

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Belton, Texas

ANNUAL FINANCIAL REPORT

June 30, 2011

16th & 18th



This page intentionally left blank.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2011

FINANCIAL SECTION

Independent Auditor's Report..... 1-2
Management's Discussion and Analysis 4-7

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets.....8
Statement of Activities..... 9-10

Fund Financial Statements:

Balance Sheet – Governmental Funds 11-12
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds 13-14
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities 15
Statement of Fiduciary Net Assets 16
Notes to Financial Statements..... 17-24

SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds:

Combining Balance Sheet..... 27-30
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances 31-34
Schedules of Indirect Costs and Employee Benefits 35-37

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial
Statements performed in Accordance with Government Auditing Standards 39-40
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 41-42
Schedule of Expenditures of Federal and State Awards..... 44-50

CENTRAL TEXAS COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
(continued)
JUNE 30, 2011

Notes to Schedule of Expenditures of Federal and State Awards	51
Schedule of Findings and Questioned Costs	52-53
Summary Schedule of Prior Audit Findings.....	54

Financial Section

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, 2011, 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, 2011, 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.

As described in the notes to the financial statements, the Council adopted the provisions of GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions* in the fiscal year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2012, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in 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 taken 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 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 also not a required part of the financial statements. The combining nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pattillo, Brown & Hill, LLP

March 28, 2012

This page intentionally left blank.

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, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Central Texas Council of Governments exceed its liabilities as of June 30, 2011, by \$5,531,776 (net assets). Of this amount, \$2,469,022 (unrestricted net assets) may be used to meet the Council's ongoing obligations.
- The Council's total net assets increased by \$244,544.
- As of the close of the current fiscal year, Central Texas Council of Governments' governmental funds reported combined ending fund balances of \$5,263,786, an increase of \$368,634.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,657,955.

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, 2011

Department of Housing and Urban Development Fund, U.S. Department of Labor, and 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 27 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 17-24 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 \$5,531,776 as of June 30, 2011.

Central Texas Council of Governments – Net Assets

	Governmental Activities	
	2011	2010
Cash and other current assets	\$ 7,471,771	\$ 7,562,401
Capital assets	3,550,744	3,778,109
Total assets	<u>11,022,515</u>	<u>11,340,510</u>
Current liabilities	2,207,985	2,667,249
Noncurrent liabilities	3,282,754	3,386,029
Total liabilities	<u>5,490,739</u>	<u>6,053,278</u>
Net assets:		
Invested in capital assets, net of related debt	614,276	717,167
Restricted	2,448,478	2,151,487
Unrestricted	<u>2,469,022</u>	<u>2,418,578</u>
Total net assets	<u>\$ 5,531,776</u>	<u>\$ 5,287,232</u>

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 decreased for the year ended June 30, 2011 and represent grant drawdowns prior to meeting all eligibility requirements.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2011

Analysis of the Council's Operations – The following table provides a summary of the Council's operations for the year ended June 30, 2011:

Central Texas Council of Government's Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 3,323	\$ 2,803
Operating grants and contributions	44,357,911	42,670,528
General revenues:		
Grants and contributions not restricted to specific programs	258,337	419,856
Total revenues	<u>44,619,571</u>	<u>43,093,187</u>
Expenses after allocation of indirect costs		
General Government	1,202,821	282,498
U S. Department of Agriculture	344,039	347,774
U S. Department of Commerce	82,855	131,839
U S. Department of Housing and Urban Dev	14,763,980	15,039,003
U.S. Department of Justice	8,913	106,539
U.S. Department of Labor	6,554,441	7,488,065
U.S. Department of Transportation	454,292	399,598
U.S. Department of Health and Human Services	13,757,984	13,931,630
U.S. Department of Homeland Security	734,203	509,140
U.S. Department of Veterans Affairs	-	300,659
Office of the Governor, Criminal Justice Division	291,320	140,291
Texas Department of Aging and Disability Svcs	230,175	136,524
Texas Commission on Environmental Quality	192,466	185,017
Texas Health and Human Services Commission	376,772	91,784
Texas Workforce Commission	2,774,880	2,285,102
Commission on State Emergency Comm	2,605,886	2,777,989
Expenses after allocation of indirect costs	<u>44,375,027</u>	<u>44,153,452</u>
Change in net assets	244,544	(1,060,265)
Net assets, beginning	5,287,232	6,347,497
Net assets, ending	<u>\$ 5,531,776</u>	<u>\$ 5,287,232</u>

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, unassigned 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 \$5,263,786.

