



**BRYAN, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
Bryan, Texas

For the Year Ended  
September 30, 2015

Prepared by

William Wasson  
Director of Finance



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2015**

**Page  
Number**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	1 – 5
GFOA Certificate of Achievement .....	6
Organizational Chart.....	7
Principal Officials .....	8

**FINANCIAL SECTION**

Independent Auditors’ Report.....	9 – 11
Management’s Discussion and Analysis .....	12 – 17

**Basic Financial Statements:**

Government-wide Financial Statements:

Statement of Net Position .....	18
Statement of Activities.....	19

Fund Financial Statements:

Balance Sheet – Governmental Funds .....	20 – 21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	22 – 23

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities.....	24
--	----

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**TABLE OF CONTENTS  
(Continued)  
SEPTEMBER 30, 2015**

**Page  
Number**

**FINANCIAL SECTION (Continued)**

**Basic Financial Statements: (Continued)**

Statement of Fiduciary Net Position – Fiduciary Funds.....	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	26
Notes to Financial Statements.....	27 – 45

**Required Supplementary Information:**

Schedule of Changes in Net Pension Liability and Related Ratios .....	46
Schedule of Employer Contributions.....	47
Notes to Schedule of Employer Contributions .....	48

**Combining Fund Financial Statements:**

Combining Balance Sheet – Nonmajor Governmental Funds.....	49 – 50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	51 – 52

**Supplemental Schedules:**

Schedule of Final Indirect Cost Rate .....	53
Schedule of Final Fringe Benefit Rate.....	54

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**TABLE OF CONTENTS  
(Continued)  
SEPTEMBER 30, 2015**

**Page  
Number**

**STATISTICAL SECTION**

Net Position by Component.....	55
Changes in Net Position.....	56 – 59
Fund Balances of Governmental Funds.....	60
Changes in Fund Balances of Governmental Funds.....	61 – 62
Local Government Annual Membership Dues by Entity.....	63
County Indigent Health Care Dues by Entity.....	64
Brazos Valley Wide Area Communication Systems Dues By Entity.....	65
Ratios of Outstanding Debt by Type.....	66
Demographic and Economic Statistics.....	67
Program and Function Indicators.....	68
Fulltime Equivalent Employees by Program/Department.....	69
Principal Employers.....	70
Capital Asset Statistics by Function.....	71

**SINGLE AUDIT SECTION**

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 <i>Government Auditing Standards</i> .....	72 – 73
--	---------

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**TABLE OF CONTENTS  
(Continued)  
SEPTEMBER 30, 2015**

**Page  
Number**

**SINGLE AUDIT SECTION (Continued)**

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by <i>OMB Circular A-133</i> and <i>Uniform Grant Management Standards</i> .....	74 – 75
Schedule of Expenditures of Federal and State Awards .....	76 – 82
Notes to Schedule of Expenditures of Federal and State Awards .....	83
Schedule of Findings and Questioned Costs.....	84
Summary Schedule of Prior Audit Findings .....	85



# **INTRODUCTORY SECTION**





# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

P.O. DRAWER 4128 - BRYAN, TEXAS 77805-4128

March 8, 2015

Board of Directors  
Brazos Valley Council of Governments

The comprehensive annual financial report for the Brazos Valley Council of Governments (BVCOG) for the fiscal year ended September 30, 2015, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with BVCOG's management. We believe the data presented is accurate in all material respects and properly reflects the financial position and the results of operations of the Council through the measurement of financial activity of its various funds. All disclosures have been made to enable the reader to acquire an understanding of the financial affairs of BVCOG. These financial statements are presented annually in compliance with Office of Management's and Budget's *Circular A-133*; the *Single Audit Act of 1984*, as amended; *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning and the Council's By-laws.

## REPORT FORMAT

BVCOG's financial statements have been audited by Pattillo, Brown & Hill, L.L.P., a firm of certified public accountants licensed to practice in the State of Texas. The goal of the independent audit was to provide reasonable assurance that the financial statements of BVCOG for the fiscal year ended September 30, 2015, are free of material misstatement. The independent auditor concluded, based upon the audit that BVCOG's financial statements for the fiscal year ended September 30, 2015, fairly present in all material respects the financial position of BVCOG and the results of activities of BVCOG in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of BVCOG was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Single Audit Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. BVCOG's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE GOVERNMENT

The Brazos Valley Council of Governments was originally established as the federally recognized Brazos Valley Economic Development District in 1966. The Brazos Valley Economic Development District officially reorganized as the Brazos Valley Development Council in 1967 as the result of state legislation, which created 24 statewide regional planning organizations comprised of a voluntary association of local governments. The regions' boundaries were based upon a number of characteristics including geographic features, economic market areas, labor markets, commuting patterns and even media coverage areas.

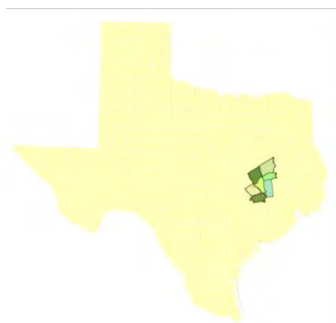
These regional planning organizations, defined by the Texas Legislature as "councils of governments", are charged with addressing regional issues and opportunities and are reviewed biennially by the Governor of Texas. In 1997, the council's Board of Directors voted to change the organization's name to the Brazos Valley Council of Governments in order to emphasize the cooperative spirit of the local governments and to reflect the legislative terminology

Brazos Valley Council of Governments, (BVCOG), serves the seven-county Brazos Valley region that consists of Brazos, Burleson, Grimes, Leon, Madison, Robertson and Washington Counties, as well as twenty-seven incorporated cities and several unincorporated communities. BVCOG provides, in consultation with and through the cooperation of the local elected officials, housing, health, workforce and senior services programs throughout the Brazos Valley. In addition, the Council administers the regional 9-1-1 plan, community and economic development programs, criminal justice planning and grants, solid waste planning and grants, an area-wide communication program, and a County Indigent Health Care program.

BVCOG's goal is to create and enhance partnerships between local governments, private businesses and service organizations in an effort to collaboratively plan for and maintain the highest quality of life in the Brazos Valley region.

BVCOG is governed by the Board of Directors. This group meets on the second Wednesday of every month. This 32-member Board of Directors is structured as follows: five representatives each from Brazos, Grimes, Robertson, and Washington Counties and four representatives each from Burleson, Leon, and Madison Counties. The term of office for members of the Board of Directors is three years. Local elected officials constitute 66-2/3 percent, and the remaining 33-1/3 percent are citizen representatives. The Board of Directors is responsible for establishing overall policy and objectives of the Council, determining criteria for membership, amending bylaws, and approving members for the Board of Directors.

Below are the counties represented by Brazos Valley Council of Governments:



## RELOCATION TO THE CENTER FOR REGIONAL SERVICES

In January 2004, the BVCOG moved into the newly renovated Center for Regional Services. This 53,858 square foot facility brought together into one location, all of the Programs and Services offered to the Region, where clients can receive assistance from several programs in a single visit. Centrally located in Bryan/College Station, on a major bus route, and with ample parking, the Center provides accessibility to our clients and to the community who use our meeting room facilities.

## FACTORS AFFECTING FINANCIAL CONDITIONS

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Brazos Valley Council of Governments operates.

### LOCAL ECONOMY

Brazos Valley Council of Governments serves approximately 335,000 citizens and covers an area of 5,100 square miles. The largest employment industries in the Brazos Valley are trade, transportation, utilities, state and local government, leisure and hospitality, education and health services, and manufacturing with an average unemployment rate of 4.7%.

### LONG-TERM FINANCIAL PLANNING

**Accounting Systems and Budgetary Control:** In developing and evaluating BVCOG's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance that assets are safeguarded against loss and that reliable financial records are maintained. We believe that adequate precautions have been taken to safeguard assets and provide reasonable assurance of proper recording of financial transactions within the Council.

As a recipient of federal and state assistance, BVCOG also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management, federal and state agencies and independent auditors.

The Board of Directors approves a plan for revenues and expenditures in all funds. An annual financial plan is adopted for the special revenue funds in September for the next fiscal year. Financial plans for the special revenue funds are made on a project (grant) basis, often 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 BVCOG.

BVCOG recognizes that the financial plan must be flexible enough to adjust for revenues that do not materialize and capitalize on unforeseen opportunities as they occur. Financial plans for the special revenue funds are established in accordance with the grant awards received.

The financial plan for the general fund is prepared on the modified accrual basis of accounting, except that expenditures also include amounts for depreciation on general capital assets acquired with general fund resources and for changes in the liability for accrued vacation leave. The financial plan for the special revenue funds is prepared on the same basis as the plan for the general fund.

As stated in the Management's Discussion and Analysis, the financial plan for BVCOG is not considered a legally adopted budget. Therefore, comparative budget and actual results are not presented.

**Relevant financial policies:** BVCOG has several financial policies and procedures that keep the financial records in compliance with *OMB Circular A-87* and *Uniform Grants Management Standards (UGMS)* and free from material misstatement.

The Investment Policy ensures that BVCOG's funds are properly managed for minimization of credit and market risks. BVCOG's monies are adequately protected through a combination of collateralization and FDIC coverage.

The Risk Management Policy limits BVCOG's exposure to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The Capitalization Policy ensures that the major assets are properly recorded and controlled.

The Fraud Policy facilitates the development of controls that will aid in the detection and prevention of fraud against BVCOG.

The Cost Policy Statement identifies the various elements of cost within BVCOG and the methods of allocations and procedures.

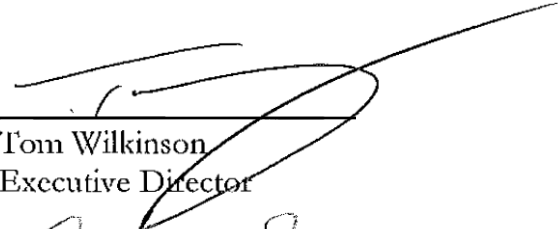
The General Financial Manual establishes a set of policies and procedures to ensure that sufficient controls exist over the safeguarding of assets against waste, loss and misuse and also for providing relevant information to management, its Board of Directors and its federal, state and local granting agencies.

## **AWARDS AND ACKNOWLEDGEMENTS**


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Brazos Valley Council of Governments for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the 14th consecutive year that BVCOG has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting the comprehensive annual financial report for the fiscal year ended September 30, 2015 to the GFOA to determine eligibility for another certificate.

This financial report could not have been accomplished without the dedication and efficiency of BVCOG's Financial, Administrative, and Program Management Staff. Special acknowledgement should also be given to BVCOG's independent auditors, Pattillo, Brown and Hill, L.L.P, whose expertise greatly assisted in the completion of this report. Finally, we would like to thank the members of the Board of Directors for their interest and support in planning and conducting BVCOG's financial operations in a responsible and progressive manner.

Respectfully submitted,



Tom Wilkinson  
Executive Director



William Wasson  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Brazos Valley Council  
Of Governments**

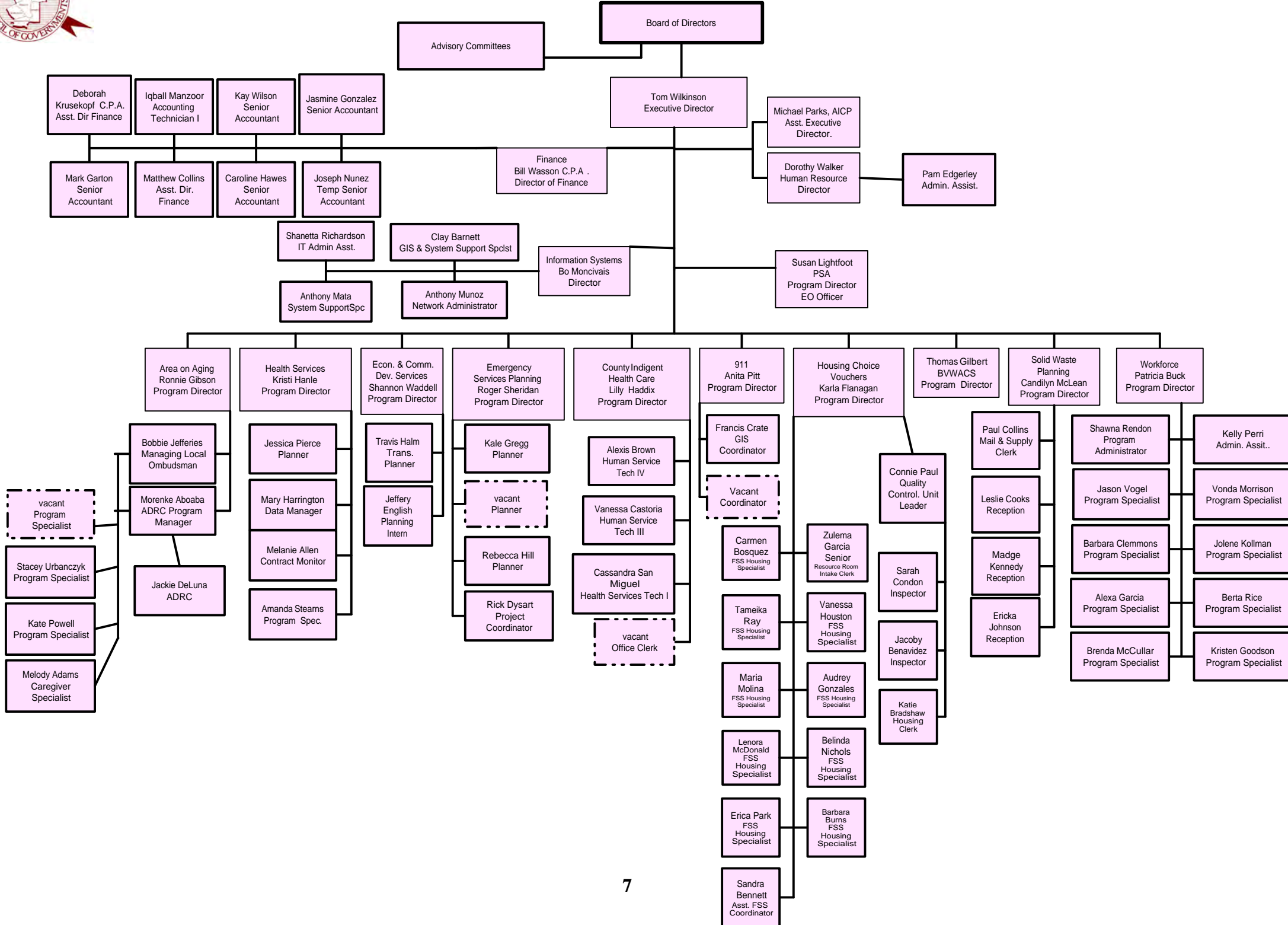
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO



Center for Regional Services  
 Brazos Valley Council of Governments  
 September 30, 2015



# **BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

## **PRINCIPAL OFFICIALS**

### **Officers for the Board of Directors**

**September 2015**

Honorable Mike Sutherland, Chairman  
Burleson County Judge

Honorable Byron Ryder, Immediate Past Chairman  
Leon County Judge

Honorable Ben Leman, 1<sup>st</sup> Vice Chairman  
Grimes County Judge

Honorable Clarence McDaniel, 2<sup>nd</sup> Vice Chair  
Madison County Judge

Honorable Charles Ellison, Secretary  
Robertson County Judge

### **Administrative Staff**

Executive Director	Mr. Tom Wilkinson
Assistant Executive Director	Mr. Michael Parks, AICP
Director of Finance	Mr. William Wasson, CPA
Director of Human Resources	Ms. Dorothy Walker
Manager of Purchasing Solutions Alliance	Ms. Susan Lightfoot
Manager of Workforce Development Board Staff	Ms. Patricia Buck
Manager of Area Agency on Aging	Mr. Ronnie Gipson
Manager of Criminal Justice Planning	Mr. Roger Sheridan
Manager of Solid Waste Planning	Ms. Candilyn McLean
Manager of Regional Planning	Mr. Shannon Waddell
Manager of Section 8 Housing	Ms. Karla Flanagan
Manager of County Indigent Health Care	Ms. Lilly Haddix
Manager of 9-1-1 Program	Ms. Anita Pitt
Manager of Health Services	Ms. Kristi Hanle
Manager of Systems Administration	Mr. Bo Moncivais
Manager of Wide Area Communications	Mr. Thomas Gilbert

# **FINANCIAL SECTION**





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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Brazos Valley Council of Governments  
Bryan, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information Brazos Valley Council of Governments (the "Council") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Brazos Valley Council of Governments, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, the schedule of employer contributions, and the notes to schedule of employer contributions on pages 12–17 and 46–48 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.

### *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, combining nonmajor fund financial statements, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and *Uniform Grant Management Standards*, issued by the Governor's Office of Budget and Planning, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditure 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 combining nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2016, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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

Waco, Texas  
March 8, 2016





**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**





# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

P.O. DRAWER 4128 - BRYAN, TEXAS 77805-4128

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Brazos Valley Council of Governments' (the "Council's") discussion and analysis offers readers of the Council's financial statements a narrative overview and analysis of the Council's financial activities for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 5 of this report.

### FINANCIAL HIGHLIGHTS

The assets of the Council exceeded its liabilities at the close of the most recent fiscal year by \$6,124,134 (*net position*). Of this amount, \$1,172,571 represents unrestricted net position, which may be used to meet the Council's ongoing obligations to creditors and other stakeholders. The Council's total net position decreased by \$738,027 from operations. There was also a prior period adjustment that decreased beginning net position by \$36,825 related to the implementation of GASB 68.

As of the close of the current fiscal year, the Council's governmental funds reported combined fund balances of \$4,759,913, a decrease of \$35,255 in comparison with the prior year. Approximately 29% of this amount (\$1,378,018) is available for spending at the Council's discretion (*unassigned fund balance*).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,451,554, or approximately 122% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

#### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Council's finances in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Council's net 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. earned but unused vacation leave).

**Fund Financial Statements** – A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other similar governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Council’s funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Council maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for each major fund: the General Fund, the Texas Workforce Commission Fund, the U. S. Department of Housing and Urban Development Fund, the Department of State Health Services Fund, the Economic Development Administration Fund, the Commission on State Emergency Communications Fund, and the Department of Aging and Disability Services Fund. Data from the other 9 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining fund financial statements section of this report.

The basic governmental fund financial statements can be found on pages 20 through 24 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is necessary to acquire 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 27 through 45 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Council’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 46 through 48 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining fund statements can be found on pages 49 through 52 of this report.

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Council, assets exceeded liabilities by \$6,124,134 at the close of the most recent fiscal year.

### Brazos Valley Council of Government's Net Position

	Governmental Activities	
	2015	2014
Current and other assets	\$ 6,486,519	\$ 6,684,314
Capital assets	<u>1,593,569</u>	<u>2,249,100</u>
Total assets	<u>8,080,088</u>	<u>8,933,414</u>
Deferred outflows of resources for pensions	<u>246,726</u>	<u>-</u>
Total deferred outflows of resources for pensions	<u>246,726</u>	<u>-</u>
Current liabilities	1,726,606	1,889,146
Noncurrent liabilities	<u>433,613</u>	<u>145,282</u>
Total liabilities	<u>2,160,219</u>	<u>2,034,428</u>
Deferred inflows of resources for pensions	<u>42,461</u>	<u>-</u>
Total deferred inflows of resources for pensions	<u>42,461</u>	<u>-</u>
Net position:		
Net investment in capital assets	1,593,569	2,249,100
Restricted	3,357,994	3,284,134
Unrestricted	<u>1,172,571</u>	<u>1,365,752</u>
Total net position	<u>\$ 6,124,134</u>	<u>\$ 6,898,986</u>

A fairly large portion of the Council's net position, \$1,593,569, reflects its investments in capital assets. The Council uses these capital assets to provide a variety of services to the region. Accordingly, these assets are not available for future spending.

An additional portion of the Council's net position, \$3,357,994, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,172,571 is unrestricted and may be used to meet the Council's ongoing obligations to its creditors and other stakeholders.

**Analysis of the Council's Operations** – The following table provides a summary of the Council's operations for the year ended September 30, 2015, as compared to the year ended September 30, 2014. Governmental activities decreased the Council's net position by \$738,027, accounting for a 11% decrease in net position.

## Brazos Valley Council of Governments' Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 1,009,570	\$ 1,050,566
Operating grants and contributions	29,747,919	29,085,543
General revenues:		
Grants and contributions, not restricted	55,500	55,500
Unrestricted investment earnings	2,936	6,303
Miscellaneous revenue	224,241	178,358
Total revenues	\$ 31,040,166	\$ 30,376,270
Expenses:		
General government	\$ 1,173,386	\$ 1,046,188
Workforce development	10,748,354	9,495,121
Housing and urban development	10,210,977	10,531,316
Emergency communication	1,241,207	1,041,300
Economic development	165,855	122,500
Resource conservation	131,352	105,099
Health and human services	4,156,720	4,347,487
Homeland security	1,637,696	1,465,728
Aging	2,078,337	2,002,010
Criminal justice	177,869	133,885
Transportation	56,440	75,016
Total expenses	31,778,193	30,365,650
Change in net position before transfers	( 738,027)	10,620
Transfers	-	140,800
Change in net position	\$( 738,027)	\$ 151,420

### Explanation of the Major Differences Between Fiscal Year 2014 and Fiscal year 2015

#### Expenses:

- **General Government (increase 11%)** – This increase is primarily due to the expenses incurred for the exploration, development, and implementation of high speed internet including access for rural areas and counties of the BVCOG region.
- **Emergency Communications (increase of 20%)** – This increase is due to the purchase and multi-year implementation project for equipment to replace obsolete equipment at the Public Safety Answering Point (PSAP).
- **Economic Development (increase of 36%)** – This increase is primarily due to an increase in the total Federal Share of the EDA Grant Program Expenditures.

- **Resource Conservation (increase of 25%)** – This increase in expense for 2015 is due mainly to reductions in the number and value of projects completed. The funding for these regional projects will be used in FY 2016, the second year of the two year award.

## FINANCIAL ANALYSIS OF THE COUNCIL’S FUNDS

**Governmental Funds** – The focus of the Council’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Council’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. The following table presents the comparative fund balances for individual major governmental funds.

	General	Texas Workforce Commission	U. S. Department of Housing and Urban Development	Economic Development Administration	Totals
<u>2015</u>					
Nonspendable	\$ 7,621	\$ 12,033	\$ -	\$ -	\$ 19,654
Restricted	-	-	2,171,886	819,213	2,991,099
Unassigned	<u>1,451,554</u>	<u>( 12,033)</u>	<u>-</u>	<u>-</u>	<u>1,439,521</u>
Total Fund Balance	<u>\$ 1,459,175</u>	<u>\$ -</u>	<u>\$ 2,171,886</u>	<u>\$ 819,213</u>	<u>\$ 4,450,274</u>
<u>2014</u>					
Nonspendable	\$ 43,658	\$ 2,632	\$ -	\$ -	\$ 46,290
Restricted	-	-	2,288,086	811,987	3,100,073
Unassigned	<u>1,560,581</u>	<u>( 2,632)</u>	<u>-</u>	<u>-</u>	<u>1,557,949</u>
Total Fund Balance	<u>\$ 1,604,239</u>	<u>\$ -</u>	<u>\$ 2,288,086</u>	<u>\$ 811,987</u>	<u>\$ 4,704,312</u>

- The General Fund Balance decrease of \$145,064 is due primarily to an expansion of services provided to third-parties within the region.
- The fund balance for the U.S. Department of Housing and Urban Development decreased by \$116,200 due to the need to use reserve funding to provide maximum utilization to Section 8 Participants.
- The Economic Development Administration fund balance increased slightly by \$7,226 due primarily to locally funded expenditures that are necessary to meet matching requirements of the grants accounted for in this fund.

## BUDGETARY HIGHLIGHTS

The financial plan for the Council is drafted on a project basis, which spans more than one fiscal year. Although the financial plan is reviewed and approved by the Council’s Board, it is not considered a legally adopted annual budget. Accordingly, budgetary information is not presented in this report.

## CAPITAL ASSET ADMINISTRATION

The Council's investment in capital assets for its governmental activities as of September 30, 2015, amounted to \$1,593,569 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, fixtures and construction in progress. Major capital asset events occurring during the current fiscal year include the following:

- System Administration had additions of \$22,971 for hardware upgrades and \$17,541 in hardware deletions.
- The 911 program began implementing a multi-year upgrade of emergency communications equipment. This resulted in the addition of \$53,453 to the category Construction in Progress. The upgrade was completed in fiscal year 2015 and \$286,000 was moved from Construction in Progress to Furniture, Fixtures and Equipment.

### Brazos Valley Council of Governments' Capital Assets at Year-end

	Governmental Activities	
	2015	2014
Furniture, fixtures and equipment	\$ 5,605,933	\$ 5,314,503
Construction in progress	-	232,547
Less: accumulated depreciation	<u>( 4,012,364)</u>	<u>( 3,297,950)</u>
Total capital assets	\$ <u>1,593,569</u>	\$ <u>2,249,100</u>

Detailed information on capital asset activity can be found on pages 36 through 37 in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL PLAN

Brazos Valley Council of Governments is dependent on federal and state funding, which can vary widely from year to year. The federal economic condition and federal and state budget deficits can impact the re-authorization of funds available to local governments.

## REQUESTS FOR INFORMATION

This financial report is designed to provide general overview of the Council's finances for all those with an interest in the organization. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance's Office, Brazos Valley Council of Governments, P. O. Drawer 4128, Bryan, TX, 77805-4128.



