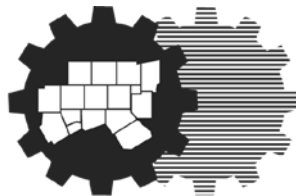


# **Comprehensive Annual Financial Report**

**Fiscal Year Ending September 30, 2012**



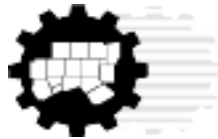
**North Central Texas  
Council of Governments**



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Executive Director**

Mike Eastland

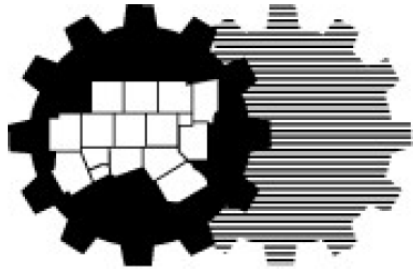


**Deputy Executive Director**

Monte Mercer, CPA

***PREPARED BY  
DEPARTMENT OF ADMINISTRATION***

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**North Central Texas  
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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# **Introductory Section**







## North Central Texas Council of Governments

The Executive Board  
North Central Texas Council of Governments  
Arlington, Texas

February 15, 2013

Members of the Executive Board:

The Comprehensive Annual Financial Report of the North Central Texas Council of Governments (NCTCOG, 'the Council' or 'the Agency') for the fiscal year ended September 30, 2012, is hereby submitted. This report was prepared for the Agency by NCTCOG's Department of Administration. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. To the best of our knowledge and belief the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of NCTCOG as measured by the financial activity of its various funds. We believe that all disclosures necessary to enable the reader to gain the maximum understanding of the Council's financial affairs have been included.

The Comprehensive Annual Financial Report (CAFR) includes the Management Discussion and Analysis (MD&A) within the financial section immediately following the independent auditor's report. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

NCTCOG is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations." Information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and other independent auditor's reports on the single audit, are included with this report and can be found at the end of the report.

The Financial Section described above is prepared in accordance with Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations as applicable.

### **Organizational Profile**

The NCTCOG is a voluntary association of cities, counties, school districts, and special districts within the 16-county North Central Texas region. NCTCOG was established in January 1966, authorized by State enabling legislation (Chapter 391 – Local Government Code), to assist local governments in planning for common needs, cooperating for mutual benefit and coordinating for sound regional development. The 16-county region for NCTCOG was designated by the Governor's Office of the State of Texas.

The Agency is an organization of, by, and for local governments. Its purpose is to strengthen both the individual and collective power of local governments – and to help them recognize regional opportunities, resolve regional problems, eliminate unnecessary duplication, and make joint regional decisions – as well as to develop the means to assist in the implementation of those decisions. The NCTCOG is governed by a general assembly composed of one voting representative from each of the 238 member governments and the Executive Board, which is composed of 13 local officials elected by the General Assembly.

North Central Texas consists of a 16-county metropolitan region centered around the cities of Dallas and Fort Worth. It has a population of over 6.6 million, which is larger than 30 states, and an area of 12,800 square miles, which is larger than nine states. NCTCOG's 238 member governments are comprised of 16 counties, 167 municipalities, 24 independent school districts, and 31 special purpose districts.

The Council's functional activities include responsibilities in the following areas – community services, emergency preparedness, environment & development, a regional training center, a research and information services center, transportation, and workforce development.

### **Economic Condition and Outlook**

NCTCOG's regional population increased by approximately 56,160 persons during 2011 for a January 1, 2012 total estimated population of 6.6 million.

The December 2012 unadjusted unemployment rate for the 16 county NCTCOG region was 5.7%, which was slightly below the Texas rate of 6.0% and well below the comparable national figure of 7.9%.

Despite the economic concerns of the last few years, NCTCOG expects there to be more than 10 million people and over 6 million jobs in the area by 2040. The Region's relatively low cost of living, central location, transportation hubs, good business climate, favorable weather, and quality schools make it a competitive area nationally for business relocations. Migration, both from within the U.S. and internationally, is expected to continue to drive growth in North Central Texas well into the future.

### **New Initiatives**

#### **Transportation (TR)**

During FY2012, the North Central Texas Council of Governments (NCTCOG) Transportation Department worked on a number of new initiatives. The Dallas/Fort Worth International Airport (DFW Airport) Transit Services Study began in FY2012 to identify airport-area transit service needs when the Dallas Area Rapid Transit (DART) Orange Line service reached the DFW Airport Terminal A Station. Also included in the study was an analysis of potential service changes to accommodate the TEX Rail service scheduled to reach the DFW Airport Terminal B Station in late 2016. An interim step identified transit service changes that were to be implemented when the Orange Line service reached the Belt Line Road Station in December 2012. Overall project efforts included consultant selection, data collection, data analysis, alternatives development, report preparation and coordination with transportation partners. A public participation process involving current and potential transit users, as well as DFW Airport employers, was also completed.

As a pilot project, NCTCOG Transportation Department staff coordinated with the Texas Transportation Institute (TTI) to study real-world emissions from heavy-duty diesel vehicles to determine the feasibility of a diesel Inspection and Maintenance (I/M) program in the State of Texas. During FY2012, TTI, with cooperation from the Texas Department of Public Safety (DPS), collected data at the New Waverly Weigh Station in New Waverly, Texas for the duration of 10 days. Emissions data was gathered from about 1,400 heavy-duty diesel vehicles (HDDVs) using remote sensing technology and over 1,200 drivers were interviewed on their vehicle types and travel destinations. Upon collecting the data, analysis was conducted throughout the year, with the pilot program scheduled to conclude in FY2013.

NCTCOG received \$75,000 from the Texas Commission on Environmental Quality (TCEQ) to conduct an emissions inventory of on-road, heavy-duty diesel truck traffic serving Barnett Shale sites within the Metropolitan Planning Area. This study, Development of Oil and Gas Mobile Source Inventory in the Barnett Shale in the 12-County Dallas-Fort Worth Area, included a range of tasks including surveys of industry participants, mapping of wells that produce natural gas and saltwater disposal wells that accept wastewater from producing wells, development of a special module of the Travel Demand Model to estimate vehicle miles of travel (VMT), and calculation of emissions

associated with both VMT traveled and with extended idling. NCTCOG staff estimated that the on-road, heavy-duty diesel trucks that serve this industry produce approximately 4.07 tons of nitrogen oxides per day in 2012. Staff also identified several opportunities to revise key assumptions and improve upon emission estimates, which may result in new phases of study.

NCTCOG received \$19,500 to participate in the Texas Triangle Plug-In Electric Vehicle Readiness Plan, which was led by the Center for the Commercialization of Electric Technologies (CCET). CCET identifies the Texas Triangle region as the area between the Dallas-Fort Worth, Austin, San Antonio, and Houston metropolitan areas, which contains much of the State's population. The effort involved identifying ways to overcome the barriers that prevent the smaller cities and towns in the Texas Triangle from being ready to adopt electric vehicles (EVs), exploring what EV readiness issues might be better handled at the State level, finding appropriate ways to educate Texas consumers in an unbiased way about EVs, and identifying technical issues relating to reliability of the electric grid and how it interacts with EVs. A final report was published and addressed at a public meeting hosted at NCTCOG.

In July 2011, the Regional Transportation Council allocated \$250,000 to investigate the feasibility of developing a regional mitigation bank and to explore opportunities to consolidate and leverage environmental commitments of individual projects towards a more regional approach. This work is designated as the Shared-Value Regional Resource Mitigation initiative (formerly identified as Regional Environmental Mitigation). Work began on these two initiatives in FY2012. Resource agency profiles have been compiled to facilitate future discussions on strategic long-term mitigation initiatives and potential policy/funding constraints. It is anticipated that outreach to resource agencies and transportation partners will begin early in 2013.

While the Dallas Streetcar project was initiated in FY2011, additional funding was received and significant progress occurred in FY2012. Working in partnership with the City of Dallas and Dallas Area Rapid Transit (DART), NCTCOG serves as the federal grantee for the initial starter line of streetcar passenger rail service from downtown Dallas to Oak Cliff. This 1.5 mile starter segment will travel from Union Station along Houston Street, across the Trinity River along the Houston Street Viaduct, and terminate near Methodist Hospital. The City of Dallas serves as project "Owner" and DART serves as the "Owner's Technical Representative" responsible for design, environmental clearance, construction, and operations. In FY2012, Federal Transit Administration (FTA) agreements were amended to include an additional \$3 million in Transportation Investment Generating Economic Recovery Program (TIGER) funds provided to the project for a total of \$26 million in federal TIGER funds. The additional \$3 million is intended to construct a passing track to allow for a higher level of service for the streetcar starter project. Significant progress towards project implementation was achieved in FY2012 in the following areas: 1) interlocal agreements were negotiated and approved by the three partners defining responsibilities in project financing and project operations; 2) final design and environmental clearance was completed and approved by FTA; and 3) a design/build contractor was procured, selected, and awarded a contract. The opening of revenue service is scheduled for October 2014.

Investigations of future opportunities for high speed rail serving North Texas occurred in FY2012 working in collaboration with both international private-sector teams and with the Texas Department of Transportation (TxDOT) Rail Division. NCTCOG staff provided data and coordinated with a Japanese-led private-sector consortium conducting technical and financial due diligence on a Dallas-Fort Worth to Houston high speed rail corridor. Presentations were provided to the RTC High Speed Rail Subcommittee on a quarterly basis in FY2012 apprising committee members of the private-sector consortium's progress on technology, alignment, station locations, and financial analysis. In addition, NCTCOG staff initiated efforts to support a TxDOT-led study of two potential high speed rail corridors: (1) south Texas to Dallas-Fort Worth to Oklahoma City high speed rail corridor, and (2) Dallas-Fort Worth to Houston high speed rail corridor. Both of these TxDOT public-sector led studies are funded by federal US Department of Transportation High Speed Rail program grant funds. NCTCOG staff efforts will continue in FY2013 including technology evaluation, station site location evaluation, ridership analysis and public involvement support.

The Tarrant County Needs Assessment began in FY2012. The study focuses on the transportation needs of older adults, persons with disabilities, low-income individuals, and other groups within Tarrant County that are transit dependent. The study will assess current and future conditions in the county; inventory all existing public transportation services; and develop options for new, improved, or better coordinated transit services. The expected outcome is a series of short-term strategies to meet the transportation needs for the target population to travel into and around Tarrant County. Strategies will include cost estimates and funding options. Prioritization will be determined by stakeholders and agencies involved in implementation.

The purpose of the Collin, Rockwall, Kaufman and Ellis Counties Transit Needs Assessment and Planning Study is to address the needs of several communities and public transportation providers in the region as they face continued intense population growth, public transportation funding challenges, and service coordination barriers. NCTCOG staff led the procurement of a consultant to perform a transit needs assessment and planning study for these four counties in the North Central Texas region. This effort, currently mid-way through development, will result in a useful planning document for each county that identifies existing conditions, details existing needs for public transportation, describes future growth of those needs, and provides a realistic menu of transit options that could be implemented in the next three-to-five years.

An update to the Regional Public Transportation Coordination Plan was initiated in FY2012. The plan update, Access North Texas, focuses on increasing efficiencies in public and human service transportation to better serve older adults, people with disabilities, low-income individuals and other groups with transportation challenges. The planning effort involves data collection and analysis as well as meetings with a wide variety of stakeholders in the 16-county planning area to identify needs and resources, identify gaps in service, and prioritize strategies to address those gaps. As the plan is updated, ongoing efforts to implement the previous plan continue in the form of maintaining strong community, provider, and stakeholder relationships as well as improving staff and public awareness of transportation providers.

The Value Pricing Pilot Program was initiated to establish local programs and gather information about the role that various types of value pricing methods can play in improving the efficiency of the transportation system and in dealing with congestion, pollution, energy, and other problems related to automobile use in congested areas. This project focuses on the IH 30 corridor between downtown Dallas and Arlington. NCTCOG and its regional partners will implement a pilot to develop incentives and determine which ones are the most effective in changing travel behavior such as mode and time of travel. NCTCOG has procured a consultant to begin work on one initiative, a casual carpooling application to allow travelers to carpool in real-time. This is one of many pilots that will be tested as part of this project.

In FY2012, the Regional Transportation Council approved over \$2 million in Regional Toll Revenue (RTR) funds for the implementation and administration of RTR-funded transportation and air quality projects in the North Central Texas Council of Governments Metropolitan Area. This program includes the planning, oversight, management, assessment, monitoring and administration of transportation and air quality initiatives in the region from FY2013 to FY2016. Although this program began in FY2008 using another funding source, additional funding was needed to maintain the high transparency and accountability standards set by the Regional Transportation Council.

### **Community Services (CS)**

#### *Interoperable Communications*

Specific work on the four-county Overlay (Collin, Dallas, Denton, Tarrant counties) continued after its installation and testing late in 2010. This included the assignment of IDs and the development and editing of an interoperability course for first responders. The Overlay project was completed, tested, and made operational in late December 2010. However, the assignment of ID numbers is ongoing through 2012 and 2013 by the former NCTCOG Communications Coordinator who currently is employed by the City of Dallas.

In addition, an instructor and student lesson plan was drafted in 2011 as train the trainer material for interoperable communications introductory classes. The material for both Instructor and Student manuals was edited during 2012 and is currently under concerted review. The new manuals (eight chapters) should be completed by June or July of 2013.

Local public safety personnel and elected officials were notified many times about the narrow-banding deadline of January 1, 2013 and encouraged to make their equipment ready before the deadline.