Capital Assets

The Council's investment in capital assets for its governmental activities as of June 30, 2011, is \$3,550,744 (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	
	2011	2010
Total capital assets	\$ 4,817,531	\$ 4,831,651
Less: accumulated depreciation	1,266,787	1,053,542
Total Assets	<u>\$ 3,550,744</u>	<u>\$ 3,778,109</u>

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, 2011

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 4,958,982
Receivables	
Grantors	2,317,417
Other	38,019
Prepaid expenses	157,353
Total current assets	<u>7,471,771</u>
Noncurrent assets:	
Capital assets not being depreciated:	
Land	490,000
Capital assets net of accumulated depreciation:	
Building	3,031,100
Furniture, fixtures and equipment	29,644
Total capital assets	<u>3,550,744</u>
Total assets	<u>11,022,515</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,480,261
Other	34,220
Unearned revenue	693,504
Total current liabilities	<u>2,207,985</u>
Noncurrent liabilities:	
Due within one year	487,341
Due in more than one year	2,795,413
Total noncurrent liabilities	<u>3,282,754</u>
Total liabilities	<u>5,490,739</u>
NET ASSETS	
Invested in capital assets, net of related debt	614,276
Restricted	2,448,478
Unrestricted	2,469,022
Total net assets	<u>\$ 5,531,776</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, 2011**

	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs
Governmental activities			
General Government	\$ 1,161,528	\$ 41,293	\$ 1,202,821
U.S. Department of Agriculture	344,039	-	344,039
U.S. Department of Commerce	72,779	10,076	82,855
U.S. Department of Housing and Urban Development	14,445,033	318,947	14,763,980
U.S. Department of Justice	7,381	1,532	8,913
U.S. Department of Labor	6,281,396	273,045	6,554,441
U.S. Department of Transportation	364,073	90,219	454,292
U.S. Department of Health and Human Services	13,551,459	206,525	13,757,984
U.S. Department of Homeland Security	697,000	37,203	734,203
Office of the Governor, Criminal Justice Division	246,960	44,360	291,320
Texas Department of Aging and Disability Services	209,897	20,278	230,175
Texas Commission on Environmental Quality	180,055	12,411	192,466
Texas Health and Human Services Commission	344,013	32,759	376,772
Texas Workforce Commission	2,770,579	4,301	2,774,880
Commission on State Emergency Communications	2,487,354	118,532	2,605,886
Indirect costs	1,211,481	(1,211,481)	-
	<u>\$ 44,375,027</u>	<u>\$ -</u>	<u>\$ 44,375,027</u>

General revenues:

Grants and contributions not restricted to specific programs

Total general revenues

Change in net assets

Net assets, beginning

Net assets, ending

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

Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Charges for Services	Operating Grants and Contributions	Governmental Activities
\$ -	\$ 1,064,298	\$ (138,523)
-	343,790	(249)
-	82,855	-
2,765	15,043,505	282,290
-	8,913	-
-	6,551,331	(3,110)
-	454,292	-
-	13,617,426	(140,558)
-	734,227	24
-	291,320	-
-	225,107	(5,068)
71	192,395	-
-	376,772	-
-	2,786,262	11,382
487	2,585,418	(19,981)
-	-	-
<u>\$ 3,323</u>	<u>\$ 44,357,911</u>	<u>\$ (13,793)</u>

258,337
<u>258,337</u>
244,544
<u>5,287,232</u>
<u>\$ 5,531,776</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Balance Sheet
Governmental Funds
June 30, 2011**

		Special Revenue	
	General	U.S. Department of Housing and Urban Dev	U.S. Department of Labor
ASSETS			
Cash and investments	\$ 2,515,221	\$ 2,443,761	\$ -
Accounts receivable:			
Grantors	-	25,305	367,365
Other	24,850	-	-
Prepaid items	157,353	-	-
Due from other governments	716	-	-
Due from other funds	174,953	-	-
Total assets	2,873,093	2,469,066	367,365
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable:			
Trade	\$ 36,018	\$ 4,439	\$ 155,100
Other	21,767	-	-
Due to other funds	-	7,992	186,629
Unearned revenue	-	8,157	25,636
Total liabilities	57,785	20,588	367,365
Fund balances			
Nonspendable:			
Prepaid expenditures	157,353	-	-
Restricted for:			
U.S. Dept of Housing and Urban Development	-	2,448,478	-
Unassigned	2,657,955	-	-
Total fund balances	2,815,308	2,448,478	-
Total liabilities and fund balances	\$ 2,873,093	\$ 2,469,066	\$ 367,365

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
\$ -	\$ -	\$ -	\$ 4,958,982
1,174,593	-	750,154	2,317,417
-	-	-	24,850
-	-	-	157,353
-	-	-	716
-	514,974	344,300	1,034,227
<u>1,174,593</u>	<u>514,974</u>	<u>1,094,454</u>	<u>8,493,545</u>

\$ 745,537	\$ 59,443	\$ 479,724	\$ 1,480,261
-	-	-	21,767
424,021	-	415,585	1,034,227
5,035	455,531	199,145	693,504
<u>1,174,593</u>	<u>514,974</u>	<u>1,094,454</u>	<u>3,229,759</u>

-	-	-	157,353
-	-	-	2,448,478
-	-	-	2,657,955
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,263,786</u>

<u>\$ 1,174,593</u>	<u>\$ 514,974</u>	<u>\$ 1,094,454</u>	
---------------------	-------------------	---------------------	--

3,550,744

(3,282,754)

