

TEXOMA COUNCIL OF GOVERNMENTS

ANNUAL FINANCIAL REPORT

APRIL 30, 2021

TEXOMA COUNCIL OF GOVERNMENTS

Table of Contents

April 30, 2021

	<u>Page No.</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iii
Member Governments	iv
Organization Chart	v
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Balance Sheets – Governmental Funds	10
Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	11
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13-23
SUPPLEMENTAL INFORMATION	
Schedule of Revenues and Expenditures by Object – Special Revenue Funds	24-26
Schedule of Indirect Costs	27
Comparison of Budgeted Vs. Actual Indirect Costs	28
Real Estate Assessment Center Financial Assessment Subsystem (FASS-PH) Financial Data Schedules (FDS)	
Schedule I – Balance Sheet	29
Schedule II – Income Statement	30

TEXOMA COUNCIL OF GOVERNMENTS

Table of Contents (Continued)

April 30, 2021

SINGLE AUDIT SECTION

Page No.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	31-32
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and the State of Texas Uniform Grant Management Standards	33-34
Schedule of Expenditures of Federal and State Awards	35-38
Notes to the Schedule of Expenditures of Federal and State Awards	39
Schedule of Findings and Questioned Costs	40-42
Summary Schedule of Prior Year Findings and Questioned Costs	43
Corrective Action Plan	44

STATISTICAL SECTION

Grant Register	45-48
Membership Profile	49
Schedule of Membership Dues	50-51
Revenues by Source and Authorized Staff	52
Total Governmental Funds Expenditures	53
Schedule of Insurance in Force	54

INTRODUCTORY SECTION

October 5, 2021

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

Dear President Whitmire:

Texoma Council of Governments Annual Audit Report including financial statements and supplementary information for fiscal year ended April 30, 2021, is submitted for your review and acceptance. This report was prepared in accordance with TCOG's bylaws. We believe the data presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of TCOG operations as measured by the financial activity of its various grants and contracts; and, that all disclosures necessary to enable the reader to gain maximum understanding of TCOG's financial affairs and to satisfy Federal and State requirements of applicable grants are included. Standards issued by the Office of Management and Budget Uniform Guidance and GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended and interpreted, as of April 30, 2021, were followed in the operation and audit of TCOG.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

INTERNAL CONTROLS

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



REPORTING ENTITY AND SERVICES

TCOG operations are controlled by grant, or contract arrangements, with the United States of America and the State of Texas. For the fiscal year ended April 30, 2021, the largest sub-grantee of TCOG is Tri-County Senior Nutrition Project (Tri-County). Tri-County contracts with an independent public accounting firm for an annual audit of its operations. The resulting audit report will be presented to the Governing Body for review and approval upon receipt.

FUNCTIONAL ACTIVITIES

During the fiscal year ended April 30, 2021, TCOG, through grants and contracts, operated the Area Agency on Aging of Texoma, Community and Economic Development and Planning Activities, Criminal Justice Planning, Homeland Security Planning, Emergency 911, Weatherization Assistance Program, Comprehensive Energy Assistance Program, Section 8 Housing, and other programs for the Texoma Region.

CASH MANAGEMENT

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

FIXED ASSETS

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

ANNUAL AUDIT

TCOG's bylaws require that an annual audit be made of its financial accounts and transactions for the preceding fiscal year. In 1997, the Office of Management and Budget (OMB) revised Circular A-133 to include units of local government. This circular requires that grantors of the United States of America perform audits which meet the requirements of the Single Audit Act Amendments of 1996. In December 2014 the OMB implemented the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as the Uniform Guidance, which



synthesizes and supersedes guidance from previous OMB circulars. In accordance with Uniform Guidance requirements, the Annual Audit Report is contained herein for your review and consideration.

CERTIFICATION OF INDIRECT COST PERCENTAGE

The undersigned Executive Director and Finance Director hereby certify that based upon the enclosed audited financial data, TCOG's indirect cost for fiscal year ended April 30, 2021, was 4.82% of total expenditures and did not exceed 15% of total expenditures, as defined by The Local Government Code, Chapter 391, 586.(f)(1).

OVERVIEW

The Annual Audit Report contains an unmodified opinion from the auditors and contains one finding considered a significant internal control deficiency. There are no questioned or disallowed costs, instances of noncompliance, material weaknesses or other reportable conditions. The audit firm has not issued a separate management letter that would need to be provided to the public or funding agencies.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Eric Bridges".

Eric Bridges
Executive Director

A handwritten signature in blue ink, appearing to read "Mindi Jones".

Mindi Jones
Finance Director

Cc: Texoma Council of Governments Governing Board Members

Enclosure

texoma council of governments

member governments 2020-2021

COUNTIES (3)

Cooke

Fannin

Grayson

CITIES/TOWNS (30)

City of Bells

City of Knollwood

City of Sherman

City of Bonham

City of Ladonia

City of Southmayd

City of Callisburg

City of Leonard

City of Tioga

City of Denison

Town of Lindsay

City of Tom Bean

City of Dodd City

City of Muenster

City of Trenton

City of Ector

Town of Oak Ridge

City of Valley View

City of Gainesville

City of Pottsboro

City of Van Alstyne

City of Gunter

Town of Ravenna

City of Whitesboro

City of Honey Grove

City of Sadler

City of Whitewright

City of Howe

City of Savoy

Town of Windom

SCHOOL DISTRICTS (17)

Bells ISD

Era ISD

Muenster ISD

Bonham ISD

Fannindel ISD

Pottsboro ISD

Collinsville ISD

Gainesville ISD

Sam Rayburn ISD

Denison ISD

Honey Grove ISD

Savoy ISD

Dodd City ISD

Leonard ISD

Sherman ISD

Ector ISD

Lindsay ISD

COMMUNITY COLLEGE DISTRICTS (2)

Grayson College

North Central Texas College

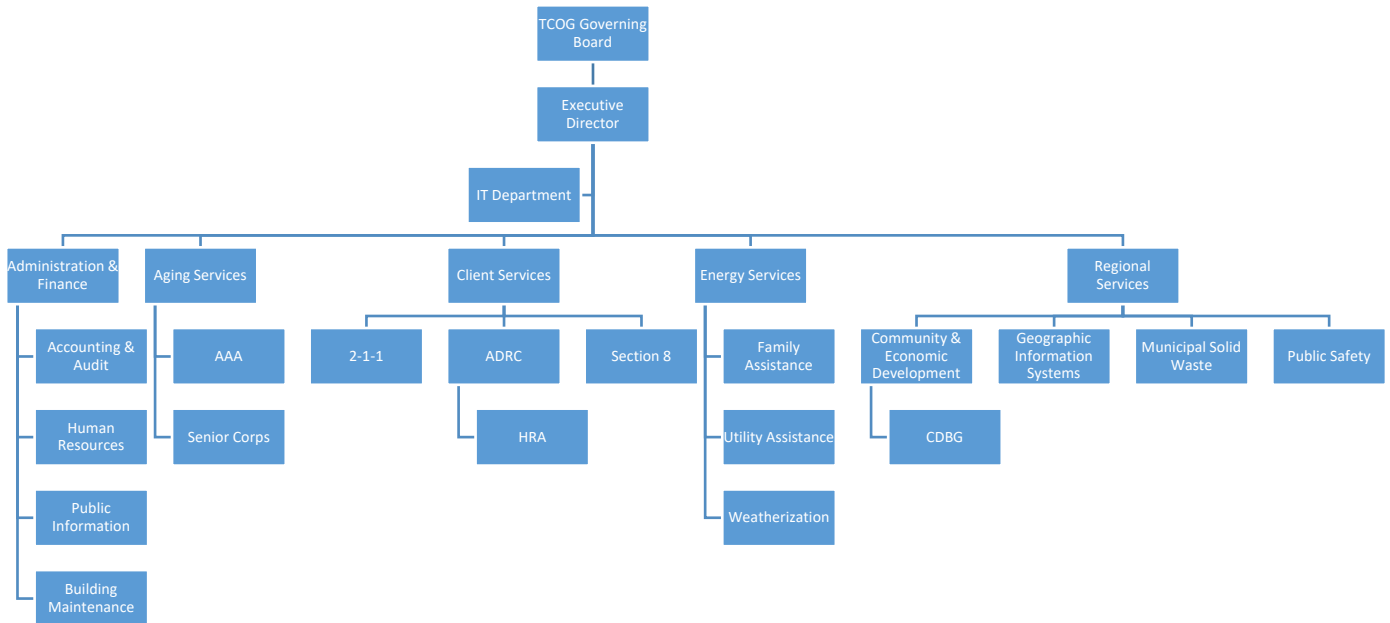
ASSOCIATE MEMBERS (3)

Bonham Chamber of Commerce

Denison Chamber of Commerce

Sherman Chamber of Commerce

Texoma Council of Governments Organization Chart



Texoma Council of Governments Governance Chart

Governing Board	<ul style="list-style-type: none"> • 15 Board Members
Member Jurisdictions	<ul style="list-style-type: none"> • 3 Counties • 32 Cities • 15 School Districts • 2 Community College Districts • 3 Associate Members
Aging Services	<ul style="list-style-type: none"> • RSVP Advisory Council (Cooke Co.) • RSVP Advisory Council (Fannin Co.) • RSVP Advisory Council (Grayson Co.) • Texoma Foster Grandparent Advisory Council • Texoma Regional Advisory Council on Aging
Client Services	<ul style="list-style-type: none"> • 2-1-1 Texas Advisory Council • ADRC Advisory Group • Family Self-Sufficiency Advisory Board (Fannin Co.) • Family Self-Sufficiency Advisory Board (Grayson Co.)
Energy Services	<ul style="list-style-type: none"> • Community Services Advisory Council
Regional Services	<ul style="list-style-type: none"> • Criminal Justice Advisory Committee • Homeland Security Advisory Committee • Natural Resources Advisory Committee • Texoma Regional Transportation Planning Committee

FINANCIAL SECTION

McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, CPA

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Texoma Council of Governments (the Council) as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of April 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted budgetary comparison information for the General Fund and major Special Revenue Funds that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, supplemental information, statistical section, and the Real Estate Assessment Center Financial Assessment Subsystem Financial Data Schedules (FDS) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The FDS are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC). The schedule of expenditures of federal and state awards are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Single Audit Circular, and are also not a required part of the basic financial statements.

The supplemental information, as described in the table of contents, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, 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 solely 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 effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

McClanahan and Holmes, LLP

Certified Public Accountants

Bonham, Texas
October 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TEXOMA COUNCIL OF GOVERNMENTS

Management's Discussion and Analysis

Year Ended April 30, 2021

This discussion and analysis of Texoma Council of Governments (TCOG) financial performance provides an overview of TCOG financial activities for the fiscal year ended April 30, 2021 and should be read in conjunction with TCOG financial statements.