State Homeland Security Grant Program funds and the Urban Area Security Initiative funds supported the planning and coordination assistance for narrow-banding to the following participating agencies: the cities of Grapevine, \$5,260; Pantego, \$910; Burleson, \$18,830; University Park, \$1,890; and Kaufman, \$2,920; and the counties of Parker, \$15,815; Kaufman, \$15,395; and Erath, \$7,445 totaling \$68,465, which is divided among the funding sources accordingly, \$58,395 from 2011 SHSP; \$5,260 from 2011 UASI; and \$4,810 from 2012 SHSP.

The Interoperable Communications Governance Committee met to review the progress on the Overlay and to monitor / approve other related communications projects. New members were appointed to the Committee in August 2012 after some members' three-year terms had run their course or reassignments or retirements occurred. The Committee will continue to provide oversight on communications matters as the Overlay is planned to expand to other parts of the region if additional funds are provided. Members of the Governance Committee's Technical Subcommittee met with DPS and Parker County to consider an interoperable solution for five western counties in the region.

NCTCOG provided first responder training by hosting and coordinating a Communications Unit Leaders (COML) Course.

Also, NCTCOG provided technical assistance responses to requests from local public safety agencies. Subjects covered trouble-shooting systems' problems, communications gap analysis, providing IDs for use by the Overlay agencies, and other topics. NCTCOG provided information updating the Regional Communications Plan during a meeting on August 15, 2012 in Austin for use in the Statewide Communications Interoperability Plan (SCIP).

The Communications Gap Analysis Project's preliminary work was a focus during the latter part of 2012. Host sites were agreed upon and contacted, email addresses were researched, letters were drafted to introduce the consultant, RCC, and a working map of participating agencies was prepared for consultant use. RCC's work will begin in early February with a completion date of December 31, 2013.

#### *Criminal Justice Planning*

In fiscal year 2012 the Criminal Justice Program focused its efforts on meeting the "Contract for Services" requirements with the Criminal Justice Division (CJD), Office of the Governor. As a result, technical and operational assistance was provided to more than 225 public and private agencies for new or continuations of criminal justice programs, grant application workshops, preparation of grant applications, community plan updates, and to meet the administrative requirements of the Criminal Justice Division.

The Law Enforcement Analysis Portal (LEAP) project continued to progress in fiscal year 2012. The LEAP project design is being expanded to connect law enforcement agencies along drug and human trafficking corridors, as well as the auto theft corridor to El Paso, Houston, San Antonio, Austin, and Corpus Christi. Cooperative agreements have been developed with Tarleton State University to provide LEAP services to their rural law enforcement service area in 100 counties. Designated High Intensity Drug Trafficking Area's in Houston and Dallas will be connected via Automatic License Plate Recognition systems to identify vehicles of interest. In addition, discussions are continuing with neighboring states to implement LEAP's analysis tools within their jurisdictions.

### *Aging Services*

During Fiscal Year 2012, Aging continued its shift towards programs that serve persons of all ages and programs that have proven benefits.

Although its legacy is in serving older adults, Aging also served younger persons with disabilities through its nursing home relocation program, benefits counseling program, and Aging and Disability Resource Center. Supported by more than \$1 million in non-Title III funding, it helped more than 100 nursing home residents under the age of 60 return to community living; provided counseling and application assistance to young Medicare beneficiaries with disabilities; and helped persons of all ages with disabilities access community-based services that promoted independent living.

Diversification of Aging funding sources is critical to expansion efforts. During Fiscal Year 2013, funding for nursing home relocation services and the Aging and Disability Resource Center is expected to increase, while funding for traditional services under the Older Americans Act remains flat or declines.

In a shift from measuring outputs (e.g., number of home-delivered meals provided to homebound clients) to outcomes, Aging added two new-evidence based programs in Fiscal Year 2012.

To help older adults with chronic disease better manage their symptoms, Aging launched the Stanford Chronic Disease Self-Management Program (CDSMP). The program relies on thoroughly trained lay leaders and a structured curriculum to guide small groups of participants through a six-week class series that addresses topics including: managing pain, dealing with stress, improving sleep, and communicating with health care providers.

Aging also implemented the HomeMeds program during Fiscal Year 2012. As case managers conduct home visits, they input data on clients' medications—both prescription and over-the-counter—into a customized software system that searches for potential contraindications. As needed, a consulting pharmacist reviews the medication profiles and works with clients, pharmacists, and physicians to reduce risk of medication interactions.

The CDSMP and HomeMeds program bring the Agency's portfolio of evidence-based programs to four. Aging also sponsors "A Matter of Balance" fall prevention classes and the Care Transitions Program, which relies on home visits and phone support to help older adults with recent hospitalizations avoid potentially preventable readmissions.

### *Regional Training Center*

A total of forty-six Texas Commission on Environmental Quality conventional testing sessions were held. RTC completed all requirements for implementation of Computer-Based Testing through Texas Commission on Environmental Quality. A total of fourteen testing sessions were held.

One hundred twenty-five American Heart Association offsite classes were held by affiliated training sites.

Through an agreement signed in FY 2011, Texas Certified Public Manager (CPM) Program offered by the William P. Hobby Center for Public Service held an additional fourteen sessions of their program at RTC's facility in FY 2012

During the fiscal year, RTC continued support of grant-funded Transportation general classes and Freeway Incident Management (FIM) classes. One hundred forty-seven students completed the FIM class for 2012. Ninety-two received TCLOSE credit.

New classes added in 2012 include a Spanish First Aid/CPR class, Innovative Financing Strategies for Transportation Projects, Making Meetings Matter: Effective Meeting Strategies, Math Basics, Residential Energy Code Update Workshop, TCEQ Computer-Based Testing, Texas Public Information Act for Law Enforcement and Question and Answer Session with State of Texas Office of the Attorney General, The 5 Choices to Extraordinary Productivity - Franklin Covey, and URISA

Certified Workshop- An Introduction to Public Participation GIS: Using GIS to Support Community Decision Making.

#### *Regional Law Enforcement Training*

During 2011/2012, the Regional Police Academy conducted Five Basic Peace Officer Courses and graduated 117 new law enforcement officers from throughout the NCTCOG region. The Regional Police Academy conducted more than 110 law enforcement training courses for in service officers providing 138,484 contact hours of training to 1,757 law enforcement officers.

#### *9-1-1*

The NCTCOG 9-1-1 Program spent 2012 implementing two major projects that were contracted in 2011. A Multi Node 9-1-1 system solution was implemented and the previous four system hosts were duplicated. All eight new hosts were moved to two geographically diverse data centers to alleviate power issues at the PSAPs and mitigate future outages. One data center is located in Dallas and the other at the NCTCOG offices. The data centers are mirror images of one another and work dynamically to ensure coverage and operations at all times. NCTCOG also began implementation of features and functionalities that will turn our IP network into an Emergency Services IP network. This is a progression of the Next Generation 9-1-1 Migration plan and will continue to be implemented in 2013.

The NCTCOG 9-1-1 staff has also implemented a “one-page planning” process to increase accountability, assist with prioritization, and enhance tracking of accomplishments and challenges.

Due to a cut in budget of approximately 24%, NCTCOG 9-1-1 did not have the funding to begin any new projects. However, planning has begun for the implementation of a free interim text to 9-1-1 solution early in 2013.

#### **Emergency Preparedness (EP)**

In FY2012, the North Central Texas Council of Governments region received approximately \$15.5 million in Homeland Security Grant Program (HSGP) funding from the Department of Homeland Security (DHS) through the Texas State Administrative Agency (SAA). These funds were in two areas, which include the Urban Area Security Initiative (UASI) at almost \$14.3 million in funding, and the State Homeland Security Program (SHSP) at almost \$1.2 million. These funds were appropriated to enhance and sustain the region’s capacity to prevent, protect, mitigate, respond to, and recover from acts of terrorism. Specific needs identified in the region include emergency planning, organization, equipment, training, and exercises.

FY2012 brought a focused approach to address specific capabilities that included; sustaining and enhancing Chemical, Biological, Radiological, Nuclear, Explosive, and Weapons of Mass Destruction(CBRNE-WMD) response, enhancing regional and local emergency operations centers, enhancing intelligence and information sharing, enhancing citizen preparedness and protection, enhancing interoperable communications, and protecting critical infrastructure and key resources.

Despite an overall reduction in funds in FY2012, the region dedicated portions of the SHSP grant to fund a critical regional full scale exercise, which will take place in September of 2013, as well as a GAP Analysis of the region’s operable and interoperable communications abilities. In addition, Phase II of the Regional Asset Tracking Tool (RATT) was implemented to include a separate layer for deployable assets, the ability for jurisdictions to manipulate data, and other regular updates. The RATT is a database that the North Central Texas region utilizes to view grant assets, specialty team capability assessments, and specific deployable assets which aid in resource detection during times of response.

NCTCOG EP staff also provided technical assistance to the region in the statewide grants management system, State Preparedness and Reporting System (SPARS) for HSGP grants. This technical assistance provided the coordination between various programs thus reducing redundancy and improving effectiveness for both the jurisdictions and the state administrators. EP staff also assisted with eligibility such as emergency management plans, National Incident Management

System (NIMS) requirements, and other federal and state requirements. Staff also updated the Regional Training and Exercise Plan (RTEP). The RTEP is a federally mandated document to coordinate training and exercises across grant streams, within the Homeland Security Exercise and Evaluation Program (HSEEP).

The Emergency Preparedness Department's Regional Emergency Preparedness Member Program adapted to changing needs by providing timely information, planning assistance, and support services to stakeholders in FY2012. For instance, expanding on the concept of addressing current regional needs through workshops and seminars, the Emergency Preparedness Department hosted several capability-building events. Topics for workshops held throughout the year included information on mutual aid, regional emergency warning systems, entitled Integrated Warning Team, and disaster recovery challenges and best practices. The events were hosted in response to member requests for assistance as well as topics identified within the department. Several special committees and groups were established through the program, including the Public Works Emergency Response Team, regional mutual aid committees, among others.

Responding to spontaneous member needs, new services were tested in FY2012, including exercise moulage (disaster makeup) assistance, resulting in its continuation as a member service for FY2013.

The federal Citizen Corps Grant was suspended in FY2012, but carve-out funding from the region's State Homeland Security and Urban Area Security Initiative grants allowed for continuation of regional Citizen Corps Program oversight through the Emergency Preparedness Department. Collaborative program efforts and Regional Citizen Corps Council support resulted in a record number of Teen CERT programs delivered in the region. In April, local Citizen Corps programs demonstrated their discipline, knowledge and expertise as over sixteen CERT and Fire Corps teams responded to calls for tornado response and recovery assistance.

The NCTCOG Emergency Preparedness Department contracted with the Department of State Health Services (DSHS) for the continued implementation of the Cities Readiness Initiative (CRI) program. The FY2012 allocation of \$477,648 provided eight rural counties with project management support, special funding, training, and equipment. The goal of the CRI Program is to develop plans and infrastructure so that these jurisdictions may be prepared to provide mass prophylaxis to their entire population within 48 hours of a public health emergency.

The Emergency Preparedness Department is currently in the hazard mitigation action planning process for twelve of sixteen counties in the NCTCOG region including updating the Dallas County and Tarrant County Local Mitigation Strategy. The approved and adopted Local Mitigation Strategies (Multijurisdictional Hazard Mitigation Action Plans) will allow participating jurisdictions to be eligible for future mitigation funding. The purpose of mitigation funding is to assist communities in reducing or eliminating their vulnerability to natural hazards. Potential projects include, but are not limited to: developing individual shelter programs, acquiring property in flood plains, and hardening infrastructure.

In FY2012, updates were made to the Emergency Preparedness Department's Regional Hazard Assessment Tool (RHAT), developed during FY2011. This dynamic mapping and regional assessment reporting tool assists emergency preparedness stakeholders in the North Central Texas region by addressing unmet needs in hazard identification and analysis. These needs include timely information for vulnerability assessments, risk analysis, emergency management planning and decision making. In late summer 2012, the RHAT was updated to include wind, hail and tornado data through April 2012, drought data through July 2012, and earthquake data through August 2012. The RHAT updates provide North Central Texas emergency managers the most comprehensive hazard information available to date at a single site.

The department continued to explore financial support for the relocation of the Collaborative Adaptive Sensing of the Atmosphere (CASA WX) test bed to the Dallas Fort Worth area (DFW demonstration network). NCTCOG signed agreements with the University of Texas at Arlington, University of North Texas, and the Town of Addison to serve as host sites for donated radars. The first radar in the



network was installed at the University of Texas at Arlington in October 2012. The department worked with the region both on securing the funding to install and support the network as well as finding locations for future radar host sites within the region. CASA's focus is a new weather observation system paradigm based on low power, low cost networks of radars. CASA would provide more effective user defined weather data that in turn would increase situational awareness at the local level and across the region. This increase in data could enhance life-saving decision making during severe weather and other inclement times.

### **Environment & Development (E&D)**

The overall theme for NCTCOG's environmental resource and development initiatives continues to be Sustainable Environmental Excellence or SEE. SEE is intended to guide NCTCOG's efforts, and ultimately the region's, in regards to planning for the future of this growing and changing area in a collaborative and cost-effective way for the benefit of all North Central Texas. The Department of Environment and Development (E&D) addresses SEE through three different program areas – SEE Less Trash-Solid Waste, SEE Safe Clean and Green-Watershed Management, and SEE Development Excellence.

In the SEE Less Trash program area, 12 local government projects were administered totaling approximately \$563,000. The Resource Conservation Council's three solid waste goal subcommittees (Time to Recycle, Stop Illegal Dumping, and Assuring Capacity for Trash) administered their portions of the Regional Solid Waste Plan document. Eleven educational/training workshops were offered in fiscal year 2012 and 121 technical assistance requests to local governments were recorded.

