

**BRYAN, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2014**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

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

For the Year Ended  
September 30, 2014

Prepared by

William Wasson  
Director of Finance



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# **INTRODUCTORY SECTION**





# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

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

March 11, 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, 2014, 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, 2014, 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, 2014, 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 325,000 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 4.9%.

### 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.

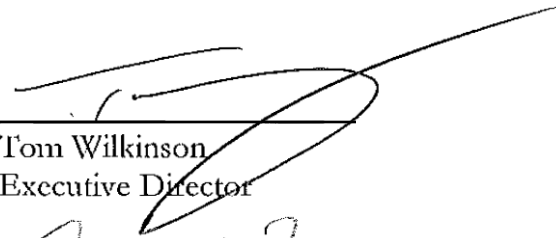
The General Financial Manual establishes a set of policies and procedures to ensure that sufficient controls exist over the safeguarding of assets against waste, loss and misuse and also for providing relevant information to management, its Board of Directors and its federal, state and local granting 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, 2013. This was the 13th 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, 2014 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

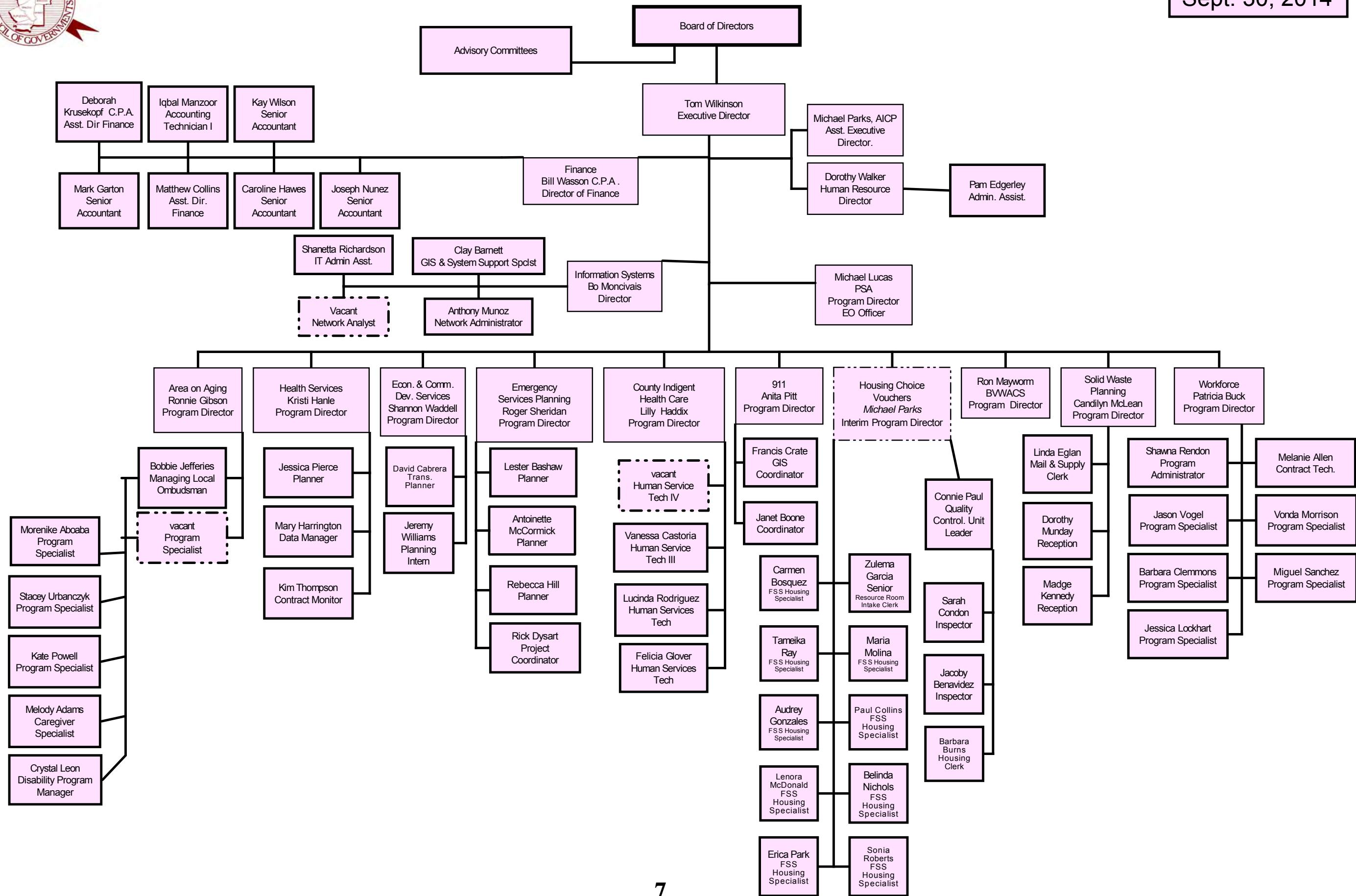
**September 30, 2013**

Executive Director/CEO



# Center for Regional Services Brazos Valley Council of Governments

Sept. 30, 2014



# **BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

## **PRINCIPAL OFFICIALS**

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

**September 2014**

Honorable Byron Ryder, Chairman  
Leon County Judge

Honorable Jason Bienski, Immediate Past Chairman  
Bryan City Mayor

Honorable Mike Sutherland, 1<sup>st</sup> Vice Chairman  
Burlleson County Judge

Honorable Betty Shiplet, 2<sup>nd</sup> Vice Chair  
Grimes County Judge

Honorable Art Henson, Secretary  
Madison 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	Mr. Michael Lucas
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. Ronald Mayworm

# **FINANCIAL SECTION**





PATILLO, 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 business-type activities, each major fund, and the aggregate remaining fund information of Brazos Valley Council of Governments (the "Council") as of and for the year ended September 30, 2014, 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 business-type activities, each major fund, and the aggregate remaining fund information of Brazos Valley Council of Governments, as of September 30, 2014, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 12–17 and 44 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 11, 2015, 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 11, 2015





**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, 2014. 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 \$6,898,986 (*net position*). Of this amount, \$1,365,752 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 increased by \$151,420.

As of the close of the current fiscal year, the Council's governmental funds reported combined fund balances of \$4,795,168, a decrease of \$277,741 in comparison with the prior year. Approximately 31% of this amount (\$1,465,129) 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 \$1,560,581, or approximately 151% 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.

**Proprietary Funds** – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses an enterprise fund to account for the activities of its TexHealth Brazos Valley Fund. During FY 2010, the Council, in partnership with St. Joseph Regional Health Centers, expanded its involvement in health care by initiating TexHealth Brazos Valley, to provide affordable health care coverage to small businesses and their employees in the region. This program was partially subsidized by the Texas Department of Insurance and the U.S. Department of Health and Human Services. It was determined in a prior fiscal year that the activities of the program could not viably be sustained due to lack of funding and participation. Thus, the decision was made to discontinue the program at the end of August 2012. All operations were ceased by December 31, 2012. During fiscal year 2014, the TexHealth partnership was dissolved and obligations between the TexHealth partners were resolved. This included the forgiveness of the note payable in the amount of \$140,800.

The basic proprietary fund financial statements can be found on pages 25 through 27 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 30 through 43 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 page 44 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 45 through 48 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 \$6,898,986 at the close of the most recent fiscal year.

**Brazos Valley Council of Government’s Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 6,684,314	\$ 6,715,931	\$ -	\$ 140,800	\$ 6,684,314	\$ 6,856,731
Capital assets	2,249,100	1,862,898	-	-	2,249,100	1,862,898
Total assets	<u>8,933,414</u>	<u>8,578,829</u>	<u>-</u>	<u>140,800</u>	<u>8,933,414</u>	<u>8,719,629</u>
Current liabilities	1,889,146	1,643,022	-	-	1,889,146	1,643,022
Noncurrent liabilities	145,282	188,241	-	140,800	145,282	329,041
Total liabilities	<u>2,034,428</u>	<u>1,831,263</u>	<u>-</u>	<u>140,800</u>	<u>2,034,428</u>	<u>1,972,063</u>
Net position:						
Net investment in capital assets	2,249,100	1,862,898	-	-	2,249,100	1,862,898
Restricted	3,284,134	3,718,258	-	-	3,284,134	3,718,258
Unrestricted	<u>1,365,752</u>	<u>1,166,410</u>	<u>-</u>	<u>-</u>	<u>1,365,752</u>	<u>1,166,410</u>
Total net position	<u>\$ 6,898,986</u>	<u>\$ 6,747,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,898,986</u>	<u>\$ 6,747,566</u>