\$ 5,531,776

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011**

	General	Special Revenue	
		U.S. Department of Housing and Urban Dev	U. S. Department of Labor
REVENUES			
Intergovernmental	\$ -	\$ 15,046,270	\$ 6,551,331
Other	258,337	-	-
Total revenues	<u>258,337</u>	<u>15,046,270</u>	<u>6,551,331</u>
EXPENDITURES			
Current:			
General Government	50,552	-	-
U S. Department of Agriculture	-	-	-
U S. Department of Commerce	-	-	-
U S. Department of Housing and Urban Development	-	14,749,279	-
U.S. Department of Justice	-	-	-
U.S. Department of Labor	-	-	6,551,331
U.S. Department of Transportation	-	-	-
U.S. Department of Health and Human Services	-	-	-
U.S. Department of Homeland Security	-	-	-
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>50,552</u>	<u>14,749,279</u>	<u>6,551,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	207,785	296,991	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(136,142)	-	-
Total other financing sources (uses)	<u>(136,142)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	71,643	296,991	-
FUND BALANCES, BEGINNING	2,743,665	2,151,487	-
FUND BALANCES, ENDING	\$ 2,815,308	\$ 2,448,478	\$ -

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
\$ 13,341,369	\$ 2,585,905	\$ 5,351,886	\$ 42,876,761
276,057	-	1,105,141	1,639,535
<u>13,617,426</u>	<u>2,585,905</u>	<u>6,457,027</u>	<u>44,516,296</u>
-	-	953,508	1,004,060
-	-	343,790	343,790
-	-	82,855	82,855
-	-	-	14,749,279
-	-	8,913	8,913
-	-	-	6,551,331
-	-	454,292	454,292
13,756,039	-	-	13,756,039
-	-	734,203	734,203
-	-	291,320	291,320
-	-	230,175	230,175
-	-	192,466	192,466
-	-	376,772	376,772
-	-	2,786,262	2,786,262
-	2,585,905	-	2,585,905
<u>13,756,039</u>	<u>2,585,905</u>	<u>6,454,556</u>	<u>44,147,662</u>
(138,613)	-	2,471	368,634
138,613	-	5,068	143,681
-	-	(7,539)	(143,681)
<u>138,613</u>	<u>-</u>	<u>(2,471)</u>	<u>-</u>
-	-	-	368,634
-	-	-	4,895,152
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,263,786</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, 2011**

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

Net change in fund balances-total governmental funds	\$	368,634
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.		(227,365)
The payment of long-term debt principal consumes the current financial resources of governmental funds, while this transaction has no effect on net assets.		124,474
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>(21,199)</u>
Change in net assets of governmental activities	\$	<u><u>244,544</u></u>

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, 2011

Agency

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 810,422
Total assets	<u>810,422</u>
LIABILITIES	
Liabilities	
Accounts payable	5,441
Due to other governments	804,981
Total liabilities	<u>\$ 810,422</u>

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

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Notes to the Financial Statements June 30, 2011

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, 2011, 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, 2011

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, 2011, the Council had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
TexPool	\$ 2,812,718	45
TexStar	812,832	50

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

The Council’s investment 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, 2011, the Council's \$2,526,340 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, 2011, 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, 2011.

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

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 Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification included amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by the Council's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

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.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

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:

	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements	<u>\$ 693,504</u>

B. Capital assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Depreciable assets:				
Buildings	\$ 3,975,215	\$ -	\$ -	\$ 3,975,215
Furniture, fixtures and equipment	366,436	15,748	(29,868)	352,316
Total depreciable assets	<u>4,341,651</u>	<u>15,748</u>	<u>(29,868)</u>	<u>4,327,531</u>
Non-depreciable assets:				
Land	490,000	-	-	490,000
Total non-depreciable assets	<u>490,000</u>	<u>-</u>	<u>-</u>	<u>490,000</u>
Less accumulated depreciation				
Buildings	745,354	198,761	-	944,115
Furniture, fixtures and equipment	308,188	44,352	(29,868)	322,672
Total accumulated depreciation	<u>1,053,542</u>	<u>243,113</u>	<u>(29,868)</u>	<u>1,266,787</u>
Total	<u>\$ 3,778,109</u>	<u>\$ (227,365)</u>	<u>\$ -</u>	<u>\$ 3,550,744</u>

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

Governmental activities	<u>Depreciation</u>
General Government	\$ 198,761
U S. Department of Agriculture	249
U S. Department of Housing and Urban Development	14,701
U.S. Department of Labor	3,110
U.S. Department of Health and Human Services	1,945
Texas Workforce Commission	4,366
Commission on State Emergency Communications	19,981
	<u>\$ 243,113</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

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, 2011, is as follows:

Due to/from Other Funds:		
Receivable Fund	Payable Fund	Amount
General Fund		\$ 174,953
Commission on State Emergency Communications		\$ 514,974
Other Governmental Funds		344,300
	U.S. Department of Housing and Urban Development	(7,992)
	U.S. Department of Labor	(186,629)
	U.S. Department of Health and Human Services	(424,021)
	Other Governmental Funds	(415,585)
		<u>\$ -</u>

Interfund Transfers In/Out:

A summary of interfund transfers as of June 30, 2011, is as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 136,142
Other Governmental	5,068	7,539
U.S. Department of Health and Human Services	138,613	-
	<u>\$ 143,681</u>	<u>\$ 143,681</u>

The transfers to the U.S. Department of Health and Human Services used unrestricted resources to fund the excess of grant expenditures over grant revenues.