In the SEE Safe, Clean and Green Watershed Management arena, meetings with committees, stakeholders, and interest groups regarding the region's watersheds continued, with arrangements negotiated with the City of Fort Worth to undertake a Greenprinting analysis of the Lake Worth watershed. The Trinity River COMMON VISION program continued an update of regulatory mapping and modeling for the upper Trinity area. The Total Maximum Daily Load (TMDL) Implementation Plan draft was developed in cooperation with watershed stakeholders for the bacteria TMDL and the advance draft was submitted to the TCEQ for initial review.

The Regional Storm Water Management Program continued to support over 60 local participants and provided a variety of products including training workshops, support for four seasonal campaigns, an annual storm water monitoring report, cooperative purchase opportunities, and an IDDE Field Guidance Manual. The 2012 Water Quality Management Plan for North Central Texas was submitted as the annual amended plan for state and federal agency review and comment.

In SEE Development Excellence, support for the Center of Development Excellence and the 12 Principles of Development Excellence continued. Several presentations were made to local governments and community groups by the Vision North Texas Speakers Bureau, supported by NCTCOG staff. The SPROW (Sustainable Public Right of Way) interactive website was maintained and expanded. The iSWM Criteria Manual adoption process continued and several new communities are utilizing the materials. A Mapping Activity Statement was launched as a part of our Cooperating Technical Partner relationship with FEMA. Additionally, through partnering with FEMA and TFMA (Texas Floodplain Managers Association), Environment and Development again held a *Managing Floodplains through the National Flood Insurance Program* four-day course and hosted the TFMA Certified Floodplain Manager (CFM) Exam. Staff also facilitated review of the 2012 International Codes for selection construction sectors and worked toward final proposed regional amendments for the various codes.

### **Research and Information Services (RIS)**

The RIS Research Team provides data and analytical support to both internal and external customers. A variety of datasets that are valuable for regional and local planning are developed and maintained. These include:

- The major developments table, which tracks significant commercial structures and other features and now has over 16,600 records;

- Development of a 2010 land use layer;
- Update of various geographic layers including city boundaries and roads;
- Development of base datasets and methodologies for demographic forecasts in conjunction with the Transportation Department;
- Small-area population and employment information; and
- Annual population and housing estimates.

The RIS Information Technology Team responded to 7,910 officially posted Agency and Workforce support requests. These requests included new computer requests, software management, and network connectivity between 16 sites spread across the region for phone and computer access.

The IT Team has continued to assist with the management and operations of several critical enterprise computer environments that support and serve data used throughout the region. One such system is the Data Management System for the Public Employees Benefit Cooperative where benefit information from 5 agencies is combined to leverage volume to receive discounted health care benefit services for over 14,000 people.

The IT Team has greatly enhanced the network to support regional workforce operations through expansion and redesign of existing networks at each center that includes redundant paths and additional bandwidth. The IT Team also continues to work with The OneStar Foundation based in Austin to create a statewide web based tool for assessing the dispersion of social service organizations and funding to those agencies. This tool will be used to identify gaps in service and funding statewide to ensure Texans have access to the services they need. IT also continues to implement advanced communication and collaboration tools that allow for enhanced communication across the region. Among these systems is a Microsoft SharePoint Environment that allows for collaboration on data and documents with staff across the region.

The RIS Information Security (IS) team examines changes and additions to enterprise systems in order to identify risks to the confidentiality, integrity, and availability of those systems. The IS team also works to find and mitigate previously unidentified risks in existing systems. One such risk is the exposure of the Agency's laptops to malicious Web sites, when those computers are off-site and disconnected from the Agency's network. Many times these devices would return to the office with malware infections that threatened the overall security of the network. IS mitigated this risk by expanding the use of our existing Web security gateway to include a cloud-based solution that provides the same protections to laptops whether they are off-site or connected at the office.

The IS team also looks to improve the ease-of-use of security technologies, while at the same time update or add to their functionality and effectiveness. As an example, the IS team implemented a new Virtual Private Networking (VPN) solution that has far outperformed our former solution in employee satisfaction with its ease-of-use, increased feature flexibility, and updated network defense capabilities.

In addition to technological improvements to the Agency's security posture, IS continues to educate employees on the importance of adhering to security policies and continues to inform employees about current threats and safe computing practices. This is achieved through new employee orientation sessions, e-mail alerts, and monthly newsletters.

### **Workforce Development (WD)**

Board staff is actively engaged in a number of projects and initiatives beyond the scope of our Workforce Investment Act (WIA) activities and contract management.

Workforce Solutions for North Central Texas is dedicated to helping job seekers prepare for the workforce. Through the Workforce Investment Act (WIA), we are able to provide funding to individuals to gain the skills necessary for high-growth, in-demand occupations leading to successful careers. Our WIA programs are divided into three different service groups: adult, dislocated workers and youth.

This past year, we served almost 75,000 customers in our workforce centers and provided training to 685 individuals. With over 46,000 employers in our region, we remain dedicated and focused on strengthening their workforce and rebuilding the economy. Our work has led to the re-employment of nearly 26,000, unemployment insurance claimants.

In late 2010, Workforce Solutions for North Central Texas began exploring the concept of becoming a High Performance Organization. In early 2012, we were full force in becoming a High Performance Organization, creating and implementing an environment where the employee has greater involvement and responsibility. During this process, we chose to rethink the standard organizational practices, creating efficient workflow methods to be implemented in our workforce centers. Several performance improvement teams are currently working on process and design improvements within our workforce system. This process will provide valuable feedback to validate the effectiveness of our actions and help us identify additional tactics to enable further success.

In 2010, we received a \$2.8 million grant from the U.S. Department of Labor to conduct training through the Certified Logistics Associate and Certified Logistics Technician programs in the Dallas/Fort Worth and Houston regions. Since the inception of the grant we have certified 654 individuals and by the end of the grant in 2013, 879 individuals will be certified through these programs. Our initiative to meet the workforce challenges of the logistics industry has received many accolades and awards. The Certified Logistics Associate and Certified Logistics Technician programs are the first industry recognized, nationally portable logistic certifications, for front-line workers. As of November 2012, this program had expanded into 341 authorized assessment centers in 22 states.

In April of 2012, Workforce Solutions for North Central Texas was awarded a \$4,991,839 grant from the Department of Labor (DOL). The grant is the second round of funding under the H-1B Technical Skills Training Grant Competition. The funding is currently being utilized locally to provide education, training, and job placement assistance in the fields of information technology (IT), science, technology, engineering, and math (STEM). Our grant partnership includes IBM, Lockheed Martin, AT&T, Labinal, Business Control Systems, and North Central Texas College.

Workforce Solutions for North Central Texas will train 4,151 individuals in courses which lead to certifications and/or industry credentials in the IT and STEM industries. This training will allow 3,951 incumbent workers to upgrade their skills and help workers advance in the career pathway; ultimately reducing the employer's reliance on foreign workers. An additional 200 long-term unemployed individuals with education and work experience in the IT and STEM industries will be trained through the project to update their skills in these rapidly evolving occupations. STEM training will be conducted through North Central Texas College and within our business partner's current operation.

Workforce Solutions for North Central Texas' youth program was allocated \$4 million to operate comprehensive services primarily engaging and assisting disadvantaged youth in gaining and maintaining employment. Our services are customized for each youth, focusing on individual strengths and how to ultimately overcome barriers that hinder their successful transition into employment.

Service elements provided to our youth include:

- Tutoring, study skills, and dropout prevention strategies
- Summer employment opportunities linked to academic and occupational learning
- Paid work experience, on-the-job training
- Occupational skills training
- Leadership development activities
- Community-based volunteer programs
- Work readiness workshops
- Supportive services
- Mentoring, guidance and counseling

- Individual case management and follow-up service

During the past year, we provided services to almost 800 youth, offering post-secondary education to 128 individuals, and placing over 200 youth into paid work experience training opportunities.

During Fiscal Year 2012, we trained over 750 child care professionals in early learning and child development by offering Saturday workshops throughout our service area. Some of the areas we provided training in included: Children with Disabilities, Health and Safety, Developmentally Appropriate Practices, Brain Research and Development, How to Identify Child Abuse and Neglect, Child Development and Business Management.

We provided Child Development Associate (CDA) classes, a 20 week/120 hour course, in Collin and Ellis counties. A total of 80 child care professionals completed the courses. Once a child care professional completed the classes they were eligible to apply for their Child Development Associate Credential. It is the most widely recognized credential and is a key step towards career advancement in early childhood education. Based on a core set of competency standards, the CDA credential guides early care professionals towards becoming qualified teachers of young children. Each child care professional that completed the 120 hour course was awarded a \$1000 stipend.

Child Care Professionals also attended the Early Childhood Management Institute to receive their Child Care Director's credential. This is one of very few programs recognized by the Texas Department of Family and Protective Services (TDFPS) Child Care Licensing Division for meeting Director's requirements. Twenty five (25) participants completed this course and passed a written exam to receive their credential.

Workforce Development continued to offer the highly successful Texas Back to Work initiative, which began in 2009. Employers were given monetary incentives of up to \$2,000 for hiring qualified out-of-work Texans.

The purpose of the program was to establish public/private partnerships with employers in the local workforce development areas, targeting first-time unemployment insurance claimants. The primary goal was to aid Texans' in a timely reintegration into the workforce with the appropriate skills needed to be successful on the job and to reduce reliance on public assistance. Through this initiative, we placed 1,796 unemployed job seekers in our region with 849 different employers and paid out \$2.4 million.

Over 23,000 placements were made in this initiative across the State. Texas was awarded a Department of Labor Innovation award for the work done in the program and other states are now replicating the Texas model.

Our Mobile Workforce Unit (MWU) continues to allow services to be provided on-site to employers and communities throughout the region serving over 70 events and 800 individuals in 2012. The Mobile Workforce Unit is a moving extension of the 15 Workforce Centers, bringing services directly to customers in need offering 13 computer stations and a presentation system. With a satellite internet system, clients can search for jobs, improve their resumes and receive training on site.

In February 2012, Workforce Solutions for North Central Texas (WSNCT) was recognized by the Quality Texas Foundation for having applied at the Commitment Level of the Texas Award for Performance Excellence. Quality Texas recognizes Texas institutions seeking feedback and guidance along their journey to implementing and refining a management system for performance excellence. Making the second year of involvement with Quality Texas, WSNCT has begun the Malcolm Baldrige National Quality journey. Working with a premier state award process, such as Quality Texas, WSNCT will be poised to receive important recognition and feedback at the national level.

In July 2012, and in partnership with North Central Texas Council of Governments, we received the Achievement of Excellence in Procurement® (AEP) award from the National Procurement Institute, Inc. (NPI). The AEP award was established by NPI in 1995 and recognizes organizational excellence

in public procurement. The criteria are designed to measure innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization. We were one of only 35 government agencies in Texas and one of only 26 special districts in the United States to receive the award. This is our 2<sup>nd</sup> consecutive year to receive this award.

In December 2012, Workforce Development won a MarCom Award for our 2010-2011 Annual Report, Weathering the Difficult Year. The MarCom Awards is an international awards competition that recognizes outstanding creative achievement by marketing and communication professionals. There were over 6,000 entries for the 2012 awards from the United States, Canada and several other countries in the 2012 competition.

### **Factors Affecting Financial Condition**

As a recipient of federal, state, and local government financial assistance, NCTCOG is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management. NCTCOG staff continues to evaluate internal controls and implement recommendations to strengthen controls and minimize risk.

In developing and evaluating the Council's accounting system, consideration is given to the adequacy of internal control. Internal control is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability or assets. The concept of reasonable assurance recognized that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. It is believed that NCTCOG's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As part of NCTCOG's single audit, tests are made to determine the adequacy of internal control including that portion related to federal financial assistance programs, as well as to determine that NCTCOG has complied with applicable laws and regulations. The results of the single audit for the fiscal year ended September 30, 2012, provided no instance of material weaknesses in internal control or significant violations of applicable laws and regulations.

NCTCOG's annual budget is a management tool that assists in analyzing financial activities during the fiscal year. The annual budget is reviewed and formally adopted by the Executive Board prior to the beginning of the fiscal year. The approved annual budget is used as a control device for the General Fund while individual grant contracts are used as the control device within the Special Revenue Funds. NCTCOG's fiscal year 2013 budget is approximately 67% grant funding and as new funding opportunities arise throughout the year, they are presented to the Executive Board for approval.

### **Other Information**

***Independent Audit*** - NCTCOG's Work Program is funded by a variety of federal, state, and local government sources. Most of the funding is received through grants, which include audit requirements. In addition to the audit requirements for individual grants, NCTCOG is required by its bylaws to have an annual audit made of the books of accounts, records, and all transactions by a Certified Public Accountant selected by and responsible to NCTCOG's Executive Board. The firm of Weaver and Tidwell, L.L.P. performed this year's audit.

NCTCOG has received a single financial and compliance audit each year since 1980. This year, NCTCOG's auditors are issuing a report in compliance with A-133 to the U.S. Department of Transportation (NCTCOG's federal oversight agency) and the Texas Department of Transportation (NCTCOG's state oversight agency). In addition, the state now requires a single audit of the state funded grants.

**Certificate of Achievement** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Central Texas Council of Governments for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the thirteenth consecutive year that NCTCOG has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit 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 believed that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements. It is NCTCOG's intention to submit this year's report to determine its eligibility for another certificate.

**Acknowledgments** - The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Administration. Appreciation is expressed to the members of the Department who assisted and contributed to its preparation. The Executive Board is also commended for their interest and support in planning and conducting the financial operations of NCTCOG in a responsible and progressive manner.

Acknowledgment is also given to the representatives of Weaver & Tidwell, L.L.P. for their invaluable assistance in producing the final document.