Financial Highlights

For the fiscal year ended April 30, 2021, total assets were \$6,274,860 compared to \$5,034,039 for the prior year; total liabilities were \$3,024,515 compared to \$2,192,053 for the prior year; total net position was \$3,250,345 compared to \$2,841,986 for the prior year. Of this amount, \$781,548 was unrestricted compared to the prior year unrestricted amount of \$774,377.

For the fiscal year ended April 30, 2021, total revenues were \$16,140,331 compared to \$14,863,433 for the prior year; total expenses were \$15,731,972 compared to \$14,731,109 for the prior year. The 8.6% net increase in total revenues is the combined net of funding changes from the major funds. Many funds received funds for the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) and related COVID-19 related grant funding. The categories of Department of Housing and Community Affairs, Commission on State Emergency Communications, Texas Department of Health and Human Services, and Other Programs experienced an increase in revenues while the category of Department of Housing and Urban Development experienced a slight decrease in revenues. General Fund experienced an increase in revenues. The 6.8% in net increased expenditures resulted from increased expenditures in the same programs that had an increase in revenue.

Overview of the Financial Statements

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

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

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

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

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

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis (continued)
Year Ended April 30, 2021

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-23 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also contains certain supplementary information concerning TCOG's funding resources. This information begins on page 24 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of TCOG, assets exceeded liabilities by \$3,250,345 at April 30, 2021 compared to \$2,841,986 for the prior year.

The most significant portion of TCOG's net position (72%) reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. TCOG uses these capital assets to carry out its mission; consequently, these assets are not available for future spending. Although TCOG's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed statement of net assets of TCOG for April 30, 2021, compared to the prior year:

Texoma Council of Government's Statement of Net Position

	Total	
	2021	2020
Assets:		
Current Assets	\$ 3,497,492	\$ 2,654,461
Capital Assets	2,777,368	2,379,578
Total Assets	<u>6,274,860</u>	<u>5,034,039</u>
Liabilities:		
Current Liabilities	2,581,280	1,669,200
Noncurrent Liabilities	443,235	522,853
Total Liabilities	<u>3,024,515</u>	<u>2,192,053</u>
Net Position:		
Net Investment in Capital Assets	2,339,348	1,858,151
Restricted	129,449	209,458
Unrestricted	<u>781,548</u>	<u>774,377</u>
Total Net Position	<u>\$ 3,250,345</u>	<u>\$ 2,841,986</u>

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis (continued)
Year Ended April 30, 2021

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

Texoma Council of Government's Changes in Net Position

	Total	
	2021	2020
Revenues:		
Program Revenues:		
Operating Grants and Contributions	\$ 15,814,609	\$ 14,555,864
General Revenues:		
Grants and Contributions Not Restricted to Specific Programs	325,215	307,336
Interest Income	507	233
Total Revenue	<u>16,140,331</u>	<u>14,863,433</u>
Expenses:		
General Government	267,440	235,399
Aging and Disabilities	3,223,159	2,692,660
Community and Economic Development	1,925,733	1,951,851
Housing and Client Services	10,291,071	9,822,515
Interest on Long-Term Debt	24,569	28,684
Total Expenses	<u>15,731,972</u>	<u>14,731,109</u>
Change in Net Position	408,359	132,324
Net Position, Beginning	<u>2,841,986</u>	<u>2,709,662</u>
Net Position, Ending	<u>\$ 3,250,345</u>	<u>\$ 2,841,986</u>

Financial Analysis of TCOG's Funds

As noted earlier, TCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In addition to this Annual Audit Report, TCOG is monitored by various grantor funding agencies throughout the year. TCOG's net position increased \$408,359 over the prior year primarily as a result of an increase in equipment purchased and capitalized by TCOG.

Governmental Funds provide information on short-term inflows and outflows and balances of spendable resources which is useful in assessing the Council's financing requirements. In particular, the 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.

As of the end of the current fiscal year the Council's governmental funds reported a combined ending fund balance of \$1,035,155, a decrease of \$61,969 as compared to the prior year. Approximately 28% (\$287,901) constitutes unassigned fund balance, which is available for spending at the Council's discretion.

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis (continued)
Year Ended April 30, 2021

Approximately 33% (\$344,104) constitutes non-spendable fund balance, which are funds that are either in non-spendable form, or funds that are legally or contractually required to be maintained intact. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for debt service and workforce housing.

The general fund is the Council's chief operating fund. Approximately 66% (\$621,392) is unassigned and available for spending at the Council's discretion. The fund balance of the Council's general fund decreased \$21,202 during the current fiscal year, which is attributable to repairs and maintenance on the building.

The Council's Special Revenue Funds consist of the following funds: US Department of Housing and Urban Development, Commission on State Emergency Communications, The Texas Department of Housing and Community Affairs, The Texas Department of Health and Human Services, and Other Programs. It provides the same type information found in the government-wide financial statements, but in more detail. The net position decreased by \$83,171 for the current fiscal year. This decrease is primarily due to the US Department of Housing and Urban Development decreasing reserves on hand.

TCOG Budget and Economic Factors

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

Capital Asset and Debt Administration

Capital Assets. TCOG's net investment in capital assets for its governmental activities as of April 30, 2021, amounts to \$2,339,348 compared to \$1,858,151 for the prior year (both amounts are net of accumulated depreciation). This investment in capital assets includes the office building in Sherman, Texas, together with improvements and other grant and non-grant related equipment. Details of TCOG's capital assets are continued in the notes to the financial statements.

Long-Term Debt. At April 30, 2021, TCOG had total long-term liabilities of \$562,178 compared to \$634,716 for the prior year. Of this amount, \$438,020 comprises debt secured by the office building located at 1117 Gallagher Drive, Sherman, Texas. The prior year amount was \$521,427. Additional information on TCOG's long-term debt can be found in the notes to the financial statements.

COVID-19 Global Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization

TEXOMA COUNCIL OF GOVERNMENTS
Management's Discussion and Analysis (continued)
Year Ended April 30, 2021

characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization's operations. Future potential impacts may include disruptions or restrictions on their employees' ability to work, donors and contributors' ability to provide financial assistance, or events of the Organization to be able to occur. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

Requests for Information

This financial report is designed to provide the Governing Board as well as citizens, taxpayers, and creditors with a general overview of TCOG's finances and to show TCOG's accountability for the money it receives. To request additional information, please contact Mindi Jones, TCOG's Finance Director, at 1117 Gallagher Drive, Suite 470, Sherman, Texas 75090, phone (903) 813-3516.

BASIC FINANCIAL STATEMENTS

TEXOMA COUNCIL OF GOVERNMENTS

Statement of Net Position

April 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Pooled Investments	\$ 1,756,341
Accounts Receivable	1,397,047
Prepaid Items	<u>344,104</u>
Total Current Assets	<u>3,497,492</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation:	
Buildings and Improvements	1,045,195
Furniture, Vehicles, and Other Equipment	<u>1,732,173</u>
Total Capital Assets Net of Accumulated Depreciation	<u>2,777,368</u>
Total Noncurrent Assets	<u>2,777,368</u>
Total Assets	<u>6,274,860</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	915,785
Accrued Wages	117,424
Unearned Revenue	1,384,304
Over Allocated Cost Pools	44,824
Noncurrent Liabilities	
Due Within One Year	118,943
Due In More Than One Year	<u>443,235</u>
Total Liabilities	<u>3,024,515</u>
NET POSITION	
Net Investment in Capital Assets	2,339,348
Restricted	129,449
Unrestricted	<u>781,548</u>
Total Net Position	<u><u>\$ 3,250,345</u></u>

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

TEXOMA COUNCIL OF GOVERNMENTS

Statement of Activities

Year Ended April 30, 2021

		<u>Program Revenues</u>	Net (Expense)
		Operating	Revenue and
		Grants and	Change in
	<u>Expenses</u>	Contributions	Net Position
			Total
			Governmental
			Activities
General Government	\$ 267,440	\$ -	\$ (267,440)
Aging and Disabilities	3,223,159	3,223,159	-
Community and Economic Development	1,925,733	2,392,374	466,641
Housing and Client Services	10,291,071	10,199,076	(91,995)
Interest on Long-Term Debt	<u>24,569</u>	<u>-</u>	<u>(24,569)</u>
Total Governmental Activities	<u>\$ 15,731,972</u>	<u>\$ 15,814,609</u>	<u>82,637</u>

General Revenues

Local Grants and Contributions not Restricted to

Specific Programs

325,215

Unrestricted Investment Income

507

Total General Revenues

325,722

Change in Net Position

408,359

Net Position - Beginning

2,841,986

Net Position - Ending

\$ 3,250,345

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

TEXOMA COUNCIL OF GOVERNMENTS

Balance Sheets – Governmental Funds

April 30, 2021

	General	US Department of Housing and Urban Development	Commission on State Emergency Communications	Texas Department of Housing and Community Affairs	Texas Department of Health and Human Services	Other Programs	Total Governmental Funds
ASSETS							
Cash and Pooled Investments	\$ 907,175	\$ 341,480	\$ 493,136	\$ -	\$ -	\$ 14,550	\$ 1,756,341
Accounts Receivable	23,828	29,465	57,256	629,073	495,009	162,416	1,397,047
Due From Other Funds	59,036	-	-	350,707	-	168,037	577,780
Prepaid Items	40,712	-	303,392	-	-	-	344,104
Total Assets	<u>\$ 1,030,751</u>	<u>\$ 370,945</u>	<u>\$ 853,784</u>	<u>\$ 979,780</u>	<u>\$ 495,009</u>	<u>\$ 345,003</u>	<u>\$ 4,075,272</u>
LIABILITIES							
Accounts Payable	\$ 27,581	\$ 143,649	\$ 31,678	\$ 458,954	\$ 201,778	\$ 52,145	\$ 915,785
Accrued Wages	22,541	13,968	4,868	26,535	33,657	15,855	117,424
Due to Other Funds	-	82,940	399,264	-	26,846	68,730	577,780
Over Allocated Indirect Cost Pools	44,824	-	-	-	-	-	44,824
Unearned Revenue	-	81,340	432,322	505,400	234,208	131,034	1,384,304
Total Liabilities	<u>94,946</u>	<u>321,897</u>	<u>868,132</u>	<u>990,889</u>	<u>496,489</u>	<u>267,764</u>	<u>3,040,117</u>
FUND BALANCES							
Non-Spendable	40,712	-	303,392	-	-	-	344,104
Restricted	-	49,048	-	-	-	80,401	129,449
Committed	273,701	-	-	-	-	-	273,701
Unassigned, Reported in:							
Special Revenue Funds	-	-	(317,740)	(11,109)	(1,480)	(3,162)	(333,491)
General Fund	621,392	-	-	-	-	-	621,392
Total Fund Balances	<u>935,805</u>	<u>49,048</u>	<u>(14,348)</u>	<u>(11,109)</u>	<u>(1,480)</u>	<u>77,239</u>	<u>1,035,155</u>
Total Liabilities and Fund Balances	<u>\$ 1,030,751</u>	<u>\$ 370,945</u>	<u>\$ 853,784</u>	<u>\$ 979,780</u>	<u>\$ 495,009</u>	<u>\$ 345,003</u>	<u>\$ 4,075,272</u>
Fund Balance - Total Governmental Funds (above)							1,035,155
Amounts reported for governmental activities in the Statement of Net Position are different because:							
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund financial statements.							2,777,368
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.							(562,178)
Net Position of Governmental Activities							<u>\$ 3,250,345</u>