**BASIC  
FINANCIAL STATEMENTS**



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2015**

	<u>Primary Government</u>	<u>Component Unit</u>
	Governmental Activities	Brazos Valley Public Facility Corporation
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,657,979	\$ -
Receivables:		
Grantors	2,268,420	-
Other	137,094	-
Notes receivable	377,680	-
Prepaid expenses	23,901	-
Due from component unit	21,445	-
Capital assets - depreciable	1,593,569	558,590
Capital assets - nondepreciable	-	250,000
Total assets	<u>8,080,088</u>	<u>808,590</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	<u>246,726</u>	-
Total deferred outflows of resources	<u>246,726</u>	-
<b>LIABILITIES</b>		
Accounts payable	1,382,957	12,145
Accrued liabilities	299,285	-
Unearned revenue	44,364	-
Due to primary government	-	21,445
Noncurrent liabilities:		
Due within one year	169,422	22,034
Due in more than one year	264,191	752,966
Total liabilities	<u>2,160,219</u>	<u>808,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	<u>42,461</u>	-
Total deferred inflows of resources	<u>42,461</u>	-
<b>NET POSITION</b>		
Net investment in capital assets	1,593,569	-
Restricted for grant use	3,357,994	-
Unrestricted	1,172,571	-
Total net position	<u>\$ 6,124,134</u>	<u>\$ -</u>

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



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions / Programs	Expenses	Indirect Cost Allocation	Expenses After Allocation of Indirect Costs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
				Charges for Services	Operating Grants and Contributions	Primary Government Activities	Component Unit Brazos Valley Public Facility Corporation
Governmental activities:							
General government	\$ 1,168,382	\$ 5,004	\$ 1,173,386	\$ 794,381	\$ -	\$( 379,005)	\$ -
Workforce development	10,507,099	241,255	10,748,354	48,580	10,684,613	( 15,161)	-
Housing and urban development	9,982,779	228,198	10,210,977	27,739	10,052,185	( 131,053)	-
Emergency communications	1,209,498	31,709	1,241,207	-	1,184,809	( 56,398)	-
Economic development	162,411	3,444	165,855	48,141	143,997	26,283	-
Resource conservation	128,478	2,874	131,352	-	130,485	( 867)	-
Health and human services	4,065,464	91,256	4,156,720	46,999	4,038,063	( 71,658)	-
Homeland security	1,619,453	18,243	1,637,696	-	1,269,536	( 368,160)	-
Aging	2,032,773	45,564	2,078,337	41,900	2,024,275	( 12,162)	-
Criminal justice	173,820	4,049	177,869	1,830	187,499	11,460	-
Transportation	48,456	7,984	56,440	-	32,457	( 23,983)	-
Indirect costs	679,580	( 679,580)	-	-	-	-	-
Total governmental activities	<u>31,778,193</u>	<u>-</u>	<u>31,778,193</u>	<u>1,009,570</u>	<u>29,747,919</u>	<u>( 1,020,704)</u>	<u>-</u>
Component Unit:							
Brazos Valley Public Facility Corporation	-	-	-	-	-	-	-
Total component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 31,778,193</u>	<u>\$ -</u>	<u>\$ 31,778,193</u>	<u>\$ 1,009,570</u>	<u>\$ 29,747,919</u>	<u>\$( 1,020,704)</u>	<u>\$ -</u>
General revenues:							
Grants and contributions not restricted to spec						55,500	-
Unrestricted investment earnings						2,936	-
Miscellaneous revenue						224,241	-
Total general revenues and transfers						<u>282,677</u>	<u>-</u>
Change in net position						( 738,027)	-
Net position, beginning						6,898,986	-
Prior period adjustment						( 36,825)	-
Net position, beginning as restated						<u>6,862,161</u>	<u>-</u>
Net position, ending						<u>\$ 6,124,134</u>	<u>\$ -</u>

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

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	<u>General</u>	<u>Texas Workforce Commission</u>	<u>U. S. Department of Housing and Urban Development</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 334,503	\$ -	\$ 2,423,932
Accounts receivable:			
Grantors	-	758,034	100,075
Other	78,935	1,228	4,033
Notes receivable	-	-	-
Due from other funds	1,448,543	-	-
Due from component unit	21,445	-	-
Prepaid items	7,621	12,033	-
Total assets	<u>1,891,047</u>	<u>771,295</u>	<u>2,528,040</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	128,939	553,077	321,469
Accrued liabilities	299,285	-	-
Due to other funds	-	204,627	34,685
Unearned revenue	3,648	13,591	-
Total liabilities	<u>431,872</u>	<u>771,295</u>	<u>356,154</u>
Fund balances:			
Nonspendable	7,621	12,033	-
Restricted for:			
Health and human services	-	-	-
Economic development	-	-	-
Homeland security	-	-	-
Housing and urban development	-	-	2,171,886
Workforce development	-	-	-
Unassigned	1,451,554	( 12,033)	-
Total fund balances	<u>1,459,175</u>	<u>-</u>	<u>2,171,886</u>
Total liabilities and fund balances	<u>\$ 1,891,047</u>	<u>\$ 771,295</u>	<u>\$ 2,528,040</u>

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 the funds.

Compensated absences are long term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.

The net pension liability is not due and payable in the current period and therefore are not reported in the funds.

The deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.

Net position of governmental activities

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

Department of State Health Services	Economic Development Administration	Commission on State Emergency Communications	Department of Aging and Disability Services	Other Governmental	Total Governmental Funds
\$ -	\$ 441,338	\$ 26,473	\$ -	\$ 431,733	\$ 3,657,979
855,761	50,133	-	350,350	154,067	2,268,420
1,147	195	16,862	1,573	33,121	137,094
-	377,680	-	-	-	377,680
-	-	-	-	-	1,448,543
-	-	-	-	-	21,445
-	-	-	-	4,247	23,901
<u>856,908</u>	<u>869,346</u>	<u>43,335</u>	<u>351,923</u>	<u>623,168</u>	<u>7,935,062</u>
152,400	-	29,189	123,239	74,644	1,382,957
-	-	-	-	-	299,285
704,508	50,133	-	215,705	238,885	1,448,543
-	-	14,146	12,979	-	44,364
<u>856,908</u>	<u>50,133</u>	<u>43,335</u>	<u>351,923</u>	<u>313,529</u>	<u>3,175,149</u>
-	-	-	-	4,247	23,901
-	-	-	-	7,619	7,619
-	819,213	-	-	-	819,213
-	-	-	-	329,624	329,624
-	-	-	-	-	2,171,886
-	-	-	-	29,652	29,652
-	-	-	-	( 61,503)	1,378,018
<u>-</u>	<u>819,213</u>	<u>-</u>	<u>-</u>	<u>309,639</u>	<u>4,759,913</u>
\$ <u>856,908</u>	\$ <u>869,346</u>	\$ <u>43,335</u>	\$ <u>351,923</u>	\$ <u>623,168</u>	
					1,593,569
					( 235,308)
					( 198,305)
					<u>204,265</u>
					<u>\$ 6,124,134</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General</u>	<u>Texas Workforce Commission</u>	<u>U. S. Department of Housing and Urban Development</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 10,684,613	\$ 10,051,481
Membership dues	55,500	-	-
Charges for services	794,381	-	-
Matching funds	-	-	-
Other	<u>227,177</u>	<u>37,645</u>	<u>28,443</u>
Total revenues	<u>1,077,058</u>	<u>10,722,258</u>	<u>10,079,924</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,164,507	-	-
Workforce development	-	10,728,410	-
Housing and urban development	-	-	10,196,124
Emergency communications	-	-	-
Economic development	-	-	-
Resource conservation	-	-	-
Health and human services	26,463	-	-
Homeland security	-	-	-
Aging	-	-	-
Criminal justice	-	-	-
Transportation	-	-	-
Total expenditures	<u>1,190,970</u>	<u>10,728,410</u>	<u>10,196,124</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 113,912)	( 6,152)	( 116,200)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	11,928	6,152	-
Transfers out	<u>( 43,080)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>( 31,152)</u>	<u>6,152</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 145,064)	-	( 116,200)
<b>FUND BALANCES, BEGINNING</b>	<u>1,604,239</u>	<u>-</u>	<u>2,288,086</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,459,175</u>	<u>\$ -</u>	<u>\$ 2,171,886</u>

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



<u>Department of State Health Services</u>	<u>Economic Development Administration</u>	<u>Commission on State Emergency Communications</u>	<u>Department of Aging and Disability Services</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$ 3,723,363	\$ 118,271	\$ 1,182,396	\$ 1,589,530	\$ 776,575	\$ 28,126,229
-	-	-	-	1,166,649	1,222,149
2,208	-	-	37,532	-	834,121
-	16,345	-	434,593	-	450,938
44,791	14,974	2,413	4,520	46,766	406,729
<u>3,770,362</u>	<u>149,590</u>	<u>1,184,809</u>	<u>2,066,175</u>	<u>1,989,990</u>	<u>31,040,166</u>
-	-	-	-	-	1,164,507
-	-	-	-	7,928	10,736,338
-	-	-	-	-	10,196,124
-	-	1,184,809	-	-	1,184,809
-	153,934	-	-	10,867	164,801
-	-	-	-	130,485	130,485
3,770,362	-	-	-	310,563	4,107,388
-	-	-	-	1,092,774	1,092,774
-	-	-	2,066,157	-	2,066,157
-	-	-	-	177,401	177,401
-	-	-	-	54,637	54,637
<u>3,770,362</u>	<u>153,934</u>	<u>1,184,809</u>	<u>2,066,157</u>	<u>1,784,655</u>	<u>31,075,421</u>
-	( 4,344)	-	18	205,335	( 35,255)
-	11,570	-	-	25,376	55,026
-	-	-	( 18)	( 11,928)	( 55,026)
-	11,570	-	( 18)	13,448	-
-	7,226	-	-	218,783	( 35,255)
-	811,987	-	-	90,856	4,795,168
<u>\$ -</u>	<u>\$ 819,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,639</u>	<u>\$ 4,759,913</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balances - total governmental funds:	\$( 35,255)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	( 648,210)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	( 7,321)
Some expenses (compensated absences) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	( 90,026)
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension liability were amortized.	<u>42,785</u>
Change in net position of governmental activities	<u><u>\$( 738,027)</u></u>

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

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**SEPTEMBER 30, 2015**

	<u>Private-Purpose Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>6,163</u>
Total assets	<u>6,163</u>
<b>LIABILITIES</b>	
Accounts payable	<u>186</u>
Total liabilities	<u>186</u>
<b>NET POSITION</b>	
Held in trust for other purposes	\$ <u><u>5,977</u></u>

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

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Private-Purpose Trust
<b>ADDITIONS</b>	
Contributions	\$ 98,178
Total additions	98,178
<b>DEDUCTIONS</b>	
Program disbursements	39,642
Administrative	152,233
Total deductions	191,875
<b>CHANGE IN NET POSITION</b>	( 93,697)
<b>TOTAL NET POSITION, BEGINNING</b>	99,674
<b>TOTAL NET POSITION, ENDING</b>	\$ 5,977

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

# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Brazos Valley Council of Governments (the “Council”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies and practices used by the Council.

#### **Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers.

#### **Reporting Entity**

Brazos Valley Council of Governments is a political subdivision of the State of Texas and a voluntary association of local governments within the seven-county Brazos Valley Region. The Council was established in 1967 to study and resolve area-wide problems through the cooperation and coordinated action of member cities, counties, school districts and special purpose districts of the Brazos Valley region.

The accompanying financial statements present the Council and its component units, entities for which the Council is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

#### **Discretely Presented Component Units**

The Council created the Brazos Valley Public Facility Corporation (BVPFC) as a unit of local government for managing tax-exempt financing. BVPFC was created under Texas Local Government Code, Title 9, Subtitle C, Chapter 303. The entity will acquire, hold, and finance real estate properties through the use of debt financing with interest; tax-exempt or taxable dependent on the financing criteria. BVPFC has 3 members of its governing body; the majority of which do not serve on BVCOG’s board. Based on this criteria, BVPFC is presented as a discretely presented component unit.

## **Blended Component Units**

During 1993, Brazos 2020 Vision, Inc. was established for educational and civic purposes to provide an organized process whereby long-term goals and visions for the development of Brazos County and environs could be created through the mobilization of the talents and energies of the entire community and its citizens. Its governing body is a board of 9 directors which are also members of the governing body of the Council.

During 1995, Brazos Valley Quality Workforce Planning Corporation, Inc. (BVQWPC) was formed to provide strategic development for the creation of the local workforce development board. BVQWPC is governed by a board of 14 directors which are also members of the governing body of the Council.

Brazos 2020 Vision, Inc. and Brazos Valley Quality Workforce Planning Corporation, Inc. are 501(c) 3 corporations and Brazos Valley Council of Governments has operational responsibility for these entities. Based on this criteria, the entities are considered blended component units. They are presented as Special Revenue Funds in the financial statements. Complete financial statements may be obtained at the entity's administrative office.

## **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant revenue, state financial assistance, 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 private-purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting.

### **Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while the discreetly presented component unit column incorporates data from Brazos Valley Public Facility Corporation. Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used between functions are not eliminated in the statement of activities. To do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

### **Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the Council's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Council reports the following major governmental funds:

The **General Fund** is the Council's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The **Texas Workforce Commission Fund** is used to account for federal and state grants awarded to Brazos Valley Council of Governments by the Texas Workforce Commission.

The **U. S. Department of Housing and Urban Development Fund** is used to account for federal grants awarded to Brazos Valley Council of Governments by the United States Department of Housing and Urban Development.

The **Department of State Health Services Fund** is used to account for federal and state funds awarded to Brazos Valley Council of Governments by the Department of State Health Services.

The **Economic Development Administration Fund** is used to account for federal grants awarded to Brazos Valley Council of Governments by the Economic Development Administration. It is also used to account for loans granted by Brazos Valley Council of Governments for business development.

The **Commission on State Emergency Communications Fund** is used to account for state funds awarded to Brazos Valley Council of Governments by the Commission on State Emergency Communications.

The *Department of Aging and Disability Services* is used to account for federal and state grants awarded to Brazos Valley Council of Governments by the Department of Aging and Disability Services.

The Council also reports the *private-purpose trust fund* to account for the programs of the Brazos Valley Regional Advisory Council, an unrelated private organization. Brazos Valley Council of Governments acts as a fiscal agent under the terms of a formal agreement, and the funds received and held are not available to support its own activities and programs.

During the course of operations the Council has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### **Assets, Liabilities and Net Position or Fund Balance**

#### **Cash and Cash Equivalents**

The Council's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Interest is distributed according to each fund's relative percentage of the total pool.

#### **Grants Receivable**

Grants receivable represent amounts due from federal and state agencies for the various programs administered by the Council. The receivable includes amounts due on programs closed-out and those in progress as of September 30, 2015.

#### **Notes Receivable**

Notes receivable represent amounts due from businesses participating in the Revolving Loan Fund program.

#### **Other Receivables**

Other receivables represent amounts due from subcontractors and customers.



## **Interfund Receivable and Payables**

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the government-wide Statement of Net Position and are classified as "due from other funds" or "due to other funds" in the fund financial statements. There are also transactions between the primary government and the discretely presented component unit; these are classified as due from component unit and due to primary government.

## **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## **Unearned Revenue**

Unearned revenue represents amounts received from grantors in excess of qualifying expenditures for grant programs as of September 30, 2015.