D. Lease

The Council leases office space under noncancellable annual operating leases. The total costs were \$91,784 in 2011. The future minimum lease payments are as follows:

Fiscal Year	Total
2012	93,150
2013	93,150
2014	15,525
Total	<u>\$ 201,825</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011

E. Long-term liabilities

Long term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due in One Year
Governmental activities:					
Notes Payable	\$ 3,060,942	\$ -	\$ 124,474	\$ 2,936,468	\$ 141,055
Compensated Absences	325,087	371,370	350,171	346,286	346,286
Total	\$ 3,386,029	\$ 371,370	\$ 474,645	\$ 3,282,754	\$ 487,341

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, 2011, are as follows:

Fiscal Year	Principal	Interest
2012	\$ 141,055	\$ 134,045
2013	143,029	130,914
2014	149,621	124,323
2015	156,228	117,716
2016	163,208	110,736
2017-2021	938,512	431,205
2022-2026	1,178,003	191,714
2027	66,812	2,346
Total	\$ 2,936,468	\$ 1,242,999

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 \$325,844 in fiscal year 2011. 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 \$139,647 in fiscal year 2011.

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 2011, insurance coverage to minimize potential losses was provided through contracts with the Texas Municipal League Intergovernmental Risk Pool.

E. Change in Accounting Principles

In this fiscal year, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the Council reclassifying fund balances of its governmental funds.

Supplemental Information

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.

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, 2011**

	U. S. Department of Agriculture	U. S. Department of Commerce	U. S. Department of Justice
ASSETS			
Accounts receivable:			
Grantors	\$ 25,922	\$ 6,875	\$ -
Due from other funds	-	-	-
Total assets	<u>25,922</u>	<u>6,875</u>	<u>-</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	1,927	-	-
Due to other funds	23,747	6,875	-
Unearned revenue	248	-	-
Total liabilities	<u>25,922</u>	<u>6,875</u>	<u>-</u>
Fund balances	-	-	-
Total liabilities and fund balances	<u>\$ 25,922</u>	<u>\$ 6,875</u>	<u>\$ -</u>

U. S. Department of Transportation	U. S. Department of Homeland Security	Office of the Governor, Criminal Justice Division
\$ 70,933	\$ 170,861	\$ 47,933
-	-	-
<u>70,933</u>	<u>170,861</u>	<u>47,933</u>
1,189	71,814	265
69,744	99,047	47,182
-	-	486
<u>70,933</u>	<u>170,861</u>	<u>47,933</u>
-	-	-
<u>\$ 70,933</u>	<u>\$ 170,861</u>	<u>\$ 47,933</u>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

	Texas Department of Aging and Disability Services	Texas Commission on Environmental Quality	Texas Health and Human Services Commission
ASSETS			
Accounts receivable:			
Grantors	\$ 168,902	\$ 2,855	\$ 8,597
Due from other funds	-	23,197	12,030
Total assets	<u>168,902</u>	<u>26,052</u>	<u>20,627</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	55,663	26,052	1,979
Due to other funds	113,239	-	-
Unearned revenue	-	-	18,648
Total liabilities	<u>168,902</u>	<u>26,052</u>	<u>20,627</u>
Fund Balances	-	-	-
Total liabilities and fund balances	<u>\$ 168,902</u>	<u>\$ 26,052</u>	<u>\$ 20,627</u>

Texas Workforce Commission	Miscellaneous Grants and Contracts	Total Other Governmental Funds
\$ 247,276	\$ -	\$ 750,154
-	309,073	344,300
<u>247,276</u>	<u>309,073</u>	<u>1,094,454</u>
191,525	129,310	479,724
55,751	-	415,585
-	179,763	199,145
<u>247,276</u>	<u>309,073</u>	<u>1,094,454</u>
-	-	-
<u>\$ 247,276</u>	<u>\$ 309,073</u>	<u>\$ 1,094,454</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue		
	U. S. Department of Agriculture	U. S. Department of Commerce	U. S. Department of Justice
REVENUES			
Intergovernmental	\$ 343,790	\$ 45,843	\$ 8,775
Other	-	37,012	138
Total revenues	<u>343,790</u>	<u>82,855</u>	<u>8,913</u>
EXPENDITURES			
Current:			
General Government	-	-	-
U S. Department of Agriculture	343,790	-	-
U S. Department of Commerce	-	82,855	-
U.S. Department of Justice	-	-	8,913
U.S. Department of Transportation	-	-	-
U.S. Department of Homeland Security	-	-	-
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	-	-	-
Total expenditures	<u>343,790</u>	<u>82,855</u>	<u>8,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue		
U. S. Department of Transportation	U. S. Department of Homeland Security	Office of the Governor, Criminal Justice Division
\$ 454,292	\$ 734,227	\$ 276,136
-	-	15,184
<u>454,292</u>	<u>734,227</u>	<u>291,320</u>
-	-	-
-	-	-
-	-	-
454,292	-	-
-	734,203	-
-	-	291,320
-	-	-
-	-	-
-	-	-
<u>454,292</u>	<u>734,203</u>	<u>291,320</u>
-	24	-
-	-	-
-	(24)	-
-	(24)	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2011**