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

TEXOMA COUNCIL OF GOVERNMENTS
Statements of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended April 30, 2021

	General	US Department of Housing and Urban Development	Commission on State Emergency Communications	Texas Department of Housing and Community Affairs	Texas Department of Health and Human Services	Other Programs	Total Governmental Funds
REVENUES							
Federal	\$ -	\$ 3,280,653	\$ -	\$ 6,613,219	\$ 1,638,332	\$ 722,235	\$ 12,254,439
State	-	-	1,367,254	-	398,989	504,444	2,270,687
Local and In-Kind	325,215	-	205	305,204	775,377	208,697	1,614,698
Interest and Other Income	440	24	43	-	-	-	507
Total Revenues	<u>325,655</u>	<u>3,280,677</u>	<u>1,367,502</u>	<u>6,918,423</u>	<u>2,812,698</u>	<u>1,435,376</u>	<u>16,140,331</u>
EXPENDITURES							
Current							
General Government	181,477	-	-	-	-	-	181,477
Aging and Disabilities	-	-	-	-	2,812,698	410,461	3,223,159
Community and Economic Development	-	-	737,305	-	-	1,024,915	1,762,220
Housing and Client Services	-	3,363,848	-	6,918,423	-	-	10,282,271
Capital Outlay	15,000	-	630,197	-	-	-	645,197
Debt Service							
Principal	83,407	-	-	-	-	-	83,407
Interest	24,569	-	-	-	-	-	24,569
Total Expenditures	<u>304,453</u>	<u>3,363,848</u>	<u>1,367,502</u>	<u>6,918,423</u>	<u>2,812,698</u>	<u>1,435,376</u>	<u>16,202,300</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>21,202</u>	<u>(83,171)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,969)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In (Out)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	21,202	(83,171)	-	-	-	-	(61,969)
Fund Balances - Beginning	<u>914,603</u>	<u>132,219</u>	<u>(14,348)</u>	<u>(11,109)</u>	<u>(1,480)</u>	<u>77,239</u>	<u>1,097,124</u>
Fund Balances - Ending	<u>\$ 935,805</u>	<u>\$ 49,048</u>	<u>\$ (14,348)</u>	<u>\$ (11,109)</u>	<u>\$ (1,480)</u>	<u>\$ 77,239</u>	<u>\$ 1,035,155</u>

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

TEXOMA COUNCIL OF GOVERNMENTS
Reconciliation of the Statements of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended April 30, 2021

Amounts recorded for governmental activities in the statement of activities (page 9) are different because:

Net Change in Fund Balance - Total Governmental Funds	\$ (61,969)
 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. The is the amount of capital assets recorded in the current period.	 645,197
 Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	 (247,407)
 Other amounts, including the change in liability for accrued vacation leave payable, are not reported under the modified accrual basis of accounting utilized by governmental funds.	 (10,869)
 Current year long-term debt principal payments reported as expenditures in the governmental funds financial statements are shown as a reduction in debt in the government-wide financial statements.	 <u>83,407</u>
 Change in Net Position of Governmental Activities - Statement of Activities (page 9)	 <u><u>\$ 408,359</u></u>

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

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements

April 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of the Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Council reports the following major governmental funds:

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

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

The **Commission on State Emergency Communications Fund** is a special revenue fund used to account for the state grants awarded to the Council by the Commission on State Emergency Communications.

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

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

The **Other Programs Fund** is a special revenue fund used to account for all other federal, state, local grants, and other contributions related to these programs.

D. Use of Estimates

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

E. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

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

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents (continued)

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

Accounts Receivable

Accounts receivable represent amounts due from agencies for the various programs administered by the Council. The receivable includes amounts due on programs closed-out and those in progress as of April 30, 2021. The Council considers all grants as fully collectible. Therefore, no allowance for doubtful accounts has been recorded.

Interfund Receivables, Payables, and Transfers

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." The Council had no long-term interfund loans (noncurrent portion) that are generally reported as "advances from and to other funds." Interfund receivables and payables between governmental funds result from temporary assistance between funds. These balances, along with transfers, are eliminated in the government-wide financials.

Unearned Revenue

Unearned revenue represents amounts received from grantors in excess of expenditures for programs in progress as of April 30, 2021.

Capital Assets

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

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line methods. Estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Furniture, Vehicles, and Other Equipment	3–15
Building Improvements	15
Buildings	39

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (continued)

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

Compensated Absences

Paid Time Off (PTO) represents the estimated liability for accumulated and unpaid vacation, sick leave, and personal time for employees. Accumulated unpaid PTO is accrued at each payroll period. Fulltime regular Council employees accumulate and vest in PTO on a sliding scale rate based on length of service and/or position in the organization up to a maximum of 27 days per year. PTO at calendar year-end is limited to 144 hours.

Net Position

Net position represents the difference between assets and liabilities. Investments in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Council or through external restrictions imposed by creditors, grantors, or laws or regulation of other governments. As of April 30, 2021, the US Department of Housing and Urban Development fund had \$49,048 restricted, the Texas Commission on Environmental Quality had \$79,910 restricted, and the Corporation for National and Community Services had \$491 restricted.

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

Fund Balance

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

As of April 30, 2021, fund balances of the governmental funds are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. The Council had \$344,104 of prepaid assets classified as a non-spendable fund balance at April 30, 2021.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance (continued)

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The U.S. Department of Housing and Urban Development Fund and Other Programs Fund, had \$49,048 and \$80,401 of fund balances restricted by their federal and state grantors at April 30, 2021, respectively.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision making authority for the Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The Board has committed \$273,701 in funds to be spent on future needs of the building, including debt payments, upkeep, and depreciation recovery this fiscal year.

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

Unassigned – All other spendable amounts.

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

Indirect Costs

Indirect costs and central service IT costs are allocated to the grants in accordance with Uniform Guidance and the operating manuals of the various funding agencies. Indirect costs and central service IT costs are allocated to the grants as a percentage of total direct personnel costs. The percentage rates used to apply indirect costs and central service IT costs are determined by the Council's "Statement of Proposed Indirect Cost." This rate is based upon estimated costs and may result in over or under-application of indirect costs and central service IT costs when compared with actual costs versus audited costs. The cumulative balance of over or under-applied costs is used in the calculation of the indirect cost rate and the central service IT cost combined rate for future years.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Program Revenue

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

2. BUDGETARY INFORMATION

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

3. DETAILED NOTES ON ALL FUNDS

Cash Deposits with Financial Institutions

Custodial Credit Risk - Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Council's deposits may not be returned, or the Council will not be able to recover collateral securities in the possession of an outside party. The Council's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested in certificates of deposits in institutions that are domiciled in the State of Texas. Collateral agreements must be approved prior to deposit of funds as provided by law. As of April 30, 2021, the Council was not exposed to custodial credit risk since deposits are insured or collateralized with securities pledged held in the name of the Council. The Council's carrying amount of deposits was \$1,482,640 and the bank's balances were \$1,607,282.

Pooled Investments

The public funds investment pools in Texas are established under authority of the Interlocal Cooperation Act, chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the values of its shares.

TexPool has a credit rating of AAAM from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standard for extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. The pool invests in a high-quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

3. DETAILED NOTES ON ALL FUNDS (Continued)

Pooled Investments (Continued)

As of April 30, 2021, the Council had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Texas Local Government Investment Pool (Texpool)	\$ 273,701	39

Investments in TexPool are not insured or guaranteed by the FDIC or any other governmental agency. The Pool is measured at amortized cost and is not required to be reported by levels.

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods of time are more likely to be subject to increased variability in their fair values due to changes in the market interest rates. The Council manages its exposure to market price changes by avoiding over-concentration of assets in a specific maturity sector, limitation of average maturity of operating funds investments to less than eighteen months, and avoidance of over-concentration of assets in specific instruments other than U.S. Treasury Securities and authorized investment pools.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This type of risk is typically expressed in terms of the credit ratings issued by a nationally recognized statistical rating organization. The Council reduces the risk of issue default by limiting investments to those instruments allowed by the Public Funds Investment Act, Chapter 2256, Texas Government Code. As of April 30, 2021, Texpool's investments credit rating was AAAm (Standard & Poor's).

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Council's investment balance consists of only pooled accounts as described above.

Custodial Credit Risk -Investments: This is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Below is a summary of capital assets and related depreciation as of April 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, being Depreciated				
Buildings	\$ 1,550,000	\$ -	\$ -	\$ 1,550,000
Building Improvements	1,241,012	15,000	-	1,256,012
Furniture, Vehicles, and Other Equipment	3,061,714	630,197	(7,439)	3,684,472
Total Capital Assets being Depreciated	<u>5,852,726</u>	<u>645,197</u>	<u>(7,439)</u>	<u>6,490,484</u>
Less Accumulated Depreciation				
Buildings	751,817	39,744	-	791,561
Building Improvements	936,024	33,232	-	969,256
Furniture, Vehicles, and Other Equipment	1,785,307	174,431	(7,439)	1,952,299
Total Accumulated Depreciation	<u>3,473,148</u>	<u>247,407</u>	<u>(7,439)</u>	<u>3,713,116</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,379,578</u>	<u>\$ 397,790</u>	<u>\$ -</u>	<u>\$ 2,777,368</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 75,094
Community and Economic Development	163,513
Housing and Client Services	8,800
Total Depreciation Expense - Governmental Activities	<u>\$ 247,407</u>

Allocation of Indirect Costs and Employee Benefits to Grant Programs

The allocation of indirect costs creates an over or under-applied amount based on the actual costs incurred each year. Beginning May 1, 2019, the Council began direct charging employee benefits and consolidated the Central Services IT into the Indirect Cost Pool, resulting in one pool.

A detail of the costs allocated for the year ended April 30, 2021, is as follows:

	<u>Indirect Costs</u>
Under (Over) Applied Costs at April 30, 2020	\$ 45,130
Costs Allocated During the Year	(822,200)
Actual Costs	<u>732,246</u>
Under (Over) Applied Costs at April 30, 2021	<u>\$ (44,824)</u>

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Liabilities

The following changes in long-term liabilities occurred during the fiscal year ended April 30, 2021, as reported in the financial statements:

	Beginning Balance	Additions	Retirement	Ending Balance	Due Within One Year
Note Payable	\$ 521,427	\$ -	\$ (83,407)	\$ 438,020	\$ 87,903
Compensated Absences	113,289	167,691	(156,822)	124,158	31,040
Governmental Activities					
Long-Term Liabilities	<u>\$ 634,716</u>	<u>\$ 167,691</u>	<u>\$ (240,229)</u>	<u>\$ 562,178</u>	<u>\$ 118,943</u>

Compensated absences typically have been liquidated in the general and governmental funds.