Mike Eastland  
Executive Director



Monte Mercer, CPA  
Deputy Executive Director



Shannan Ramirez  
Assistant Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## North Central Texas Council of Governments

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moirice*

President

*Jeffrey R. Enos*

Executive Director

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**2012- 2013 EXECUTIVE BOARD**

President  
**Bobbie Mitchell**  
Commissioner  
Denton County

Vice President  
**Steve Terrell**  
Mayor  
City of Allen

Secretary-Treasurer  
**Bill McElhaney**  
County Judge  
Wise County

Past President  
**Linda Koop**  
Councilmember  
City of Dallas

Director  
**Clay Jenkins**  
County Judge  
Dallas County

Director  
**B. Glen Whitley**  
County Judge  
Tarrant County

Director  
**Marcus Knight**  
Mayor  
City of Lancaster

Director  
**Jared Patterson**  
Mayor Pro Tem  
City of Sachse

Director  
**Daniel Scarth**  
Councilmember  
City of Fort Worth

Director  
**A.J. Mathieu**  
Councilmember  
City of Joshua

Director  
**Lissa Smith**  
Mayor Pro Tem  
City of Plano

Director  
**Kathryn Wilemon**  
Councilmember  
City of Arlington

Director  
**Vonviel Jones Hill**  
Councilmember  
City of Dallas

Ex Officio Member  
**Jim Jackson**  
State Representative

Executive Director  
**R. Michael Eastland**

General Counsel  
**Jerry C. Gilmore**

**ADMINISTRATIVE STAFF**

Deputy Executive Director  
**Monte Mercer**

Director of Transportation  
**Michael R. Morris**

Director of Community Services  
**Frederic W. Keithley**

Director of Emergency Preparedness  
**Molly Thoerner**

Director of Research and Information Services  
**Tim Barbee**

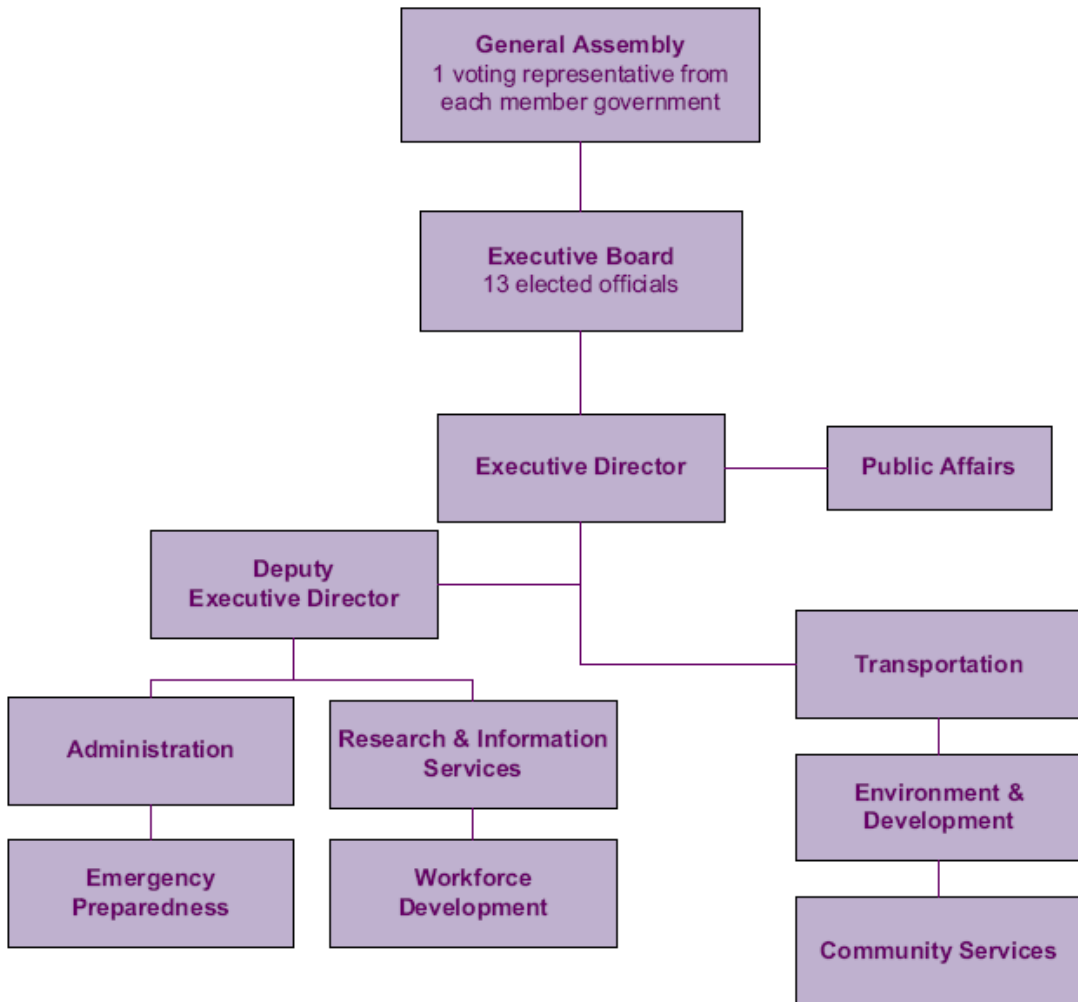
Director of Environment and Development  
**Vacant**

Director of Workforce Development  
**David Setzer**



# Organizational Chart

## North Central Texas Council of Governments



## Mission Statement

**W**e are an association of, by, and for local governments. We assist our members in planning for common needs, cooperating for mutual benefit, and recognizing regional opportunities for improving the quality of life in North Central Texas.

North Central Texas Council of Governments



## Values:

REGIONALISM

**We believe** regionalism is the cornerstone of our existence, and that our unique regional perspective provides us the vantage point to address issues that extend beyond traditional boundaries. It is our goal to be the catalyst for building consensus from diverse viewpoints and maximizing regional unity.

GOVERNANCE

**We feel** that policy decisions are best made by the level of government closest to the people. Therefore, we directly involve local governments in our decision-making process, which is made up of an executive board of local elected officials and regional citizens with support from numerous study, technical, and policy committees.

SERVICE

**We seek** to provide high quality service to our members. Our charge is to work with our local governments and other service providers to identify the most useful and beneficial plans, services, and products to satisfy their needs, and, then, to provide them in a courteous and timely manner.

EMPLOYEES

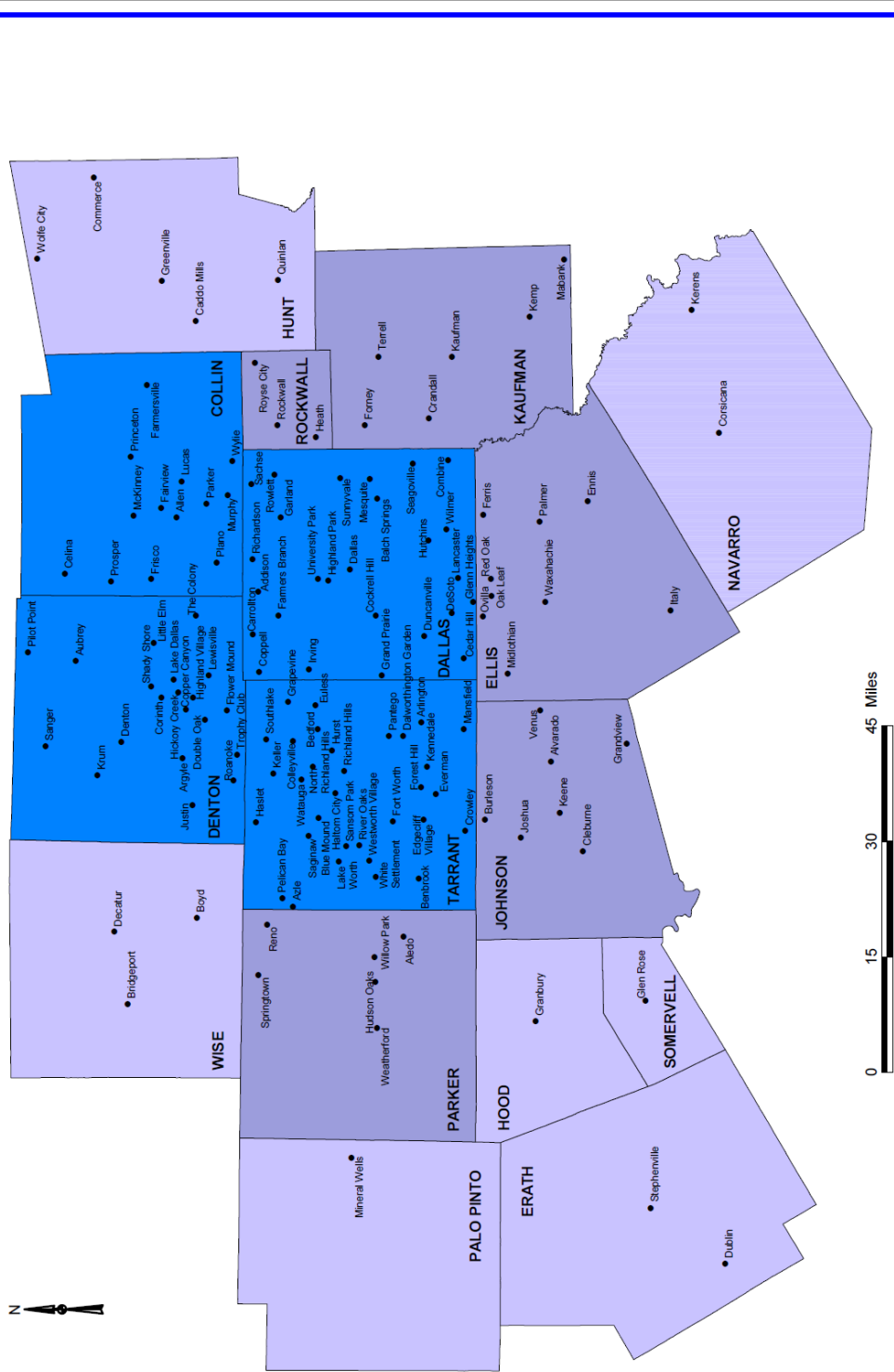
**We value** our employees and respect both individual excellence and dedicated teamwork. We support the principles of professional development, fair and consistent personnel practices, and competitive compensation.

ETHICS

**We maintain** the highest standards of professional integrity in providing competent, technically sound products and services. Honesty and impartiality are minimum standards for all our dealings with our members, the general public, other agencies, and each other.

INNOVATION

**We recognize** that our members are best served by our ability to anticipate the consequences of dynamic change. We, therefore, will help local governments find innovative solutions to both existing and future challenges facing North Central Texas.



Government  
 North Central Texas Council of Governments  
 Research & Information Services  
 817.682.8150  
 www.nctco.org  
 June, 2008



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (238)**

**Counties (16)**

Collin  
Dallas  
Denton  
Ellis  
Erath  
Hood

Hunt  
Johnson  
Kaufman  
Navarro  
Palo Pinto  
Parker

Rockwall  
Somervell  
Tarrant  
Wise

**Cities (167)**

Addison  
Aledo  
Allen  
Alvarado  
Alvord  
Angus  
Anna  
Annetta  
Argyle  
Arlington  
Aubrey  
Aurora  
Azle  
Balch Springs  
Bartonville  
Bedford  
Benbrook  
Blooming Grove  
Blue Mound  
Blue Ridge  
Bridgeport  
Burlison  
Caddo Mills  
Carrollton  
Cedar Hill  
Celeste  
Celina  
Cleburne  
Colleyville  
Combine  
Commerce  
Coppell  
Copper Canyon  
Corinth  
Corsicana  
Crandall  
Cross Timbers  
Crowley  
Dallas  
Dalworthington Gardens  
Decatur

Denton  
DeSoto  
Dish  
Double Oak  
Dublin  
Duncanville  
Edgecliff Village  
Ennis  
Euless  
Everman  
Fairview (Collin)  
Farmers Branch  
Farmersville  
Ferris  
Flower Mound  
Forest Hill  
Forney  
Fort Worth  
Frisco  
Garland  
Glenn Heights  
Glen Rose  
Gordon  
Graford  
Granbury  
Grand Prairie  
Grandview  
Grapevine  
Greenville  
Hackberry  
Haltom City  
Haslet  
Heath  
Hickory Creek  
Highland Park  
Highland Village  
Hudson Oaks  
Hurst  
Hutchins  
Irving  
Italy

Josephine  
Joshua  
Justin  
Kaufman  
Keene  
Keller  
Kemp  
Kennedale  
Kerens  
Lake Bridgeport  
Lake Dallas  
Lake Worth  
Lakewood Village  
Lancaster  
Lavon  
Lewisville  
Little Elm  
Lucas  
Mabank  
Mansfield  
McKinney  
McLendon-Chisholm  
Melissa  
Mesquite  
Midlothian  
Milford  
Millsap  
Mineral Wells  
Murphy  
Newark  
New Fairview  
New Hope  
Northlake  
North Richland Hills  
Oak Point  
Oak Ridge  
Ovilla  
Pantego  
Paradise  
Parker  
Pecan Hill

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (238)**

**Cities (167) - continued**

Pilot Point  
Plano  
Ponder  
Princeton  
Prosper  
Quinlan  
Red Oak  
Reno  
Rhome  
Richardson  
Richland Hills  
Rio Vista  
River Oaks  
Roanoke  
Rockwall

Rowlett  
Royse City  
Runaway Bay  
Sachse  
Saginaw  
Sanger  
Sansom Park  
Scurry  
Seagoville  
Southlake  
Springtown  
Stephenville  
Sunnyvale  
Talty  
Terrell