## **Capital Assets**

Capital assets, which include land, equipment, and construction in progress, are reported in the governmental activities and component unit columns in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Equipment of the Council is depreciated using the straight-line method with a useful life of 3 – 7 years.

## **Net Position Flow Assumption**

Sometimes the Council will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## **Fund Balance Flow Assumption**

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

## **Fund Balance Classification**

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes determined by a formal action of the Board of Directors, the Council's highest level of decision-making authority. A commitment of funds requires the passage of a resolution by a simple majority vote. Governing action to commit fund balance must occur within the fiscal reporting period, no later than September 30th of the applicable fiscal year. If the actual amount of the commitment is not available by September 30th, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available. These committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use through the same type of formal action taken to establish the commitment (passage of a resolution).
- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Directors has the authority to assign funds for specific purposes. Assignment of funds by the Board of Directors requires a simple majority vote, and such action must be recorded in the Board Minutes. Through passage of a resolution, the Board of Directors has authorized the Executive Director of Brazos Valley Council of Governments to assign funds for specific purposes. Such assignments cannot exceed the available unassigned fund balance of a given fund. Any assignments made by the Executive Director must be reported to the Board of Directors at their next regular meeting. The Board of Directors may change or remove any assignment of funds by a simple majority vote.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

## **Revenues and Expenditures/Expenses**

### **Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenue are reported instead as *general revenues*.

### **Compensated Absences**

Employees earn thirteen (13) days of vacation per year and may accrue up to a maximum of thirty (30) days. Employees will be paid for accrued vacation upon voluntary termination of employment provided they have been in a permanent fulltime position for six months or more. All vacation pay is accrued when incurred in the government-wide statements. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees are eligible for eight (8) sick leave days per year. Accumulated sick leave lapses when employees leave the employ of the Council and, upon separation from service, no monetary obligation exists.

### **Indirect Costs**

General and administrative costs are recorded in the General Fund as indirect costs in the Council's accounting system and allocated to special revenue funds based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget (OMB) Circular A-87, Attachment "A" as costs "(a) incurred for a common or joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved." The Council's indirect cost rate is based upon prior cost experience, documented by a cost allocation plan, and is approved by a state agency. It is the Council's policy to negotiate with the agency a provisional rate which is used for billing purposes during the Council's fiscal year. Upon the completion of an independent audit at the end of each fiscal year, the indirect cost rate is finalized with the agency.

In the statement of activities, indirect expenses are allocated amongst functions using the methods described above. Indirect and direct expenses are presented as separate columns to enhance comparability to governments that do not allocate indirect expenses to other functions.

### **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.

### **Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council has only one type of item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Prior Period Adjustment – Change in Accounting Principles**

As the result of implementing GASB Statement 68, the Council has decreased beginning net position as of October 1, 2014, by \$36,825 for the governmental activities. This decrease results from recognition of the Council's portion of the TCDRS pension expense.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$1,593,569 are as follows:

Furniture, fixtures and equipment	\$ 5,605,933
Less: Accumulated depreciation	( 4,012,364)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>1,593,569</u>

### Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and change in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.” The details of this \$648,210 difference are as follows:

Capital outlay	\$ 76,424
Depreciation expense	( 724,634)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ ( <u>648,210</u> )

## 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information

The Council’s financial plan is controlled at the fund and project level with management authorized to make transfers of budgeted amounts between object class levels within a fund or project, subject to the restrictions imposed by grantor agencies. 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 budgets or appropriations. Accordingly, comparative budget and actual results are not presented in this report.

## **Deficit Fund Balance**

The Brazos 2020 Vision, Inc. special revenue fund had a deficit fund balance of \$61,451 as of September 30, 2015. This deficit will be eliminated as resources are obtained from future revenues and/or transfers in from the General Fund.

## **4. DETAILED NOTES ON ALL FUNDS**

### **Cash Deposits with Financial Institutions**

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned to it. The Council's policy requires all deposits in financial institutions to be fully collateralized by U. S. Government Securities or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. The Council's deposits were fully collateralized by the government securities, or had a letter of credit issued by the Federal Home Loan Bank as required by State statutes at September 30, 2015.

### **Investments**

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. The Council had no investments at September 30, 2015.

### **Capital Assets**

Capital asset activity for governmental activities for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Construction in process	\$ <u>232,547</u>	\$ <u>53,453</u>	\$ <u>-</u>	\$ <u>(286,000)</u>	\$ <u>-</u>
Capital assets, being depreciated:					
Furniture, fixtures and equipment	5,314,503	22,971	(17,541)	286,000	5,605,933
Less: accumulated depreciation	<u>(3,297,950)</u>	<u>(724,634)</u>	<u>10,220</u>	<u>-</u>	<u>(4,012,364)</u>
Governmental activities capital assets, 1	\$ <u>2,016,553</u>	\$ <u>(648,210)</u>	\$ <u>(7,321)</u>	\$ <u>-</u>	\$ <u>1,593,569</u>

Construction in progress consists of purchases made in the multi-year upgrade project of Public Safety Answering Point (PSAP) for the Emergency Communication function to replace obsolete equipment.

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

<b>Governmental activities:</b>	
General government	\$ 46,328
Workforce development	849
Emergency communications	98,296
Health and human services	40,533
Homeland security	537,784
Aging	<u>844</u>
Total depreciation expense - governmental activities	<u>\$ 724,634</u>

Capital asset activity for the discretely presented component unit for the year ended September 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ 250,000	\$ -	\$ 250,000
Capital assets, being depreciated:				
Furniture, fixtures and equipment	-	558,590	-	558,590
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 808,590</u>	<u>\$ -</u>	<u>\$ 808,590</u>

No depreciation was taken in fiscal year 2015 since the real estate lien note was not finalized until September 22, 2015.

**Interfund Receivables and Payables**

The composition of interfund balances as of September 30, 2015, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Texas Workforce Commission Fund	\$ 204,627
	U.S. Department of Housing and Urban Development	34,685
	Department of State Health Services Fund	704,508
	Economic Development Administration	50,133
	Department of Aging and Disability Services Fund	215,705
	Other governmental funds	<u>238,885</u>

# #####

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

### **Interfund Transfers**

The following is a summary of interfund transfers for the year ended September 30, 2015:

	Transfers Out			Total
	General	Dept. of Aging and Disability Services	Other Governmental Funds	
Transfers In:				
General	\$ -	\$ -	\$ 11,928	\$ 11,928
Texas Workforce Commissio Economic Development	6,152	-	-	6,152
Administration	11,570	-	-	11,570
Other Governmental Funds	<u>25,358</u>	<u>18</u>	<u>-</u>	<u>25,376</u>
Total Transfers Out	<u>\$ 43,080</u>	<u>\$ 18</u>	<u>\$ 11,928</u>	<u>\$ 55,026</u>

Amounts transferred between funds relate to matching requirements for grants.

### **Long-Term Liabilities**

Activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Net pension liability	\$ 240,221	\$ 432,525	\$ 474,441	\$ 198,305	\$ -
Compensated absences	<u>145,282</u>	<u>200,163</u>	<u>110,137</u>	<u>235,308</u>	<u>169,422</u>
Governmental activities	<u>\$ 385,503</u>	<u>\$ 632,688</u>	<u>\$ 584,578</u>	<u>\$ 433,613</u>	<u>\$ 169,422</u>
<b>Discretely presented component unit</b>					
Note payable	\$ -	\$ 775,000	\$ -	\$ 775,000	\$ 22,034
Discretely presented component unit	<u>\$ -</u>	<u>\$ 775,000</u>	<u>\$ -</u>	<u>\$ 775,000</u>	<u>\$ 22,034</u>

Compensated absences are generally liquidated by the General Fund.

## **5. DEFINED BENEFIT PENSION PLAN**

### **Plan Description**

The Council participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee



retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All eligible employees of the Council are required to participate in TCDRS.

**Benefits Provided**

TCDRS provides retirement, disability and death benefits for all of its fulltime employees. Benefit provisions are adopted by the governing body of the Council, within the options available in the state statutes governing TCDRS.

Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

A summary of plan provisions for the Council are as follows:

Employee deposit rate	5%
Matching ratio (Council to employee)	2 to 1
Years required for vesting	8
Service retirement eligibility	30 years to any age, 8 years at age 60 and above

***Employees covered by benefit terms***

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	44
Active employees	<u>69</u>
	<u><u>120</u></u>

## **Contributions**

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the Council were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the Council were 6.56% and 6.40% in calendar years 2014 and 2015, respectively. The Council's contributions to TCDRS for the year ended September 30, 2015, were \$220,402, and were equal to the required contributions.

## **Net Pension Liability**

The Council's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

## ***Actuarial Assumptions***

The Total Pension Liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% or less per year
Investment rate of return	8.0%, aggregate investment rate

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

The actuarial assumptions that determined the total pension liability as of December 31, 2014, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 8.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2015 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation <sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

<sup>(1)</sup> Target asset allocation adopted at the April 2015 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.7% per Cliffwater's 2015 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### ***Discount Rate***

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

### ***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 1,735,249	\$ 1,495,028	\$ 240,221
Changes for the year:			
Service cost	333,795	-	333,795
Interest on total pension liability <sup>(1)</sup>	153,020	-	153,020
Effect of economic/demographic gains or losses	( 50,954)	-	( 50,954)
Refund of contributions	( 13,766)	( 13,766)	-
Benefit payments	( 6,140)	( 6,140)	-
Administrative expenses	-	( 1,341)	1,341
Member contributions	-	161,590	( 161,590)
Net investment income	-	102,703	( 102,703)
Employer contributions	-	212,325	( 212,325)
Other <sup>(2)</sup>	-	2,500	( 2,500)
Balance at 12/31/2014	<u>\$ 2,151,204</u>	<u>\$ 1,952,899</u>	<u>\$ 198,305</u>

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge

<sup>(2)</sup> Relates to allocation of system-wide items.

### ***Sensitivity Analysis***

The following presents the net pension liability of the Council, calculated using the discount rate of 8.1%, as well as what the Council's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 2,384,026	\$ 2,151,204	\$ 1,943,181
Fiduciary net position	<u>1,952,899</u>	<u>1,952,899</u>	<u>1,952,899</u>
Net pension liability/(asset)	\$ <u>431,127</u>	\$ <u>198,305</u>	\$ <u>( 9,718)</u>

### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015, the Council recognized pension expense of \$220,402.

At September 30, 2015, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 2,384,026	\$ 2,151,204	\$ 1,943,181
Fiduciary net position	<u>1,952,899</u>	<u>1,952,899</u>	<u>1,952,899</u>
Net pension liability/(asset)	\$ <u>431,127</u>	\$ <u>198,305</u>	\$ <u>( 9,718)</u>

\$198,305 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended December 31,	
2015	\$( 1,724)
2016	( 1,724)
2017	( 1,724)
2018	( 1,724)
2019	( 8,492)

## 6. OTHER INFORMATION

### Related Party Transactions

On December 12, 2005, the Economic Development Revolving Loan Fund Program of BVCOG entered into a loan agreement with Franklin Hospitality Partnership L.P. (the "Partnership"), of which a BVCOG Board of Directors member has a material interest. The Partnership took out the loan for the purpose of building a hotel in Franklin, TX. The loan agreement established a fixed rate note of \$200,000 at 7% annual interest with a balloon payment of \$135,098 payable November 12, 2017. On November 13, 2013, the terms of this note were modified to change the fixed rate to a variable rate calculated as the Federal Funds Rate plus 2.1% and the Final Maturity Date was extended to August 1, 2018. The Partnership paid \$3,289 in interest, at an average rate of 2.71%, on the note during the fiscal year and had a principal balance of \$131,651 as of September 30, 2015.

On November 1, 2007, BVCOG entered into a loan agreement with Hearne Hospitality, L.L.C. for the purpose of building a hotel in Hearne, TX. The note was a variable rate note for \$150,000 at a rate of the monthly Federal Fund Rate plus 2.1%, with the Final Maturity Date and balloon balance payable October 1, 2018. This note was also through the Economic Development Revolving Loan Fund Program. The same Board of Directors member involved with the Franklin Hospitality Partnership is also materially involved with this entity. Prior to October 1, 2013, BVCOG recorded the interest of the note at the greater of the Federal Funds Rate plus 2.1% or the Internal Revenue Service published Federal Rate. During the fiscal year 2014, a retroactive net interest adjustment of \$4,336 was refunded to the principal balance to bring the average rate of interest to 2.35% in accordance with the executed loan agreement, and the principal balance to \$83,616 as of September 30, 2014. The L.L.C. paid \$1,835 in interest, at an average rate of 2.71%, on the note during the fiscal year and had a principal balance of \$71,498 as of September 30, 2015.

Any discount from the Internal Revenue Published Approved Rate for these two notes is then deducted from the administrative income allocation of the Revolving Loan Program.

## **Risk Management**

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. The Council's management believes such coverage is sufficient to preclude any significant uninsured losses to the Council. There were no significant reductions in insurance coverage from coverage in the prior year. There were no insurance settlements which exceeded insurance coverage in any of the past three years.

## **Contingencies**

The Council contracts with local governments or other local agencies to perform the specific services set forth in certain grant agreements. The Council disburses grant funds to the agencies based on expenditure reports received from each agency.

Agencies expending \$500,000 or more in Council pass-through funds are required to have an independent audit each year. Copies of such audits are required to be submitted to the Council. If such audits disclose expenditures not in accordance with terms of the grants, the grantor agency could disallow the costs and require reimbursements of the disallowed costs either from the Council or the subcontractor. The Council generally has the right of recovery from the subcontracted agencies. Based on prior experience, the Council's management believes that the Council will not incur significant losses from possible grant disallowances.