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

Future requirements for long-term debt are as follows:

Fiscal Year	Ending	Principal	Interest	Totals
2022	\$	87,903	\$ 20,301	\$ 108,204
2023		92,492	15,712	108,204
2024		97,321	10,883	108,204
2025		102,402	5,802	108,204
2026		57,902	933	58,835
	<u>\$</u>	<u>438,020</u>	<u>\$ 53,631</u>	<u>\$ 491,651</u>

Retirement Plan

At April 30, 2021, substantially all employees were participants in the Texoma Council of Governments Employee Retirement Plan (the "Plan") administered by a corporate trustee, International City Management Association Retirement Corporation (ICMA-RC). The Plan is a defined contribution plan, which has been approved by the Internal Revenue Service for qualification under IRC Section 401(a), and provides retirement and death benefits based on a participant's vested interest. The Plan has a fiscal year-end of September 30. Employer contributions are 7% of participants' defined compensation, and participants are required to contribute 3% of their defined compensation. Employees may make voluntary after-tax contributions subject to certain limitations. Participants immediately vest in mandatory contributions, plus actual earnings thereon.

Vesting in Council contributions is based on years of continuous service according to a schedule, which

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

3. DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plan (Continued)

provides full vesting at the end of seven years. The Plan investments are stated at fair value. Investments in securities traded on a national securities exchange are valued daily at the last quoted sales price on the day valuations are made. Other equity securities which are not traded on a particular day are reported at the last reported bid price. Debt securities are valued at a price deemed to best reflect fair value. The Council's total payroll in fiscal year 2021 was \$2,288,512 and the Council's contributions were based on a payroll of \$2,199,977. Total contributions of \$238,758 were made for the year, which consisted of \$160,087 employer contributions and \$78,671 of required employee contributions.

Deferred Compensation Plan and ROTH IRA

The Council has an agreement with the ICMA-RC to provide a deferred compensation plan in accordance with the Internal Revenue Code, Section 457, on a voluntary basis to fulltime employees. The Plan permits employees to defer a portion of their salary until future years. The deferred compensation is only available to participants at employment termination, retirement, or for an unforeseeable emergency. The Council makes no contributions to the plan. In accordance with federal law, a trust fund was established for the deposit of Section 457 assets. The trust fund is for the exclusive benefit of plan participants and beneficiaries. Because the assets are not owned by the Council but are held in a trust, the deferred compensation assets and related liabilities are not reported in the Council's financial statements. The Council's fiduciary responsibilities are to submit participant payroll deductions and enrollment change forms to the plan administrator (ICMA-RC). Other than reviewing quarterly statements for accuracy, the Council has no other fiduciary responsibility. Investments are managed by the Plan's trustee with various investment options available. The choice of the investment option is made by the employee. TCOG employees did not contribute into the Plan during fiscal year 2021.

The Council has an option to invest in a ROTH IRA plan, as well. TCOG employees contributed a total amount of \$475 into the ROTH IRA investment option during the fiscal year.

Interfund Balances and Transfers

The following tables reflect the interfund balances at April 30, 2021. These are done to assist the funds with operations during the year and will be repaid as soon as practical, but are expected to be repaid within the next operating year.

Interfund Balances

	<u>Due From</u>	<u>Due To</u>
General	\$ 59,036	\$ -
HUD	-	82,940
CSEC	-	399,264
TDHCA	350,707	-
TDHHS	-	26,846
Other	168,037	68,730
	<u>\$ 577,780</u>	<u>\$ 577,780</u>

TEXOMA COUNCIL OF GOVERNMENTS

Notes to Financial Statements (continued)

April 30, 2021

3. DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Balances and Transfers (Continued)

There were no transfers as of April 30, 2021.

Fund Deficit

The Commission on State Emergency Communications had a fund deficit at April 30, 2021 of \$14,348, the Texas Department of Housing and Community Affairs had a fund deficit of \$11,109, and the Texas Department of Health and Human Services had a fund deficit of \$1,480. All deficits are due to not receiving local funds by fiscal year end and will be funded by the end of the grant cycle.

Commitments and Contingencies

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

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

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

Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The Council manages these various risks of loss by purchasing commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Council.

Subsequent Events

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date on which the financial statements were available to be issued.

There are no other subsequent events to disclose.

SUPPLEMENTAL INFORMATION

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Revenues and Expenditures by Object –
Special Revenue Funds
Year Ended April 30, 2021

	U.S Department of Housing and Urban Development	Corporation for National and Community Service	Economic Development Administration	Governor's Office Criminal Justice Division
REVENUES				
Federal	\$ 3,280,653	\$ 252,074	\$ 191,076	\$ -
State	-	25,989	-	68,509
Local and In-Kind	-	132,398	76,299	-
Interest Income	24	-	-	-
Total Revenues	<u>3,280,677</u>	<u>410,461</u>	<u>267,375</u>	<u>68,509</u>
EXPENDITURES				
Operational				
Direct Salaries	278,348	80,981	84,551	34,515
Benefit Program Costs	91,186	30,410	24,524	11,059
Indirect Costs	139,404	39,690	40,005	16,238
Travel	330	4,771	2,817	(291)
Supplies	16,452	4,008	3,525	5,371
Contracted Services	5,320	4,228	-	-
Capital Outlay	-	-	-	-
Professional Services	-	-	-	-
Other Direct Costs	-	127,430	6,210	1,534
Client Services				
Subcontracts	-	-	44,443	-
In-Kind Services	-	118,065	61,300	-
Other	<u>2,832,808</u>	<u>878</u>	<u>-</u>	<u>83</u>
Total Expenditures	<u>3,363,848</u>	<u>410,461</u>	<u>267,375</u>	<u>68,509</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ (83,171)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Revenues and Expenditures by Object –
Special Revenue Funds (continued)
Year Ended April 30, 2021

	Commission on State Emergency <u>Communications</u>	Texas Department of Housing and Community Affairs	Department of Emergency Management	Texas Department of Agriculture
REVENUES				
Federal	\$ -	\$ 6,613,219	\$ 254,816	\$ -
State	1,367,254	-	20,103	8,471
Local and In-Kind	205	305,204	-	-
Interest Income	43	-	-	-
Total Revenues	<u>1,367,502</u>	<u>6,918,423</u>	<u>274,919</u>	<u>8,471</u>
EXPENDITURES				
Operational				
Direct Salaries	98,221	553,963	37,436	4,672
Benefit Program Costs	31,326	200,529	10,605	1,504
Indirect Costs	41,562	268,484	17,120	2,154
Travel	430	27,264	-	-
Supplies	6,635	67,996	2,493	-
Contracted Services	6,672	49,830	-	-
Capital Outlay	630,197	-	-	-
Professional Services	-	1,600	-	-
Other Direct Costs	4,466	4,225,859	1,156	141
Client Services				
Subcontracts	-	1,486,836	-	-
In-Kind Services	-	-	-	-
Other	547,993	36,062	206,109	-
Total Expenditures	<u>1,367,502</u>	<u>6,918,423</u>	<u>274,919</u>	<u>8,471</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Revenues and Expenditures by Object –
Special Revenue Funds (continued)
Year Ended April 30, 2021

	Texas Health and Human Services Commission	Texas Commission on Environmental Quality	Texas Department of Transportation	Office of the Governor	Total
REVENUES					
Federal	\$ 1,638,332	\$ -	\$ 24,269	\$ -	\$ 12,254,439
State	398,989	127,231	-	254,141	2,270,687
Local and In-Kind	775,377	-	-	-	1,289,483
Interest Income	-	-	-	-	67
Total Revenues	<u>2,812,698</u>	<u>127,231</u>	<u>24,269</u>	<u>254,141</u>	<u>15,814,676</u>
EXPENDITURES					
Operational					
Direct Salaries	648,286	31,278	6,163	5,328	1,863,742
Benefit Program Costs	185,128	10,755	1,904	1,478	600,408
Indirect Costs	296,918	14,432	2,874	2,426	881,307
Travel	452	827	-	48	36,648
Supplies	13,096	57	3	111	119,747
Contracted Services	18,302	-	-	-	84,352
Capital Outlay	-	-	-	-	630,197
Professional Services	1,594,988	-	3,765	-	1,600,353
Other Direct Costs	4,754	69,882	9,560	244,750	4,695,742
Client Services					
Subcontracts	8,150	-	-	-	1,539,429
In-Kind Services	42,624	-	-	-	221,989
Other	-	-	-	-	3,623,933
Total Expenditures	<u>2,812,698</u>	<u>127,231</u>	<u>24,269</u>	<u>254,141</u>	<u>15,897,847</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,171)</u>

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Indirect Costs Year Ended April 30, 2021

	<u>2021 Actual</u>	<u>2020 Actual</u>
Indirect Salaries	\$ 343,735	\$ 322,279
Employee Benefits	69,876	60,182
Advertising	991	100
Bank Fee	-	58
Contracted Services	17,132	17,132
Depreciation Expense	72,976	72,954
Dues and Subscriptions	11,205	4,288
Insurance and Bonding General	7,228	7,941
Central Service IT	84,189	87,266
Postage	2,973	6,051
Printing	2,736	1,700
Professional Services	49,221	55,210
Mortgage Interest	13,806	23,521
Repair and Maintenance Building	27,876	53,348
Copy Center Expense	1,737	1,717
Supplies Office	13,548	14,290
Travel Indirect Staff	9,586	13,717
Utilities	87,619	87,777
Total Indirect Costs	<u>816,434</u>	<u>829,531</u>
 Basis for Indirect Cost Allocation		
Net Indirect Costs	<u>816,434</u>	<u>829,531</u>
Direct Salaries and Benefits	<u>\$ 2,288,503</u>	<u>\$ 2,219,895</u>
 Effective Indirect Cost Rate	<u>35.68%</u>	<u>37.37%</u>

TEXOMA COUNCIL OF GOVERNMENTS
Comparison of Budgeted vs Actual Indirect Costs
Year Ended April 30, 2021

	<u>2021 Budget</u>	<u>2021 Actual</u>
Indirect Salaries	\$ 342,710	\$ 343,735
Employee Benefits	96,940	69,876
Advertising	-	991
Contracted Services	17,160	17,132
Depreciation Expense	77,700	72,976
Dues and Subscriptions	10,750	11,205
Insurance and Bonding General	7,950	7,228
Central Service IT	89,851	84,189
Postage	650	2,973
Printing	1,250	2,736
Professional Services	53,650	49,221
Mortgage Interest	20,076	13,806
Repair and Maintenance Building	49,200	27,876
Copy Center Expense	1,100	1,737
Supplies Office	13,000	13,548
Travel Indirect Staff	11,900	9,586
Utilities	<u>88,750</u>	<u>87,619</u>
Total Indirect Costs	882,637	816,434
 Basis for Indirect Cost Allocation		
Plus: Under Applied Prior Year Indirect Costs	<u>-</u>	<u>-</u>
Net Indirect Costs	<u>882,637</u>	<u>816,434</u>
Direct Salaries and Benefits	<u>\$ 2,418,228</u>	<u>\$ 2,288,503</u>
 Effective Indirect Cost Rate	<u>36.5%</u>	<u>35.68%</u>