The Colony  
Trophy Club  
University Park  
Venus  
Watauga  
Waxahachie  
Weatherford  
West Tawakoni  
Westworth Village  
White Settlement  
Willow Park  
Wilmer  
Wolfe City  
Wylie

**School Districts (24)**

Arlington ISD  
Birdville ISD  
Carrollton-Farmers  
Branch ISD  
Cedar Hill ISD  
Cleburne ISD  
Denton ISD  
Duncanville ISD  
Farmersville ISD

Fort Worth ISD  
Garland ISD  
Grand Prairie ISD  
Greenville ISD  
Hurst-Euless-Bedford ISD  
Irving ISD  
Kaufman ISD  
Lewisville ISD  
Mansfield ISD

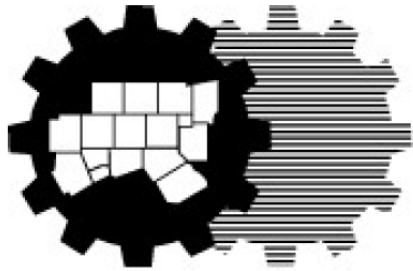
Mesquite ISD  
Midlothian ISD  
Plano ISD  
Richardson ISD  
Rockwall ISD  
Terrell ISD  
Weatherford ISD

**Special Districts (31)**

Acton Municipal Utility  
District  
Area Metropolitan  
Ambulance Authority  
Benbrook Water and Sewer  
Authority  
Central Appraisal District  
of Johnson County  
Collin County Central  
Appraisal District  
Collin County Soil & Water  
Conservation District #535  
Dallas Area Rapid Transit  
Dallas County Community  
College District  
Dallas County Flood  
Control District #1  
Dallas County Park Cities  
Municipal Utility District  
Dallas County Schools

Dallas County Utility &  
Reclamation District  
Dallas County Water Control  
& Improvement District #6  
Dalworth Soil & Water  
Conservation District  
Denton County Fresh Water  
Supply District #1A  
Denton County Fresh Water  
Supply District #6/7  
Denton County  
Transportation Authority  
Fort Worth Transportation  
Authority  
Hunt Memorial Hospital  
District  
Johnson County Special  
Utility District  
Lake Cities Municipal Utility  
Authority

Northeast Texas Rural Rail  
District  
North Texas Municipal Water  
District  
North Texas Tollway  
Authority  
Providence Village Water  
Control & Improvement  
District of Denton County  
Tarrant County Regional  
Water District  
Trinity River Authority  
Trinity River Vision Authority  
Trophy Club Municipal Utility  
District #1  
Weatherford College  
Wise County Water Control  
& Improvements District



**North Central Texas  
Council of Governments**



# **Financial Section**







## INDEPENDENT AUDITOR'S REPORT

To the Members of the Executive Board  
North Central Texas Council of Governments

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of North Central Texas Council of Governments (the Council) as of and for the year ended September 30, 2012, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities and each major fund of North Central Texas Council of Governments at September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February, 15, 2013, on our consideration of the Council's internal control over financial reporting and 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 the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

North Central Texas Council of Governments  
February 15, 2013

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 15, 2013

# NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2012

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As management of the North Central Texas Council of Governments (NCTCOG), we offer readers of the NCTCOG's financial statements this narrative overview and analysis of the financial activities of the NCTCOG for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xiv of this report.

## **Financial Highlights**

- NCTCOG's assets exceeded liabilities at the close of the most recent fiscal year by \$11,756,229 (*net assets*). Of this amount \$4,379,872 (unrestricted net assets) may be used to meet the government's ongoing obligations to creditors and service implementation.
- The total net assets decreased by \$7,873,975 or a 40% drop in the current year. The decrease was mainly due to ongoing Regional Transportation Council (RTC) projects. Sustainable Development expended \$4 million and Congestion Management expended \$2.5 million. The planned spend down will continue through fiscal year 2013.
- NCTCOG's governmental funds reported combined ending fund balances of \$11,623,083, a decrease of \$7,676,876, in comparison with the prior year. Of the total fund balance, approximately 52% is restricted for local transportation projects, 3% is reserved for grants and prepaids, 43% is available for spending at the government's discretion (*unassigned*) and 2% is assigned.
- Due to funding changes, at the state and federal level, Governmental funds total revenues dropped \$26,675,619 or 16% in the current year and expenses went down \$32,725,805 or 18% in the current year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,029,314, or 4% of total governmental fund expenditures.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the NCTCOG's basic financial statements. The NCTCOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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).

Both of the government-wide financial statements distinguish functions of the NCTCOG that are principally supported by grants and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the NCTCOG include the general fund and special revenue fund.

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As there are no component units within NCTCOG, the government-wide financial statements include the general, special revenue and proprietary funds as shown on pages 10 and 11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The NCTCOG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the NCTCOG can be divided into two categories: governmental funds and proprietary 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 spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The NCTCOG maintains two 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 balances for the general fund and the special revenue fund, both of which are considered to be major funds. Individual fund data for the major special revenue governmental funds is provided in the form of *combining statements* elsewhere in this report.

The NCTCOG adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 and 14 of this report.

**Proprietary funds.** The NCTCOG maintains two types of proprietary funds. The *internal service fund* is an accounting device used to accumulate and allocate costs internally among the NCTCOG's various functions. The NCTCOG uses an internal service fund to account for its management information systems. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. NCTCOG uses enterprise funds to account for charges to outside customers for full costs of the services provided.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 16-18 of this report.

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**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-34 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on page 35 of this report.

The combining schedule referred to earlier in connection with the major special revenue fund is presented immediately following the required supplementary information on pages 38-41 of this report.

**Government-wide Financial Analysis**

**Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the NCTCOG, assets exceeded liabilities by \$11,756,229 at the close of the most recent fiscal year. Following is a summary of the government-wide Statement of Net Assets:

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
Current and other assets	\$ 94,446,662	\$ 68,073	\$ 94,514,735	\$ 98,457,921	\$ 55,950	\$ 98,513,871
Capital assets	1,131,432	13,260	1,144,692	1,368,144	22,100	1,390,244
Total assets	<u>95,578,094</u>	<u>81,333</u>	<u>95,659,427</u>	<u>99,826,065</u>	<u>78,050</u>	<u>99,904,115</u>
<b>Liabilities</b>						
Long-term Liabilities outstanding	1,191,094	-	1,191,094	1,181,287	-	1,181,287
Other Liabilities	82,711,800	304	82,712,104	79,092,320	304	79,092,624
Total Liabilities	<u>83,902,894</u>	<u>304</u>	<u>83,903,198</u>	<u>80,273,607</u>	<u>304</u>	<u>80,273,911</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	1,131,432	13,260	1,144,692	1,368,144	22,100	1,390,244
Restricted for grants	193,244	-	193,244	184,646	-	184,646
Restricted for local transportation projects	6,038,421	-	6,038,421	13,876,787	-	13,876,787
Unrestricted	4,312,103	67,769	4,379,872	4,122,881	55,646	4,178,527
Total net assets	<u>\$ 11,675,200</u>	<u>\$ 81,029</u>	<u>\$ 11,756,229</u>	<u>\$ 19,552,458</u>	<u>\$ 77,746</u>	<u>\$ 19,630,204</u>

- The largest portion of NCTCOG's net assets, \$6,038,421, (51%) is restricted for local projects related to transportation funded initiatives. In October 2005, NCTCOG's Regional Transportation Council (RTC) announced the 2005 Sustainable Development Call for Projects. In April 2006, the RTC selected projects and awarded funding for infrastructure, planning, and land banking projects which began funding at the end fiscal year 2007 continuing throughout fiscal year 2012. Current year expenses for these projects totaled \$9,101,602 and cumulative expenses through fiscal year 2012 amount to \$64,956,793, leaving a remaining \$6 million restricted for remaining projects. NCTCOG continues to receive additional local funds for future RTC Sustainable Development projects as scheduled. Awarded funding includes RTC local funds and anticipated local contributions from project sponsors in addition to local match funding.
- An additional portion of NCTCOG's net assets, \$1,144,692, (10%) reflects its investment in capital assets (e.g., equipment) less any debt used to acquire those assets that is still outstanding.
- NCTCOG uses these assets to provide grant related services, they are restricted for specific use related to grant services; consequently, these assets are not available for future spending.

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- Net assets restricted for grants, \$193,244, (2%) are funds that have limitations for use as specified by the funding agencies.
- The remaining balance of net assets totaling \$4,379,872, (37%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation.

**Change in Net Assets.** For the year ended September 30, 2012, the Agency's net assets decreased by \$7,873,975. Following is a summary of the government-wide Statement of Activities:

	NCTCOG's Change in Net Assets					
	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
<b>Program Revenues</b>						
Federal Grant	\$ 10,839,413	\$ -	\$ 10,839,413	\$ 12,979,109	\$ -	\$ 12,979,109
State Administered grants	97,922,702	-	97,922,702	119,138,426	-	119,138,426
Local revenue & In-kind	26,132,659	1,939,496	28,072,155	29,264,855	1,939,738	31,204,593
<b>Total Program Revenues</b>	<b>134,894,774</b>	<b>1,939,496</b>	<b>136,834,270</b>	<b>161,382,390</b>	<b>1,939,738</b>	<b>163,322,128</b>
<b>General Revenues:</b>						
Membership Fees	651,539	-	651,539	663,091	-	663,091
Interest Income	41,970	-	41,970	218,421	-	218,421
<b>Total General Revenue</b>	<b>693,509</b>	<b>-</b>	<b>693,509</b>	<b>881,512</b>	<b>-</b>	<b>881,512</b>
<b>Total Revenue</b>	<b>135,588,283</b>	<b>1,939,496</b>	<b>137,527,779</b>	<b>162,263,902</b>	<b>1,939,738</b>	<b>164,203,640</b>
<b>Expenses:</b>						
Agency management and administration	6,035,722	-	6,035,722	6,050,266	-	6,050,266
Community Services	18,522,455	-	18,522,455	22,909,179	-	22,909,179
Emergency Preparedness	2,062,309	-	2,062,309	3,539,299	-	3,539,299
Environment and development	2,074,557	-	2,074,557	4,587,918	-	4,587,918
RIS local assistance	2,637,422	1,936,213	4,573,635	3,446,598	1,947,896	5,394,494
Transportation	56,170,198	-	56,170,198	76,151,018	-	76,151,018
Workforce development	55,962,878	-	55,962,878	58,952,928	-	58,952,928
<b>Total expenses</b>	<b>143,465,541</b>	<b>1,936,213</b>	<b>145,401,754</b>	<b>175,637,206</b>	<b>1,947,896</b>	<b>177,585,102</b>
<b>Change in Net Assets before Transfers</b>	<b>(7,877,258)</b>	<b>3,283</b>	<b>(7,873,975)</b>	<b>(13,373,304)</b>	<b>(8,158)</b>	<b>(13,381,462)</b>
<b>Transfers in (out)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,237</b>	<b>(4,237)</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(7,877,258)</b>	<b>3,283</b>	<b>(7,873,975)</b>	<b>(13,369,067)</b>	<b>(12,395)</b>	<b>(13,381,462)</b>
<b>Net Assets - October 1</b>	<b>19,552,458</b>	<b>77,746</b>	<b>19,630,204</b>	<b>32,921,525</b>	<b>90,141</b>	<b>33,011,666</b>
<b>Net Assets - September 30</b>	<b>\$ 11,675,200</b>	<b>\$ 81,029</b>	<b>\$ 11,756,229</b>	<b>\$ 19,552,458</b>	<b>\$ 77,746</b>	<b>\$ 19,630,204</b>

Significant components of the net asset activity are as follows:

- Governmental activities total revenues decreased by \$26,675,619 or 16% in the current year. This decrease was driven by a \$16 million reduction in funding from the Texas Commission on Environmental Quality (TCEQ), along with close to \$7 million in the cessation of funds from the American Reinvestment & Recovery Act of 2009.
- Governmental activities total expenses decreased \$32,171,665 or 18% in the current year. Key elements of the changes are as follows:
  - Community services expenses decreased \$4,386,724 or 19% compared to 2011. The main components of this decrease were budget decreases from the Commission on State Emergency Communications (9-1-1) and Public Safety Interoperable Communication (PSIC) equipment.
  - Emergency preparedness expenses decreased by \$1,476,990 or 42% when compared to 2011. This decrease was driven by budget reductions from the Department of State Health Services for

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Cities Readiness Initiative program as well as from the Texas Department of Public Safety for several projects including Digital Sandbox, State Satellite, the State Homeland Security Program and Urban Area Security Initiative Statements of Work, and Super Bowl XLV After Action Review.

- Environment and development expenses decreased by \$2,513,361 or 55% when compared to 2011. This is a combination of budget decreases on the Solid Waste program from the Texas Commission on Environmental Quality and the timing of allocations of sub-grants and their reimbursement requests being submitted. 2012 was the first year of a two year Solid Waste grant cycle and the majority of these expenses occur in year two.
- Research and Information Services expenditures decreased \$809,176 or 23% when compared to 2011. The contributing factor of this decrease was a limited regional flight in our orthophotography program. Every other year either a full regional flight or a limited regional flight is done.
- Transportation expenses decreased by \$19,980,820 or 26% when compared to 2011. This was due to \$10 million in budget decreases for the Aircheck program from the Texas Commission on Environmental Quality, \$8 million reduced RTC and Sustainable Development spending, along with reduced expenditures from the American Reinvestment & Recovery Act of 2009.
- Workforce expense also decreased in the amount of \$2,990,050 or 5% when compared to 2011. The primary source of the decrease was Child Care funds related to the American Reinvestment & Recovery Act of 2009 which ended in 2011.

**Financial Analysis of the Government's Funds**

As noted earlier, the NCTCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the NCTCOG's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the NCTCOG's financial 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.