**REQUIRED  
SUPPLEMENTARY INFORMATION**



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Plan Year Ended December 31</b>	<u><b>2014</b></u>
<b>Total Pension Liability</b>	
Service Cost	\$ 333,795
Interest total pension liability	153,020
Effect of economic/demographic (gains) or losses	( 50,954)
Benefit payments/refunds of contributions	( 19,906)
Net change in total pension liability	415,955
Total pension liability - beginning	<u>1,735,249</u>
Total pension liability - ending (a)	<u><u>\$ 2,151,204</u></u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 212,325
Member contributions	161,590
Investment income net of investment expenses	102,703
Benefit payments refunds of contributions	( 19,906)
Administrative expenses	( 1,341)
Other	<u>2,500</u>
Net change in plan fiduciary net position	457,871
Plan fiduciary net position - beginning	<u>1,495,028</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,952,899</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 198,305</u></u>
Fiduciary net position as a percentage of total pension liability	90.78%
Pensionable covered payroll	\$ 3,231,795
Net pension liability as a percentage of covered payroll	6.14%

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Fiscal Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014*	\$ 214,856	\$ 214,856	\$ -	\$ 3,262,583	6.6%
2015*	220,402	220,402	-	3,423,669	6.4%

(1) Payroll is calculated based on contributions as reported to TCDRS.

\* Only two years of information are currently available.

# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

### FOR THE YEAR ENDED SEPTEMBER 30, 2015

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry age normal
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	3.0%
	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.
<b>Salary Increases</b>	
<b>Investment Rate of Return</b>	8.1%
	Cost-of-Living Adjustments for Brazos Valley Council of Governments are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Cost-of Living Adjustments</b>	
	Experience-based table of rates based on a study of the period 2009-2012.
<b>Retirement Age</b>	
	New employees are assumed to replace any terminated members and have similar entry ages.
<b>Turnover</b>	
<b>Mortality</b>	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.
<b>Other Information</b>	There were no benefit changes during the year.

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

***Texas Commission on Environmental Quality*** – This fund is used to account for state grants awarded to Brazos Valley Council of Governments by the Texas Commission on Environmental Quality.

***Community and Economic Development Assistance*** – This fund is used to account for federal funds awarded to Brazos Valley Council of Governments by the Texas Department of Agriculture.

***County Indigent Health Care*** – This fund is used to account for funds paid by member counties to provide health care services to individuals deemed indigent.

***U. S. Department of Homeland Security*** – This fund is used to account for federal grants awarded to Brazos Valley Council of Governments the U. S. Department of Homeland Security.

***Governor's Office Criminal Justice Division*** – This fund is used to account for federal and state grants awarded to Brazos Valley Council of Governments by the State of Texas Governor's Office: Criminal Justice Division.

***Brazos Valley Quality Workforce Planning Corporation*** – This fund is used to account for the activities of the Brazos Valley Quality Workforce Planning Corporation, a blended component unit of the Council.

***Brazos 2020 Vision, Inc.*** – This fund is used to account for the activities of Brazos 2020, Inc., a blended component unit of the Council.

***Brazos Valley Wide Area Communications System*** – This fund is used to account for the construction, acquisition, implementation, operation and maintenance of a cooperative communication system between Brazos and Washington Counties, Texas A&M University, and the Cities of Bryan, College Station, and Brenham and to join with the regional communications system of Harris County in order to improve the ability of public safety and public service radio communications internally and among themselves, and to allow for direct access to, and the exchange of, data.

***Texas Department of Transportation*** – This fund is used to account for federal grants awarded to Brazos Valley Council of Governments by the Texas Department of Transportation.

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	<u>Texas Commission on Environmental Quality</u>	<u>Community and Economic Development Assistance</u>	<u>County Indigent Health Care</u>	<u>U. S. Department of Homeland Security</u>	<u>Governor's Office Criminal Justice Division</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 39,251	\$ -	\$ -
Accounts receivable:					
Grantor	6,196	8,549	-	132,289	4,713
Other	-	-	4,374	-	26,648
Prepaid items	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>6,248</u>	<u>8,549</u>	<u>43,625</u>	<u>132,289</u>	<u>31,361</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	143	-	36,006	429	2,761
Due to other funds	<u>6,105</u>	<u>8,549</u>	<u>-</u>	<u>131,860</u>	<u>28,600</u>
Total liabilities	<u>6,248</u>	<u>8,549</u>	<u>36,006</u>	<u>132,289</u>	<u>31,361</u>
Fund balances:					
Nonspendable	52	-	-	-	-
Restricted for:					
Health and human services	-	-	7,619	-	-
Homeland security	-	-	-	-	-
Workforce development	-	-	-	-	-
Unassigned	<u>( 52)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>7,619</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 6,248</u>	<u>\$ 8,549</u>	<u>\$ 43,625</u>	<u>\$ 132,289</u>	<u>\$ 31,361</u>



<u>Brazos Valley Quality Workforce Planning Corporation</u>	<u>Brazos 2020 Vision, Inc.</u>	<u>Brazos Valley Wide Area Communications Systems</u>	<u>Texas Department of Transportation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 27,616	\$ -	\$ 364,866	\$ -	\$ 431,733
-	-	-	2,320	154,067
2,099	-	-	-	33,121
4,195	-	-	-	4,247
<u>33,910</u>	<u>-</u>	<u>364,866</u>	<u>2,320</u>	<u>623,168</u>
63	-	35,242	-	74,644
-	61,451	-	2,320	238,885
<u>63</u>	<u>61,451</u>	<u>35,242</u>	<u>2,320</u>	<u>313,529</u>
4,195	-	-	-	4,247
-	-	-	-	7,619
-	-	329,624	-	329,624
29,652	-	-	-	29,652
-	( 61,451)	-	-	( 61,503)
<u>33,847</u>	<u>( 61,451)</u>	<u>329,624</u>	<u>-</u>	<u>309,639</u>
<u>\$ 33,910</u>	<u>\$ -</u>	<u>\$ 364,866</u>	<u>\$ 2,320</u>	<u>\$ 623,168</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Texas Commission on Environmental Quality	Community and Economic Development Assistance	County Indigent Health Care	U. S. Department of Homeland Security	Governor's Office Criminal Justice Division
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>					
Intergovernmental	\$ 130,485	\$ 8,547	\$ -	\$ 417,587	\$ 187,499
Membership dues	-	-	314,700	-	-
Other	-	-	-	-	1,830
Total revenues	<u>130,485</u>	<u>8,547</u>	<u>314,700</u>	<u>417,587</u>	<u>189,329</u>
<b>EXPENDITURES</b>					
Current:					
Workforce development	-	-	-	-	-
Economic development	-	8,547	-	-	-
Resource conservation	130,485	-	-	-	-
Health and human services	-	-	310,563	-	-
Homeland security	-	-	-	417,587	-
Criminal justice	-	-	-	-	177,401
Transportation	-	-	-	-	-
Total expenditures	<u>130,485</u>	<u>8,547</u>	<u>310,563</u>	<u>417,587</u>	<u>177,401</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>4,137</u>	<u>-</u>	<u>11,928</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	( 11,928)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 11,928)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	4,137	-	-
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>3,482</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,619</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Brazos Valley Quality Workforce Planning Corporation</u>	<u>Brazos 2020 Vision, Inc.</u>	<u>Brazos Valley Wide Area Communications Systems</u>	<u>Texas Department of Transportation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 32,457	\$ 776,575
-	-	851,949	-	1,166,649
<u>10,935</u>	<u>34,001</u>	<u>-</u>	<u>-</u>	<u>46,766</u>
<u>10,935</u>	<u>34,001</u>	<u>851,949</u>	<u>32,457</u>	<u>1,989,990</u>
7,928	-	-	-	7,928
-	-	-	2,320	10,867
-	-	-	-	130,485
-	-	-	-	310,563
-	-	675,187	-	1,092,774
-	-	-	-	177,401
-	-	-	54,637	54,637
<u>7,928</u>	<u>-</u>	<u>675,187</u>	<u>56,957</u>	<u>1,784,655</u>
<u>3,007</u>	<u>34,001</u>	<u>176,762</u>	<u>( 24,500)</u>	<u>205,335</u>
876	-	-	24,500	25,376
-	-	-	-	( 11,928)
<u>876</u>	<u>-</u>	<u>-</u>	<u>24,500</u>	<u>13,448</u>
3,883	34,001	176,762	-	218,783
<u>29,964</u>	<u>( 95,452)</u>	<u>152,862</u>	<u>-</u>	<u>90,856</u>
<u>\$ 33,847</u>	<u>\$ ( 61,451)</u>	<u>\$ 329,624</u>	<u>\$ -</u>	<u>\$ 309,639</u>



# **SUPPLEMENTAL SCHEDULES**



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINAL INDIRECT COST RATE**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget</u>	<u>Actual</u>
<b>INDIRECT COSTS</b>		
Salaries and benefits	\$ 311,735	\$ 295,499
Travel	92,500	91,582
General and administrative	300,482	258,123
Other	<u>58,000</u>	<u>34,376</u>
Total indirect costs	<u>\$ 762,717</u>	<u>\$ 679,580</u>
<b>CALCULATION OF INDIRECT COST RATE</b>		
Total indirect costs	\$ 762,717	\$ 679,580
Total expenditures excluding capital outlay	<u>31,567,866</u>	<u>30,998,997</u>
Indirect cost rate	<u>2.42%</u>	<u>2.19%</u>

**Note:**

The Council recovers actual indirect costs incurred during the year.  
Therefore, there is no over or under recovery of indirect costs.

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINAL FRINGE BENEFIT RATE**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget</u>	<u>Actual</u>
<b>SALARIES</b>		
Direct salaries	\$ 3,632,872	\$ 3,249,850
Indirect salaries	<u>259,869</u>	<u>252,231</u>
Total salaries	<u>\$ 3,892,741</u>	<u>\$ 3,502,081</u>
<b>FRINGE BENEFITS</b>		
Payroll taxes	\$ 297,079	\$ 250,475
Retirement contributions	254,750	221,877
Health, dental, and vision insurance premiums	502,222	406,795
Term life insurance premiums	11,218	14,646
Disability insurance premiums	9,317	11,545
Unemployment insurance	19,251	6,094
Workers' compensation insurance premiums	22,974	13,083
401k administrative costs	<u>-</u>	<u>5,204</u>
Total fringe benefits	<u>\$ 1,116,811</u>	<u>\$ 929,719</u>
<b>FRINGE BENEFIT RATE</b>	<u>28.69%</u>	<u>26.55%</u>



# **STATISTICAL SECTION**

# STATISTICAL SECTION

## (Unaudited)

This portion of Brazos Valley Council of Governments' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the Council's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	55
Revenue Capacity These schedules contain trend information to help the reader assess the Council's most significant local revenue resource.	63
Debt Capacity These schedules contain trend information to help the reader assess the Council's current levels of outstanding debt.	66
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the Council's financial activities take place.	67
Operating Information These schedules contain service data to help the reader understand how the information in the Council's financial report relates to the services and activities performed by the Council.	68

TABLE 1

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**  
(Full Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 366,882	\$ 448,004	\$ 804,598	\$ 3,399,084	\$ 3,234,735	\$ 2,788,270	\$ 2,355,197	\$ 1,862,898	\$ 2,249,100	\$ 1,593,569
Restricted	2,719,545	3,995,957	2,413,603	4,225,071	3,729,248	4,816,162	3,008,510	3,718,258	3,284,134	3,357,994
Unrestricted	<u>338,462</u>	<u>641,716</u>	<u>764,206</u>	<u>1,032,119</u>	<u>1,147,552</u>	<u>1,181,197</u>	<u>1,096,865</u>	<u>1,166,410</u>	<u>1,365,752</u>	<u>1,172,571</u>
Total governmental activities net position	<u>\$ 3,424,889</u>	<u>\$ 5,085,677</u>	<u>\$ 3,982,407</u>	<u>\$ 8,656,274</u>	<u>\$ 8,111,535</u>	<u>\$ 8,785,629</u>	<u>\$ 6,460,572</u>	<u>\$ 6,747,566</u>	<u>\$ 6,898,986</u>	<u>\$ 6,124,134</u>
Business-type activities:										
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 45,500	\$ 90,874	\$ 25,365	\$ -	\$ -	\$ -
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,500</u>	<u>\$ 90,874</u>	<u>\$ 25,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total										
Net investment in capital assets	\$ 366,882	\$ 448,004	\$ 804,598	\$ 3,399,084	\$ 3,234,735	\$ 2,788,270	\$ 2,355,197	\$ 1,862,898	\$ 2,249,100	\$ 1,593,569
Restricted	2,719,545	3,995,957	2,413,603	4,225,071	3,729,248	4,816,162	3,008,510	3,718,258	3,284,134	3,357,994
Unrestricted	<u>338,462</u>	<u>641,716</u>	<u>764,206</u>	<u>1,032,119</u>	<u>1,193,052</u>	<u>1,272,071</u>	<u>1,122,230</u>	<u>1,166,410</u>	<u>1,365,752</u>	<u>1,172,571</u>
Total	<u>\$ 3,424,889</u>	<u>\$ 5,085,677</u>	<u>\$ 3,982,407</u>	<u>\$ 8,656,274</u>	<u>\$ 8,157,035</u>	<u>\$ 8,876,503</u>	<u>\$ 6,485,937</u>	<u>\$ 6,747,566</u>	<u>\$ 6,898,986</u>	<u>\$ 6,124,134</u>

Note: The Council began reporting business-type activities in fiscal year 2010 and operations completely ceased in fiscal year 2014.

# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS (Full Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 1,468,530	\$ 1,116,551	\$ 763,489	\$ 869,144
Workforce development	10,201,529	9,684,565	9,475,944	9,850,446
Housing and urban development	9,510,755	10,075,384	11,778,925	9,692,664
Emergency communications	938,648	930,441	815,591	903,580
Economic development	95,056	145,490	160,223	237,535
Resource conservation	134,228	317,750	195,565	223,115
Health and human services	3,171,902	3,771,554	4,303,758	4,278,236
Homeland security	248,844	197,504	190,796	1,301,245
Aging	1,633,230	1,873,344	2,238,124	2,177,343
Criminal justice	143,861	126,458	166,349	187,939
Transportation	78,367	68,139	47,912	92,674
Interest	-	58,281	53,745	39,863
Total governmental activities expenses	<u>27,624,950</u>	<u>28,365,461</u>	<u>30,190,421</u>	<u>29,853,784</u>
Business-type activities:				
Health care	-	-	-	-
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	1,343,833	1,037,376	976,152	1,047,274
Workforce development	-	-	44,389	57,950
Housing and urban development	-	-	34,272	29,069
Emergency communications	-	-	3	360
Economic development	-	-	41,741	30,741
Resource conservation	-	3,850	3,135	5,608
Health and human services	69,213	99,223	314,491	320,305
Homeland security	-	-	7,231	175,931
Aging	38,996	53,786	241,180	82,824
Criminal justice	-	-	18	-
Transportation	-	-	10,000	-
Operating grants and contributions	28,199,283	28,821,617	27,316,451	28,843,551
Capital grants and contributions	-	-	-	3,739,248
Total governmental activities program revenues	<u>29,651,325</u>	<u>30,015,852</u>	<u>28,989,063</u>	<u>34,332,861</u>

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 702,473	\$ 741,925	\$ 749,713	\$ 865,789	\$ 1,046,188	\$ 1,173,386
11,828,507	9,647,445	9,216,708	9,060,723	9,495,121	10,748,354
11,431,972	10,329,653	10,912,219	10,166,856	10,531,316	10,210,977
926,339	1,569,074	1,226,951	776,798	1,041,300	1,241,207
133,235	276,573	174,730	88,795	122,500	165,855
114,465	166,528	88,168	164,211	105,099	131,352
5,478,100	5,572,118	4,663,157	4,515,100	4,347,487	4,156,720
924,279	1,254,460	1,497,284	1,384,648	1,465,728	1,637,696
2,308,364	2,238,986	2,152,639	2,135,126	2,002,010	2,078,337
313,090	191,447	146,754	153,159	133,885	177,869
85,454	73,435	75,794	77,877	75,016	56,440
37,706	5,915	-	-	-	-
<u>34,283,984</u>	<u>32,067,559</u>	<u>30,904,117</u>	<u>29,389,082</u>	<u>30,365,650</u>	<u>31,778,193</u>
<u>101,298</u>	<u>89,666</u>	<u>239,466</u>	<u>58,329</u>	<u>-</u>	<u>-</u>
<u>101,298</u>	<u>89,666</u>	<u>239,466</u>	<u>58,329</u>	<u>-</u>	<u>-</u>
770,322	729,375	708,682	789,417	783,905	794,381
61,718	81,693	37,766	20,474	36,251	48,580
33,537	107,771	33,548	27,464	23,982	27,739
565	2,475	595	-	280	-
33,714	31,547	24,188	55,387	41,717	48,141
5,035	-	120	-	-	-
308,338	154,572	116,203	106,984	87,436	46,999
-	-	-	-	-	-
69,890	70,101	70,100	87,179	76,995	41,900
17,698	-	-	-	-	1,830
-	739	-	-	-	-
32,049,267	31,441,850	27,445,525	28,452,057	29,085,543	29,747,919
189,700	-	-	-	-	-
<u>33,539,784</u>	<u>32,620,123</u>	<u>28,436,727</u>	<u>29,538,962</u>	<u>30,136,109</u>	<u>30,757,489</u>

## BRAZOS VALLEY COUNCIL OF GOVERNMENTS

### CHANGES IN NET POSITION (Continued) LAST TEN FISCAL YEARS (Full Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Business-type activities:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	-	-	-
Total business-type activities	-	-	-	-
program revenues	-	-	-	-
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	2,026,375	1,650,391	( 1,201,358)	4,479,077
Business-type activities	-	-	-	-
Total	<u>2,026,375</u>	<u>1,650,391</u>	<u>( 1,201,358)</u>	<u>4,479,077</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	4,496	10,397	98,088	14,007
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	<u>4,496</u>	<u>10,397</u>	<u>98,088</u>	<u>14,007</u>
Business-type activities:				
Investment earnings	-	-	-	-
Gain on forgiveness of loan payable	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	2,030,871	1,660,788	( 1,103,270)	4,493,084
Business-type activities	-	-	-	-
Total	<u>\$ 2,030,871</u>	<u>\$ 1,660,788</u>	<u>\$( 1,103,270)</u>	<u>\$ 4,493,084</u>

Note: The Council began reporting business-type activities in fiscal year 2010 and operations completely ceased in fiscal year 2014.

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ 86,340	\$ 177,864	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>32,500</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>86,340</u>	<u>177,864</u>	<u>32,500</u>	<u>-</u>	<u>-</u>
( 744,200)	552,564	( 2,467,390)	149,880	( 229,541)	( 1,020,704)
( 101,298)	( 3,326)	( 61,602)	( 25,829)	-	-
<u>( 845,498)</u>	<u>549,238</u>	<u>( 2,528,992)</u>	<u>124,051</u>	<u>( 229,541)</u>	<u>( 1,020,704)</u>
249,845	90,371	59,410	55,500	55,500	55,500
7,400	4,461	14,205	4,031	6,303	2,936
89,014	75,398	64,811	77,583	178,358	224,241
( 146,798)	( 48,700)	3,907	-	140,800	-
<u>199,461</u>	<u>121,530</u>	<u>142,333</u>	<u>137,114</u>	<u>380,961</u>	<u>282,677</u>
-	-	-	464	-	-
-	-	-	-	140,800	-
<u>146,798</u>	<u>48,700</u>	<u>( 3,907)</u>	<u>-</u>	<u>( 140,800)</u>	<u>-</u>
<u>146,798</u>	<u>48,700</u>	<u>( 3,907)</u>	<u>464</u>	<u>-</u>	<u>-</u>
( 544,739)	674,094	( 2,325,057)	286,994	151,420	( 738,027)
<u>45,500</u>	<u>45,374</u>	<u>( 65,509)</u>	<u>( 25,365)</u>	<u>-</u>	<u>-</u>
<u>\$ ( 499,239)</u>	<u>\$ 719,468</u>	<u>\$ ( 2,390,566)</u>	<u>\$ 261,629</u>	<u>\$ 151,420</u>	<u>\$ ( 738,027)</u>





**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 797,997	\$ 777,849	\$ 689,503	\$ 714,727	\$ 608,339	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	390,800	711,995	903,935	1,051,537	1,303,202	-	-	-	-	-
Nonspendable	-	-	-	-	-	86,029	242,496	149,531	43,658	7,621
Unassigned	-	-	-	-	-	1,372,152	1,183,100	1,329,573	1,560,581	1,451,554
Total general fund	<u>\$ 1,188,797</u>	<u>\$ 1,489,844</u>	<u>\$ 1,593,438</u>	<u>\$ 1,766,264</u>	<u>\$ 1,911,541</u>	<u>\$ 1,458,181</u>	<u>\$ 1,425,596</u>	<u>\$ 1,479,104</u>	<u>\$ 1,604,239</u>	<u>\$ 1,459,175</u>
Special revenue funds										
Reserved	\$ 598,699	\$ 534,667	\$ 611,979	\$ 727,500	\$ 704,170	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,120,846	3,461,290	1,801,624	3,556,444	3,025,078	-	-	-	-	-
Nonspendable	-	-	-	-	-	37,976	1,787	3,999	3,999	16,280
Restricted	-	-	-	-	-	4,806,768	3,008,510	3,718,258	3,718,258	3,357,994
Unassigned	-	-	-	-	-	( 147,291)	( 161,826)	( 128,452)	( 128,452)	( 73,536)
Total special revenue funds	<u>\$ 2,719,545</u>	<u>\$ 3,995,957</u>	<u>\$ 2,413,603</u>	<u>\$ 4,283,944</u>	<u>\$ 3,729,248</u>	<u>\$ 4,697,453</u>	<u>\$ 2,848,471</u>	<u>\$ 3,593,805</u>	<u>\$ 3,593,805</u>	<u>\$ 3,300,738</u>

Note: The City implemented GASB Statement 54 in fiscal year 2011. Prior year balances have not been restated to conform to GASB Statement 54.

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>REVENUES</b>				
Intergovernmental	\$ 27,145,492	\$ 27,574,719	\$ 26,863,151	\$ 31,217,058
Membership dues <sup>2</sup>	47,400	55,600	55,800	231,832
Charges for services <sup>1</sup>	1,404,642	1,385,341	1,115,124	1,083,402
Matching funds	406,462	315,045	453,300	1,365,741
Other	651,825	695,544	605,569	448,835
Total revenues	<u>29,655,821</u>	<u>30,026,249</u>	<u>29,092,944</u>	<u>34,346,868</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,602,200	1,030,186	786,049	827,298
Workforce development	10,158,212	9,686,257	9,468,430	9,866,583
Housing and urban development	9,470,371	10,075,384	11,823,808	9,676,343
Emergency communications	934,662	1,085,624	1,089,225	810,712
Economic development	94,645	145,490	160,223	237,535
Resources conservation	133,658	317,750	195,565	223,115
Health and human services	3,158,493	3,771,554	4,303,758	4,278,236
Homeland security	247,809	197,504	190,796	4,093,883
Aging	1,626,295	1,865,669	2,252,839	2,115,385
Criminal justice	143,250	126,458	166,349	187,939
Transportation	78,307	68,139	47,912	92,674
Debt service				
Principal	27,238	20,494	33,005	34,918
Interest and fiscal charges	33,514	58,281	53,745	39,863
Total expenditures	<u>27,708,654</u>	<u>28,448,790</u>	<u>30,571,704</u>	<u>32,484,484</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,947,167</u>	<u>1,577,459</u>	<u>( 1,478,760)</u>	<u>1,862,384</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 1,947,167</u>	<u>\$ 1,577,459</u>	<u>\$( 1,478,760)</u>	<u>\$ 1,862,384</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>0.2%</u>	<u>0.3%</u>	<u>0.3%</u>	<u>0.2%</u>

Notes:

<sup>1</sup> Charges for services primarily include amounts charged to occupants of the Center for Regional Services.

<sup>2</sup> Membership dues include amounts from the Brazos Valley Wide Area Communications System Fund. 2015 membership dues include an additional \$194,261 of dues for the purpose of capital acquisition.

TABLE 4

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 31,622,797	\$ 30,287,603	\$ 26,022,377	\$ 26,781,619	\$ 27,337,110	\$ 28,126,229	
420,752	737,299	1,031,323	1,274,903	1,268,474	1,222,149	
1,082,160	941,555	891,450	954,036	919,999	834,121	
484,247	507,319	433,079	434,247	529,961	450,938	
<u>259,571</u>	<u>316,577</u>	<u>196,924</u>	<u>231,271</u>	<u>320,726</u>	<u>406,729</u>	
<u>33,869,527</u>	<u>32,790,353</u>	<u>28,575,153</u>	<u>29,676,076</u>	<u>30,376,270</u>	<u>31,040,166</u>	
731,781	688,587	836,624	843,816	1,007,361	1,164,507	
11,829,665	9,632,622	9,206,211	9,052,688	9,500,091	10,736,338	
11,415,651	10,317,412	10,909,991	10,162,022	10,541,938	10,196,124	
896,682	1,338,479	1,020,235	670,328	1,272,427	1,184,809	
133,235	276,573	174,546	88,366	123,442	164,801	
114,465	166,528	88,039	163,933	105,711	130,485	
5,778,050	5,828,046	4,620,915	4,471,823	4,312,986	4,107,388	
471,834	865,505	1,235,669	1,067,163	1,716,216	1,092,774	
2,293,477	2,233,920	2,146,137	2,126,719	2,004,287	2,066,157	
313,090	191,447	146,667	152,950	134,345	177,401	
85,454	73,435	75,593	77,426	76,007	54,637	
31,058	608,339	-	-	-	-	
37,706	5,915	-	-	-	-	
<u>34,132,148</u>	<u>32,226,808</u>	<u>30,460,627</u>	<u>28,877,234</u>	<u>30,794,811</u>	<u>31,075,421</u>	
( 262,621)	563,545	( 1,885,474)	798,842	( 418,541)	( 35,255)	
112,755	42,275	93,255	31,363	182,160	55,026	
( 259,553)	( 90,975)	( 89,348)	( 31,363)	( 41,360)	( 55,026)	
( 146,798)	( 48,700)	3,907	-	140,800	-	
<u>\$ ( 409,419)</u>	<u>\$ 514,845</u>	<u>\$ ( 1,881,567)</u>	<u>\$ 798,842</u>	<u>\$ ( 277,741)</u>	<u>\$ ( 35,255)</u>	
<u>0.2%</u>	<u>1.9%</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	

**TABLE 5**

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS  
LOCAL GOVERNMENT ANNUAL MEMBERSHIP DUES BY ENTITY  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Brazos County	\$ 25,100	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500
Burleson County	2,625	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Grimes County	3,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Leon County	2,625	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Madison County	2,250	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Robertson County	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Washington County	1,875	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
City of Brenham	2,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Bedias Creek SWCD	100	-	100	-	-	-	-	-	-	-
Brazos SWCD	100	-	-	-	-	-	-	-	-	-
Navasota SWCD	100	-	100	-	-	-	-	-	-	-
Washington SWCD	-	100	100	-	-	-	-	-	-	-
<b>Total Membership Dues</b>	<b>\$ <u>43,275</u></b>	<b>\$ <u>55,600</u></b>	<b>\$ <u>55,800</u></b>	<b>\$ <u>55,500</u></b>	<b>\$ <u>55,500</u></b>	<b>\$ <u>55,500</u></b>	<b>\$ <u>55,500</u></b>	<b>\$ <u>55,500</u></b>	<b>\$ <u>55,500</u></b>	<b>\$ <u>55,500</u></b>