	Special Revenue		
	Texas Department of Aging and Disability Services	Texas Commission on Environmental Quality	Texas Health and Human Services Commission
REVENUES			
Intergovernmental	\$ 225,107	\$ 192,466	\$ 284,988
Other	-	-	91,784
Total revenues	<u>225,107</u>	<u>192,466</u>	<u>376,772</u>
EXPENDITURES			
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	-	-	-
Office of the Governor, Criminal Justice Division	-	-	-
Texas Department of Aging and Disability Services	230,175	-	-
Texas Commission on Environmental Quality	-	192,466	-
Texas Health and Human Services Commission	-	-	376,772
Texas Workforce Commission	-	-	-
Total expenditures	<u>230,175</u>	<u>192,466</u>	<u>376,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,068)	-	-
OTHER FINANCING SOURCES			
Transfers in	5,068	-	-
Transfers out	-	-	-
Total other financing sources	<u>5,068</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

Texas Workforce Commission	Miscellaneous Grants and Contracts	Total Other Governmental Funds
\$ 2,786,262	\$ -	\$ 5,351,886
-	961,023	1,105,141
<u>2,786,262</u>	<u>961,023</u>	<u>6,457,027</u>
-	953,508	953,508
-	-	343,790
-	-	82,855
-	-	8,913
-	-	454,292
-	-	734,203
-	-	291,320
-	-	230,175
-	-	192,466
-	-	376,772
2,786,262	-	2,786,262
<u>2,786,262</u>	<u>953,508</u>	<u>6,454,556</u>
-	7,515	2,471
-	-	5,068
-	(7,515)	(7,539)
-	(7,515)	(2,471)
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Schedule of Indirect Costs
Year Ended June 30, 2011**

	Budget	Actual	(Over) / Under
Indirect personnel costs:			
Salaries	\$ 435,326	\$ 471,738	\$ (36,412)
Total salaries	<u>435,326</u>	<u>471,738</u>	<u>(36,412)</u>
Employee benefits	<u>280,785</u>	<u>348,554</u>	<u>(67,769)</u>
Total employee benefits	<u>280,785</u>	<u>348,554</u>	<u>(67,769)</u>
Other indirect costs:			
Occupancy	222,360	166,645	55,715
Computer services	31,818	27,710	4,108
Auditing	68,267	58,500	9,767
Contract services	134,426	100,176	34,250
Travel	58,306	49,249	9,057
Consumable supplies	10,032	6,277	3,755
Employee development	8,080	6,620	1,460
Insurance and bonding	6,743	5,189	1,554
Printing	19,049	13,167	5,882
Maintenance and repairs	-	934	(934)
Communications	9,419	8,075	1,344
Postage	2,105	1,462	643
Dues and subscriptions	19,398	14,016	5,382
Other	11,232	7,306	3,926
Total other indirect costs	<u>601,235</u>	<u>465,326</u>	<u>135,909</u>
Total indirect costs	1,317,346	1,285,618	31,728
Less: Agency funds allocation	<u>68,016</u>	<u>68,016</u>	<u>-</u>
Net indirect costs	<u>1,249,330</u>	<u>1,217,602</u>	<u>31,728</u>
Actual indirect costs recovered	<u>1,249,330</u>	<u>1,217,602</u>	<u>31,728</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, 2011**

Computation of indirect
cost rate:

Actual indirect costs recovered /	\$ 1,285,618	
	-----	= 45.74%
Direct personnel costs	2,810,458	

Recap of total
personnel costs:

Indirect personnel costs	820,292
Direct personnel costs - Special revenue funds	1,818,482
Workforce Board	991,976
Total direct personnel	<u>2,810,458</u>

Workforce Center Personnel	4,557,161
Total	<u><u>\$ 8,187,911</u></u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Schedule of Employee Benefits
Year Ended June 30, 2011**

Employees benefits:			
FICA	\$	424,418	
Group insurance		1,610,009	
Retirement		379,299	
Leave time		977,720	
Workers' compensation		16,203	
Unemployment insurance		11,906	
		<u>3,419,555</u>	
Total employee benefits		<u>3,419,555</u>	
Actual employee benefits recovered		<u>3,419,555</u>	
Difference		<u>-</u>	
Computation of employee benefit rate:			
Actual employee benefits recovered /		3,419,555	
Salaries		-----	= 71.71%
		4,768,356	
Recap of total personnel costs:			
Employee benefits		3,419,555	
Salaries		4,768,356	
		<u>8,187,911</u>	
Total personnel costs	\$	<u>8,187,911</u>	

Single Audit Section



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, 2011, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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*.

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, LLP

March 28, 2012



PATTILLO, BROWN & HILL, I.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* and the *State of Texas Uniform Grant Management Standards* 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, 2011. 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, OMB Circular A-133, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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 could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

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* and the *State of Texas Uniform Grant Management Standards*, 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, LLP

March 28, 2012

This page intentionally left blank.