A fairly large portion of the Council’s net position, \$2,249,100, 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, \$3,284,134, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,365,752 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, 2014, as compared to the year ended September 30, 2013. Governmental activities increased the Council’s net position by \$151,420, accounting for a 2% increase in net position.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,050,566	\$ 1,086,905	\$ -	\$ -	\$ 1,050,566	\$ 1,086,905
Operating grants and contributions	29,085,543	28,452,057	-	32,500	29,085,543	28,484,557
General revenues:						
Grants and contributions, not restricted	55,500	55,500	-	-	55,500	55,500
Unrestricted investment earnings	6,303	4,031	-	-	6,303	4,031
Miscellaneous revenue	178,358	77,583	-	464	178,358	78,047
Gain on forgiveness of loan payable	-	-	140,800	-	140,800	-
Total revenues	<u>\$ 30,376,270</u>	<u>\$ 29,676,076</u>	<u>\$ 140,800</u>	<u>\$ 32,964</u>	<u>\$ 30,517,070</u>	<u>\$ 29,709,040</u>
Expenses:						
General government	\$ 1,046,188	\$ 865,789	\$ -	\$ -	\$ 1,046,188	\$ 865,789
Workforce development	9,495,121	9,060,723	-	-	9,495,121	9,060,723
Housing and urban development	10,531,316	10,166,856	-	-	10,531,316	10,166,856
Emergency communication	1,041,300	776,798	-	-	1,041,300	776,798
Economic development	122,500	88,795	-	-	122,500	88,795
Resource conservation	105,099	164,211	-	-	105,099	164,211
Health and human services	4,347,487	4,515,100	-	58,329	4,347,487	4,573,429
Homeland security	1,465,728	1,384,648	-	-	1,465,728	1,384,648
Aging	2,002,010	2,135,126	-	-	2,002,010	2,135,126
Criminal justice	133,885	153,159	-	-	133,885	153,159
Transportation	75,016	77,877	-	-	75,016	77,877
Total expenses	<u>30,365,650</u>	<u>29,389,082</u>	<u>-</u>	<u>58,329</u>	<u>30,365,650</u>	<u>29,447,411</u>
Change in net position before transfers	10,620	286,994	140,800	(25,365)	151,420	261,629
Transfers	<u>140,800</u>	<u>-</u>	<u>(140,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 151,420</u>	<u>\$ 286,994</u>	<u>\$ -</u>	<u>\$ (25,365)</u>	<u>\$ 151,420</u>	<u>\$ 261,629</u>

### Explanation of the Major Differences Between Fiscal Year 2013 and Fiscal year 2014

#### Expenses:

- **General Government (increase 21%)** – 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 34%)** – 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 38%)** – This increase is primarily due to an increase in the total Federal Share of the EDA Grant Program Expenditures.

- **Resource Conservation (decrease of 36%)** – This decrease in expense for 2014 is due mainly to reductions in the number and value of projects completed. The funding for these regional projects will be used in FY 2015 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	U. S. Department of Housing and Urban Development	Economic Development Administration	Totals
<u>2014</u>				
Nonspendable	\$ 43,658	\$ -	\$ -	\$ 43,658
Restricted	-	2,288,086	811,987	3,100,073
Unassigned	<u>1,560,581</u>	<u>-</u>	<u>-</u>	<u>1,560,581</u>
Total Fund Balance	\$ <u>1,604,239</u>	\$ <u>2,288,086</u>	\$ <u>811,987</u>	\$ <u>4,704,312</u>
<u>2013</u>				
Nonspendable	\$ 149,531	\$ -	\$ -	\$ 149,531
Restricted	-	2,401,251	825,277	3,226,528
Unassigned	<u>1,329,573</u>	<u>-</u>	<u>-</u>	<u>1,329,573</u>
Total Fund Balance	\$ <u>1,479,104</u>	\$ <u>2,401,251</u>	\$ <u>825,277</u>	\$ <u>4,705,632</u>

- The General Fund Balance increase of \$125,135 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 \$113,165 due to the need to use reserve funding to provide maximum utilization to Section 8 Participants.
- The Economic Development Administration fund balance decreased slightly by \$13,290 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, 2014, amounted to \$2,249,100 (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:

- The BVWACS, Public Safety Programs, and 911 had asset additions in the amount of \$831,922 for regional emergency telecommunication equipment, Brazos Valley Wide Area Communications Systems regional network, and public safety communications.
- The 911 Program and System Administration disposed of \$837,436 in equipment due to obsolescence and as accommodation for upgrades in the 911 Equipment Project.
- The 911 program began implementing a multi-year upgrade of emergency communications equipment. This resulted in the addition of \$232,547 to the category Construction in Progress.

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

	Governmental Activities	
	2014	2013
Furniture, fixtures and equipment	\$ 5,314,503	\$ 5,320,017
Construction in progress	232,547	-
Less: accumulated depreciation	( 3,297,950)	( 3,457,119)
Total capital assets	\$ <u>2,249,100</u>	\$ <u>1,862,898</u>

Detailed information on capital asset activity can be found on page 38 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, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,811,533	\$ -	\$ 3,811,533
Receivables:			
Grantors	2,470,394	-	2,470,394
Other	112,019	-	112,019
Notes receivable	275,832	-	275,832
Prepaid expenses	14,536	-	14,536
Capital assets - depreciable	2,016,553	-	2,016,553
Construction in process	<u>232,547</u>	<u>-</u>	<u>232,547</u>
Total assets	<u>8,933,414</u>	<u>-</u>	<u>8,933,414</u>
<b>LIABILITIES</b>			
Accounts payable	1,560,802	-	1,560,802
Accrued liabilities	250,955	-	250,955
Unearned revenue	77,389	-	77,389
Noncurrent liabilities:			
Due within one year	104,839	-	104,839
Due in more than one year	<u>40,443</u>	<u>-</u>	<u>40,443</u>
Total liabilities	<u>2,034,428</u>	<u>-</u>	<u>2,034,428</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,249,100	-	2,249,100
Restricted for grant use	3,284,134	-	3,284,134
Unrestricted	<u>1,365,752</u>	<u>-</u>	<u>1,365,752</u>
Total net position	<u>\$ 6,898,986</u>	<u>\$ -</u>	<u>\$ 6,898,986</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, 2014**

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	Governmental Activities	Business-type Activities	Total
Governmental activities:								
General government	\$ 1,035,900	\$ 10,288	\$ 1,046,188	\$ 783,905	\$ -	\$ ( 262,283)	\$ -	\$ ( 262,283)
Workforce development	9,284,315	210,806	9,495,121	36,251	9,462,508	3,638	-	3,638
Housing and urban development	10,300,557	230,759	10,531,316	23,982	10,404,883	( 102,451)	-	( 102,451)
Emergency communications	1,018,536	22,764	1,041,300	280	1,272,147	231,127	-	231,127
Economic development	119,535	2,965	122,500	41,717	101,435	20,652	-	20,652
Resource conservation	102,785	2,314	105,099	-	105,711	612	-	612
Health and human services	4,253,826	93,661	4,347,487	87,436	4,200,807	( 59,244)	-	( 59,244)
Homeland security	1,451,569	14,159	1,465,728	-	1,397,489	( 68,239)	-	( 68,239)
Aging	1,962,977	39,033	2,002,010	76,995	1,956,883	31,868	-	31,868
Criminal justice	130,945	2,940	133,885	-	134,345	460	-	460
Transportation	62,832	12,184	75,016	-	49,335	( 25,681)	-	( 25,681)
Indirect costs	641,873	( 641,873)	-	-	-	-	-	-
Total governmental activities	<u>30,365,650</u>	<u>-</u>	<u>30,365,650</u>	<u>1,050,566</u>	<u>29,085,543</u>	<u>( 229,541)</u>	<u>-</u>	<u>( 229,541)</u>
Business-type activities:								
Health care	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 30,365,650</u>	<u>\$ -</u>	<u>\$ 30,365,650</u>	<u>\$ 1,050,566</u>	<u>\$ 29,085,543</u>	<u>( 229,541)</u>	<u>-</u>	<u>( 229,541)</u>
General revenues:								
Grants and contributions not restricted to specific programs						55,500	-	55,500
Unrestricted investment earnings						6,303	-	6,303
Miscellaneous revenue						178,358	-	178,358
Gain on forgiveness of loan payable						-	140,800	140,800
Transfers						140,800	( 140,800)	-
Total general revenues and transfers						<u>380,961</u>	<u>-</u>	<u>380,961</u>
Change in net position						151,420	-	151,420
Net position, beginning						<u>6,747,566</u>	<u>-</u>	<u>6,747,566</u>
Net position, ending						<u>\$ 6,898,986</u>	<u>\$ -</u>	<u>\$ 6,898,986</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, 2014**

	<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	\$ 521,605	\$ -	\$ 2,514,952
Accounts receivable:			
Grantors	-	843,839	-
Other	94,720	1,278	2,165
Notes receivable	-	-	-
Due from other funds	1,259,232	-	-
Prepaid items	9,657	2,632	-
Advances to other funds	<u>34,001</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,919,215</u>	<u>\$ 847,749</u>	<u>\$ 2,517,117</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	60,807	514,118	195,982
Accrued liabilities	250,955	-	-
Due to other funds	-	279,655	33,049
Advances from other funds	-	-	-
Unearned revenue	<u>3,214</u>	<u>53,976</u>	<u>-</u>
Total liabilities	<u>314,976</u>	<u>847,749</u>	<u>229,031</u>
Fund balances:			
Nonspendable	43,658	-	-
Restricted for:			
Health and human services	-	-	-
Economic development	-	-	-
Homeland security	-	-	-
Housing and urban development	-	-	2,288,086
Workforce development	-	-	-
Unassigned	<u>1,560,581</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,604,239</u>	<u>-</u>	<u>2,288,086</u>
Total liabilities and fund balances	<u>\$ 1,919,215</u>	<u>\$ 847,749</u>	<u>\$ 2,517,117</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.