TEXOMA COUNCIL OF GOVERNMENTS

Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)
Financial Data Schedules (FDS)
Schedule I: Balance Sheet
April 30, 2021

PHA CODE:	TX542 Fiscal Year End date: 12/31/2020
PHA NAME:	Texoma Council of Governments
SUBMISSION TYPE:	Audited/Uniform Guidance
PROGRAM NAME:	Housing Choice Vouchers

Line Item #	Description	<u>HCV</u>	<u>CARES Act</u>	<u>Total</u>
Assets				
Current Assets Cash:				
111	Cash-Unrestricted	\$ 57,339	\$ -	\$ 57,339
113	Cash - Other Restricted	161,079	102,791	263,870
100	Total Cash	218,418	102,791	321,209
Receivables				
125	Accounts Receivable - Miscellaneous	2,109	-	2,109
120	Total Receivables, Net of Allowance for Doubtful Accounts	2,109	-	2,109
150	Total Current Assets	220,527	102,791	323,318
290	Total Assets and Deferred Outflows of Resources	\$ 220,527	\$ 102,791	\$ 323,318
Liabilities and Equity				
Liabilities				
Current Liabilities				
312	Accounts Payable <= 90 Days	\$ 10,162	\$ -	\$ 10,162
342	Unearned Revenue	-	102,791	102,791
345	Other Current Liabilities	52,715	-	52,715
310	Total Current Liabilities	62,877	102,791	165,668
353	Non-current Liabilities - Other			
350	Total Non-current Liabilities	120,553	-	120,553
300	Total Liabilities	183,430	102,791	286,221
Equity				
511.4	Restricted Net Position	40,526	-	40,526
512.4	Unrestricted Net Position	(3,429)	-	(3,429)
513	Total Equity - Net Assets/Position	37,097	-	37,097
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$ 220,527	\$ 102,791	\$ 323,318

TEXOMA COUNCIL OF GOVERNMENTS

Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

Financial Data Schedules (FDS)

Schedule II: Income Statement

April 30, 2021

PHA CODE:

TX542 Fiscal Year End date: 12/31/2020

PHA NAME:

Texoma Council of Governments

SUBMISSION TYPE:

Audited/Uniform Guidance

PROGRAM NAME:

Housing Choice Vouchers

Line Item #	Description	HCV	CARES Act	Total
Revenue				
70600	HUD PHA Operating Grants	\$ 3,134,256	\$ 33,984	\$ 3,168,240
71400	Fraud Recovery	-	-	-
72000	Investment Income - Restricted	34	-	34
70000	Total Revenue	<u>3,134,290</u>	<u>33,984</u>	<u>3,168,274</u>
Expenses Administrative				
91100	Administrative Salaries	170,745	7,455	178,200
91200	Auditing Fees	5,320	-	5,320
91500	Employee Benefit Contributions - Administrative	56,007	2,488	58,495
91600	Office Expenses	23,899	20,262	44,161
91800	Travel	-	234	234
91810	Allocated Overhead	118,414	3,545	121,959
91000	Total Operating - Administrative	<u>374,385</u>	<u>33,984</u>	<u>408,369</u>
Expenses - Tenant Services				
92100	Tenant Services - Salaries	77,907	-	77,907
92300	Employee Benefit Contributions - Tenant Services	28,076	-	28,076
92500	Total Tenant Services	<u>105,983</u>	<u>-</u>	<u>105,983</u>
96900	Total Operating Expenses	<u>480,368</u>	<u>33,984</u>	<u>514,352</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>2,653,922</u>	<u>-</u>	<u>2,653,922</u>
97300	Housing Assistance Payments	2,742,173	-	2,742,173
90000	Total Expenses	<u>\$ 3,222,541</u>	<u>\$ 33,984</u>	<u>\$ 3,256,525</u>
Memo Account Information				
Excess (Deficiency) of Total Revenue over (Under) Total				
10000	Expenses	\$ (88,251)	\$ -	\$ (88,251)
11030	Beginning Equity	\$ 125,348	\$ -	\$ 125,348
11170	Administrative Fee Equity	\$ (3,429)	\$ -	\$ (3,429)
11180	Housing Assistance Payments Equity	\$ 40,526	\$ -	\$ 40,526
11190	Unit Months Available	8,292	-	8,292
11210	Number of Unit Months Leased	5,772	-	5,772

SINGLE AUDIT SECTION

McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, CPA

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Texoma Council of Governments (the Council), as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated October 20, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-1 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Texoma Council of Government's Response to Finding

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

Purpose of this Report

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

McClanahan and Holmes, LLP

Certified Public Accountants

Bonham, Texas
October 20, 2021

McClanahan and Holmes, LLP

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN W. MOHUNDRO, CPA
GEORGE H. STRUVE, CPA
RUSSELL P. WOOD, CPA
DEBRA J. WILDER, CPA
TEFFANY A. KAVANAUGH, CPA
APRIL J. HATFIELD, CPA

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

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

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

Report on Compliance for Each Major Federal and State Program

We have audited the Texoma Council of Governments' (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning, that could have a direct and material effect on each of the Council's major federal and state programs for the year ended April 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended April 30, 2021.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the UGMS. Accordingly, this report is not suitable for any other purpose.

McClanahan and Holmes, LLP

Certified Public Accountants

Bonham, Texas
October 20, 2021

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards
Year Ended April 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Federal Awards			
U.S. Department of Commerce			
Economic Development Administration			
Economic Development - Support for Planning Organizations	11.302	ED18AUS3020014	\$ 60,773
Economic Development - Support for Planning Organizations	11.302	ED21AUS3020004	11,867
Economic Development - Technical Assistance	11.303	ED18AUS3030024	29,641
COVID-19 - Economic Adjustment Assistance	11.307	ED20AUS3040045	88,794
Total U. S. Department of Commerce			191,075
U. S. Department of Housing and Urban Development			
Direct Programs:			
Office of Public and Indian Housing			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers 2020	14.871	TX542FSH505A015	3,279,347
COVID-19 - Section 8 Housing Choice Vouchers	14.871	TX542FSH505A015	58,077
Total Housing Voucher Cluster			3,337,424
Subtotal U. S. Department of Housing and Urban Development			3,337,424
Pass-Through from:			
Texas Department of Housing and Community Affairs			
Home Investment Partnerships Program	14.239	1002988	26,473
Subtotal Texas Department of Housing and Community Affairs			26,473
Total U. S. Department of Housing and Urban Development			3,363,897
U.S. Department of Energy			
Pass-Through from:			
Texas Department of Housing and Community Affairs			
Weatherization Assistance for Low-Income Persons (DOE)	81.042	56190003136	391,087
Total U.S. Department of Energy			391,087
U.S Department of Health and Human Services			
Pass-Through from:			
Texas Department of Housing and Community Affairs			
COVID-19 - Low-Income Home Energy Assistance	93.568	58990003315	53,341
Low-Income Home Energy Assistance	93.568	58200003172	4,098,833
Low-Income Home Energy Assistance	93.568	5820003403	328,659
Low-Income Home Energy Assistance	93.568	81200003197	1,003,442
Low-Income Home Energy Assistance	93.568	81210003428	183,286
Subtotal			5,667,561
COVID-19 - Community Services Block Grant (CSBG)	93.569	61200003356	140,741
COVID-19 - Community Services Block Grant (CSBG) TEDP	93.569	61200003370	165,569
Community Services Block Grant (CSBG)	93.569	61200003235	187,467
Community Services Block Grant (CSBG)	93.569	61210003466	43,659
Community Services Block Grant (CSBG) Discretionary	93.569	61190003254	12,120
Subtotal			549,556
Subtotal Texas Department of Housing and Community Affairs			6,217,117

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended April 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Federal Awards			
U.S. Department of Health and Human Services (continued)			
Pass-Through from:			
Texas Health and Human Services Commission			
Administration for Community Living			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	539-16-0008-00001	274,747
COVID-19 - Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	539-16-0008-00001	55,405
Special Programs for the Aging - Title III, Part C -Nutrition Services	93.045	539-16-0008-00001	222,921
Special Programs for the Aging - Title III, Part C2 -Consolidated Appropriations Title III C2	93.045	539-16-0008-00001	78,498
COVID-19 - Special Programs for the Aging - Title III, Part C2	93.045	539-16-0008-00001	230,672
COVID-19 - Special Programs for the Aging - Title III, Part C2	93.045	539-16-0008-00001	156,033
Total Aging Cluster			<u>1,018,276</u>
Nutrition Services Incentive Program	93.053	539-16-0008-00001	143,132
Special Program for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	539-16-0008-00001	2,233
Special Programs for the Aging - Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	539-16-0008-00001	36,320
COVID-19 - Special Programs for the Aging - Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	539-16-0008-00001	15,846
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	539-16-0008-00001	6,129
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services - Disaster Flex	93.043	539-16-0008-00001	27,576
National Family Caregiver Support Program, Title III, Part E	93.052	539-16-0008-00001	29,982
COVID-19 - National Family Caregiver Support Program, Title III, Part E	93.052	539-16-0008-00001	5,572
State Health Insurance Assistance Program	93.324	539-16-0008-00001	30,301
Medicare Enrollment Assistance Program	93.071	539-16-0008-00001	6,776
Subtotal Administration for Community Living			<u>303,867</u>
Aging And Disability Resource Center			
Money Follows the Person Rebalancing Demonstration	93.791	539-14-0475-00007	63,352
COVID-19 - Money Follows the Person Rebalancing Demonstration	93.791	539-14-0475-00007	23,207
Subtotal Aging and Disability Resource Center			<u>86,559</u>
Operations Information and Referral Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	529-16-0006-00024H	36,672
Temporary Assistance for Needy Families	93.558	529-16-0006-00024H	36,674
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	529-16-0006-00024H	36,673
Children's Health Insurance Program	93.767	529-16-0006-00024H	36,672
Grants to States for Operation of Qualified High-Risk Pools	93.780	529-16-0006-00024H	36,673
			<u>183,364</u>
Child Care Information and Referral Services			
Child Care and Development Block Grant	93.575	529-16-0006-00024H	9,084
			<u>9,084</u>
Subtotal Texas Health and Human Services Commission			<u>1,601,150</u>
Total U.S. Department of Health and Human Services			<u>7,818,267</u>