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011**

Grantor/Pass-through Grantor/Program Title	CFDA No.	Grantor Number	Expenditures
Federal Awards			
<u>U. S. Department of Agriculture</u>			
Pass-Through Texas Workforce Commission			
Pass-Through Central Texas Workforce Development Board			
FSET	10.561	2610FSE000	\$ 32,409
SNAP E&T ABAWD	10.561	2610FSA000	45,579
RAG 2010	10.561	2610RAG000	14
FSET	10.561	2611SNE000	123,237
SNAP E&T ABAWD	10.561	2611SNA000	142,479
RAG 2011	10.561	2611RAG000	72
Total Pass-Through Central Texas Workforce Development Board			343,790
Total Pass-Through Texas Workforce Commission			343,790
Total U.S. Department of Agriculture			343,790
<u>U. S. Department of Commerce</u>			
Economic Development Administration			
Economic Development	11.307	08-83-04339	45,843
Total U. S. Department of Commerce			45,843
<u>U. S. Department of Housing and Urban Development</u>			
Pass-through Texas Department of Rural Affairs			
Technical Assistance	14.228	C79224	5,684
Technical Assistance	14.228	C710224	4,891
Total Pass-Through Texas Department of Rural Affairs			10,575
Pass-through City of Killeen			
Tenant Based Rental Assistance	14.239	BLANK	76,589
Tenant Based Rental Assistance	14.239	BLANK	62,515
Total Pass-Through City of Killeen			139,104
Direct			
Section 8 Housing Choice Vouchers, DHAP Ike	14.871	TX482	(49,615)
Section 8 Housing Choice Vouchers, PH-DVP	14.871	TX482	16,010
Section 8 Housing Choice Vouchers, VASH	14.871	TX482	321,578
Section 8 Housing Choice Vouchers, Enhanced	14.871	TX482	48,901
Section 8 Housing Choice Vouchers	14.871	TX482	14,561,753
Total Direct			14,898,627
Total U. S. Department of Housing and Urban Development			15,048,306

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	CFDA No.	Grantor Number	Expenditures
<u>U. S. Department of Justice</u>			
Pass-Through Office of the Governor - Criminal Justice Division			
Juvenile Justice Alternatives	16.540	JA-08-J20-1434011	\$ 6,036
Violence Against Women	16.588	1395712	2,739
Total Pass-Through Office of the Governor - Criminal Justice Division			8,775
Total U. S. Department of Justice			8,775
 <u>U. S. Department of Labor</u>			
Pass-Through Texas Workforce Commission			
Pass-Through Central Texas Workforce Development Board			
Wagner-Peysers Employment Services	17.207	2609WPA000	5
RAG 2010	17.207	2610RAG000	609
Wagner-Peysers Employment Services	17.207	2610WPA000	58,315
RAG 2011	17.207	2611RAG000	3,020
Subtotal - ES Cluster passed through TWC			61,949
Wagner-Peysers Employment Services	17.209	2611WPA000	68,821
DLW Trade Act Services	17.245	2610TRA000	626,032
DLW Trade Act Services	17.245	2611TRA000	815,806
Subtotal			1,441,838
ARRA WIA Adult	17.258	2609XWA000	2,925
WIA Adult	17.258	2609WIA000	103,155
RAG 2010	17.258	2610RAG000	87
WIA Adult	17.258	2610WIA000	541,993
RAG 2011	17.258	2611RAG000	432
WIA - TVLP	17.259	2610WSA000	3,598
WIA Exemplary Award	17.259	2610WEA000	5,091
WIA Youth	17.259	2609WIY000	43,029
ARRA WIA Alternative Funding	17.259	2610XSA000	30,423
Disability Program Navigator	17.259	2610DPN000	405
Performance Incentive	17.259	2611PIA000	1,778
WIA Exemplary Award	17.259	2611WEA000	180
WIA Youth	17.259	2610WIY000	543,232
Disability Navigator	17.259	2611DNI000	1,447
ARRA WIA DLW	17.260	2609XDW000	69,016
ARRA WIA Rapid Responses	17.260	2609XRR000	2,526
WIA NEG BRAC Phase II	17.260	2609NEG000	920,410
WIA - TVLP	17.260	2610WSA000	31,657
WIA Exemplary Award	17.260	2610WEA000	45,817
WIA Dislocated Workers	17.260	2609WID000	52,869