Long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

**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>
\$ -	\$ 528,608	\$ -	\$ -	\$ 246,368	\$ 3,811,533
793,564	6,862	346,002	254,274	225,853	2,470,394
987	685	8,120	1,600	2,464	112,019
-	275,832	-	-	-	275,832
-	-	-	-	-	1,259,232
-	-	-	-	2,247	14,536
-	-	-	-	-	34,001
<u>\$ 794,551</u>	<u>\$ 811,987</u>	<u>\$ 354,122</u>	<u>\$ 255,874</u>	<u>\$ 476,932</u>	<u>\$ 7,977,547</u>
402,127	-	260,902	70,346	56,520	1,560,802
-	-	-	-	-	250,955
392,424	-	93,220	174,618	286,266	1,259,232
-	-	-	-	34,001	34,001
-	-	-	10,910	9,289	77,389
<u>794,551</u>	<u>-</u>	<u>354,122</u>	<u>255,874</u>	<u>386,076</u>	<u>3,182,379</u>
-	-	-	-	2,247	45,905
-	-	-	-	3,377	3,377
-	811,987	-	-	-	811,987
-	-	-	-	152,862	152,862
-	-	-	-	-	2,288,086
-	-	-	-	27,822	27,822
-	-	-	-	( 95,452)	1,465,129
-	811,987	-	-	90,856	4,795,168
<u>\$ 794,551</u>	<u>\$ 811,987</u>	<u>\$ 354,122</u>	<u>\$ 255,874</u>	<u>\$ 476,932</u>	
					2,249,100
					( 145,282)
					<u>\$ 6,898,986</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

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

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>General</u>	<u>Texas Workforce Commission</u>	<u>U. S. Department of Housing and Urban Development</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 9,462,508	\$ 10,401,319
Membership dues	55,500	-	-
Charges for services	783,905	-	-
Matching funds	-	-	-
Other	<u>184,661</u>	<u>33,840</u>	<u>27,546</u>
Total revenues	<u>1,024,066</u>	<u>9,496,348</u>	<u>10,428,865</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,007,361	-	-
Workforce development	-	9,496,348	-
Housing and urban development	-	-	10,541,938
Emergency communications	-	-	-
Economic development	-	-	-
Resource conservation	-	-	-
Health and human services	25,689	-	-
Homeland security	-	-	-
Aging	-	-	-
Criminal justice	-	-	-
Transportation	-	-	-
Total expenditures	<u>1,033,050</u>	<u>9,496,348</u>	<u>10,541,938</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 8,984)</u>	<u>-</u>	<u>( 113,073)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	143,813	-	-
Transfers out	<u>( 9,694)</u>	<u>-</u>	<u>( 92)</u>
Total other financing sources and uses	<u>134,119</u>	<u>-</u>	<u>( 92)</u>
<b>NET CHANGE IN FUND BALANCES</b>	125,135	-	( 113,165)
<b>FUND BALANCES, BEGINNING</b>	<u>1,479,104</u>	<u>-</u>	<u>2,401,251</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,604,239</u>	<u>\$ -</u>	<u>\$ 2,288,086</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>
\$ 3,886,607	\$ 87,189	\$ 1,270,213	\$ 1,434,246	\$ 795,028	\$ 27,337,110
-	-	-	-	1,212,974	1,268,474
87,279	-	-	48,815	-	919,999
-	7,324	-	522,637	-	529,961
157	8,717	2,214	28,180	35,411	320,726
<u>3,974,043</u>	<u>103,230</u>	<u>1,272,427</u>	<u>2,033,878</u>	<u>2,043,413</u>	<u>30,376,270</u>
-	-	-	-	-	1,007,361
-	-	-	-	3,743	9,500,091
-	-	-	-	-	10,541,938
-	-	1,272,427	-	-	1,272,427
-	116,520	-	-	6,922	123,442
-	-	-	-	105,711	105,711
3,974,043	-	-	-	313,254	4,312,986
-	-	-	-	1,716,216	1,716,216
-	-	-	2,004,287	-	2,004,287
-	-	-	-	134,345	134,345
-	-	-	-	76,007	76,007
<u>3,974,043</u>	<u>116,520</u>	<u>1,272,427</u>	<u>2,004,287</u>	<u>2,356,198</u>	<u>30,794,811</u>
-	( 13,290)	-	29,591	( 312,785)	( 418,541)
-	-	-	1,983	36,364	182,160
-	-	-	( 31,574)	-	( 41,360)
-	-	-	( 29,591)	36,364	140,800
-	( 13,290)	-	-	( 276,421)	( 277,741)
-	825,277	-	-	367,277	5,072,909
<u>\$ -</u>	<u>\$ 811,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,856</u>	<u>\$ 4,795,168</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, 2014**

Net change in fund balances - total governmental funds:	\$( 277,741)
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.	422,664
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	( 36,462)
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.	<u>42,959</u>
Change in net position of governmental activities	<u>\$ 151,420</u>

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

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**SEPTEMBER 30, 2014**

	<u>Enterprise Fund</u> Nonmajor - TexHealth Brazos Valley
<b>ASSETS</b>	\$ <u>          -</u>
<b>LIABILITIES</b>	\$ <u>          -</u>
<b>NET POSITION</b>	\$ <u>          -</u>

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

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Enterprise Fund</u> Nonmajor - TexHealth Brazos Valley <u>                    </u>
<b>OPERATING REVENUES</b>	\$ <u>          -</u>
<b>OPERATING EXPENSES</b>	<u>                    -</u>
Operating income (loss)	<u>                    -</u>
<b>NONOPERATING REVENUES</b>	
Gain on forgiveness of loan payable	<u>          140,800</u>
Total nonoperating revenues	<u>          140,800</u>
<b>OTHER FINANCING USES</b>	
Transfers out	<u>         (140,800)</u>
Total other financing uses	<u>         (140,800)</u>
<b>CHANGE IN NET POSITION</b>	-
<b>TOTAL NET POSITION, BEGINNING</b>	<u>                    -</u>
<b>TOTAL NET POSITION, ENDING</b>	<u><u>                    -</u></u>

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

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Enterprise Fund</u>
	Nonmajor - TexHealth <u>Brazos Valley</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ -
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	( 140,800)
Net cash used by noncapital financing activities	( 140,800)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 140,800)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>140,800</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ -
Net cash provided by operations	<u>\$ -</u>
<b>Schedule of noncash noncapital financing activities:</b>	
Forgiveness of loan payable	<u>\$ 140,800</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, 2014**

	<u>Private-Purpose Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>105,429</u>
Total assets	<u>105,429</u>
<b>LIABILITIES</b>	
Accounts payable	<u>5,755</u>
Total liabilities	<u>5,755</u>
<b>NET POSITION</b>	
Held in trust for other purposes	\$ <u><u>99,674</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, 2014**

	<u>Private-Purpose Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ <u>258,066</u>
Total additions	<u>258,066</u>
<b>DEDUCTIONS</b>	
Program disbursements	138,412
Administrative	<u>60,773</u>
Total deductions	<u>199,185</u>
<b>CHANGE IN NET POSITION</b>	<u>58,881</u>
<b>TOTAL NET POSITION, BEGINNING</b>	<u>40,793</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 99,674</u>

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

# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### 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.

#### **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 that provide services entirely to Brazos Valley Council of Governments and 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 proprietary fund and private-purpose trust fund are 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 business-type activities incorporate data from the Council's enterprise fund. Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter are 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, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise 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 reports the *TexHealth Brazos Valley Fund* as a nonmajor proprietary fund to account for the operations of TexHealth Brazos Valley. The Tex Health program was created in 2010 to provide basic health care to uninsured citizens of the Region. This program was partially subsidized by the Texas Department of Insurance and the U. S. Department of Health and Human Services. It was determined in 2012 that the activities of the program could not viably be sustained due to lack of funding and participation. Thus, the decision was made to discontinue the program at the end of August 2012, and participants were notified that all claims for medical care received prior to August 31, 2012, could be submitted until December 1, 2012. Residual funds were adequate to cover all such claims, and all operations had ceased by December 31, 2012.

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, 2014.

#### **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**

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

## **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, 2014.

## **Capital Assets**

Capital assets, which include equipment and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of 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 and proprietary fund 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*.

### **Proprietary Fund Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **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.

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 does not have any items that qualify for reporting in either of the above categories in the current fiscal year.

## 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 \$2,249,100 are as follows:

Furniture, fixtures and equipment	\$ 5,314,503
Construction in progress	232,547
Less: Accumulated depreciation	<u>( 3,297,950)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>2,249,100</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 \$422,664 difference are as follows:

Capital outlay	\$ 1,064,469
Depreciation expense	<u>( 641,805)</u>
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>422,664</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 \$95,452 as of September 30, 2014. 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, 2014.

**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, 2014.

**Capital Assets**

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in process	\$ -	\$ 232,547	\$ -	\$ 232,547
Capital assets, being depreciated:				
Furniture, fixtures and equipment	5,320,017	831,922	( 837,436)	5,314,503
Less: accumulated depreciation	( 3,457,119)	( 641,805)	800,974	( 3,297,950)
Governmental activities capital assets, net	<u>\$ 1,862,898</u>	<u>\$ 422,664</u>	<u>\$ ( 36,462)</u>	<u>\$ 2,249,100</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	\$ 49,927
Workforce development	3,444
Emergency communications	54,653
Health and human services	40,533
Homeland security	488,182
Aging	<u>5,066</u>
Total depreciation expense - governmental activities	<u>\$ 641,805</u>

**Interfund Receivables and Payables**

The composition of interfund balances as of September 30, 2014, 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	\$ 279,655
	U.S. Department of Housing and Urban Development	33,049
	Department of State Health Services Fund	392,424
	Commission on State Emergency Communications	93,220
	Department of Aging and Disability Services Fund	174,618
	Other governmental funds	<u>286,266</u>
		<u>\$ 1,259,232</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.