As of the end of the current fiscal year, the NCTCOG's governmental funds reported combined ending fund balances of \$11,623,083 a decrease of \$7,676,876 in comparison with the prior year. Approximately 43% of this total amount (\$5,029,314) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for use because it has already been committed to liquidate contracts and purchase orders of the prior period along with future project obligations. The general fund is the chief operating fund of the NCTCOG. At the end of the current fiscal year, the total general fund balance reached \$5,084,930. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 4% of total governmental fund expenditures.

**General Fund.** The fund balance of NCTCOG's general fund increased by \$85,319 during the current fiscal year.

**Special Revenue Fund.** The fund balance of NCTCOG's special revenue fund decreased by \$7,762,195 during the current fiscal year. The majority of the decrease was net use of prior year fund balance for transportation related RTC Sustainable Development projects.

**General Fund Budgetary Highlights**

There were administrative adjustments made among functions that resulted in no net change in fund balance between the original and final budget. The net change in fund balance between the final budget and actual results was an increase of \$83,519, about 9% of budgeted total expenditures. This increase was mainly due to additional revenue from local sources.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
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**Capital Asset and Long Term Liability Administration**

**Capital assets.** The NCTCOG's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$1,131,432 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

	<u>2012</u>	<u>2011</u>
<u>Governmental Activities</u>		
Equipment	\$ 449,642	\$ 689,177
Leasehold Improvements	<u>681,790</u>	<u>678,967</u>
Total government activities capital assets	<u><u>\$ 1,131,432</u></u>	<u><u>\$ 1,368,144</u></u>

Detailed information on the NCTCOG's capital assets can be found in Note G on pages 31-32 of this report.

**Long-term liabilities.** At the end of the current fiscal year, the NCTCOG had total long-term liabilities outstanding of \$1,181,287. This debt is related to accrued vacation that is payable to employees at the time of their departure from NCTCOG.

	<u>Balance September 30, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2012</u>	<u>Due Within One Year</u>
Accrued vacation	\$ 1,181,287	\$ 156,700	\$ 146,893	\$ 1,191,094	\$ 118,843
Total	<u><u>\$ 1,181,287</u></u>	<u><u>\$ 156,700</u></u>	<u><u>\$ 146,893</u></u>	<u><u>\$ 1,191,094</u></u>	<u><u>\$ 118,843</u></u>

Detailed information on the long-term debt can be found in Note D on page 29 of this report.

**Economic Factors and Next Year's Budgets and Rates**

NCTCOG membership dues are calculated based on current population of governmental units as certified annually by NCTCOG. Per capita membership dues for fiscal year 2013 is estimated at \$658,000.

NCTCOG total estimated revenues and program expenses for fiscal year 2013 increased \$12.9 million from fiscal year 2012 largely in the Transportation, Workforce and Emergency preparedness programs. Transportation programs projected funding increases of \$9.9 million; predominately comprised of \$7.5 million from the Texas Department of Transportation (TXDOT) and \$10.9 million from the Federal Transit Authority (FTA), along with decreased local contract funding of \$9 million. Workforce programs estimated increased funding of \$1.3 million mainly from the United States Department of Labor (USDOL). Emergency preparedness anticipated increase funding of \$1.7 million primarily from the Texas Department of Public Safety (TDPS).

All of these factors were considered in preparing the NCTCOG's budget for the 2013 fiscal year.

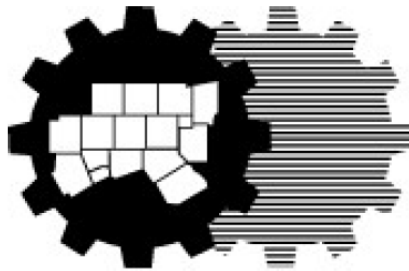


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**Requests for Information**

This financial report is designed to provide a general overview of the NCTCOG's financed for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, North Central Texas Council of Government, P.O. Box 5888, Arlington, Texas, 76005-5888. This report is also available on the NCTCOG website, [www.nctcog.org](http://www.nctcog.org).



**North Central Texas  
Council of Governments**

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental Funds
  - Proprietary Funds
  - Agency fund

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 650	\$ -	\$ 650
Investments	66,471,024	-	66,471,024
Receivables	27,920,714	8,428	27,929,142
Internal balances	(59,645)	59,645	-
Prepays and other assets	113,919	-	113,919
Capital assets, net of accumulated depreciation	1,131,432	13,260	1,144,692
<b>TOTAL ASSETS</b>	<b>95,578,094</b>	<b>81,333</b>	<b>95,659,427</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	23,392,793	-	23,392,793
Unearned revenue	59,319,007	304	59,319,311
Long-term liabilities			
Due within one year	118,843	-	118,843
Due in more than one year	1,072,251	-	1,072,251
<b>TOTAL LIABILITIES</b>	<b>83,902,894</b>	<b>304</b>	<b>83,903,198</b>
<b>NET ASSETS:</b>			
Invested in capital assets	1,131,432	13,260	1,144,692
Restricted for grants	193,244	-	193,244
Restricted for local transportation projects	6,038,421	-	6,038,421
Unrestricted	4,312,103	67,769	4,379,872
<b>TOTAL NET ASSETS</b>	<b>\$ 11,675,200</b>	<b>\$ 81,029</b>	<b>\$ 11,756,229</b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Functions/Programs	Expenses	Operating Grants and Contributions			Net (Expenses) Revenue and Changes in Net Assets		
		Federal Funding	State/State Admin Funding	Local Contracts and In-kind Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Agency administration	\$ 5,276,175	\$ -	\$ 120,965	\$ 1,100,976	\$ (4,054,234)	\$ -	\$ (4,054,234)
Agency management	759,547	-	-	29,816	(729,731)	-	(729,731)
Community services	18,522,455	119,411	12,930,636	5,921,671	449,263	-	449,263
Emergency preparedness	2,062,309	-	1,658,836	780,559	377,086	-	377,086
Environment and development	2,074,557	-	1,003,473	1,216,681	145,597	-	145,597
RIS local assistance	2,637,422	-	-	607,094	(2,030,328)	-	(2,030,328)
Transportation	56,170,198	9,291,805	27,822,107	13,940,868	(5,115,418)	-	(5,115,418)
Workforce development	55,962,878	1,428,197	54,386,685	2,534,994	2,386,998	-	2,386,998
<b>Total governmental activities</b>	<b>143,465,541</b>	<b>10,839,413</b>	<b>97,922,702</b>	<b>26,132,659</b>	<b>(8,570,767)</b>	<b>-</b>	<b>(8,570,767)</b>
Business-type activities:							
Shared services	1,936,213	-	-	1,939,496	-	3,283	3,283
<b>Total primary government</b>	<b>\$ 145,401,754</b>	<b>\$ 10,839,413</b>	<b>\$ 97,922,702</b>	<b>\$ 28,072,155</b>	<b>\$ (8,570,767)</b>	<b>\$ 3,283</b>	<b>\$ (8,567,484)</b>
General Revenues:							
					651,539	-	651,539
					41,970	-	41,970
					<b>693,509</b>	<b>-</b>	<b>693,509</b>
					(7,877,258)	3,283	(7,873,975)
					19,552,458	77,746	19,630,204
					<b>\$ 11,675,200</b>	<b>\$ 81,029</b>	<b>\$ 11,756,229</b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 650	\$ -	\$ 650
Investments	11,081,264	55,389,760	66,471,024
Accounts Receivable:			
Federal grants	-	5,494,726	5,494,726
State administered grants	-	21,964,261	21,964,261
Local grants	-	391,667	391,667
Other	68,271	1,789	70,060
Due from other funds	12,263,383	-	12,263,383
Prepays	15,570	57,990	73,560
Other assets	40,046	-	40,046
<b>TOTAL ASSETS</b>	<b><u>\$ 23,469,184</u></b>	<b><u>\$ 83,300,193</u></b>	<b><u>\$ 106,769,377</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 17,825,406	\$ -	\$ 17,825,406
Accrued liabilities	52,703	5,049,583	5,102,286
Accrued payroll and employee benefits	465,101	-	465,101
Due to other funds	-	12,434,494	12,434,494
Unearned revenue	41,044	59,277,963	59,319,007
<b>TOTAL LIABILITIES</b>	<b><u>18,384,254</u></b>	<b><u>76,762,040</u></b>	<b><u>95,146,294</u></b>
<b>FUND BALANCES:</b>			
Nonspendable	55,616	57,990	113,606
Restricted for grants	-	193,244	193,244
Restricted for local transportation	-	6,038,421	6,038,421
Assigned	-	248,498	248,498
Unassigned	5,029,314	-	5,029,314
<b>TOTAL FUND BALANCES</b>	<b><u>5,084,930</u></b>	<b><u>6,538,153</u></b>	<b><u>11,623,083</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 23,469,184</u></b>	<b><u>\$ 83,300,193</u></b>	<b><u>\$ 106,769,377</u></b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012**

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Amounts reported for governmental fund balance sheet (page 12) are different due to the following:

Total Fund Balance - total governmental funds	\$ 11,623,083
Add: Capital assets net of accumulated depreciation as of September 30, 2012 used in governmental activities were not current financial resources and therefore not reported in the governmental funds balance sheet (excluding Internal Service Fund).	1,115,967
Add: Internal Service Funds are used by management to charge the cost of certain activities, such as financing of the Geographical Information System, to individual funds. The net affect of this activity is to increase net assets.	127,244
Less: Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	<u>(1,191,094)</u>
Net assets of governmental activities (page 10)	<u><u>\$ 11,675,200</u></u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Federal grants	\$ -	\$ 10,839,413	\$ 10,839,413
State administered grants	-	97,922,702	97,922,702
Membership dues	651,539	-	651,539
Local contributions	396,508	5,604,175	6,000,683
Interest income	10,953	31,017	41,970
Program income	-	311,351	311,351
In-Kind	-	19,820,625	19,820,625
<b>TOTAL REVENUES</b>	<u>1,059,000</u>	<u>134,529,283</u>	<u>135,588,283</u>
<b>EXPENDITURES:</b>			
Current:			
Agency administration	3,468,731	2,655,225	6,123,956
Agency management	522,548	-	522,548
Community services	321,761	18,646,227	18,967,988
Emergency preparedness	515	2,198,637	2,199,152
Environment & development	182,023	2,055,426	2,237,449
Research & information services	350,100	2,525,659	2,875,759
Transportation	36,945	57,755,595	57,792,540
Workforce development	-	56,271,929	56,271,929
Capital outlay	52,457	176,600	229,057
	<u>4,935,080</u>	<u>142,285,298</u>	<u>147,220,378</u>
Indirect Cost Allocation	(3,634,081)	-	(3,634,081)
Contributions to Indirect Costs	(321,138)	-	(321,138)
<b>TOTAL EXPENDITURES</b>	<u>979,861</u>	<u>142,285,298</u>	<u>143,265,159</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>79,139</u>	<u>(7,756,015)</u>	<u>(7,676,876)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>			
Transfers In	23,374	1,120,936	1,144,310
Transfers Out	(17,194)	(1,127,116)	(1,144,310)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>6,180</u>	<u>(6,180)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>85,319</u>	<u>(7,762,195)</u>	<u>(7,676,876)</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,999,611</u>	<u>14,300,348</u>	<u>19,299,959</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,084,930</u>	<u>\$ 6,538,153</u>	<u>\$ 11,623,083</u>

See accompanying notes to the basic financial statements.



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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Amounts reported for governmental activities in the statement of activities (page 11) are different due to the following:

Net change in Fund Balances - Total Governmental Funds (page 14)	\$ (7,676,876)
Governmental funds report capital outlay as expenditures, however, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	229,057
Internal Service Funds are used by management to charge the cost of certain activities, such as financing of the Geographical Information System, to individual funds. This is the net change in fund balances for Internal Service Funds.	(1,255)
Current year changes in the long term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(9,807)
Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	<u>(418,377)</u>
Change in net assets of governmental activities (page 11)	<u><u>\$ (7,877,258)</u></u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2012**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>		
Accounts receivable	\$ 8,428	\$ -
Prepays and other assets	-	313
Due from other funds	59,645	111,466
Total current assets	<u>68,073</u>	<u>111,779</u>
Capital assets, net of accumulated depreciation	<u>13,260</u>	<u>15,465</u>
<b>TOTAL ASSETS</b>	<u>81,333</u>	<u>127,244</u>
<b>CURRENT LIABILITIES</b>		
Unearned revenue	<u>304</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>304</u>	<u>-</u>
<b>NET ASSETS</b>		
Investment in capital assets	13,260	15,465
Unrestricted	<u>67,769</u>	<u>111,779</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 81,029</u>	<u>\$ 127,244</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Service charges	\$ 1,939,496	\$ 3,991,943
<b>TOTAL OPERATING REVENUES</b>	<u>1,939,496</u>	<u>3,991,943</u>
<b>OPERATING EXPENSES</b>		
Personnel	14,506	556,156
Indirect	2,523	96,728
Contract services	1,500,084	193,554
Travel	33	2,235
Depreciation	8,840	59,955
Other costs	410,227	3,084,570
<b>TOTAL OPERATING EXPENSES</b>	<u>1,936,213</u>	<u>3,993,198</u>
<b>OPERATING INCOME</b>	<u>3,283</u>	<u>(1,255)</u>
CHANGE IN NET ASSETS	3,283	(1,255)
NET ASSETS - BEGINNING OF YEAR	<u>77,746</u>	<u>128,499</u>
NET ASSETS - END OF YEAR	<u>\$ 81,029</u>	<u>\$ 127,244</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF CASH FLOW PROPRIETARY FUNDS  
FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from service charges	\$ 1,927,373	\$ 3,991,943
Payments to other funds for indirect and other costs	(2,523)	(3,408,524)
Payments to suppliers for goods and services	(1,910,344)	(14,700)
Payments to employees	(14,506)	(556,156)
	<u>-</u>	<u>12,563</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES:</b>		
Purchase of capital assets	-	(12,563)
	<u>-</u>	<u>(12,563)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		
	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 3,283	\$ (1,255)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	8,840	59,955
Increase in prepaid expenses	-	(313)
Decrease in accounts receivable	2,465	-
Increase in due from other funds	(14,588)	(31,124)
Decrease in accrued liabilities	-	(14,700)
	<u>-</u>	<u>(14,700)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ -</u></u>	<u><u>\$ 12,563</u></u>

See accompanying notes to the basic financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

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**NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

**General Statement**

The North Central Texas Council of Governments (the Council or NCTCOG) is a voluntary association of cities, counties, school districts, and special districts within the sixteen-county North Central Texas region. The Council was established in 1966 to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development. NCTCOG is a political subdivision of the State of Texas under state enabling legislation Chapter 391 - Local Government Code (formerly Article 1011(m), Revised Civil Statutes, State of Texas).