**TABLE 6**

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS  
COUNTY INDIGENT HEALTH CARE DUES BY ENTITY  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Brazos County	\$ 92,695	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700
Burleson County	7,917	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Grimes County	14,844	23,500	23,500	23,500	23,500	23,500	23,500	23,500	23,500	23,500
Leon County	14,844	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Madison County	11,133	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Robertson County	39,914	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500
Washington County	14,844	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Waller County	-	-	-	-	21,000	28,000	28,000	28,000	30,000	30,000
Austin County	21,000	26,000	26,000	26,000	26,000	26,000	28,000	28,000	30,000	30,000
Wharton County	-	-	-	-	-	2,500	30,000	30,000	30,000	30,000
<b>Total CIHC Dues</b>	<b>\$ 217,191</b>	<b>\$ 250,700</b>	<b>\$ 250,700</b>	<b>\$ 250,700</b>	<b>\$ 271,700</b>	<b>\$ 281,200</b>	<b>\$ 310,700</b>	<b>\$ 310,700</b>	<b>\$ 314,700</b>	<b>\$ 314,700</b>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**BRAZOS VALLEY WIDE AREA COMMUNICATION SYSTEMS DUES BY ENTITY**

**LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
Brazos County	\$ 17,927	\$ 37,219	\$ 46,069	\$ 76,489	\$ 90,613	\$ 97,702	\$ 94,773
City of Bryan	39,022	81,013	87,090	144,598	137,816	104,233	102,271
City of College Station	62,878	130,541	118,578	196,876	211,904	210,732	214,406
Texas A& M	23,153	48,067	45,508	75,558	65,826	69,777	65,308
City of Brenham	16,476	34,206	51,677	85,801	85,534	69,511	66,492
Washington County	<u>16,476</u>	<u>34,206</u>	<u>51,677</u>	<u>85,801</u>	<u>85,534</u>	<u>114,496</u>	<u>114,438</u>
Total	<u>\$ 175,932</u>	<u>\$ 365,252</u>	<u>\$ 400,599</u>	<u>\$ 665,123</u>	<u>\$ 677,227</u>	<u>\$ 666,451</u>	<u>\$ 657,688</u>

Notes: No dues collected prior to 2009.

The above amounts are contributed for the purpose of annual maintenance and operations. The membership dues presented in the combining fund financial statements include an additional \$194,261 of dues for the purpose of capital acquisition. This amount is not included in the above table.

TABLE 8

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total Outstanding Debt	Percentage of Personal Income	Per Capita
	Note Payable	Loan Payable	Note Payable			
2006	\$ 727,814	\$ -	\$ -	\$ 727,814	1.01%	2.53
2007	707,320	-	-	707,320	0.94%	2.42
2008	674,315	-	-	674,315	0.90%	2.31
2009	639,397	-	-	639,397	0.77%	2.03
2010	608,339	45,000	-	653,339	0.76%	2.13
2011	-	173,300	-	173,300	0.19%	0.55
2012	-	173,300	-	173,300	0.19%	0.53
2013	-	140,800	-	140,800	0.13%	0.43
2014	-	-	-	-	N/A	N/A
2015	-	-	-	-	N/A	N/A

Notes: Details regarding the Council's outstanding debt can be found in the notes to the financial statements.

The Council had no outstanding debt at the end of fiscal year 2014.

See Table 9 for personal income and population data.

TABLE 9

## BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

Calendar Year	Population <sup>1</sup>	Personal Income (\$000) <sup>1</sup>	Per Capita Personal Income	Gross Sales <sup>2</sup>	Taxable Sales	Average Outlets <sup>2</sup>	Total Employment <sup>3</sup>	Unemployment Rate
2006	288,235	\$ 7,226,182	\$ 25,070	\$ 8,909,123,692	\$ 2,525,719,008	7,193	138,051	4.7%
2007	291,720	7,525,597	25,797	10,254,133,930	2,716,850,103	7,121	137,985	4.2%
2008	295,805	7,983,187	26,988	11,992,414,405	2,939,756,574	7,070	141,130	4.3%
2009	315,471	8,340,801	26,439	9,522,805,409	2,691,296,856	7,477	137,313	6.6%
2010	306,945	8,596,671	28,007	10,995,593,849	2,632,617,716	7,219	149,665	6.3%
2011	312,371	8,924,672	28,571	11,990,162,607	3,001,854,470	7,596	148,754	5.7%
2012	325,901	9,311,244	28,808	11,918,608,328	3,063,197,754	7,357	149,760	5.1%
2013	325,857	10,948,560	33,599	8,512,867,324	3,220,892,729	8,377	161,033	4.9%
2014	331,582	10,844,312	32,705	14,039,988,773	3,429,992,567	9,367	161,971	4.6%
2015	335,237	11,998,606	35,791	13,488,692,759	3,792,000,014	8,636	159,776	4.7%

## Notes:

<sup>1</sup> Population and Personal Income Derived from U.S. Bureau of Economic Analysis CA1-3 Report.

<sup>2</sup> Gross Sales, State Tax, and Avg. Outlets Derived from Texas State Sales and Use Tax Quarterly Report, 2nd Qtr 2013.

<sup>3</sup> Total Employment reflects Civilian Labor Force as of December 2014



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS  
PROGRAM AND FUNCTION INDICATORS  
LAST TEN FISCAL YEARS**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Area Agency on Aging:										
Home delivered meals	61,571	72,903	91,059	79,179	88,306	82,465	85,538	85,071	72,677	71,264
Congregate meals	53,089	59,949	59,968	60,842	67,163	65,013	63,047	58,700	53,619	54,767
Brazos Valley Home Consortia:										
Number of affordable housing units	14	14	15	12	15	28	8	30	30	30
Indigent Health Care:										
Eligible clients served	264	321	260	466	285	321	302	288	284	494
HIV/Health Services:										
Number of unduplicated clients served per year by all funded agencies	3,147	3,130	3,234	3,218	3,443	3,542	3,081	3,765	2,381	2,680
TexHealth Brazos Valley:										
Number of enrolled groups (small businesses)	-	-	-	-	8	28	-	-	-	-
Housing Choice Voucher Program:										
Average number of vouchers used per month per year	1,812	1,873	1,935	1,619	1,772	1,550	1,703	1,534	1,638	1,591
Total Housing Assistance provided to the Brazos Valley	\$ -	\$ -	\$ -	\$ -	\$ 10,224,055	\$ 9,108,425	\$ 10,482,482	\$ 9,017,036	\$ 9,246,477	\$ 8,854,649
Public Safety Planning:										
Number of volunteers recruited for Protect Texas	264	165	71	71	N/A	N/A	N/A	N/A	N/A	N/A
Number of individuals with special needs registered	43	218	197	192	215	276	N/A	N/A	N/A	N/A
Number of training exercises hosted	1	6	1	3	1	6	5	4	6	5
Juvenile support reimbursement	N/A	83	35	58	39	40	43	8	18	22
Law enforcement officers trained	42	79	98	55	68	71	127	86	156	105
Juvenile probation officers trained	40	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RSVP - Citizen Corp:										
Total volunteers	1,011	988	1,041	1,233	1,357	1,408	1,295	903	-	-
Solid Waste Management:										
Pass-through dollars for annual projects	\$ 86,300	\$ 88,033	\$ 81,261	\$ 81,261	\$ 67,578	\$ 86,513	\$ 63,328	\$ 74,735	\$ 34,377	\$ 72,472
911:										
Number of calls	91,304	87,451	89,629	90,112	92,334	115,008	131,075	136,326	107,716	149,527
Workforce Solutions:										
Workforce Investment Act adults served	585	651	846	1,407	2,101	647	649	549	821	554
Children benefiting from Workforce subsidized child care	17,443	16,425	17,114	16,010	16,169	18,229	12,108	12,867	13,104	13,212
Employees served by Workforce Solutions	1,087	1,256	1,284	1,595	1,765	1,355	719	1,155	1,191	1,256

TABLE 11

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**FULLTIME EQUIVALENT EMPLOYEES  
BY PROGRAM/DEPARTMENT**

**LAST TEN FISCAL YEARS**

Program/Department	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
911 Services	3	3	4	3	3	3	3	3	3	4
Accounting Services/Finance	9	9	10	8	10	8	9	9	8	9
Administration	3	3	4	4	6	3	3	3	3	2
Area Agency on Aging	11	10	11	10	10	10	12	10	10	10
BV Affordable Housing Corporation	4	5	5	5	4	4	4	5	4	5
County Indigent Health Care	4	4	4	4	5	4	4	5	4	4
Criminal Justice/Public Safety Planning	4	5	5	5	5	5	5	8	6	6
Economic Development	1	1	1	2	3	3	3	4	3	2
Human Resources	2	2	2	2	2	2	3	2	2	2
Reception/Administration	1	1	1	1	1	1	1	2	2	3
Section 8 Housing	12	14	15	13	15	14	16	15	14	15
Solid Waste Planning	2	1	1	1	1	1	1	1	1	1
Purchasing Solutions - Alliance	-	-	1	2	2	1	1	1	1	2
Systems Administration	4	4	4	3	4	4	5	5	4	5
TX Dept. of Health - HIV/AIDS	4	4	5	5	6	5	6	7	4	5
Workforce Development	9	10	10	8	11	8	11	10	9	14
<b>Total</b>	<u>73</u>	<u>76</u>	<u>83</u>	<u>76</u>	<u>88</u>	<u>76</u>	<u>87</u>	<u>90</u>	<u>78</u>	<u>89</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR**

<u>Taxpayer</u>	2015	
	<u>Number of Employees</u>	<u>Percentage of Employment</u>
Private:		
Blue Bell Creameries Inc	1,000	0.63%
HEB Grocery Company LP	1,000	0.63%
Kent Moore Cabinets	576	0.36%
Ply Gem Windows	500	0.31%
Sanderson Garms Inc - Processing	1,000	0.63%
Scott&White	1,200	0.75%
St Joseph Hospital	1,200	0.75%
Wal-Mart Associates Inc	1,000	0.63%
Public:		
Blinn College	1,355	0.85%
Brazos County	999	0.63%
Brenham ISD	750	0.47%
Brenham State School	1,000	0.63%
Bryan ISD	2,200	1.38%
City of Bryan	800	0.50%
City of College Station	750	0.47%
College Station ISD	1,522	0.95%
Texas A&M University and System	17,000	10.64%
Texas Dept.of Criminal Justice	999	0.63%
Other	<u>124,925</u>	<u>78.19%</u>
Total	<u>159,776</u>	<u>100.00%</u>

Notes: Source - The Research Valley Partnership, Inc.  
 Listed in alphabetical order, not in order of size  
 The Labor Market and Career Index does not identify employment statistics for employers  
 Texas A&M University employment is estimated.  
 Information for nine years ago is not available.

## BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## CAPITAL ASSET STATISTICS BY FUNCTION

## LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>General Government</u></b>										
Buildings	17	21	25	24	29	30	23	43	43	33
Office Equipment	7	6	6	6	7	6	1	1	1	7
<b><u>Workforce Development</u></b>										
Office Equipment	5	5	5	8	10	9	7	-	-	5.00
Software	1	1	1	1	1	1	-	1	1	1
<b><u>Emergency Communication</u></b>										
PSAP Equipment	14	17	28	29	31	24	21	27	21	34
Software	-	-	7	7	7	14	7	1	1	2
<b><u>Aging</u></b>										
Transportation Vans	6	6	9	5	3	3	3	3	3	3
Software	1	1	1	1	2	2	2	2	1	1
<b><u>Housing</u></b>										
Software	-	-	1	1	1	1	1	1	1	1
<b><u>Homeland Security</u></b>										
Communications Equipment	-	-	-	3	61	64	68	70	68	76
Software	-	-	-	1	1	1	1	1	1	2
<b><u>Health Services</u></b>										
TeleHealth Equipment	-	-	-	3	6	6	6	6	6	6
<b><u>Public Safety</u></b>										
Equipment	-	-	-	-	-	5	6	6	6	29

Notes: Assets in excess of \$5,000

Assets purchased with grant funds but owned by subrecipients are not included.

# **SINGLE AUDIT SECTION**





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

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

To the Board of Directors  
Brazos Valley Council of Governments  
Bryan, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Brazos Valley Council of Governments (the “Council”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated March 8, 2016.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 the deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Waco, Texas  
March 8, 2016





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

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

To the Board of Directors  
Brazos Valley Council of Governments  
Bryan, Texas

**Report on Compliance for Each Major Federal and State Program**

We have audited Brazos Valley Council of Governments’ (the “Council’s”) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and *Uniform Grant Management Standards (“UGMS”)*, 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 September 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Council’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas *Uniform Grants Management Standards*. Those standards, OMB Circular A-133 and the State of Texas *Uniform Grants Management Standards* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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 September 30, 2015.