**Advances From/To Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 34,001

The amounts payable to the General Fund relate to working capital loans made to nonmajor governmental funds. None of the balance is expected to be collected in the subsequent year.

**Interfund Transfers**

The following is a summary of interfund transfers for the year ended September 30, 2014:

	Transfers Out				
	General	Proprietary Fund	Dept. of Aging and Disability Services	Dept. of Housing and Urban Development	Total
Transfers In:					
General	\$ -	\$ 140,800	\$ 3,013	\$ -	\$ 143,813
Department of Aging and Disability Services	-	-	1,891	92	1,983
Other Governmental Funds	<u>9,694</u>	<u>-</u>	<u>26,672</u>	<u>-</u>	<u>36,366</u>
Total Transfers Out	<u>\$ 9,694</u>	<u>\$ 140,800</u>	<u>\$ 31,576</u>	<u>\$ 92</u>	<u>\$ 182,162</u>

Amounts transferred between funds relate to the following activities:

- Matching requirements for grants
- A one-time transfer from the Proprietary Fund to close this fund out.

**Long-Term Liabilities**

In fiscal year 2010, the Council accepted a loan in the amount of \$173,300 from St. Joseph Health System to augment the operating capital of the TexHealth Brazos Valley Enterprise Fund. As noted earlier, the activities of this enterprise fund came to an end during the prior fiscal year. Per the loan agreement, the Council is only liable for repayment to the extent that operating revenues exceed operating expenses. The debt was forgiven in fiscal year 2014.

Activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences	\$ 188,241	\$ 185,248	\$ 228,207	\$ 145,282	\$ 104,839
Governmental activities	<u>\$ 188,241</u>	<u>\$ 185,248</u>	<u>\$ 228,207</u>	<u>\$ 145,282</u>	<u>\$ 104,839</u>
<b>Business-type activities</b>					
Loan payable	\$ 140,800	-	\$ 140,800	-	-
Business-type activities	<u>\$ 140,800</u>	<u>-</u>	<u>\$ 140,800</u>	<u>-</u>	<u>-</u>

Compensated absences are generally liquidated by the General Fund.

**5. 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 \$5,188 in interest, at an average rate of 3.32%, on the note during the fiscal year and had a principal balance of \$146,969 as of September 30, 2014.

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.

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.

## **Retirement Plan**

### **Plan Description**

Brazos Valley Council of Governments provides retirement, disability, and death benefits for all of its fulltime and part-time permanent employees through 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 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the Council, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). 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 8 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 credits is adopted by the governing body of the Council within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the Council'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.

### **Funding Policy**

The Council has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The Council contributed using the actuarially determined rate of 6.66% for the months of the accounting year in 2013 and 6.56% for the months of the accounting year in 2014. The deposit rate payable by the employee members was 5% for the calendar years 2013 and 2014, as adopted by the governing body of the Council. The employee deposit rate and the employer contribution rate may be changed by the governing body of the Council within the options available in the TCDRS Act.

## Annual Pension Cost

The Council's annual pension cost, percentage of annual pension cost contributed, and net pension obligation for the plan for the current year and each of the two preceding years were as follows:

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/12	203,026	100%	-
09/30/13	210,876	100%	-
09/30/14	214,856	100%	-

## Funding Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll (Actuarial)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2013	\$ 1,364,875	\$ 1,694,549	\$ 329,674	80.55%	\$ 3,199,504	10.30%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## Actuarial Methods and Assumptions

The annual required contribution for the plan was determined as part of the December 31, 2012 actuarial valuation for the months of the fiscal year in 2013, and as part of the December 31, 2013 actuarial valuation for the months of the fiscal year in 2014. Those actuarial valuations used the following methods and assumptions:

Actuarial Valuation Date	12/31/2012	12/31/2013
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period in years	20	20
Asset valuation method		
Subdivision accumulation fund	10-yr smoothed value	5-yr smoothed value
Employees saving fund	Fund value	Fund value
Assumptions:		
Investment return <sup>1</sup>	8.00%	8.00%
Projected salary increases <sup>1</sup>	5.4%	4.9%
Inflation	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%

<sup>1</sup>Includes inflation at the stated rate



**REQUIRED  
SUPPLEMENTARY INFORMATION**





**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**REQUIRED SUPPLEMENTARY INFORMATION**

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll (Actuarial)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2011	511,395	894,296	382,901	57.18%	2,963,065	12.92%
12/31/2012	914,194	1,266,566	352,372	72.18%	3,242,723	10.87%
12/31/2013	1,364,875	1,694,549	329,674	80.55%	3,199,504	10.30%

# 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, 2014**

	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
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,292	\$ -	\$ 33,697	\$ -	\$ -
Accounts receivable:					
Grantor	-	8,150	-	193,028	6,258
Other	-	-	300	-	-
Prepaid items	-	-	105	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>25,292</u>	\$ <u>8,150</u>	\$ <u>34,102</u>	\$ <u>193,028</u>	\$ <u>6,258</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 16,003	\$ -	\$ 30,620	\$ 1,038	\$ -
Due to other funds	-	8,150	-	191,990	6,258
Advances from other funds	-	-	-	-	-
Unearned revenue	9,289	-	-	-	-
Total liabilities	<u>25,292</u>	<u>8,150</u>	<u>30,620</u>	<u>193,028</u>	<u>6,258</u>
Fund balances:					
Nonspendable	-	-	105	-	-
Restricted for:					
Health and human services	-	-	3,377	-	-
Homeland security	-	-	-	-	-
Workforce development	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>3,482</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>25,292</u>	\$ <u>8,150</u>	\$ <u>34,102</u>	\$ <u>193,028</u>	\$ <u>6,258</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>
\$ 25,705	\$ -	\$ 161,674	\$ -	\$ 246,368
-	-	-	18,417	225,853
2,164	-	-	-	2,464
<u>2,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,247</u>
<u>\$ 30,011</u>	<u>\$ -</u>	<u>\$ 161,674</u>	<u>\$ 18,417</u>	<u>\$ 476,932</u>
\$ 47	\$ -	\$ 8,812	\$ -	\$ 56,520
-	61,451	-	18,417	286,266
-	34,001	-	-	34,001
-	-	-	-	9,289
<u>47</u>	<u>95,452</u>	<u>8,812</u>	<u>18,417</u>	<u>386,076</u>
2,142	-	-	-	2,247
-	-	-	-	3,377
-	-	152,862	-	152,862
27,822	-	-	-	27,822
-	( 95,452)	-	-	( 95,452)
<u>29,964</u>	<u>( 95,452)</u>	<u>152,862</u>	<u>-</u>	<u>90,856</u>
<u>\$ 30,011</u>	<u>\$ -</u>	<u>\$ 161,674</u>	<u>\$ 18,417</u>	<u>\$ 476,932</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, 2014**

	<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>REVENUES</b>					
Intergovernmental	\$ 105,711	\$ 6,922	\$ -	\$ 498,715	\$ 134,345
Membership dues	-	-	314,200	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<u>105,711</u>	<u>6,922</u>	<u>314,200</u>	<u>498,715</u>	<u>134,345</u>
<b>EXPENDITURES</b>					
Current:					
Workforce development	-	-	-	-	-
Economic development	-	6,922	-	-	-
Resource conservation	105,711	-	-	-	-
Health and human services	-	-	313,254	-	-
Homeland security	-	-	-	508,407	-
Criminal justice	-	-	-	-	134,345
Transportation	-	-	-	-	-
<b>Total expenditures</b>	<u>105,711</u>	<u>6,922</u>	<u>313,254</u>	<u>508,407</u>	<u>134,345</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>946</u>	<u>( 9,692)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	9,692	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,692</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	946	-	-
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>2,536</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,482</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>
\$ -	\$ -	\$ -	\$ 49,335	\$ 795,028
-	-	898,774	-	1,212,974
<u>2,411</u>	<u>33,000</u>	<u>-</u>	<u>-</u>	<u>35,411</u>
<u>2,411</u>	<u>33,000</u>	<u>898,774</u>	<u>49,335</u>	<u>2,043,413</u>
3,743	-	-	-	3,743
-	-	-	-	6,922
-	-	-	-	105,711
-	-	-	-	313,254
-	-	1,207,809	-	1,716,216
-	-	-	-	134,345
-	-	-	76,007	76,007
<u>3,743</u>	<u>-</u>	<u>1,207,809</u>	<u>76,007</u>	<u>2,356,198</u>
( 1,332)	33,000	( 309,035)	( 26,672)	( 312,785)
-	-	-	26,672	36,364
-	-	-	26,672	36,364
( 1,332)	33,000	( 309,035)	-	( 276,421)
<u>31,296</u>	<u>( 128,452)</u>	<u>461,897</u>	<u>-</u>	<u>367,277</u>
<u>\$ 29,964</u>	<u>\$( 95,452)</u>	<u>\$ 152,862</u>	<u>\$ -</u>	<u>\$ 90,856</u>