**Summary of Significant Accounting Policies**

The accounting and reporting policies of the Council relating to the funds included in the accompanying basic financial statements conform in all material respects to accounting principles generally accepted in the United States of America and applicable to state and local governments.

The following significant accounting policies were applied in the preparation of the accompanying basic financial statements:

**1. Reporting Entity**

***Primary Government***

Membership in NCTCOG is voluntary. Any county, city or special purpose district within the North Central Texas region may become a member of the independent association by passing a resolution to join the Council and paying annual dues. Each member government is entitled to have one voting representative in the Council's General Assembly, which is NCTCOG's governing body. Each year the General Assembly elects a thirteen (13) member Executive Board that is the policymaking and oversight body for the Council.

The financial reporting entity is determined in accordance with GASB No. 14, "The Financial Reporting Entity", as amended by GASB No. 39, "Determining Whether Certain Organizations are Component Units".

The accompanying financial statements present the government and its blended component unit, North Central Texas Council of Governments Foundation, for which the government is considered to be financially accountable. The governing bodies of the blended component unit are substantially the same as the Council and, although legally separate entities are in substance part of the Council's operations and accordingly, are presented as such.

**2. Basis of Presentation**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Council. Historically, governmental activities are supported by grant funding, indirect cost reimbursements from within the agency and membership dues, are reportedly separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include operating or capital grants and contributions that are restricted

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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**NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Council segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements. There are no non-major fund categories in the Council's presentation.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The Council has presented the following major governmental funds:

General Fund—

The General Fund is the main operating fund of the Council. This fund is used to account for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds—

The Special Revenue Fund accounts for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified in the grant agreements. These funds include Federal, State, State Administered, and Locally funded grants.

Proprietary Fund Type –

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Council has presented the following proprietary funds:

Enterprise Fund – accounts for charges to outside customers for full costs of services provided, including City Net shared services, law enforcement and court analysis portals.

Internal Service Fund – accounts for the cost recovery of the Geographical Information System and the agency computer network cost center. This fund accounts for these computer and maintenance services on a cost reimbursement basis and through user fees.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**3. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

The governmental fund types (General Fund and Special Revenue Funds) use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

The accrual basis of accounting and flow of economic resources measurement focus are used in all proprietary fund types. Under the accrual basis of accounting, revenues are recognized when earned, and expenses (including depreciation) are recorded when the liability is incurred. Private-sector standards of accounting and financial reporting (as issued by the Financial Accounting Standards Board) issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for enterprise funds, subject to the same limitation. The Council has elected not to follow subsequent private-sector guidance.

The major sources of revenue are grants, membership dues, local contributed cash, and in-kind and contributed services as follows:



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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**NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

a) Federal, State, and Local Grant Revenue

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arises when resources are received by NCTCOG, before it has a legal claim to them, as when grant money is received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when NCTCOG has a legal claim to the resources, the liability for the deferred revenue is removed from the balance sheet and revenue is recognized.

b) Member Government Dues

All member governments are required to pay dues to NCTCOG. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period.

Dues are reported in the General Fund and funds are transferred to the Special Revenue Fund as needed to meet matching requirements of the grants.

c) Local Contributed Cash

Contributions to grant programs from local governments and other participants are recognized as revenue when grant expenditures are incurred in the case of cost reimbursement grants, and when courses are completed in the case of Regional Police Academy tuition.

d) In-Kind and Contributed Services

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. Contributed services are therefore recorded as revenue and expenditures in the individual grants. The amounts of such services are recorded in the accompanying financial statements at their estimated fair market values at date of service.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**4. Leave Policies**

Employees eligible for leave include (1) full-time employees and (2) part-time employees that work a minimum of 20 hours per week.

Based on full time or part time accrual rates employees may accrue, during the first five years of employment, up to ten (10) days of vacation leave per year. During the second five years of employment, an employee accrues up to fifteen (15) days per year, and after ten years of employment, up to twenty (20) days per year. The maximum of unused vacation leave a full-time and eligible part-time employee may accumulate is the number of days, which the employee would

**NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

accumulate in three (3) years at their current accrual rate. Upon termination of employment from the Council, an employee will be paid for unused vacation leave not to exceed the maximum amount normally accrued based on hire date. Specific information related to vacation accrual is available for review in the personnel manual. The liability for accumulated vacations (\$1,191,094 at September 30, 2012) for governmental fund types, which represents normal accumulations, has been recorded. The current portion of accrued vacation pay, which would be liquidated with expendable available resources, is not material.

The Council's sick leave policy permits the accumulation of fifteen (15) sick days per year up to a maximum of 90 days for full-time employees and seven and one-half (7.5) sick days per year up to a maximum of 45 days for eligible part-time employees. Employees are not paid for unused sick days upon termination of employment. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave. The General Fund is typically used to liquidate the liability for governmental activities' compensated absences. Long-term accrued compensated absences are not expected to be liquidated with expendable available financial resources and are not reported in the governmental fund financial statements.

**5. Investments**

The Council invests in authorized investment pools and funds. Investments are carried at fair value. See Note B.

**6. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts, and other commitments for the expenditure of funds) are not treated as expenditures until a liability for payment is incurred, but are merely used to facilitate effective budget control and cash planning and management.

**7. State Administered Grants**

State Administered Grants are federal grant funds, appropriated state funds, or a combination of the two, which are allocated to State agencies, and then, passed through to local units of government.

**8. Transfers**

Transfers are the distribution of local cash resources to grant projects requiring a local cash match in accordance with the terms and conditions of the grant contract. Local funds are derived primarily from NCTCOG dues paid by member governments.

**9. Allocation of Employee Benefits and Indirect Costs**

NCTCOG Employee Benefits and Indirect Costs are allocated based upon actual expenditures to all grants in accordance with the Office of Management and Budget Circular A-87. NCTCOG employee benefits are allocated to grant projects as a percentage of NCTCOG direct labor costs. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs and employee benefits charged to grant projects. Contributions to Indirect Costs represent revenues that offset certain costs included in the Indirect Cost Pool.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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**NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**10. Transactions Between Funds**

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services and reimbursements, are recorded as transfers.

**11. Capital Assets**

Capital assets, which include equipment, furniture and leasehold improvements, are reported in the governmental activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. See Note G for details on capital assets.

**12. Risk Management**

The NCTCOG participates in the Texas Municipal League Intergovernmental Risk Pool (TML-IRP) to provide workers' compensation coverage and general liability and property insurance. The Council, along with other participating entities, contributes annual amounts determined by TML-IRP management.

As claims arise they are submitted to and paid by TML-IRP. During 2012, the Council contributed \$78,727 to the fund for this insurance coverage. There were no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the year ended September 30, 2012 or any of the three preceding years ending September 30<sup>th</sup>.

**13. Cash and Cash Equivalents**

Cash of all funds is pooled into a common bank account in order to maximize investment opportunities. The external investment pools satisfy the definition of cash equivalents, however, it is the Council's policy to treat these as investments rather than cash equivalents. NCTCOG elects to exclude investments with an original maturity of one year or less from the date of purchase from fair value reporting. These investments are reported at amortized cost.

**14. Nature and Purpose of Restrictions and Assignment of Fund Equity**

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets; restricted net assets; and unrestricted net assets. Net assets invested in capital assets represent capital assets less accumulated depreciation. Restricted net assets represent net assets restricted by parties outside of the Council. All other net assets are considered unrestricted.

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the NCTCOG classifies governmental fund balances as follows.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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**NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers (grantors) either through laws and regulations, constitutionally or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by the Executive Board. Commitments may be changed or lifted only by the Executive Board.

Assigned fund balance – comprises amounts intended to be used by the Council for specific purposes. Intent can be expressed by the Executive Board or by the Executive Director or body to which the Executive Board delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned fund balance – residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Unrestricted fund balance - total of committed fund balance, assigned fund balance, and unassigned fund balance.

In an effort to ensure the continuance of sound financial management of public resources, the Council's unrestricted fund balance will be maintained in the General Fund. This will provide the Council with sufficient funds to address emergencies, sudden loss of revenue or operating needs, and unexpected downturns without borrowing.

This policy establishes the amounts the Council will strive to maintain in its General Fund balance, the conditions under which fund balance may be spent, and the method by which fund balances will be restored. These amounts are expressed as goals, recognizing that fund balance levels can fluctuate from year to year in the normal course of operations for any government.

Minimum Unassigned/Unrestricted Fund Balance - It is the intent of the Council to limit use of unassigned/unrestricted fund balances to address unanticipated, non-recurring needs or known and planned future obligations. Fund balances shall not normally be applied to recurring annual operating expenditures. Unassigned/unreserved fund balances may, however, be used to allow time for the Council to restructure its operations in a deliberate manner, but such use will only take place in the context of long-term financial planning.

The Council's unassigned/unreserved fund balance in the general fund should represent no less than two months of operating expenditures. The Council considers a fund balance of less than two months of operating expenditures to be cause for concern, barring unusual or deliberate circumstances.

If unassigned fund balance falls below the targeted minimum level or has a deficiency, the Council will request increased local funding over the subsequent fiscal years.

It is the policy of the Council that expenditures for which more than one category of fund balance could be used, that the order of use is: Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. A schedule of NCTCOG fund balances is provided in Note K.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012**

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**NOTE B - CASH AND INVESTMENTS**

GASB 40 requires the following disclosure for investments:

**1. Legal and Contractual Provisions Governing Deposits and Investments**

The Public Funds Act contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things it requires the NCTCOG to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the NCTCOG's investment policy authorized the NCTCOG to invest in the following investments as summarized in the table below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
US Treasury Securities	less than 2 years	100%	none
US Agencies and Instrumentalities	less than 2 years	85%	none
Certificates of Deposit	less than 2 years	100%	none
Repurchase Agreements	less than 120 days	20%	none
Money Market Mutual Funds	less than 2 years	50%	none
Local Government Investment Pools	less than 2 years	100%	none

The Act also requires the NCTCOG to have independent auditors perform test procedures related to investment practices as provided by the Act. The NCTCOG is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2012 are classified in the accompanying financial statements as follows:

**Statement of net assets:**

Primary Government	
Total cash and investments	<u>\$ 66,471,674</u>

Cash and investments as of September 30, 2012 consist of the following:

Deposits with financial institutions	\$ -
Cash on hand	650
Investments	<u>66,471,024</u>
Total cash and investments	<u>\$ 66,471,674</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

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**NOTE B - CASH AND INVESTMENTS (continued)**

**2. Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the NCTCOG manages its exposure to risk is to invest in local government investment pools because all invested funds are intended to cover expenditures that are expected to occur within the next twelve months.

As of September 30, 2012, NCTCOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity(1)</u>
TexPool	\$ 25,643,066	48 days
Logic	438	55 days
TexStar	40,827,520	51 days
	<u>\$ 66,471,024</u>	

(1) Based on the final maturity dates of each floating rate instrument held in the portfolio.

As of September 30, 2012 NCTCOG did not invest in any securities which are highly sensitive to interest rate fluctuations.

**3. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, NCTCOG's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Rating Required</u>	<u>Rating as of Year End</u>
Primary Government			
TexPool	\$ 25,643,066	A	AAAm
Logic	438	A	AAAm
TexStar	40,827,520	A	AAAm
Total Primary Government	<u>\$ 66,471,024</u>		

**4. Concentration of Credit Risk**

The investment policy of NCTCOG contains no limitation on the amount that can be invested in any one issuer. As of September 30, 2012 other than external investment pools, NCTCOG did not have 5% or more of its investments with any one issuer.

**NOTE B - CASH AND INVESTMENTS (continued)**

**5. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and NCTCOG's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits or investment other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. At September 30, 2012, the Council's deposits had a carrying amount of \$0 and a bank ledger balance of \$539,633. Pledged collateral of \$2,551,563 was available to cover the uninsured available balance, however, there was no limit to FDIC insurance for non-interest bearing accounts during 2012.

**6. Investment in Local Government Investment Pools**

NCTCOG is a voluntary participant in various investment pools organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible entities of the State of Texas to jointly invest their funds in permitted investments. NCTCOG invests in the following investment pools:

**TexPool:** The Comptroller of Public Accounts (the "Comptroller") is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company") which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are Federated Investors, Inc. ("Federated"), under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

**TEXSTAR:** JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TEXSTAR under an agreement with the TEXSTAR board of directors. JPMorgan Fleming Asset Management (USA), Inc. provides investment services, and First Southwest Asset Management, Inc. provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co. The primary objectives of TEXSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012**

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**NOTE B - CASH AND INVESTMENTS (continued)**

**LOGIC:** The Cooperative's governing body is a six-member Board of Directors (the "Board") comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with the Cooperative and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Cooperative. The Cooperative will invest only in authorized investments under the Public Funds Investment Act. Its general investment objectives are safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return.