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended April 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Federal Awards			
Corporation for National and Community Service			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	19SRWTX004	65,340
Foster Grandparent Program	94.011	18SFWTX001	195,774
Total Corporation for National and Community Service			261,114
U. S. Department of Homeland Security			
Pass-Through from:			
Office of the Governor			
Homeland Security Grant Program	97.067	2969005	37,545
Homeland Security Grant Program	97.067	2969006	11,124
Homeland Security Grant Program	97.067	3124104	1,461
Homeland Security Grant Program	97.067	3397903	35,772
Homeland Security Grant Program	97.067	4064601	132,078
Homeland Security Grant Program	97.067	3397904	36,836
Total U.S. Department of Homeland Security			254,816
Federal Transit Administration			
Pass-Through from:			
Texas Department of Transportation			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	RCTP-2019-TCOG-00025	12,472
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	RCTP-2020-TCOG-00015	11,797
Total Federal Transit Administration			24,269
Total Expenditures of Federal Awards			12,304,525

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended April 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
State Awards			
Governor's Division of Emergency Management			
State Homeland Security Interlocal		PO# 30001934	7,970
State Homeland Security Interlocal		PO#21-00065	12,133
RI21 PY21 Statewide Emergency Radio Infrastructure		4034601	254,141
Total Governor's Division of Emergency Management			274,244
Office of the Governor			
Governor's Division of Criminal Justice Division			
Regional Criminal Justice Coordination		30001934	21,780
Regional Criminal Justice Coordination		PO#21-00065	46,729
Total Governor's Division of Criminal Justice Division			68,509
Commission on State Emergency Communications			
Emergency 911 - 2018/2019		N/A	542,603
Emergency 911 - 2019/2020		N/A	366,447
Emergency 911 - 2020/2021		N/A	458,246
Total Commission on State Emergency Communications			1,367,296
Texas Commission on Environmental Quality			
Municipal Solid Waste		582-20-10225	127,231
Total Texas Commission on Environmental Quality			127,231
Texas Health and Human Services Commission			
State General Revenue		539-16-0008-00001	75,965
State General Revenue HDM Rate Increase		539-16-0008-00001	16,059
Housing Bond		539-16-0008-00001	11,877
Housing Bond		539-16-0008-00001	2,995
SGR Assisted Living Facility (ALF)		539-16-0008-00001	15,506
Subtotal			122,402
Retired Senior Volunteer Program		PO#HHSTX-1-0000240889	11,286
Foster Grandparent Program		PO#44STX-1-0000241312	3,877
Subtotal			15,163
ADRC SGR Operations		539-14-0475-00007	7,704
ADRC SGR Operations		539-14-0475-00007	58,031
Subtotal			65,735
2-1-1 Texas Information and Referral Services		529-16-0006-00024H	60,926
2-1-1 Texas Information and Referral Services		529-16-0006-00024I	129,923
Subtotal			190,849
Total Health and Human Services			394,149
Corporation for National and Community Service			
Retired Senior Volunteer Program		20SRWTX014	10,239
Foster Grandparent Program		20SFWTX006	587
Total Corporation for National and Community Service			10,826
Texas Department of Agriculture			
Community and Economic Development Assistance Funds for Administrative and Technical Assistance Services		C719210	3,565
Community and Economic Development Assistance Funds for Administrative and Technical Assistance Services		C719210	4,906
Total Texas Department of Agriculture			8,471
Total Expenditures of State Awards			2,250,726
Total Expenditures of Federal and State of Texas Awards			\$ 14,555,251

TEXOMA COUNCIL OF GOVERNMENTS

Notes to the Schedule of Expenditures of Federal and State Awards

Year Ended April 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Texoma Council of Governments under programs of the federal and state government for the year ended April 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Texoma Council of Governments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Texoma Council of Governments.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Texoma Council of Governments has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Findings and Questioned Costs

Year Ended April 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s reports issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? Yes

Noncompliance material to the financial statements noted? No

Federal and State Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) and state awards as defined by the State of Texas Uniform Grant Management Standards? No

Identification of major federal programs:

CFDA Number
14.871

Name of Federal Program or Cluster
Section 8 Housing Choice Vouchers

Identification of major state programs:

Name of State Program
Emergency 911

Dollar threshold to distinguish between Type A and Type B programs:	Federal	\$750,000
	State	\$300,000

Auditee qualified as a low-risk auditee? Yes

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Findings and Questioned Costs (Continued)
Year Ended April 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

Item 2021-1 Texoma Council of Government’s internal controls and procedures over reviewing and reconciling its general ledger accounts did not detect materially misstated accounts.

Condition: The year-end account balance for state revenue was understated and the account balance for local revenue was overstated by the same amount.

Criteria: Internal control procedures affect an agency’s ability to process financial transactions that are authorized and accurate. Management must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

Cause: The Accounting and Finance Department does not have sufficient procedures for reviewing and reconciling the Department’s general ledger and account detail.

Effect: As a result of this condition, state revenue was understated and local revenue was overstated by a material amount due to a data entry error that was made.

Recommendations: Management should implement a process whereby all transactions are recorded in the proper accounts in accordance with generally accepted accounting principles. Furthermore, management should develop and implement procedures for reviewing the general ledger account balance detail.

Views of Responsible
Official and Planned
Corrective Actions:

Management believes that this was an isolated occurrence as a keying error but agrees that a control point to verify total State revenue was not in place. The correct account number was on all the documentation. The error occurred in the input process where a number was entered into the accounting system incorrectly by one digit in the account number (4020 versus 4010). While this is only one error noted of several thousand entered during the year, it was a cross between State Grant Revenue and Local Revenue. Management has implemented a new policy to agree all state funding to verifiable external sources, such as the Texas State Comptroller website and will periodically, but not less than quarterly, verify all State funds. This added procedure should locate errors such as this one in a timely manner.

TEXOMA COUNCIL OF GOVERNMENTS
Schedule of Findings and Questioned Costs (Continued)
Year Ended April 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings required to be reported.

TEXOMA COUNCIL OF GOVERNMENTS
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended April 30, 2021

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

Item 2020-1 Texoma Council of Government's internal controls and procedures over review and reconciling its general ledger accounts did not detect a material misstated account.

Condition: The year-end account balance for accounts payable was materially misstated. The account detail contained a material error from an unrecorded payable transaction.

Criteria: Internal control procedures affect an agency's ability to process financial transactions that are authorized and accurate. Management must establish and maintain effective internal control over financial reporting to provide reasonable assurance that financial reports are accurate and supported.

Cause: The Accounting and Finance Department does not have sufficient procedures for reviewing and reconciling the Department's general ledger and account detail.

Effect: As a result of this condition, the accounts payable balance was understated by a material amount due to an unrecorded vendor payment that was not properly recorded as a payable.

Recommendation: Management should implement a process, whereby all transactions are recorded in the period in which services are rendered in accordance with generally accepted accounting principles. Furthermore, Management should develop and implement procedures for reviewing the general ledger account balance detail.

Current Status: The Council implemented the recommended procedures. No similar findings were noted in the 2021 audit.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings required to be reported.

TEXOMA COUNCIL OF GOVERNMENTS
Corrective Action Plan
Year Ended April 30, 2021

The Council, respectfully, submits the following corrective action plan for the year ended April 30, 2021.

Name and address of independent public accounting firm:

McClanahan and Holmes, LLP
1400 West Russell
Bonham, TX 75418

Audit Period: Year ended April 30, 2021

The finding from the April 30, 2021, schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in this schedule.

Financial Statement Findings

2021-1

Recommendations: Management should implement a process whereby all transactions are recorded in the proper accounts in accordance with generally accepted accounting principles. Furthermore, management should develop and implement procedures for reviewing the general ledger account balance detail.

Action Taken: Management believes that this was an isolated occurrence as a keying error but agrees that a control point to verify total State revenue was not in place. The correct account number was on all the documentation. The error occurred in the input process where a number was entered into the accounting system incorrectly by one digit in the account number (4020 versus 4010). While this is only one error noted of several thousand entered during the year, it was a cross between State Grant Revenue and Local Revenue. Management has implemented a new policy to agree all state funding to verifiable external sources, such as the Texas State Comptroller website and will periodically, but not less than quarterly, verify all State funds. This added procedure should locate errors such as this one in a timely manner.

Contact Person: Mindi Jones, Finance Director

Anticipated Completion Date: Immediate, October, 2021

**STATISTICAL SECTION
(UNAUDITED)**

TEXOMA COUNCIL OF GOVERNMENTS

Grant Register (Unaudited)

Year Ended April 30, 2021

Federal CFDA Number	Fund Source	Account Number	Federal Grantor/Pass-Through Grantor/Program Title Federal Grants	Contract Number	Grant Start Date	Grant End Date	FYE 2021 Expenditures
FUNDING AGENCY 330 U.S. Department of Commerce			Economic Development Administration				
11.302		32000	Economic Development - Support for Planning Organizations	ED18AUS3020014	01/01/18	03/31/21	\$ 60,773
11.302		32021	Economic Development - Support for Planning Organizations	ED21AUS3020004	01/01/21	12/31/23	11,867
11.303		32500	Economic Development - Technical Assistance and Plan Development	ED18AUS3030024	08/15/18	08/14/21	29,641
11.307		32005	Economic Development - Short-Long Term Economic development plan for COVID pandemic	ED20AUS3040045	07/01/20	06/30/22	88,794
			Total U. S. Department of Commerce				191,075
FUNDING AGENCY 200 U. S. Department of Housing and Urban Development			Direct Programs:				
			Office of Public and Indian Housing				
14.871		20000	Section 8 Housing Choice Vouchers 2020	TX542FSH505A015	01/01/20	12/31/20	2,126,908
14.871		20000	Section 8 Housing Choice Vouchers 2021	TX542FSH505A015	01/01/21	12/31/21	1,152,439
14.871		20000	CARES ACT Section 8 Housing Choice Vouchers 2020	TX542FSH505A015	01/01/20	12/31/20	33,984
14.871		20000	CARES ACT Section 8 Housing Choice Vouchers 2021	TX542FSH505A015	01/01/21	12/31/21	24,093
			U. S. Department of Housing and Urban Development				3,337,424
FUNDING AGENCY 211 U. S. Department of Housing and Urban Development			Pass-Through from:				
			Texas Department of Housing and Community Affairs				
14.239		28000	2019 HOME Single Family Development Program	1002988	03/19/20	03/18/22	26,473
			Texas Department of Housing and Community Affairs				26,473
			Total U. S. Department of Housing and Urban Development				3,363,897
FUNDING AGENCY 210 U.S. Department of Energy			Pass-Through from:				
			Texas Department of Housing and Community Affairs				
81.042		26019	Weatherization Assistance for Low-Income Persons (DOE)	56190003136	07/01/19	06/30/21	391,087
			Total U.S. Department of Energy				391,087
FUNDING AGENCY 210 U.S Department of Health and Human Services			Pass-Through from:				
			Texas Department of Housing and Community Affairs				
			Administration for Children and Families				
			Energy Services				
93.568		22005	Low-Income Home Energy Assistance CARES	58990003315	03/27/20	07/30/21	53,341
			Subtotal				53,341
93.568		22020	Low-Income Home Energy Assistance	58200003172	01/01/20	03/31/21	4,098,833
93.568		22021	Low-Income Home Energy Assistance	5820003403	01/01/21	12/31/21	328,659
			Subtotal				4,427,492
93.568		27020	Low-Income Home Energy Assistance	81200003197	01/01/20	03/31/21	1,003,442
93.568		27021	Low-Income Home Energy Assistance	81210003428	01/01/21	12/31/21	183,286
			Subtotal				1,186,728
93.569		25005	Community Services Block Grant (CSBG) CARES ACT	61200003356	03/27/20	12/31/21	140,741
93.569		25006	Community Services Block Grant (CSBG) TEDP	61200003370	10/12/20	09/30/21	165,569
			Subtotal				306,310
93.569		25020	Community Services Block Grant (CSBG)	61200003235	01/01/20	03/31/21	187,467
93.569		25021	Community Services Block Grant (CSBG)	61210003466	01/01/21	12/31/21	43,659
			Subtotal				231,126
93.569		25004	Community Services Block Grant (CSBG) Discretionary	61190003254	03/26/20	08/31/20	12,120
			Subtotal				12,120
			Texas Department of Housing and Community Affairs				6,217,117