# **SUPPLEMENTAL SCHEDULES**



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINAL INDIRECT COST RATE**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>	<u>Actual</u>
<b>INDIRECT COSTS</b>		
Salaries and benefits	\$ 306,687	\$ 285,291
Travel	73,185	87,102
General and administrative	312,296	258,326
Other	<u>25,000</u>	<u>11,154</u>
 Total indirect costs	 <u>\$ 717,168</u>	 <u>\$ 641,873</u>
 <b>CALCULATION OF INDIRECT COST RATE</b>		
Total indirect costs	\$ 717,168	\$ 641,873
 Total expenditures excluding capital outlay	 <u>31,112,525</u>	 <u>29,730,342</u>
 Indirect cost rate	 <u>2.31%</u>	 <u>2.16%</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, 2014**

	<u>Budget</u>	<u>Actual</u>
<b>SALARIES</b>		
Direct salaries	\$ 3,210,638	\$ 3,179,571
Indirect salaries	<u>246,515</u>	<u>242,420</u>
Total salaries	<u>\$ 3,457,153</u>	<u>\$ 3,421,991</u>
<b>FRINGE BENEFITS</b>		
Payroll taxes	\$ 256,288	\$ 245,610
Retirement contributions	223,121	214,324
Health, dental, and vision insurance premiums	404,676	336,536
Term life insurance premiums	9,521	7,680
Disability insurance premiums	8,042	10,541
Unemployment insurance	5,688	16,095
Workers' compensation insurance premiums	19,820	11,233
401k administrative costs	<u>800</u>	<u>800</u>
Total fringe benefits	<u>\$ 927,956</u>	<u>\$ 842,819</u>
<b>FRINGE BENEFIT RATE</b>	<u>26.84%</u>	<u>24.63%</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.	51
Revenue Capacity These schedules contain trend information to help the reader assess the Council's most significant local revenue resource.	59
Debt Capacity These schedules contain trend information to help the reader assess the Council's current levels of outstanding debt.	62
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.	63
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.	65

TABLE 1

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**NET POSITION BY COMPONENT**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	\$ 896,508	\$ 366,882	\$ 448,004	\$ 804,598	\$ 3,399,084	\$ 3,234,735	\$ 2,788,270	\$ 2,355,197	\$ 1,862,898	\$ 2,249,100
Restricted	785,387	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
Unrestricted	<u>303,159</u>	<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>
Total governmental activities net position	<u>\$ 1,985,054</u>	<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>
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>\$ -</u>	<u>\$ 45,500</u>	<u>\$ 90,874</u>	<u>\$ 25,365</u>	<u>\$ -</u>	<u>\$ -</u>
Total										
Net investment in capital assets	\$ 896,508	\$ 366,882	\$ 448,004	\$ 804,598	\$ 3,399,084	\$ 3,234,735	\$ 2,788,270	\$ 2,355,197	\$ 1,862,898	\$ 2,249,100
Restricted	785,387	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
Unrestricted	<u>303,159</u>	<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>
Total	<u>\$ 1,985,054</u>	<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>

Note: The Council began reporting business-type activities in fiscal year 2010.

# BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## CHANGES IN NET POSITION

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

	Fiscal Year			
	2005	2006	2007	2008
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 1,402,282	\$ 1,468,530	\$ 1,116,551	\$ 763,489
Workforce development	9,721,127	10,201,529	9,684,565	9,475,944
Housing and urban development	11,335,580	9,510,755	10,075,384	11,778,925
Emergency communications	746,110	938,648	930,441	815,591
Economic development	85,655	95,056	145,490	160,223
Resource conservation	235,784	134,228	317,750	195,565
Health and human services	3,409,079	3,171,902	3,771,554	4,303,758
Homeland security	274,947	248,844	197,504	190,796
Aging	1,574,629	1,633,230	1,873,344	2,238,124
Criminal justice	137,278	143,861	126,458	166,349
Transportation	-	78,367	68,139	47,912
Interest	-	-	58,281	53,745
Total governmental activities expenses	<u>28,922,471</u>	<u>27,624,950</u>	<u>28,365,461</u>	<u>30,190,421</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	1,241,643	1,343,833	1,037,376	976,152
Workforce development	-	-	-	44,389
Housing and urban development	-	-	-	34,272
Emergency communications	-	-	-	3
Economic development	-	-	-	41,741
Resource conservation	-	-	3,850	3,135
Health and human services	102,271	69,213	99,223	314,491
Homeland security	-	-	-	7,231
Aging	54,162	38,996	53,786	241,180
Criminal justice	-	-	-	18
Transportation	-	-	-	10,000
Operating grants and contributions	27,349,199	28,199,283	28,821,617	27,316,451
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>28,747,275</u>	<u>29,651,325</u>	<u>30,015,852</u>	<u>28,989,063</u>



TABLE 2

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	869,144	\$	702,473	\$	741,925	\$	749,713	\$	865,789	\$	1,046,188
	9,850,446		11,828,507		9,647,445		9,216,708		9,060,723		9,495,121
	9,692,664		11,431,972		10,329,653		10,912,219		10,166,856		10,531,316
	903,580		926,339		1,569,074		1,226,951		776,798		1,041,300
	237,535		133,235		276,573		174,730		88,795		122,500
	223,115		114,465		166,528		88,168		164,211		105,099
	4,278,236		5,478,100		5,572,118		4,663,157		4,515,100		4,347,487
	1,301,245		924,279		1,254,460		1,497,284		1,384,648		1,465,728
	2,177,343		2,308,364		2,238,986		2,152,639		2,135,126		2,002,010
	187,939		313,090		191,447		146,754		153,159		133,885
	92,674		85,454		73,435		75,794		77,877		75,016
	39,863		37,706		5,915		-		-		-
	<u>29,853,784</u>		<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>
	-		101,298		89,666		239,466		58,329		-
	-		101,298		89,666		239,466		58,329		-
	1,047,274		770,322		729,375		708,682		789,417		783,905
	57,950		61,718		81,693		37,766		20,474		36,251
	29,069		33,537		107,771		33,548		27,464		23,982
	360		565		2,475		595		-		280
	30,741		33,714		31,547		24,188		55,387		41,717
	5,608		5,035		-		120		-		-
	320,305		308,338		154,572		116,203		106,984		87,436
	175,931		-		-		-		-		-
	82,824		69,890		70,101		70,100		87,179		76,995
	-		17,698		-		-		-		-
	-		-		739		-		-		-
	28,843,551		32,049,267		31,441,850		27,445,525		28,452,057		29,085,543
	3,739,248		189,700		-		-		-		-
	<u>34,332,861</u>		<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>

## BRAZOS VALLEY COUNCIL OF GOVERNMENTS

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

	Fiscal Year			
	2005	2006	2007	2008
Business-type activities:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	-	-	-	-
Total business-type activities	-	-	-	-
program revenues	-	-	-	-
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	( 175,196)	2,026,375	1,650,391	( 1,201,358)
Business-type activities	-	-	-	-
Total	( 175,196)	2,026,375	1,650,391	( 1,201,358)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	35,421	4,496	10,397	98,088
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	35,421	4,496	10,397	98,088
Business-type activities:				
Investment earnings	-	-	-	-
Gain on forgiveness of loan payable	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	-	-	-	-
<b>CHANGE IN NET POSITION</b>				
Governmental activities	( 139,775)	2,030,871	1,660,788	( 1,103,270)
Business-type activities	-	-	-	-
Total	\$( 139,775)	\$ 2,030,871	\$ 1,660,788	\$( 1,103,270)

Note: The Council began reporting business-type activities in fiscal year 2010.

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ 86,340	\$ 177,864	\$ -	\$ -
<u>-</u>	<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>
4,479,077	( 744,200)	552,564	( 2,467,390)	149,880	( 229,541)
<u>-</u>	<u>( 101,298)</u>	<u>( 3,326)</u>	<u>( 61,602)</u>	<u>( 25,829)</u>	<u>-</u>
<u>4,479,077</u>	<u>( 845,498)</u>	<u>549,238</u>	<u>( 2,528,992)</u>	<u>124,051</u>	<u>( 229,541)</u>
-	249,845	90,371	59,410	55,500	55,500
14,007	7,400	4,461	14,205	4,031	6,303
-	89,014	75,398	64,811	77,583	178,358
<u>-</u>	<u>( 146,798)</u>	<u>( 48,700)</u>	<u>3,907</u>	<u>-</u>	<u>140,800</u>
<u>14,007</u>	<u>199,461</u>	<u>121,530</u>	<u>142,333</u>	<u>137,114</u>	<u>380,961</u>
-	-	-	-	464	-
-	-	-	-	-	140,800
<u>-</u>	<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>
4,493,084	( 544,739)	674,094	( 2,325,057)	286,994	151,420
<u>-</u>	<u>45,500</u>	<u>45,374</u>	<u>( 65,509)</u>	<u>( 25,365)</u>	<u>-</u>
<u>\$ 4,493,084</u>	<u>\$( 499,239)</u>	<u>\$ 719,468</u>	<u>\$( 2,390,566)</u>	<u>\$ 261,629</u>	<u>\$ 151,420</u>