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	CFDA No.	Grantor Number	Expenditures
ARRA NEG ALCOA	17.260	2610XEG000	\$ 427,764
Disability Program Navigator	17.260	2610DPN000	6,091
Performance Incentive	17.260	2611PIA000	16,007
WIA Exemplary Award	17.260	2611WEA000	1,494
Disability Navigator	17.260	2611DNI000	27,484
NEG BRAC Phase II	17.277	2611NEG001	382,925
NEG Project	17.277	2611NEG000	594,711
WIA Dislocated Workers	17.278	2610WID000	685,963
Subtotal - WIA Cluster passed through TWC			<u>4,542,509</u>
RAG 2010	17.273	2610RAG000	33
RAG 2011	17.273	2611RAG000	164
Subtotal			<u>197</u>
Total Pass-Through CTWDB			<u>6,115,314</u>
Total Pass-Through Texas Workforce Commission			<u>6,115,314</u>
Pass-Through Austin Community College District			
Pass-Through Central Texas Workforce Development Board			
ARRA ACC Energy Admin	17.259	N/A	19,383
Subtotal - WIA Cluster passed through ACCD			<u>19,383</u>
Total Pass-Through CTWDB			<u>19,383</u>
Total Pass-Through Austin Community College District			<u>19,383</u>
Pass-Through Central Texas Workforce Development Board			
NEG - RIG	17.260	EM-19858-10-60-A-48	228,382
Subtotal - WIA Cluster - Direct			<u>228,382</u>
Total Pass-Through CTWDB			<u>228,382</u>
Pass-Through Texas Veterans Commission			
Pass-Through Central Texas Workforce Development Board			
Veteran's Services DVOP/LVER	17.801	10CTWB	144,528
Veteran's Services DVOP/LVER	17.804	10CTWB	35,537
Subtotal - ES Cluster passed through TVC			<u>180,065</u>
Veteran's Services DVOP/LVER	17.807	10CTWB	8,187
Total Pass-Through CTWDB			<u>188,252</u>
Total Pass-Through Texas Veterans Commission			<u>188,252</u>
Total U. S. Department of Labor			<u>6,551,331</u>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	CFDA No.	Grantor Number	Expenditures
<u>Federal Transit Administration, Dept of Transportation</u>			
Pass-Through Texas Department of Transportation			
KTUTS Admin / Management	20.205	50-10XF0025	\$ 133,762
KTUTS Admin / Management	20.205	50-11XF0025	177,639
Subtotal			<u>311,401</u>
KTUTS Admin / Management	20.505	50-11XF0025	142,891
Total Pass-Through Texas Department of Transportation			<u>454,292</u>
Total Federal Transit Administration, Dept of Transportation			<u>454,292</u>
<u>U. S. Department of Health and Human Services</u>			
Pass-Through Texas Department of Aging and Disability Services			
Title VII - EAP	93.041	BLANK	442
Title VII - EAP	93.041	BLANK	444
Subtotal			<u>886</u>
Title VII - OAG	93.042	BLANK	20,499
Title VII - OAG	93.042	BLANK	29,770
Subtotal			<u>50,269</u>
Title III-D Grant Award	93.043	BLANK	5,277
Title III-D Grant Award	93.043	BLANK	6,872
Subtotal			<u>12,149</u>
ADRC	93.044	BLANK	155
Title III-B Grant Award	93.044	BLANK	43,616
ADRC	93.044	BLANK	26,248
Title III-B Grant Award	93.044	BLANK	384,061
ADRC	93.044	BLANK	37,946
Title III-C Grant Award	93.045	BLANK	111,259
Title III-C Grant Award	93.045	BLANK	365,886
NSIP Award	93.053	BLANK	56,223
NSIP Award	93.053	BLANK	66,578
ARRA Award	93.705	BLANK	701
ARRA Award	93.707	BLANK	8,668
Subtotal - Aging Cluster			<u>1,101,341</u>
DADS Nursing Home Diversion Modernization	93.048	HHS-2007-CD-0713	53,292
AAA ADRC	93.048	BLANK	194
AoA Care Transition	93.048	BLANK	49,138
Subtotal			<u>102,624</u>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	CFDA No.	Grantor Number	Expenditures
Title III-E Grant Award	93.052	BLANK	\$ 30,013
Title III-E Grant Award	93.052	BLANK	51,307
Subtotal			<u>81,320</u>
MIPPA	93.518	BLANK	42,552
Research Center Senior Health	93.701	BLANK	4,588
ARRA Chronic Disease Self Mgmt	93.725	BLANK	69,567
CMS Basic	93.779	BLANK	13,145
CMS Basic	93.779	BLANK	70,248
MIPPA	93.779	BLANK	16,713
Money Follows The Person	93.779	BLANK	10,094
CMS Basic	93.779	BLANK	23,792
Subtotal			<u>133,992</u>
Total Pass-Through Texas Department of Aging and Disability Services			<u>1,599,288</u>
Pass-Through Texas Workforce Commission			
Pass-Through Central Texas Workforce Development Board			
Child Care CCF	93.575	2610CCF000	1,356,613
RAG 2010	93.575	2610RAG000	8
Child Care Attendance Automation	93.575	2611CAA000	28,717
Child Care CCF	93.575	2611CCF000	2,341,415
RAG 2011	93.575	2611RAG000	42
Child Care CCF	93.596	2610CCF000	234,363
Child Care Local Match	93.596	2610CCM000	461,545
Child Care CCF	93.596	2611CCF000	2,095,703
Child Care Local Match	93.596	2611CCM000	620,190
ARRA Child Care Direct Care	93.713	2609XCC000	1,309,108
ARRA CCDF	93.713	2609XCQ000	317,685
Subtotal - CC Cluster			<u>8,765,389</u>
TANF	93.558	2610TAN000	486,616
PIA Choices Participation	93.558	2610PIA000	96,481
RAG 2010	93.558	2610RAG000	59
Disability Program Navigator	93.558	2610DPN000	6,496
TANF	93.558	2611TAN000	1,598,695
RAG 2011	93.558	2611RAG000	293
Disability Navigator	93.558	2611DNI000	18,090
ARRA TANF Emergency Fund	93.714	2610XSE000	713,506
Texas Back to Work Initiative	93.714	2610BTW000	27,775
Subtotal - TANF Cluster			<u>2,948,011</u>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	CFDA No.	Grantor Number	Expenditures
Child Care CCF	93.667	2610CCF000	\$ 2,742
Child Care CCF	93.667	2611CCF000	25,948
Subtotal			<u>28,690</u>
Total Pass-Through Central Texas Workforce Development Board			<u>11,742,090</u>
Total Pass-Through Texas Workforce Commission			<u>11,742,090</u>
Total U. S. Department of Health and Human Services			<u>13,341,378</u>
 <u>U. S. Department of Homeland Security</u>			
<u>Pass-Through Texas Department of Emergency Management</u>			
Interoperable Emergency Comm	97.001	2009-IP-59-0014	113,320
Interoperable Emergency Comm	97.055	2010-IP-TP-0005	28,360
Homeland Security Program	97.073	2007-GE-T7-0024	1,458
Homeland Security Program	97.073	2008-GE-T7-0034	404,369
Homeland Security Program	97.073	2009-SS-T9-0064	75,494
Homeland Security Program	97.073	2010-SS-TO-0008	111,226
Subtotal			<u>592,547</u>
Total Pass-Through Texas Department of Emergency Management			<u>734,227</u>
Total U. S. Department of Homeland Security			<u>734,227</u>
Total Expenditures of Federal Awards			<u><u>36,527,942</u></u>
 <u>Office of the Governor, Criminal Justice Division</u>			
Criminal Justice Planning	-	300-0-0488	49,198
Peace Officer Training Program	-	1429111	45,898
Criminal Justice Planning	-	BLANK	59,338
Peace Officer Training Program	-	1429112	76,327
Juvenile Justice Alternatives	-	JA-08-J20-1434012	45,375
Total Office of the Governor, Criminal Justice Division			<u>276,136</u>
 <u>Texas Department of Aging and Disability Services</u>			
SGR Award	-	N/A	10,055
SGR Award	-	N/A	62,466
Tech4Impact	-	1016475	7,264
Texas Lifespan Respite Care	-	539-10-41929-CENTRAL	145,322
Total Texas Department of Aging and Disability Services			<u>225,107</u>