TEXOMA COUNCIL OF GOVERNMENTS

Grant Register (Unaudited) (Continued)

Year Ended April 30, 2021

Federal CFDA Number	Fund Source	Account Number	Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Grant Start Date	Grant End Date	FYE 2021 Expenditures
FUNDING AGENCY 220			U.S. Department of Health and Human Services				
			Pass-Through from:				
			Texas Health and Human Services Commission				
			Administration for Community Living				
93.044	IIIB		Special Programs for the Aging - Title III, Part B -Grants for Supportive Services	539-16-0008-00001	10/01/19	09/30/20	23,969
93.044	IIIB		Special Programs for the Aging - Title III, Part B -Grants for Supportive Services	539-16-0008-00001	10/01/20	09/30/21	250,778
93.044	IIIB		Special Programs for the Aging - Title III, Part B -Grants for Supportive Services CARES	539-16-0008-00001	10/01/20	09/30/21	55,405
93.045	IIIC1		Special Programs for the Aging - Title III, Part C -Nutrition Services	539-16-0008-00001	10/01/19	09/30/20	19,959
93.045	IIIC1		Special Programs for the Aging - Title III, Part C -Nutrition Services	539-16-0008-00001	10/01/20	09/30/21	46,644
93.045	IIIC2		Special Programs for the Aging - Title III, Part C2	539-16-0008-00001	10/01/19	09/30/20	58,250
93.045	IIIC2		Special Programs for the Aging - Title III, Part C2	539-16-0008-00001	10/01/20	09/30/21	98,068
93.045	IIIC2		Special Programs for the Aging - Title III, Part C2 -Consolidated Appropriations Title III C2	539-16-0008-00001	10/01/19	09/30/20	
93.045	IIIC2		Special Programs for the Aging - Title III, Part C2 -Consolidated Appropriations Title III C2	539-16-0008-00001	10/01/20	09/30/21	78,498
93.045	IIIC2		Special Programs for the Aging - Title III, Part C2 -CARES	539-16-0008-00001	10/01/19	09/30/20	152,174
93.045	IIIC2		Special Programs for the Aging - Title III, Part C2 -CARES	539-16-0008-00001	10/01/20	09/30/21	78,498
93.045	IIIC2		Special Programs for the Aging - Title III, Part C2 -CARES Covid 19	539-16-0008-00001	10/01/19	09/20/20	156,033
93.053	NSIP		Nutrition Services Incentive Program	539-16-0008-00001	10/01/19	09/30/20	53,416
93.053	NSIP		Nutrition Services Incentive Program	539-16-0008-00001	10/01/20	09/30/21	89,716
93.041	EAP		Special Program for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	539-16-0008-00001	10/01/20	09/30/21	2,233
93.042	OM		Special Programs for the Aging - Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	539-16-0008-00001	10/01/19	09/30/20	10,630
93.042	OM		Special Programs for the Aging - Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	539-16-0008-00001	10/01/20	09/30/21	25,690
93.042	VII-OM		Special Programs for the Aging - Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals-CARES	539-16-0008-00001	10/01/20	09/30/21	15,846
93.043	IIID		Special Program for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	539-16-0008-00001	10/01/19	09/30/20	1,049
93.043	IIID		Special Program for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	539-16-0008-00001	10/01/20	09/30/21	5,080
93.043	IIID		Special Program for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services - Disaster Flex	539-16-0008-00001	10/01/20	09/30/21	14,178
93.052	IIIE		Special Programs for the Aging - Title III, Part E - National Family Caregiver Support Program	539-16-0008-00001	10/01/19	09/30/20	13,398
93.052	IIIE		Special Programs for the Aging - Title III, Part E - National Family Caregiver Support Program	539-16-0008-00001	10/01/20	09/30/21	27,517
93.052	IIIE		Special Programs for the Aging - Title III, Part E -ORC	539-16-0008-00001	10/01/20	09/30/21	2,465
93.052	IIIE		Special Programs for the Aging - Title III, Part E -CARES	539-16-0008-00001	10/01/20	09/30/21	5,572
93.324	HICAP		HICAP - Health Insurance Counseling Advocacy Program	539-16-0008-00001	10/01/19	09/30/20	15,342
93.324	HICAP		HICAP - Health Insurance Counseling Advocacy Program	539-16-0008-00001	10/01/20	09/30/21	14,959
93.071	MIPPA		Medicare Improvement for Patients and Providers	539-16-0008-00001	10/01/19	09/30/20	3,952
93.071	MIPPA		Medicare Improvement for Patients and Providers	539-16-0008-00001	10/01/20	09/30/21	2,824
			Subtotal				1,322,143
			Aging And Disability Resource Center				
93.791	NOT IN 21	51000	Money Follows the Person Rebalancing Demonstration	539-14-0475-00007	09/01/19	08/31/20	17,348
93.791		51000	Money Follows the Person Rebalancing Demonstration	539-14-0475-00007	09/01/20	08/31/21	46,004
93.791	NOT IN 21	51000	Money Follows the Person Rebalancing Demonstration-CARES	539-14-0475-00007	09/01/19	08/31/20	16,585
93.791		51000	Money Follows the Person Rebalancing Demonstration-CARES	539-14-0475-00007	09/01/20	08/31/21	6,622
			Subtotal				86,559

TEXOMA COUNCIL OF GOVERNMENTS

Grant Register (Unaudited) (Continued)

Year Ended April 30, 2021

Federal CFDA Number	Fund Source	Account Number	Federal Grantor/Pass-Through Grantor/Program Title Federal Grants	Contract Number	Grant Start Date	Grant End Date	FYE 2021 Expenditures
FUNDING AGENCY 220 U.S. Department of Health and Human Services							
Pass-Through from:							
Texas Health and Human Services Commission							
Operations Information and Referral Services							
93.767		60000	Children's Health Insurance Program	529-16-0006-00024H	09/01/19	08/31/20	11,707
10.561		60000	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	529-16-0006-00024H	09/01/19	08/31/20	11,707
93.780		60000	Grants to States for Operation of Qualified High-Risk Pools	529-16-0006-00024H	09/01/19	08/31/20	11,707
93.566		60000	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	529-16-0006-00024H	09/01/19	08/31/20	11,707
93.558		60000	Temporary Assistance for Needy Families State Programs	529-16-0006-00024H	09/01/19	08/31/20	11,708
93.767		60000	Children's Health Insurance Program	529-16-0006-00024I	09/01/20	08/31/21	24,965
10.561		60000	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	529-16-0006-00024I	09/01/20	08/31/21	24,965
93.780		60000	Grants to States for Operation of Qualified High-Risk Pools	529-16-0006-00024I	09/01/20	08/31/21	24,966
93.566		60000	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	529-16-0006-00024I	09/01/20	08/31/21	24,966
93.558		60000	Temporary Assistance for Needy Families	529-16-0006-00024I	09/01/20	08/31/21	24,966
							183,364
Child Care Information and Referral Services							
93.575		60000	Child Care and Development Block Grant	529-16-0006-00024H	09/01/19	08/31/20	4,925
93.575		60000	Child Care and Development Block Grant	529-16-0006-00024I	09/01/20	08/31/21	4,159
							9,084
Texas Health and Human Services Commission							1,601,150
Total U.S. Department of Health and Human Services							7,818,267
FUNDING AGENCY 510 Corporation for National and Community Service							
Direct Programs:							
94.002		56000	Retired and Senior Volunteer Program	19SRWTX004	07/01/19	06/30/22	65,340
94.011		50000	Foster Grandparent Program	18SFWTX001	07/01/18	06/30/21	195,774
Total Corporation for National and Community Service							261,114
FUNDING AGENCY 320 U. S. Department of Homeland Security							
Pass-Through from:							
Office of the Governor							
97.067		45019	Homeland Security Grant Program	2969005	01/01/20	12/31/20	37,545
97.067		45020	Homeland Security Grant Program	2969006	01/01/21	12/31/21	11,124
97.067	SHSP	48019	Homeland Security Grant Program	3124104	10/01/19	09/30/20	1,461
97.067	LETPA	48019	Homeland Security Grant Program	3397903	10/01/19	09/30/20	35,772
97.067	SHSP	48020	Homeland Security Grant Program	4064601	10/01/19	09/30/20	132,078
97.067	LETPA	48020	Homeland Security Grant Program	3397904	10/01/19	09/30/20	36,836
Total U.S. Department of Homeland Security							254,816
FUNDING AGENCY 350 Federal Transit Administration							
Pass-Through from:							
Texas Department of Transportation							
20.505		37000	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	RCTP-2019-TCOG-00025	09/01/19	08/31/20	12,472
20.505		37000	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	RCTP-2020-TCOG-00015	09/01/21	02/28/22	11,797
Total Federal Transit Administration							24,269
Total Expenditures of Federal Awards							12,304,525

TEXOMA COUNCIL OF GOVERNMENTS

Grant Register (Unaudited) (Continued)