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 832,581	\$ 797,997	\$ 777,849	\$ 689,503	\$ 714,727	\$ 608,339	\$ -	\$ -	\$ -	\$ -
Unreserved	355,951	390,800	711,995	903,935	1,051,537	1,303,202	-	-	-	-
Nonspendable	-	-	-	-	-	-	86,029	242,496	149,531	43,658
Unassigned	-	-	-	-	-	-	1,372,152	1,183,100	1,329,573	1,560,581
Total general fund	<u>\$ 1,188,532</u>	<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>
Special revenue funds										
Reserved	\$ 305,881	\$ 598,699	\$ 534,667	\$ 611,979	\$ 727,500	\$ 704,170	\$ -	\$ -	\$ -	\$ -
Unreserved	544,291	2,120,846	3,461,290	1,801,624	3,556,444	3,025,078	-	-	-	-
Nonspendable	-	-	-	-	-	-	37,976	1,787	3,999	2,247
Restricted	-	-	-	-	-	-	4,806,768	3,008,510	3,718,258	3,284,134
Unassigned	-	-	-	-	-	-	( 147,291)	( 161,826)	( 128,452)	( 95,452)
Total special revenue funds	<u>\$ 850,172</u>	<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>\$ 3,190,929</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			
	2005	2006	2007	2008
<b>REVENUES</b>				
Intergovernmental	\$ 26,696,948	\$ 27,145,492	\$ 27,574,719	\$ 26,863,151
Membership dues <sup>2</sup>	44,600	47,400	55,600	55,800
Charges for services <sup>1</sup>	1,353,476	1,404,642	1,385,341	1,115,124
Matching funds	392,025	406,462	315,045	453,300
Other	295,647	651,825	695,544	605,569
Total revenues	<u>28,782,696</u>	<u>29,655,821</u>	<u>30,026,249</u>	<u>29,092,944</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,307,958	1,602,200	1,030,186	786,049
Workforce development	9,930,821	10,158,212	9,686,257	9,468,430
Housing and urban development	11,320,695	9,470,371	10,075,384	11,823,808
Emergency communications	666,250	934,662	1,085,624	1,089,225
Economic development	104,215	94,645	145,490	160,223
Resources conservation	234,159	133,658	317,750	195,565
Health and human services	3,407,532	3,158,493	3,771,554	4,303,758
Homeland security	274,745	247,809	197,504	190,796
Aging	1,568,520	1,626,295	1,865,669	2,252,839
Criminal justice	139,166	143,250	126,458	166,349
Transportation	-	78,307	68,139	47,912
Debt service				
Principal	26,226	27,238	20,494	33,005
Interest and fiscal charges	34,527	33,514	58,281	53,745
Total expenditures	<u>29,014,814</u>	<u>27,708,654</u>	<u>28,448,790</u>	<u>30,571,704</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 232,118)</u>	<u>1,947,167</u>	<u>1,577,459</u>	<u>( 1,478,760)</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>\$( 232,118)</u>	<u>\$ 1,947,167</u>	<u>\$ 1,577,459</u>	<u>\$( 1,478,760)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>0.2%</u>	<u>0.2%</u>	<u>0.3%</u>	<u>0.3%</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. 2013 membership dues include an additional \$231,476 of dues for the purpose of capital acquisition.

TABLE 4

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 31,217,058	\$ 31,622,797	\$ 30,287,603	\$ 26,022,377	\$ 26,781,619	\$ 27,337,110	
231,832	420,752	737,299	1,031,323	1,274,903	1,268,474	
1,083,402	1,082,160	941,555	891,450	954,036	919,999	
1,365,741	484,247	507,319	433,079	434,247	529,961	
448,835	259,571	316,577	196,924	231,271	320,726	
<u>34,346,868</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>	
827,298	731,781	688,587	836,624	843,816	1,007,361	
9,866,583	11,829,665	9,632,622	9,206,211	9,052,688	9,500,091	
9,676,343	11,415,651	10,317,412	10,909,991	10,162,022	10,541,938	
810,712	896,682	1,338,479	1,020,235	670,328	1,272,427	
237,535	133,235	276,573	174,546	88,366	123,442	
223,115	114,465	166,528	88,039	163,933	105,711	
4,278,236	5,778,050	5,828,046	4,620,915	4,471,823	4,312,986	
4,093,883	471,834	865,505	1,235,669	1,067,163	1,716,216	
2,115,385	2,293,477	2,233,920	2,146,137	2,126,719	2,004,287	
187,939	313,090	191,447	146,667	152,950	134,345	
92,674	85,454	73,435	75,593	77,426	76,007	
34,918	31,058	608,339	-	-	-	
39,863	37,706	5,915	-	-	-	
<u>32,484,484</u>	<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>1,862,384</u>	<u>( 262,621)</u>	<u>563,545</u>	<u>( 1,885,474)</u>	<u>798,842</u>	<u>( 418,541)</u>	
-	112,755	42,275	93,255	31,363	182,160	
-	( 259,553)	( 90,975)	( 89,348)	( 31,363)	( 41,360)	
-	( 146,798)	( 48,700)	3,907	-	140,800	
<u>\$ 1,862,384</u>	<u>\$( 409,419)</u>	<u>\$ 514,845</u>	<u>\$( 1,881,567)</u>	<u>\$ 798,842</u>	<u>\$( 277,741)</u>	
<u>0.2%</u>	<u>0.2%</u>	<u>1.9%</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Brazos County	\$ 25,000	\$ 25,100	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500
Burleson County	3,000	2,625	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Grimes County	3,500	3,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Leon County	3,000	2,625	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Madison County	2,500	2,250	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Robertson County	2,500	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Washington County	2,250	1,875	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
City of Brenham	2,250	2,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Bedias Creek SWCD	100	100	-	100	-	-	-	-	-	-
Brazos SWCD	100	100	-	-	-	-	-	-	-	-
Robertson SWCD	200	-	-	-	-	-	-	-	-	-
Navasota SWCD	100	100	-	100	-	-	-	-	-	-
Washington SWCD	100	-	100	100	-	-	-	-	-	-
<b>Total Membership Dues</b>	<b>\$ 44,600</b>	<b>\$ 43,275</b>	<b>\$ 55,600</b>	<b>\$ 55,800</b>	<b>\$ 55,500</b>	<b>\$ 55,500</b>	<b>\$ 55,500</b>	<b>\$ 55,500</b>	<b>\$ 55,500</b>	<b>\$ 55,500</b>



**TABLE 6**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Brazos County	\$ 92,693	\$ 92,695	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700	\$ 96,700
Burleson County	5,938	7,917	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Grimes County	14,844	14,844	23,500	23,500	23,500	23,500	23,500	23,500	23,500	23,500
Leon County	14,844	14,844	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Madison County	14,844	11,133	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500
Robertson County	39,914	39,914	41,500	41,500	41,500	41,500	41,500	41,500	41,500	41,500
Washington County	14,844	14,844	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	29,500
Austin County	14,000	21,000	26,000	26,000	26,000	26,000	26,000	28,000	28,000	30,000
Wharton County	-	-	-	-	-	-	2,500	30,000	30,000	30,000
<b>Total CIHC Dues</b>	<b>\$ <u>211,921</u></b>	<b>\$ <u>217,191</u></b>	<b>\$ <u>250,700</u></b>	<b>\$ <u>250,700</u></b>	<b>\$ <u>250,700</u></b>	<b>\$ <u>271,700</u></b>	<b>\$ <u>281,200</u></b>	<b>\$ <u>310,700</u></b>	<b>\$ <u>310,700</u></b>	<b>\$ <u>314,200</u></b>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**BRAZOS VALLEY WIDE AREA COMMUNICATION SYSTEMS DUES BY ENTITY**  
**LAST SIX FISCAL YEARS**

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Brazos County	\$ 17,927	\$ 37,219	\$ 46,069	\$ 76,489	\$ 90,613	\$ 97,702
City of Bryan	39,022	81,013	87,090	144,598	137,816	104,233
City of College Station	62,878	130,541	118,578	196,876	211,904	210,732
Texas A& M	23,153	48,067	45,508	75,558	65,826	69,777
City of Brenham	16,476	34,206	51,677	85,801	85,534	69,511
Washington County	16,476	34,206	51,677	85,801	85,534	114,496
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>

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 \$232,323 of dues for the purpose of capital acquisition. This amount is not included in the above table.

## BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## RATIOS OF OUTSTANDING DEBT BY TYPE

## LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities	Business-type Activities	Total Outstanding Debt	Percentage of Personal Income	Per Capita
	Note Payable	Loan Payable			
2005	755,052	-	755,052	0.011%	2.68
2006	727,814	-	727,814	0.010%	2.53
2007	707,320	-	707,320	0.009%	2.42
2008	674,315	-	674,315	0.008%	2.28
2009	639,397	-	639,397	0.008%	2.03
2010	608,339	45,000	653,339	0.008%	2.13
2011	-	173,300	173,300	0.002%	0.55
2012	-	173,300	173,300	0.002%	0.53
2013	-	140,800	140,800	0.001%	0.43
2014	-	-	-	0.000%	-

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

The Council has 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**

<u>Calendar Year</u>	<u>Population<sup>1</sup></u>	<u>Personal Income (\$000)<sup>1</sup></u>	<u>Per Capita Personal Income</u>	<u>Gross Sales<sup>2</sup></u>	<u>State Tax<sup>2</sup></u>	<u>Average Outlets<sup>2</sup></u>	<u>Total Employment<sup>3</sup></u>	<u>Unemployment Rate</u>
2005	281,276	\$ 7,043,956	\$ 25,043	\$ 7,931,475,806	\$ 2,274,694,613	7,166	137,415	5.0%
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%

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 Nov 2013.