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

Grantor/Pass-through Grantor/Program Title	CFDA No.	Grantor Number	Expenditures
<u>Texas Commission on Environmental Quality</u>			
Solid Waste FY 10-11	-	582-10-91880	\$ 192,466
Total Texas Commission on Environmental Quality			<u>192,466</u>
<u>Texas Health and Human Services Commission</u>			
2-1-1 Area Information Center	-	529-07-0105-00016	83,972
2-1-1 Area Information Center	-	529-08-0137-00003	816
2-1-1 Area Information Center	-	529-11-0001-00002	188,745
2-1-1 Central TX I&R Child Care	-	529-11-0063-00013	11,455
Total Texas Health and Human Services Commission			<u>284,988</u>
<u>Texas Workforce Commission</u>			
Pass-Through Central Texas Workforce Development Board			
Child Care CCP	-	2610CCP000	122,924
Child Care CCF	-	2610CCF000	112,963
Child Care Local Match	-	2610CCM000	7,038
ARRA Child Care DFPS	-	2610XCF000	26,720
TANF	-	2610TAN000	80,604
FSET	-	2610FSE000	14,599
RAG 2010	-	2610RAG000	284
Project RIO	-	2610RIO000	20,954
Texas Back to Work Initiative	-	2610BTW000	311,988
Child Care CCP	-	2611CCP000	650,760
Child Care CCF	-	2611CCF000	1,067,592
Child Care	-	2611CCM000	26,402
TANF	-	2611TAN000	225,280
FSET	-	2611SNE000	60,077
RAG 2011	-	2611RAG000	1,411
Project RIO	-	2611RIO000	56,666
Total Pass-Through Central Texas Workforce Development Board			<u>2,786,262</u>
Total Texas Workforce Commission			<u>2,786,262</u>
<u>Commission on State Emergency Communications</u>			
9-1-1 FYE 2009	-	2009	837,318
9-1-1 FYE 2010	-	2010	291,795
9-1-1 FYE 2011	-	2011	1,456,792
Commission on State Emergency Communications			<u>2,585,905</u>
Total Expenditures of State Awards			<u>6,350,864</u>
Total Expenditures of Federal and State Awards			<u>\$ 42,878,806</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Notes to the Schedule of Expenditures of Federal and State Awards
June 30, 2011**

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 collectability of any related receivable at June 30, 2011, 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.

5. CLUSTERS OF PROGRAMS

Some of the Council's clusters of programs are received from multiple granting agencies. A summary of these clusters of programs is as follows:

<u>Agency</u>	<u>Employment Service Cluster</u>	<u>WIA Cluster</u>
Texas Workforce Commission	\$ 61,949	\$ 4,542,509
Austin Community College District	-	19,383
U. S. Department of Labor - Direct	-	228,382
Texas Veterans Commission	180,065	-
Total	<u>\$ 242,014</u>	<u>\$ 4,790,274</u>

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

Summary of Auditors' Results

Financial Statements:	
Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None
Federal and State Awards:	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or the State of Texas Uniform Grant Management Standards?	None
Identification of major programs:	
CFDA Number(s):	Name of Federal Program or Cluster:
14.871	Section 8 Housing Choice Vouchers
17.245	Trade Adjustment Assistance
17.258, 17.259, 17.260, 17.277, 17.278	WIA Cluster
93.558, 93.714	TANF Cluster
93.575, 93.596, 93.713	CCDF Cluster
State	Commission on State Emergency Communications – 911
State	Texas Workforce Commission - Child Care
State	Texas Back to Work Initiative
State	TANF
Dollar threshold used to distinguish between type A and type B federal programs.	\$1,095,838
Dollar threshold used to distinguish between type A and type B state programs	\$300,000
Auditee qualified as low-risk auditee for federal single audit?	No
Auditee qualified as low-risk auditee for state single audit?	No

(continued)

CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

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

None

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, 2011**

Findings and Questioned Costs for Federal and State Awards

None