Year Ended April 30, 2021

Federal CFDA Number	Fund Source	Account Number	Federal Grantor/Pass-Through Grantor/Program Title	Contract Number	Grant Start Date	Grant End Date	FYE 2021 Expenditures
Governor's Division of Emergency Management							
FUNDING AGENCY 320							
	44020		State Homeland Security Interlocal	PO# 30001934	09/01/19	08/31/20	27,322
	44021		State Homeland Security Interlocal	PO#21-00065	09/01/20	08/31/21	12,133
Total Governor's Division of Emergency Management							39,455
Governor's Division of Emergency Management							
FUNDING AGENCY 325							
	43500		RI21 PY21 Statewide Emergency Radio Infrastructure	4034601	09/01/19	08/31/22	254,141
Total Governor's Division of Emergency Management							254,141
FUNDING AGENCY 310							
Office of the Governor							
Governor's Division of Criminal Justice Division							
	40000		Regional Criminal Justice Coordination	30001934	09/01/19	08/31/20	43,239
	40000		Regional Criminal Justice Coordination	PO#21-00065	09/01/20	08/31/21	46,729
Total Governor's Division of Criminal Justice Division							89,968
FUNDING AGENCY 300							
Commission on State Emergency Communications							
	41019		Emergency 911 - 2018/2019	N/A	09/01/18	08/31/19	542,603
	41020		Emergency 911 - 2019/2020	N/A	09/01/19	08/31/20	366,447
	41021		Emergency 911 - 2020/2021	N/A	09/01/20	08/31/21	458,246
Total Commission on State Emergency Communications							1,367,296
FUNDING AGENCY 340							
Texas Commission on Environmental Quality							
	46000		Municipal Solid Waste	582-20-10225	09/01/19	08/31/20	20,356
	46000		Municipal Solid Waste		09/01/20	08/31/21	106,875
Total Texas Commission on Environmental Quality							127,231
FUNDING AGENCY 220							
Texas Health and Human Services Commission							
	52004		State General Revenue	539-16-0008-00001	09/01/19	08/31/20	-
	52004		State General Revenue	539-16-0008-00001	09/01/20	08/31/21	75,965
	52010		State General Revenue HDM Rate Increase	539-16-0008-00001	09/01/20	08/31/21	16,059
	52012		Housing Bond	539-16-0008-00001	09/01/19	08/31/20	11,877
	52012		Housing Bond	539-16-0008-00001	09/01/20	08/31/21	2,995
	52002		SGR Assisted Living Facility (ALF)	539-16-0008-00001	09/01/19	08/31/20	-
	52002		SGR Assisted Living Facility (ALF)	539-16-0008-00001	09/01/20	08/31/21	15,506
			Subtotal				122,402
	56050		Retired Senior Volunteer Program	PO#HHSTX-1-0000240889	09/01/20	08/31/21	11,286
	50050		Foster Grandparent Program	PO#44STX-1-0000241312	09/01/20	08/31/21	3,877
			Subtotal				15,163
200/20E	51000		ADRC SGR Operations	539-14-0475-00007	09/01/19	08/31/20	7,704
200/20E	51000		ADRC SGR Operations	539-14-0475-00007	09/01/20	08/31/21	58,031
			Subtotal				65,735
51%	60000		211 Area Information Center Operations	529-16-0006-00024H	09/01/19	08/31/20	60,926
				529-16-0006-00024I	09/01/20	08/31/21	-
51%	60000		211 Area Information Center Operations	529-16-0006-00024I	09/01/20	08/31/21	129,923
			Subtotal				190,849
Total Health and Human Services							394,149
FUNDING AGENCY 510							
Corporation for National and Community Service							
	56050		Retired Senior Volunteer Program	20SRWTX014	09/01/19	08/31/20	10,239
	50050		Foster Grandparent Program	20SFWTX006	09/01/18	08/31/20	587
Total Corporation for National and Community Service							10,826
FUNDING AGENCY 315							
Texas Department of Agriculture							
	36000		Community and Economic Development Assistance Funds for Administrative and Technical Assistance Services	C719210	09/01/19	09/30/20	3,565
	36000		Community and Economic Development Assistance Funds for Administrative and Technical Assistance Services	C719210	09/01/20	09/30/21	4,906
Total Texas Department of Agriculture							8,471
Total Expenditures of State Awards							2,291,537
Total Expenditures of Federal and State of Texas Awards							\$ 14,596,062

TEXOMA COUNCIL OF GOVERNMENTS

Membership Profile

(Unaudited)

<u>Fiscal Year</u>	<u>County Members</u>	<u>City Members</u>	<u>Other Members</u>	<u>Total Membership</u>
2012	3	31	44	78
2013	3	29	38	70
2014	3	31	41	75
2015	3	29	39	71
2016	3	25	33	61
2017	3	34	22	59
2018	3	27	20	50
2019	3	30	22	55
2020	3	30	22	55
2021	3	30	22	55

<u>Fiscal Year</u>	<u>County Dues</u>	<u>City Dues</u>	<u>Other Dues</u>	<u>Total Dues</u>
2012	\$ 13,134	\$ 24,964	\$ 9,625	\$ 47,723
2013	13,193	23,919	9,916	47,028
2014	13,193	25,005	9,155	47,353
2015	13,193	23,433	8,405	45,031
2016	13,193	23,359	4,036	40,588
2017	13,193	23,856	4,965	42,014
2018	14,627	22,333	4,741	41,701
2019	14,647	19,641	3,159	37,447
2020	14,807	25,419	7,318	47,544
2021	15,619	26,774	6,345	48,738

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Membership Dues

Years Ended April 30, 2021 and 2020

(Unaudited)

	<u>2021</u>	<u>2020</u>
MEMBER ENTITY		
Cooke County	\$ 4,185	\$ 3,679
Fannin County	2,868	2,868
Grayson County	<u>8,566</u>	<u>8,260</u>
County Total	<u>15,619</u>	<u>14,807</u>
City of Bailey		100
City of Bells	311	285
City of Bonham	2,434	2,087
City of Callisburg	-	100
City of Collinsville	400	340
City of Denison	5,201	4,654
City of Dodd City	-	100
City of Dorchester	-	100
City of Ector	145	144
City of Gainesville	3,449	3,216
City of Gunter	333	287
City of Honey Grove	333	346
City of Howe		544
City of Knollwood	111	100
City of Ladonia	125	128
City of Leonard	417	407
Town of Lindsay	226	212
City of Muenster	327	315
Town of Oak Ridge	-	100
City of Pecan Gap	-	100
City of Pottsboro	505	453
Town of Ravenna	100	100
Town of Road Runner	100	-
City of Sadler	100	100
City of Savoy	169	172
City of Sherman	8,920	8,162
City of Southmayd	222	204
City of Tioga	204	165
City of Tom Bean	230	209
City of Trenton	139	128
City of Valley View	169	154
City of Van Alstyne	933	718
City of Whitesboro	829	771
City of Whitewright	342	318
Town of Windom	<u>-</u>	<u>100</u>
City Total	<u>26,774</u>	<u>25,419</u>

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Membership Dues (Continued)

Years Ended April 30, 2021 and 2020

(Unaudited)

	<u>2021</u>	<u>2020</u>
MEMBER ENTITY		
Bells ISD	177	173
Bonham ISD	375	368
Bonham Chamber of Commerce	175	175
Collinsville ISD	-	107
Denison ISD	952	915
Denison Chamber of Commerce	100	100
Dodd City ISD	100	100
Ector ISD	100	100
Era ISD	100	100
Fannindel ISD	100	100
Gainesville ISD	-	605
Grayson County College	858	811
Honey Grove ISD	128	122
Howe ISD	242	-
Leonard ISD	172	181
Muenster ISD	107	100
North Central Texas College (CC Campus only)	451	451
Pottsboro ISD	290	282
Sam Rayburn ISD	107	100
Savoy ISD	100	100
Sherman Chamber of Commerce	200	100
Sherman ISD	1,511	1,472
Tom Bean ISD	-	131
Van Alstyne ISD	-	314
Whitesboro ISD	-	311
	<u>6,345</u>	<u>7,318</u>
Other Total		
	<u>\$ 48,738</u>	<u>\$ 47,544</u>
Grand Total		

TEXOMA COUNCIL OF GOVERNMENTS

Revenues by Source and Authorized Staff

Last Ten Fiscal Years Ended (Unaudited)

Fiscal Year	Local Govt								Authorized Full-Time Positions
	Member Government	Income/In- Kind	Interest	State Administered			Federal	Totals	
	Dues	Contributions	Income	State Funds	Grants	Grants	Totals		
2012	\$ 47,723	\$ 2,899,507	\$ 1,790	\$ 1,726,466	\$ 6,879,902	\$ 3,258,587	\$ 14,813,975	80	
2013	47,028	2,857,569	598	1,260,402	3,689,647	2,540,670	10,395,914	62	
2014	47,353	3,192,743	240	1,644,156	3,069,648	3,115,435	11,069,575	58	
2015	45,031	2,893,552	288	1,971,476	3,555,022	3,050,816	11,516,185	58	
2016	40,588	2,706,695	144	2,027,848	1,337,159	4,968,455	11,080,889	58	
2017	42,014	3,302,950	198	1,772,284	1,096,346	5,544,692	11,758,484	63	
2018	41,701	2,572,109	967	2,186,492	1,390,649	7,581,951	13,773,869	46	
2019	37,447	1,733,612	564	1,911,604	1,409,563	9,376,939	14,469,729	48	
2020	47,544	1,763,850	233	1,713,947	1,386,616	9,951,243	14,863,433	48	
2021	48,738	1,565,960	507	2,270,687	1,601,150	10,653,289	16,140,331	46	

TEXOMA COUNCIL OF GOVERNMENTS

Total Governmental Funds Expenditures

Last Ten Fiscal Years Ended (Unaudited)

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 14,889,053
2013	11,275,356
2014	11,130,735
2015	11,310,911
2016	11,761,376
2017	11,621,383
2018	13,742,062
2019	14,493,505
2020	14,747,614
2021	16,202,300

TEXOMA COUNCIL OF GOVERNMENTS

Schedule of Insurance in Force

April 30, 2021 (Unaudited)

<u>Insurance Carrier & Policy Number</u>	<u>Coverage</u>	<u>Limits of Liability</u>	<u>Deductibles</u>
Texas Municipal 5208	General Liability	\$1,000,000 Each Occurrence \$1,000,000 Sudden Events Involving Pollution - Each Occurrence \$2,000,000 Annual Aggregate	None
Texas Municipal 5208	Automobile Liability Physical Damage	\$1,000,000 Liability (hired, owned and non-owned), \$50,000 Medical Payments Actual Cash Value Comprehensive & Collision	Comprehensive & Collision: \$250 per vehicle
Texas Municipal 5208	Public Officials Errors & Omissions	\$1,000,000 Each Occurrence \$2,000,000 Annual Aggregate Covers Governing Body and Staff	\$5,000 each claim
Texas Municipal 5208	Property	\$6,421,158 Real and Personal Property \$1,000,000 Newly Acquired Property \$5,603,192 Boiler and Machinery \$100,000 Valuable Papers \$10,000 Accounts Receivable \$50,000 Loss of Revenues, Extra Expense, and Rental Value \$10,000 Outdoor Trees & Shrubs \$5,000 Personal Property of Employees & Officials \$5,000 Leasehold Interest \$20,000 Pollutant Cleanup and Removal	\$500 each loss
Texas Municipal 5208	Crime Coverage	\$150,000 Employee Dishonesty including "Faithful Performance"	\$250
Texas Municipal 5208	Workers	Workers Compensation Statutory Employer's Liability: \$500,000	None