TABLE 10

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Area Agency on Aging:										
Home delivered meals	73,058	61,571	72,903	91,059	79,179	88,306	82,465	85,538	85,071	72,677
Congregate meals	75,225	53,089	59,949	59,968	60,842	67,163	65,013	63,047	58,700	53,619
Brazos Valley Home Consortia:										
Number of affordable housing units	12	14	14	15	12	15	28	8	30	30
Indigent Health Care:										
Eligible clients served	212	264	321	260	466	285	321	302	288	284
HIV/Health Services:										
Number of unduplicated clients served per year by all funded agencies	2,836	3,147	3,130	3,234	3,218	3,443	3,542	3,081	3,765	2,381
TexHealth Brazos Valley:										
Number of enrolled groups (small businesses)	-	-	-	-	-	8	28	-	-	-
Housing Choice Voucher Program:										
Average number of vouchers used per month per year	1,766	1,812	1,873	1,935	1,619	1,772	1,550	1,703	1,534	1,638
Total Housing Assistance provided to the Brazos Valley	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,224,055	\$ 9,108,425	\$ 10,482,482	\$ 9,017,036	\$ 9,246,477
Public Safety Planning:										
Number of volunteers recruited for Protect Texas	155	264	165	71	71	N/A	N/A	N/A	N/A	N/A
Number of individuals with special needs registered	150	43	218	197	192	215	276	N/A	N/A	N/A
Number of training exercises hosted	4	1	6	1	3	1	6	5	4	6
Juvenile support reimbursement	N/A	N/A	83	35	58	39	40	43	8	18
Law enforcement officers trained	130	42	79	98	55	68	71	127	86	156
Juvenile probation officers trained	29	40	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RSVP - Citizen Corp:										
Total volunteers	1,062	1,011	988	1,041	1,233	1,357	1,408	1,295	903	-
Solid Waste Management:										
Pass-through dollars for annual projects	\$ 108,738	\$ 86,300	\$ 88,033	\$ 81,261	\$ 81,261	\$ 67,578	\$ 86,513	\$ 63,328	\$ 74,735	\$ 34,377
911:										
Number of calls	73,359	91,304	87,451	89,629	90,112	92,334	115,008	131,075	136,326	107,716
Workforce Solutions:										
Workforce Investment Act adults served	556	585	651	846	1,407	2,101	647	649	549	821
Children benefiting from Workforce subsidized child care	16,885	17,443	16,425	17,114	16,010	16,169	18,229	12,108	12,867	13,104
Employees served by Workforce Solutions	N/A	1,087	1,256	1,284	1,595	1,765	1,355	719	1,155	1,191

TABLE 11

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

**FULLTIME EQUIVALENT EMPLOYEES  
BY PROGRAM/DEPARTMENT**

**LAST TEN FISCAL YEARS**

Program/Department	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
911 Services	3	3	3	4	3	3	3	3	3	3
Accounting Services/Finance	10	9	9	10	8	10	8	9	9	8
Administration	6	3	3	4	4	6	3	3	3	3
Area Agency on Aging	10	11	10	11	10	10	10	12	10	10
BV Affordable Housing Corporation	4	4	5	5	5	4	4	4	5	4
County Indigent Health Care	4	4	4	4	4	5	4	4	5	4
Criminal Justice/Public Safety Planning	3	4	5	5	5	5	5	5	8	6
Economic Development	1	1	1	1	2	3	3	3	4	3
Human Resources	2	2	2	2	2	2	2	3	2	2
Reception/Administration	1	1	1	1	1	1	1	1	2	2
Section 8 Housing	13	12	14	15	13	15	14	16	15	14
Solid Waste Planning	1	2	1	1	1	1	1	1	1	1
Purchasing Solutions - Alliance	-	-	-	1	2	2	1	1	1	1
Systems Administration	4	4	4	4	3	4	4	5	5	4
TX Dept. of Health - HIV/AIDS	4	4	4	5	5	6	5	6	7	4
Workforce Development	13	9	10	10	8	11	8	11	10	9
<b>Total</b>	<b>79</b>	<b>73</b>	<b>76</b>	<b>83</b>	<b>76</b>	<b>88</b>	<b>76</b>	<b>87</b>	<b>90</b>	<b>78</b>

## BRAZOS VALLEY COUNCIL OF GOVERNMENTS

## PRINCIPAL EMPLOYERS

## CURRENT YEAR

Taxpayer	2014	
	Number of Employees	Percentage of Employment
Private:		
Blue Bell Creameries Inc	1,200	0.78%
HEB Grocery Company LP	1,200	0.78%
Kent Moore Cabinets	500	0.33%
Sanderson Farms Inc - Processing	1,500	0.98%
Scott & White	1,000	0.65%
St Joseph Hospital	2,500	1.63%
Wal-Mart Associates Inc	1,500	0.98%
Public:		
Blinn College	1,300	0.85%
Brazos County	900	0.59%
Brenham ISD	700	0.46%
Brenham State School	1,700	1.11%
Bryan ISD	2,400	1.57%
City of Bryan	900	0.59%
City of College Station	1,200	0.78%
College Station ISD	1,522	1.00%
Texas A&M University and System	22,000	14.39%
Texas Dept.of Criminal Justice	900	0.59%
Other	110,000	71.93%
Total	152,922	100.00%

## 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 NINE FISCAL YEARS**

	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>General Government</u></b>									
Buildings	17	21	25	24	29	30	23	43	43
Office Equipment	7	6	6	6	7	6	1	1	1
<b><u>Workforce Development</u></b>									
Office Equipment	5	5	5	8	10	9	7	-	-
Software	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
Software	0	-	7	7	7	14	7	1	1
<b><u>Aging</u></b>									
Transportation Vans	6	6	9	5	3	3	3	3	3
Software	1	1	1	1	2	2	2	2	1
<b><u>Housing</u></b>									
Software	-	-	1	1	1	1	1	1	1
<b><u>Homeland Security</u></b>									
Communications Equipment	-	-	-	3	61	64	68	70	68
Software	-	-	-	1	1	1	1	1	1
<b><u>Health Services</u></b>									
TeleHealth Equipment	-	-	-	3	6	6	6	6	6
<b><u>Public Safety</u></b>									
Equipment	-	-	-	-	-	5	6	6	6

Notes: Assets in excess of \$5,000

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

The Council increased its capitalization threshold to \$5,000 in 2006. Comparable information prior to 2006 is not available.



# **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 business-type activities, each major fund, and the aggregate remaining fund information of Brazos Valley Council of Governments (the “Council”), as of and for the year ended September 30, 2014, 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 11, 2015.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

Waco, Texas  
March 11, 2015



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133* AND  
*UNIFORM GRANT MANAGEMENT STANDARDS***

To the Board of Directors  
Brazos Valley Council of Governments  
Bryn, 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, 2014. 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and *UGMS*. Those standards, *OMB Circular A-133* and *UGMS* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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, 2014.

### **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 *UGMS*. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas  
March 11, 2015

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	1613SNE000	\$ 310
Supplemental Nutrition Assistance Program - E&T	10.561	1614SNE000	125,516
Supplemental Nutrition Assistance Program - E&T ABAWD	10.561	1613SNA000	419
Supplemental Nutrition Assistance Program - E&T ABAWD	10.561	1614SNA000	<u>74,550</u>
Total Texas Workforce Commission			<u>200,795</u>
<i>Total U. S. Department of Agriculture</i>			<u>200,795</u>
<u>U. S. Department of Commerce</u>			
Direct Program:			
Planning Assistance	11.302	08-83-04757	87,189
Revolving Loan Fund	11.307	08-39-02937	<u>563,801</u>
<i>Total U. S. Department of Commerce</i>			<u>650,990</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	C712301	<u>6,922</u>
Total Texas Department of Agriculture			6,922
Passed through Texas Department of State Health Services:			
Housing Opportunities for Persons with AIDS - HOPWA	14.241	2013-043234	115,206
Housing Opportunities for Persons with AIDS - HOPWA	14.241	2014-002569	<u>143,747</u>
Total Texas Department of State Health Services			258,953
Direct Programs:			
Housing Choice Vouchers	14.871	TX526 HCVP	9,856,285
Housing Choice Vouchers	14.871	TX526 FSS	<u>545,034</u>
Total Direct Programs			<u>10,401,319</u>
<i>Total U. S. Department of Housing and Urban Development</i>			<u>10,667,194</u>
<u>U. S. Department of Justice</u>			
Passed through Office of the Governor, Criminal Justice Division			
Juvenile Justice Alternatives	16.540	JA-14706-15	<u>23,000</u>
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, 2014**

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	1613WPA000	\$ 51,228
Wagner-Peyser Employment Services	17.207	1614WPA000	74,545
Subtotal			<u>125,773</u>
Unemployment Insurance	17.225	1612EUC000	1,311
Trade Act Services for Dislocated Workers	17.245	1613TRA000	66
Trade Act Services for Dislocated Workers	17.245	1614TRA000	4,372
Subtotal			<u>4,438</u>
WIA Adult	17.258	1612WIA000	4,139
WIA Adult	17.258	1613WIA000	447,877
WIA Adult	17.258	1614WIA000	25,548
WIA Youth	17.259	1612WIY000	351,190
WIA Youth	17.259	1613WIY000	388,220
WIA Youth	17.259	1614WIY000	45,125
WIA Dislocated Worker	17.278	1612WID000	325,500
WIA Dislocated Worker	17.278	1613WID000	577,918
WIA Dislocated Worker	17.278	1614WID000	32,573
Subtotal - WIA Cluster			<u>2,198,090</u>
Total Texas Workforce Commission			<u>2,329,612</u>
<i>Total U. S. Department of Labor</i>			<u>2,329,612</u>
<u>U. S. Department of Transportation</u>			
Passed through Texas Department of Transportation			
Planning Assistance	20.515	51317F7072	( 8,804)
Planning Assistance	20.515	51317F7293	54,091
Planning Assistance	20.515	5151F7132	4,048
Total Texas Department of Transportation			<u>49,335</u>
<i>Total U. S. Department of Transportation</i>			<u>49,335</u>
<u>U. S. Department of Education</u>			
Passed through Texas Workforce Commission:			
Adult Literacy & Education	84.002	1614AELA00	63,538
Total Texas Workforce Commission			<u>63,538</u>
<i>Total U. S. Department of Education</i>			<u>63,538</u>