### **Report on Internal Control over Compliance**

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* 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 *OMB Circular A-133* and the State of Texas *Uniform Grants Management Standards*. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas  
March 8, 2016

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>FEDERAL AWARDS</b>			
<u>U. S. Department of Agriculture</u>			
Passed through Texas Workforce Commission:			
Supplemental Nutrition Assistance Program - E&T	10.561	1615SNE000	\$ 112,625
Supplemental Nutrition Assistance Program - E&T ABAWD	10.561	1615SNA000	86,954
State Administration Match Grant Supplemental Nutrition	10.561	1615WPA000	<u>117</u>
Total Texas Workforce Commission			<u>199,696</u>
<i>Total U. S. Department of Agriculture</i>			<u>199,696</u>
<u>U. S. Department of Commerce</u>			
Direct Program:			
Planning Assistance	11.302	08-83-04757	38,138
Planning Assistance	11.302	08-83-05026	80,133
Revolving Loan Fund	11.307	08-39-02937	<u>574,988</u>
<i>Total U. S. Department of Commerce</i>			<u>693,259</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Agriculture			
Community and Economic Development Assistance Funds	14.228	C714201	8,209
Community and Economic Development Assistance Funds	14.228	C715201	<u>338</u>
Total Texas Department of Agriculture			<u>8,547</u>
Passed through Texas Department of State Health Services:			
Housing Opportunities for Persons with AIDS - HOPWA	14.241	2014-002569	78,618
Housing Opportunities for Persons with AIDS - HOPWA	14.241	2015-002569	<u>146,496</u>
Total Texas Department of State Health Services			<u>225,114</u>
Direct Programs:			
Housing Choice Vouchers	14.871	TX526 HCVP	9,677,544
Housing Choice Vouchers	14.871	TX526 FSS	<u>373,937</u>
Total Direct Programs			<u>10,051,481</u>
<i>Total U. S. Department of Housing and Urban Development</i>			<u>10,285,142</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>FEDERAL AWARDS (Continued)</b>			
<u>U. S. Department of Labor</u>			
Passed through Texas Workforce Commission:			
Wagner-Peyser Employment Services	17.207	1615WPA000	\$ 79,494
Trade Adjustment Assistance - Workers	17.245	1615WPA000	296
Trade Act Services for Dislocated Workers	17.245	1614TRA000	( 15)
Trade Act Services for Dislocated Workers	17.245	1615TRA000	8,310
Subtotal			<u>8,591</u>
WIA Adult	17.258	1613WIA000	54,795
WIA Adult	17.258	1614WIA000	449,391
WIA Adult	17.258	1615WOA000	113,704
WIA Adult	17.258	1615WPA000	27,028
Industry Recognized Skills Certification	17.258	1615RSC000	602
WIA Youth	17.259	1613WIY000	382,675
WIA Youth	17.259	1614WIY000	520,775
WIA Youth	17.259	1615WOY000	65,403
WIA Youth Activites	17.259	1615WPA000	1,050
WIA Dislocated Worker	17.278	1613WID000	282,729
WIA Dislocated Worker	17.278	1614WID000	744,765
WIA Dislocated Worker	17.278	1615WOD000	96,888
WIA Dislocated Worker	17.278	1615WOR000	10,222
WIA State Wide - Externship for Teachers	17.278	1615WSW001	43,539
Subtotal - WIA Cluster			<u>2,793,566</u>
Total Texas Workforce Commission			<u>2,881,651</u>
<i>Total U. S. Department of Labor</i>			<u>2,881,651</u>
<u>U. S. Department of Transportation</u>			
Passed through Texas Department of Transportation			
Planning Assistance	20.515	51517F7132	30,137
Planning Assistance	20.515	512XXF7024	2,320
Total Texas Department of Transportation			<u>32,457</u>
<i>Total U. S. Department of Transportation</i>			<u>32,457</u>
<u>U. S. Department of Education</u>			
Passed through Texas Workforce Commission:			
Adult Literacy & Education	84.002A	1614AELA00	484,579
Adult Literacy & Education	84.002A	1614AELB00	88,925
Adult Literacy & Education	84.002A	1615WPA000	5,000
Total Texas Workforce Commission			<u>578,504</u>
<i>Total U. S. Department of Education</i>			<u>578,504</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>FEDERAL AWARDS (Continued)</b>			
<u>U. S. Department of Health and Human Services</u>			
Passed through Texas Department of Aging and Disability Services:			
Title VII-EAP	93.041	539-11-0007-00001	\$ 3,380
Title VII-OAG	93.042	539-11-0007-00001	21,108
Title III-D Evidence Based - Intervention	93.043	539-11-0007-00001	14,491
Title III-B	93.044	539-11-0007-00001	322,302
PY Title III-B	93.044	539-11-0007-00001	9,788
Title III-C1	93.045	539-11-0007-00001	295,884
PY Title III-C1	93.045	539-11-0007-00001	36,121
Title III-C2	93.045	539-11-0007-00001	215,565
PY Title III-C2	93.045	539-11-0007-00001	36,255
NSIP	93.053	539-11-0007-00001	90,640
Subtotal Aging Cluster			<u>1,006,555</u>
Aging and Disability Resource Center Options Counseling	93.048	539-00-5000-94900	1,817
Title III-E	93.052	539-11-0007-00001	54,884
PY Title III-E	93.052	539-11-0007-00001	15,259
Subtotal			<u>70,143</u>
MIPPA	93.071	539-11-0007-00001	13,108
Aging and Disability Resource Center - Priority 3 MIPPA	93.071	539-00-5000-94900	8,069
Subtotal			<u>21,177</u>
CMS Basic	93.324	539-11-0007-00001	45,314
PY CMS Basic	93.324	539-11-0007-00001	27,284
Subtotal			<u>72,598</u>
AAA-Market Place Navigator	93.332	539-11-0007-00001	6,661
Aging and Disability Resource Center	93.778	539-00-5000-94900	81,781
Aging and Disability Resource Center Housing Navigator Program, Money Follows the Person Demonstration	93.791	539-00-5000-94900	45,063
OMB MFP	93.791	539-11-0007-00001	340
Subtotal			<u>45,403</u>
Total Texas Department of Aging and Disability Services			<u>1,345,114</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>FEDERAL AWARDS (Continued)</b>			
<u>U. S. Department of Health and Human Services (continued)</u>			
Passed through Texas Department of State Health Services:			
HIV Care Formula Grants	93.917	2015-001443	\$ <u>2,712,352</u>
Total Texas Department of State Health Services			<u>2,712,352</u>
Passed through Texas Workforce Commission:			
TANF Choices	93.558	1614TAN000	72,727
TANF Choices	93.558	1615TAN000	559,206
Wagner-Peyser Employment Services	93.558	1615WPA000	7,530
Adult Literacy & Education	93.558	1614AELA00	38,596
Adult Literacy & Education	93.558	1614AELB00	6,607
Childcare Formula FY 15	93.667	1615CCF000	<u>28,190</u>
Subtotal - TANF Cluster			<u>712,856</u>
Child Care Attendance Automation	93.575	1615CAA000	38,298
Child Care Formula FY14	93.575	1614CCF000	19,168
Child Care Formula FY15	93.575	1615CCF000	2,032,624
Child Care Quality Improvement	93.575	1614CCQ000	22,716
Child Care Quality Improvement	93.575	1615CCQ000	153,250
Child Care Quality Capacity/Inclusion	93.575	1615CQI000	19,573
Employment Services FY15	93.575	1615WPA000	2,246
Child Care Formula Match FY14	93.596	1615CCF000	1,843,994
Child Care Match FY14	93.596	1614CCM000	590,666
Child Care Match FY15	93.596	1615CCM000	<u>49,658</u>
Subtotal - CCDF Cluster			<u>4,772,193</u>
Total Texas Workforce Commission			<u>5,485,049</u>
Passed through United Way of Tarrant County:			
UWTC Market Place Navigator	93.750	N/A	<u>85,622</u>
Total United Way of Tarrant County			<u>85,622</u>
Total U. S. Department of Health and Human Services			<u>9,628,137</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>FEDERAL AWARDS (Continued)</b>			
<u>U. S. Department of Homeland Security</u>			
Passed through Texas Department of Public Safety:			
Hazard Mitigation - Safe Room	97.039	DR-1791-085	\$ 10,568
Homeland Security Grant Program-SHSP 2013	97.067	13-SR 99003-01	88,921
Homeland Security Grant Program-SHSP 2014	97.067	14-SR 99003-01	133,076
Homeland Security Grant Program-SHSP M&A 2013	97.067	13-SR-99003-02	19,851
Homeland Security Grant Program-SHSP M&A 2014	97.067	14-SR 99003-02	9,570
Homeland Security Grant Program-MASS FAT 2013	97.067	13-SR-99003-03	151,101
Homeland Security Grant Program-SHSP LETPA 2013	97.067	13-SR 99003-01	4,500
Subtotal Homeland Security Grant Program			<u>407,019</u>
Total Texas Department of Public Safety			<u>417,587</u>
<i>Total U. S. Department of Homeland Security</i>			<u>417,587</u>
Total Federal Awards			<u>\$ 24,716,433</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

State Grantor/Program Title	Grant Number	Expenditures
<b>STATE AWARDS</b>		
<u>Texas Department of Aging and Disability Services</u>		
State General Revenue Title III-E Match	539-11-0007-00001	\$ 15,000
OMB ALF Services	539-11-0007-00001	9,483
Residential Repair Program	539-11-0007-00001	24,725
State General Revenue - Other	539-11-0007-00001	82,645
State General Revenue ADRC	539-11-0007-00001	17,072
Aging and Disability Resource Center Promoting	539-11-0007-00001	9,869
<i>Total Texas Department of Aging and Disability Services</i>		<u>158,794</u>
<u>Commission on State Emergency Communications</u>		
911 Emergency Communications	2015	1,137,234
911 Emergency Communications	2016	45,162
<i>Total Commission on State Emergency Communications</i>		<u>1,182,396</u>
<u>Texas Commission on Environmental Quality</u>		
Solid Waste Coordination and Implementation	582-14-40573	124,289
Solid Waste Coordination and Implementation	582-16-60646	6,196
<i>Total Texas Commission on Environmental Quality</i>		<u>130,485</u>
<u>Texas Workforce Commission</u>		
Choices NCP	1615NCP000	194,646
Choices NCP	1616NCP000	8,124
Subtotal		<u>202,770</u>
Supplemental Nutrition Assistance Program - E&T	1615SNE000	51,851
Employment Services	1615WPA000	117
TANF Choices	1615TAN000	76,151
Adult Literacy & Education	1614AELA00	119,135
Adult Literacy & Education	1614AELB00	31,901
Subtotal		<u>151,036</u>
Child Care Formula FY 15	1615CCF000	803,679
Child Care DFPS	1615CCP000	224,217
Child Care DFPS	1616CCP000	29,892
Subtotal		<u>1,057,788</u>
<i>Total Texas Workforce Commission</i>		<u>1,539,713</u>
<u>Office of the Governor, Criminal Justice Division</u>		
Regional Criminal Justice Coordination	300-4-0324	( 1,830)
Regional Criminal Justice Coordination	300-5-0324	57,017
Regional Criminal Justice Coordination	300-6-0324	4,713
Subtotal		<u>59,900</u>
Law Enforcement Training & Education	SF-14652-14	104,599
<i>Total Office of the Governor, Criminal Justice Division</i>		<u>164,499</u>
<u>U. S. Department of Justice</u>		
Passed through Office of the Governor, Criminal Justice Division		
Juvenile Justice Alternatives	JA-14706-16	23,000
Total Office of the Governor, Criminal Justice Division		<u>23,000</u>
<i>Total U. S. Department of Justice</i>		<u>23,000</u>



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

State Grantor/Program Title	Grant Number	Expenditures
<b>STATE AWARDS (Continued)</b>		
<u>Texas Department of State Health Services</u>		
HIV/STD Prevention and Care Branch State Services	2015-001443	\$ <u>785,897</u>
<i>Total Texas Department of State Health Services</i>		<u>785,897</u>
Total State Awards		<u>3,984,784</u>
Total Expenditures of Federal and State Awards		<u>\$ <u>28,701,217</u></u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS**

**SEPTEMBER 30, 2015**

**1. GENERAL**

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of Brazos Valley Council of Governments. The Council's reporting entity is defined in Note 1 of the basic financial statements. Federal and state awards received directly from federal and state agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

**2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

**3. REVOLVING LOAN FUND EXPENDITURES**

The expenditures presented in the Schedule of Expenditures of Federal and State Awards for the Economic Development Administration Revolving Loan Fund are \$574,988. These expenditures are based on a formula and do not readily agree to the basic financial statements. The calculation of the amount presented in the Schedule of Expenditures of Federal and State Awards is as follows:

Balance of RLF loans outstanding at 09/30/2015	\$ 377,872
Cash and investment balance at 09/30/2015	441,342
Administrative costs during the fiscal year	8,822
Unpaid principal of loans written off during the fiscal year	<u>-</u>
Total EDA Revolving Loan Fund Expenditures	828,036
Federal Participation Rate	<u>69%</u>
Total Federal Share of EDA Revolving Loan Fund Expenditures	<u>\$ 574,988</u>

**4. NEGATIVE AMOUNTS**

Due to a revision in the allocation of certain costs, the grantor has retroactively allocated certain grant expenditures. As a result of this, the effected grants reflect a negative balance on the current Schedule of Expenditures of Federal and State Awards.

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Summary of Auditors' Results**

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal and State Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with Section 510(a) of *OMB Circular A-133* or  
*Uniform Grant Management Standards* ?

No

Identification of major programs:

CFDA Numbers:

93.917

93.575, 93.596

State

State

Name of Federal/State Program or Cluster:

HIV Care Formula Grants

CCDF Cluster

HIV/STD Prevention and Care Branch State Services

Child Care Services/DFPS

Dollar threshold used to distinguish between type A  
and type B federal programs

\$741,493

Dollar threshold used to distinguish between type A  
and type B state programs

\$300,000

Auditee qualified as low-risk auditee under Section  
510(a) of *OMB Circular A-133* ?

Yes

Auditee qualified as low-risk auditee under  
*Uniform Grant Management Standards* ?

Yes

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

None

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

None

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

None