.558	2610XSE000	70,742
Performance Incentive Award	93.558	2610PIA000	3,519
RAG 2010	93.558	2610RAG000	259

(continued)

Central Texas Council of Governments

**Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2010**

Federal / State Grantor Program Title	CFDA No.	Funding Agency Grant No.	Expenditures
Child Care	93.575	2609CCF000	1,321,077
Resource Administration Grant	93.575	2609RAG000	318
Child Care CCF	93.575	2610CCF000	2,121,091
RAG 2010	93.575	2610RAG000	36
Child Care CCF	93.596	2609CCF000	300,786
Child Care Local Match	93.596	2609CCM000	567,423
Child Care CCF	93.596	2610CCF000	2,156,347
Child Care CCF	93.596	2610CCM000	553,034
Child Care CCF	93.667	2610CCF000	25,226
ARRA Child Care Direct Care	93.713	2609XCC000	1,233,882
ARRA CCDF	93.713	2609XCQ000	562,846
ARRA TANF Emergency Fund	93.714	2610XSE000	256,207
Total Pass-through Central Texas Workforce Development Board			11,544,944
Total Pass-through Texas Workforce Commission			11,544,944
Total U. S. Department of Health and Human Services			13,768,901
 <b>U. S. Department of Homeland Security</b>			
<b>Pass-Through Texas Department of Emergency Management</b>			
Interoperable Emergency Comm (IECGP)	97.001	2008-ID-T8-0040	29,001
Interoperable Emergency Comm	97.001	2009-IP-59-0014	2,222
Homeland Security Program 2006	97.073	2006-GE-T6-0068	88,114
Homeland Security Program 2007	97.073	2007-GE-T7-0024	156,975
Homeland Security Program 2009	97.073	2008-GE-T7-0034	229,152
Homeland Security Program	97.073	2009	3,676
Total Pass-Through Texas Department of Emergency Management			509,140
Total U. S. Department of Homeland Security			509,140
Total Expenditures of Federal Awards			36,398,914
 <b>Office of the Governor, Criminal Justice Division</b>			
Criminal Justice Admin	-	1450209	237
Regional Peace Officer Training	-	1429110	38,932
Criminal Justice Planning	-	300-0-0488	32,735
Peace Officer Training Program	-	1429110	68,387
Total Office of the Governor, Criminal Justice Division			140,291

(continued)

Central Texas Council of Governments

Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2010

Federal / State Grantor Program Title	CFDA No.	Funding Agency Grant No.	Expenditures
<b><u>Texas Department of Aging and Disability Services</u></b>			
SGR Award	-	N/A	43,556
SGR Award	-	N/A	92,968
Total Texas Department of Aging and Disability Services			<u>136,524</u>
<b><u>Texas Commission on Environmental Quality</u></b>			
Solid Waste FY 08-09	-	582-8-86684	53,260
Solid Waste FY 10-11	-	582-10-91880	131,757
Total Texas Commission on Environmental Quality			<u>185,017</u>
<b><u>Texas Workforce Commission</u></b>			
<b>Pass-Through Central Texas Workforce Development Board</b>			
Child Care CCP	-	2609CCP000	115,123
Child Care CCF	-	2609CCF000	146,730
Child Care Local Match	-	2609CCM000	7,647
Transportation Services	-	2609DOT000	22,705
Food Stamp, Employment & Training	-	2609FSE000	21,385
Project RIO	-	2609RIO000	16,862
Child Care CCP	-	2610CCP000	442,518
Child Care CCF	-	2610CCF000	1,039,356
Child Care Local Match	-	2610CCM000	25,462
Child Care DFPS	-	2610XCF000	211,509
TANF	-	2610TAN000	91,238
TANF	-	2610FSE000	75,286
RAG 2010	-	2610RAG000	1,245
Project RIO	-	2610RIO000	63,492
Total Pass-Through Central Texas Workforce Development Board			<u>2,280,558</u>
Total Texas Workforce Commission			<u>2,280,558</u>
<b><u>Commission on State Emergency Communications</u></b>			
9-1-1 FYE 2007	-	2007	306,704
9-1-1 FYE 2009	-	2009	1,190,753
9-1-1 FYE 2010	-	2010	1,301,454
Commission on State Emergency Communications			<u>2,798,911</u>
Total Expenditures of State Awards			<u>5,541,301</u>
Total Expenditures of Federal and State Awards			<u>\$ 41,940,215</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Notes to the Schedule of Expenditures of Federal and State Awards  
June 30, 2010

1. GENERAL:

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state award programs of the Central Texas Council of Governments (the "Council"). All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING:

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the *State of Texas Single Audit Circular*. Therefore, some of the amounts presented in this schedule may differ from amounts in, or used in the preparation of, the financial statements.