**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	\$ 3,341
PY Title VII-EAP	93.041	539-11-0007-00001	4
Subtotal			<u>3,345</u>
Title VII-OAG	93.042	539-11-0007-00001	20,934
PY Title VII-OAG	93.042	539-11-0007-00001	168
Subtotal			<u>21,102</u>
Title III-D Evidence Based - Intervention	93.043	539-11-0007-00001	14,326
PY Title III-D Evidence Based - Intervention	93.043	539-11-0007-00001	56
Subtotal			<u>14,382</u>
Title III-B	93.044	539-11-0007-00001	314,335
PY Title III-B	93.044	539-11-0007-00001	860
Title III-C1	93.045	539-11-0007-00001	274,987
PY Title III-C1	93.045	539-11-0007-00001	2,220
Title III-C2	93.045	539-11-0007-00001	168,540
PY Title III-C2	93.045	539-11-0007-00001	560
NSIP	93.053	539-11-0007-00001	104,400
PY NSIP	93.053	539-11-0007-00001	506
Subtotal Aging Cluster			<u>866,408</u>
Aging and Disability Resource Center Options Counseling	93.048	539-11-0007-00001	3,221
Title III-E	93.052	539-11-0007-00001	80,515
PY Title III-E	93.052	539-11-0007-00001	10,492
Subtotal			<u>91,007</u>
Affordable Care Act - MIPPA Priority 3	93.071	539-11-0007-00001	3,800
CMS Basic	93.324	539-11-0007-00001	30,859
Affordable Care Act - MIPPA Priority 2	93.518	539-11-0007-00001	17,135
Aging and Disability Resource Center	93.778	539-11-0007-00001	7,574
Aging and Disability Resource Center Operations	93.778	539-11-0007-00001	84,990
Subtotal			<u>92,564</u>
OMB MFP	93.791	539-11-0007-00001	1,834
PY OMB MFP	93.791	539-11-0007-00001	4,012
Aging and Disability Resource Center Local Contact Agency	93.791	539-11-0007-00001	8,411
Aging and Disability Resource Center Housing Navigator Program, Money Follows the Person Demonstration	93.791	539-11-0007-00001	35,475
Aging and Disability Resource Center Housing Navigator Program, Money Follows the Person Demonstration	93.791	539-11-0007-00001	3,887
Subtotal			<u>53,619</u>
Total Texas Department of Aging and Disability Services			1,197,442

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	2014-001443	\$ 2,574,604
HIV Care Formula Grants	93.917	2015-001443	<u>197,662</u>
Total Texas Department of State Health Services			2,772,266
Passed through Texas Workforce Commission:			
TANF Choices	93.558	1613TAN000	9,737
TANF Choices	93.558	1614TAN000	739,146
Wagner-Peyser Employment Services	93.558	1613WPA000	4,324
Wagner-Peyser Employment Services	93.558	1614WPA000	9,483
Chilcare Formula FY 14	93.558	1614CCF000	<u>28,286</u>
Subtotal - TANF Cluster			790,976
Child Care Attendance Automation	93.575	1614CAA000	38,773
Child Care Formula FY13	93.575	1613CCF000	321,045
Child Care Quality Improvement	93.575	1614CCQ000	108,934
Child Care Match FY13	93.596	1613CCM000	559,328
Child Care Match FY14	93.596	1614CCM000	12,501
Child Care Formula FY13	93.596	1613CCF000	5,470
Child Care Formula FY14	93.596	1614CCF000	1,886,716
Child Care Formula FY14	93.596	1614CCF000	<u>1,921,665</u>
Subtotal - CCDF Cluster			4,854,432
Total Texas Workforce Commission			5,645,408
Passed through United Way of Tarrant County:			
UWTC Market Place Navigator	93.750	N/A	<u>71,466</u>
Total United Way of Tarrant County			71,466
Passed through TMF Health Quality Institute:			
TMF - Centers for Medicare and Medicaid Services Research	93.779	N/A	<u>8,600</u>
Total TMF Health Quality Institute			<u>8,600</u>
Total U. S. Department of Health and Human Services			<u>9,695,182</u>
<u>Corporation for National and Community Service</u>			
Passed through Texas Department of Aging and Disability Services:			
Retired and Senior Volunteer Program (RSVP)	94.002	11SRWTX011	26,337
Retired and Senior Volunteer Program (RSVP)	94.002	13RZWTX024	<u>9,620</u>
Total Texas Department of Aging and Disability Services			<u>35,957</u>
Total Corporation for National and Community Service			<u>35,957</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	\$ 58,155
Homeland Security Grant Program-SHSP/CCP 2011	97.067	11-SR 99003-01	2,142
Homeland Security Grant Program-SHSP/CCP 2012	97.067	12-SR 99003-01	24,755
Homeland Security Grant Program-SHSP 2011	97.067	11-SR 99003-01	45,820
Homeland Security Grant Program-SHSP M&A 2011	97.067	11-SR 99003-05	2,415
Homeland Security Grant Program-SHSP 2012	97.067	12-SR 99003-02	211,929
Homeland Security Grant Program-SHSP 2012	97.067	12-SR-99003-03	19,460
Homeland Security Grant Program-SHSP LETPA 2012	97.067	12-SR-99003-01	2,564
Homeland Security Grant Program-MASS FAT 2013	97.067	13-SR-99003-03	42,098
Homeland Security Grant Program-SHSP 2013	97.067	13-SR-99003-01	89,377
Subtotal Homeland Security Grant Program			<u>440,560</u>
Total Texas Department of Public Safety			<u>498,715</u>
<i>Total U. S. Department of Homeland Security</i>			<u>498,715</u>
Total Federal Awards			<u>24,214,318</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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
State General Revenue - Other	539-11-0007-00001	82,214
ALF	539-11-0007-00001	9,000
Aging and Disability Resource Center Operations	539-11-0007-00001	<u>14,567</u>
<i>Total Texas Department of Aging and Disability Services</i>		<u>120,781</u>
<u>Commission on State Emergency Communications</u>		
911 Emergency Communications	2014	1,230,953
911 Emergency Communications	2015	<u>39,260</u>
<i>Total Commission on State Emergency Communications</i>		<u>1,270,213</u>
<u>Texas Commission on Environmental Quality</u>		
Solid Waste Coordination and Implementation	582-14-10144	<u>105,711</u>
<i>Total Texas Commission on Environmental Quality</i>		<u>105,711</u>
<u>Texas Workforce Commission</u>		
Choices NCP	1614NCP000	33,056
Supplemental Nutrition Assistance Program - E&T	1613SNE000	310
Supplemental Nutrition Assistance Program - E&T	1614SNE000	<u>41,624</u>
Subtotal		<u>41,934</u>
TANF Choices	1614TAN000	77,516
Adult Literacy & Education	1614AELA000	3,537
Child Care Formula FY 14	1614CCF000	834,130
Child Care DFPS	1614CCP000	219,338
Child Care DFPS	1615CCP000	<u>13,644</u>
Subtotal		<u>1,067,112</u>
<i>Total Texas Workforce Commission</i>		<u>1,223,155</u>
<u>Office of the Governor, Criminal Justice Division</u>		
Regional Criminal Justice Coordination	300-4-1203	51,185
Regional Criminal Justice Coordination	300-5-1523	<u>2,148</u>
Subtotal		<u>53,333</u>
Law Enforcement Training & Education	SF-14652-14	<u>58,012</u>
<i>Total Office of the Governor, Criminal Justice Division</i>		<u>111,345</u>

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	2014-001443	805,376
HIV/STD Prevention and Care Branch State Services	2015-001443	<u>50,012</u>
<i>Total Texas Department of State Health Services</i>		<u>855,388</u>
Total State Awards		<u>3,686,593</u>
Total Expenditures of Federal and State Awards		<u>\$ 27,900,911</u>

The accompanying notes are an integral part of this schedule.

**BRAZOS VALLEY COUNCIL OF GOVERNMENTS**

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

**SEPTEMBER 30, 2014**

**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 \$563,801. 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 09/30/2014	\$ 276,455
Cash and investment balance at 09/30/2014	535,470
Administrative costs during the fiscal year	-
Unpaid principal of loans written off during the fiscal year	<u>-</u>
Total EDA Revolving Loan Fund Expenditures	811,925
Federal Participation Rate	<u>69%</u>
Total Federal Share of EDA Revolving Loan Fund Expenditures	<u>\$ 563,801</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, 2014**

**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:

14.871

17.258, 17.259, 17.278

State

Name of Federal/State Program or Cluster:

Housing Choice Vouchers

WIA Cluster

Commission on State Emergency Communications -911

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

\$726,430

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, 2014**

None