3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS:

Amounts reported on the Schedule may not agree with the amounts reported in the related Federal and state financial status reports filed with grantor agencies because of the effect of accruals made in the Schedule.

4. COMMITMENTS AND CONTINGENCIES:

The Council participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2010, may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

**CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

**Summary of Auditors' Results**

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered To be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered To be material weakness(es)?	None reported
Noncompliance which is material to the basic financial Statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133 and state awards as defined in the State of Texas Uniform Grant Management Standards.	No
Dollar threshold considered between Type A and Type B federal and state programs	Federal - \$1,091,967 State - \$300,000
Low risk auditee statement	The Council was not classified as a low-risk auditee in the context of OMB Circular A-133. The Council was classified as a low-risk auditee in the context of the State of Texas Uniform Grant Management Standards.
Major federal programs	Section 8 Housing Choice Vouchers, CFDA# 14.871 WIA Cluster, CFDA# 17.258, 17.259, 17.260 TANF Cluster, CFDA# 93.558, 93.714 Child Care Cluster, CFDA# 93.575, 93.596, 93.713 Aging Cluster, CFDA# 93.044, 93.045, 93.053, 93.705, 93.707
Major state programs	Texas Workforce Commission – Child Care and TANF

**Findings Relating to the Financial Statements Which are  
Required to be Reported In Accordance With Generally  
Accepted Government Auditing Standards**

None

(continued)



CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010

Findings and Questioned Costs for Federal and State Awards

None

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010**

**Findings and Questioned Costs for Federal and State Awards**

<b><u>Item 2009-1:</u></b>	Temporary Assistance for Needy Families, Federal CFDA # 93.558
<b><u>Compliance Requirement:</u></b>	Eligibility
<b><u>Criteria:</u></b>	TANF case managers are required to verify clients' eligibility monthly prior to benefits being issued for the following month. Because eligibility is actually determined by HHSC, case managers log into TIERS, HHSC's information system, and print a report that documents the eligibility status of the client. This report is then put in the client's file as documentation of the eligibility determination.
<b><u>Condition:</u></b>	In 6 out of the 40 clients selected for testing, the TIERS report for at least one month of the fiscal year during which the client received assistance was not in the client's file.
<b><u>Effect:</u></b>	There is no documentation for these clients that they were determined to be eligible to receive services. As a result of subsequent procedures performed, we were able to determine that the clients were, in fact, eligible.
<b><u>Cause:</u></b>	Case managers were not consistently following established procedures.
<b><u>Recommendation:</u></b>	Management should emphasize the importance of documenting eligibility. Periodic reviews of case files should be performed to ensure compliance with eligibility documentation requirements.
<b><u>Management's Response:</u></b>	Management continues to monitor the process to ensure compliance with existing controls.
<b><u>Current Status:</u></b>	The matter has been resolved.

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010**

**Findings and Questioned Costs for Federal and State Awards**

<b><u>Item 2009-2:</u></b>	Section 8 Housing Choice Vouchers, CFDA#14.871
<b><u>Compliance Requirement:</u></b>	Special tests and provisions
<b><u>Criteria:</u></b>	HAP policy states that all failed inspections should be reinspected and passed within 24 hours for life threatening deficiencies. All other deficiencies should be reinspected and pass within 30 days.
<b><u>Condition:</u></b>	We selected a sample of 40 participant files to determine whether the Council of properly following HUD inspection procedures by requiring unit deficiencies to be repaired within thirty days. We noted one instance in which the Council failed to meet the requirement. The inspector attempted to reinspect the property three times after the original failed inspection. The tenant was not home once and failed the two other reinspections before passing. The benefits for May should have been abated since the inspection was not passed within the 30 day requirement.
<b><u>Cause:</u></b>	The inspector did not follow up properly on the failed inspection or pass along the information to case managers to have the rent abated.
<b><u>Recommendation:</u></b>	Inspectors should be more proactive in turning over files to case managers when inspections have not passed within the 30-day timetable. This would allow the case managers to begin the process of abating rent for units not in compliance with the policies and procedures that are set forward by the Council.
<b><u>Management's Response:</u></b>	Management has advised inspectors to be more proactive in compliance with the 30 day requirement.
<b><u>Current Status:</u></b>	The matter has been resolved.