Each investment pool the NCTCOG participates and operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940 to the extent such rule is applicable to its operations. Accordingly, the investment pools use the amortized cost method permitted by SEC Rule 2a-7 to report net assets and share prices since that amount approximates fair value. A Board of Directors comprised of local government officers, including participants of the investment pools, performs regulatory oversight in the external investment pools.

**NOTE C - FEDERAL AND STATE ADMINISTERED GRANT RECEIVABLES**

Federal and state administered grant receivables consist of receivables for reimbursement of expenditures under various programs and grants. All amounts are expected to be collected within the next year.

**NOTE D - CHANGES IN LONG-TERM LIABILITIES**

A summary of long-term liability transactions for the year ended September 30, 2012, is presented below. Due to the nature of the obligation for accrued vacation, annual requirements to amortize such obligations are not determinable and have not been presented. Compensated absences are liquidated by all governmental funds by allocating amounts based on labor hours charged to those funds.

	Balance September 30, 2011	Increases	Decreases	Balance September 30, 2012	Due Within One Year
Accrued vacation	\$ 1,181,287	\$ 156,700	\$ 146,893	\$ 1,191,094	\$ 118,843
Total	<u>\$ 1,181,287</u>	<u>\$ 156,700</u>	<u>\$ 146,893</u>	<u>\$ 1,191,094</u>	<u>\$ 118,843</u>

**NOTE E - DEFERRED COMPENSATION PLAN**

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The International City Management Association Retirement Corporation (ICMARC) administers the plan. The plan, available to all Council employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries. NCTCOG has no fiduciary responsibility for the plan and the amounts are not accessible by the Council or its creditors. Therefore, the plan assets are not reported in the financial statements.

The Council also contributes to a Section 457 deferred compensation plan for part-time employees. This plan is also administered by ICMARC. Part-time employees contributed \$18,735 during 2012. The Council contributed a matching \$13,558 as the employers match, 3.75% of gross salaries. Part-time employees are 100% vested in the plan from the first contribution.



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012**

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**NOTE F - TRANSACTIONS AND TRANSFERS**

Internal transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions are recorded as transfers (See Note A).

The following is a summary of interfund transfers at September 30, 2012:

Transfers in/out other funds:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue	\$ 23,374	Recovery of depreciation
Special Revenue Fund	General Fund	17,194	Local match dollars
Special Revenue Fund	Special Revenue Fund	1,103,742	State funded projects/Local match
	Total	<u>\$ 1,144,310</u>	

Due to/from other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 12,263,383	\$ -
Special Revenue Fund	-	12,434,494
Enterprise Fund	59,645	-
Internal Service Fund	111,466	-
Total	<u>\$ 12,434,494</u>	<u>\$ 12,434,494</u>

The outstanding balances between funds result mainly from the time lag between dates that interfund goods and services are provided or reimbursable expenditures occur and/or payments between funds are made.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE G - CAPITAL ASSETS**

**Governmental activities:**

A summary of changes in the governmental activities capital assets for the year ended September 30, 2012, follows:

	Balance at October 1, 2011	Increases	Decreases	Balance at September 30, 2012
Governmental Activities				
<u>General Capital Assets</u>				
Capital Assets being depreciated:				
Equipment	\$ 4,237,034	\$ 132,288	(6,367)	\$ 4,362,955
Furniture	466,680	-	-	466,680
Leasehold Improvements	2,171,845	96,769	-	2,268,614
Total capital assets being depreciated	<u>6,875,559</u>	<u>229,057</u>	<u>(6,367)</u>	<u>7,098,249</u>
Accumulated depreciation				
Equipment	3,610,714	317,780	(6,367)	3,922,127
Furniture	466,680	-	-	466,680
Leasehold Improvements	1,492,878	100,597	-	1,593,475
Total accumulated depreciation	<u>5,570,272</u>	<u>418,377</u>	<u>(6,367)</u>	<u>5,982,282</u>
Total governmental funds capital assets, net	<u>1,305,287</u>	<u>(189,320)</u>	<u>-</u>	<u>1,115,967</u>
<u>Internal Service Fund Capital Assets</u>				
Capital assets being depreciated:				
Equipment	539,373	5,270	(11,498)	533,145
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	7,293	-	14,671
Total capital assets being depreciated	<u>547,756</u>	<u>12,563</u>	<u>(11,498)</u>	<u>548,821</u>
Accumulated depreciation				
Equipment	476,516	59,313	(11,498)	524,331
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	642	-	8,020
Total accumulated depreciation	<u>484,899</u>	<u>59,955</u>	<u>(11,498)</u>	<u>533,356</u>
Total internal service funds capital assets, net	<u>62,857</u>	<u>(47,392)</u>	<u>-</u>	<u>15,465</u>
Governmental activities capital assets, net	<u>\$ 1,368,144</u>	<u>\$ (236,712)</u>	<u>\$ -</u>	<u>\$ 1,131,432</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE G - CAPITAL ASSETS (continued)**

	Balance at October 1, 2011	Increases	Decreases/ Transfers	Balance at September 30, 2012
Business Type Activities:				
<u>Capital assets being depreciated:</u>				
Equipment	\$ 7,361,554	\$ -	\$ -	\$ 7,361,554
Total capital assets being depreciated	<u>7,361,554</u>	<u>-</u>	<u>-</u>	<u>7,361,554</u>
<u>Accumulated Depreciation:</u>				
Equipment	7,339,454	8,840	-	7,348,294
Total accumulated depreciation	<u>7,339,454</u>	<u>8,840</u>	<u>-</u>	<u>7,348,294</u>
Total Business-type activities capital assets, net	<u>\$ 22,100</u>	<u>\$ (8,840)</u>	<u>\$ -</u>	<u>\$ 13,260</u>

Assets capitalized have an original cost of \$5,000 or more per unit and over three (3) years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Equipment	3 years
Furniture	5 years
Leasehold Improvements	Length of remaining lease

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities

Agency Administration	\$ 34,258
Agency Management	781
Community Services	58,608
Emergency Preparedness	18,003
Environment & Development	21,431
RIS Local Assistance	31,569
Transportation	213,081
Workforce Development	40,646
Internal Service Fund	<u>59,955</u>
Total Depreciation expense-governmental activities	<u>\$ 478,332</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012**

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**NOTE H - RETIREMENT PLAN**

ICMARC administers the Council's 401(a) retirement plan. It is a defined contribution retirement plan, which provides retirement benefits for all full-time permanent employees. The Council contributed an amount (\$2,185,659) during fiscal year 2012 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of \$1,092,829 during 2012 equal to six percent (6%) of gross salaries. Total Council payroll for the year was \$18,790,902 including \$18,325,724 payroll covered by the plan. Employees become 40 percent (40%) vested in the Council's contributions after three full years of employment. An additional 15 percent (15%) is vested for each additional full year of employment. An employee becomes fully vested after seven years of employment. The Council's retirement plan was formed under the authority of the Council Executive Board and the Executive Board has the authority to amend/or terminate the retirement plan and/or contribution requirements at any time.

**NOTE I - COMMITMENTS**

The Council entered into non-cancellable operating leases primarily for office space and equipment. Rental expenditures under all NCTCOG operating lease agreements were \$4,029,988 for 2012.

Future minimum rental payments required under operating leases for NCTCOG and its subcontractors that have initial or remaining lease terms in excess of one year as of September 30, 2012, are as follows:

Year Ending September 30	
2013	\$ 3,934,276
2014	3,721,096
2015	3,407,521
2016	3,105,681
2017	2,945,442
Thereafter (2018-2023)	15,647,698
	\$ 32,761,716

**NOTE J - CONTINGENCIES**

For a majority of the expenditures in Workforce Development (WD) and Aging Programs, the Council contracts with other governments or local agencies to perform the specific services set forth in the grant agreements. The Council disburses grant funds to the agencies based on monthly expenditure and performance reports received from each agency.

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

For the year ended September 30, 2012, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE J – CONTINGENCIES (continued)**

Additionally, grantor agencies reserve the right to perform certain audit work in addition to the work performed by the Council's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be absorbed by the Council. Management does not believe that the Council will incur any significant costs if such additional work should occur.

**NOTE K – FUND BALANCES**

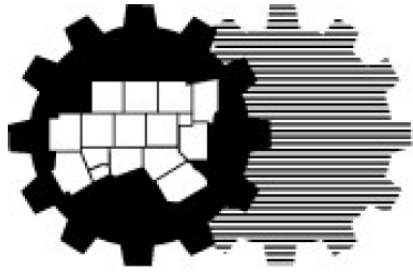
In accordance with GASB 54 the NCTCOG classifies governmental fund balances as follows:

**DETAILED FUND BALANCE DISCLOSURE**

	General Fund Fund	Major Special Revenue					TOTAL
		CJD	Local	TCEQ	TXWD	TXDOT	
<b>FUND BALANCES:</b>							
Non Spendable:							
Prepays	\$ 15,570	-	\$ 57,990	-	-	-	\$ 73,560
Inventory	40,046	-	-	-	-	-	40,046
Restricted:							
Grants	-	19,561	-	5,566	117,997	50,120	193,244
Local Transportation	-	-	6,038,421	-	-	-	6,038,421
Assigned	-	-	248,498	-	-	-	248,498
Unassigned	5,029,314	-	-	-	-	-	5,029,314
<b>TOTAL FUND BALANCES:</b>	<b>\$ 5,084,930</b>	<b>\$ 19,561</b>	<b>\$ 6,344,909</b>	<b>\$ 5,566</b>	<b>\$ 117,997</b>	<b>\$ 50,120</b>	<b>\$ 11,623,083</b>

**NOTE L – SUBSEQUENT EVENTS**

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through February 15, 2013, the date the financial statements were available to be issued.



**North Central Texas  
Council of Governments**

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Budget Basis Actual</u>	<u>Variance with Final Budget (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Member dues	\$ 652,939	\$ 652,939	\$ 651,539	\$ (1,400)
Local contributed cash	314,216	314,216	396,508	82,292
Interest income	10,000	10,000	10,953	953
Total revenues	<u>977,155</u>	<u>977,155</u>	<u>1,059,000</u>	<u>81,845</u>
<b>EXPENDITURES</b>				
Current:				
Agency administration	3,239,493	3,186,493	3,169,241	17,252
Agency management	568,346	568,346	522,593	45,753
Public affairs	310,318	310,318	300,062	10,256
RIS local assistance	445,013	445,013	350,722	94,291
Community services	291,716	291,716	321,889	(30,173)
Environmental & development	200,000	200,000	182,135	17,865
Transportation	55,000	55,000	36,946	18,054
Capital outlay	-	53,000	52,457	543
Total current expenditures	<u>5,109,886</u>	<u>5,109,886</u>	<u>4,936,045</u>	<u>173,841</u>
Indirect cost allocation	(3,772,231)	(3,772,231)	(3,634,081)	(138,150)
Contributions to indirect costs	(360,500)	(360,500)	(321,138)	(39,362)
Total expenditures	<u>977,155</u>	<u>977,155</u>	<u>980,826</u>	<u>(3,671)</u>
Excess (deficiencies) of revenues Over/(under) expenditures	<u>-</u>	<u>-</u>	<u>78,174</u>	<u>78,174</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	23,374	23,374
Transfers out	-	-	(17,194)	(17,194)
Charge for use of assets	45,000	45,000	24,339	(20,661)
Indirect allocation to Special Revenue Fund	(43,200)	(43,200)	(23,374)	19,826
Total other financing sources	<u>1,800</u>	<u>1,800</u>	<u>7,145</u>	<u>5,345</u>
Net changes in fund balances	1,800	1,800	85,319	83,519
Fund balances - beginning	4,999,611	4,999,941	4,999,611	-
Fund balances - ending	<u>\$ 5,001,411</u>	<u>\$ 5,001,741</u>	<u>\$ 5,084,930</u>	<u>\$ 83,519</u>



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2012**

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**NOTE A: FINANCIAL STATEMENT PRESENTATION - BUDGET BASIS**

It is NCTCOG's policy to prepare the annual budget on a basis, which includes an equipment usage charge in the General Fund. Accordingly, the Budgetary Comparison Schedule - General Fund is prepared on the basis utilized in preparing the budget, which includes this equipment usage charge. However, the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Fund, prepared in accordance with accounting principles generally accepted in the United States (GAAP), does not include equipment usage charge.

The effect of this difference on the Budgetary Comparison Schedule - General Fund is an increase in reported expenditures offset by an adjustment to other sources (uses) in the amounts of the current year equipment usage charge. After this adjustment is made through the transfers in (out), the net changes in budget basis versus GAAP basis are the same.

<u>General Fund</u>	
Total Net Expenditures (GAAP Basis)	\$ 979,861
Plus Charge for use of assets	24,339
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(23,374)</u>
Total Expenditures (Budget Basis)	<u>\$ 980,826</u>
Total Other Sources (GAAP Basis)	\$ 6,180
Plus Charge for use of assets	24,339
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(23,374)</u>
Total Other Sources (Budget Basis)	<u>\$ 7,145</u>

**NOTE B: BUDGETARY CONTROLS**

NCTCOG follows these procedures in establishing the General Fund budgetary data reflected in the basic financial statements:

- a) Prior to October 1, the Executive Director submits to the Executive Board a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Prior to October 1, the Executive Board formally approves the budget document following a public hearing.
- c) The approved annual budget is used as a control device for the General Fund. The individual grant contracts are used as the control device within the Special Revenue Funds.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2012**

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- e) Appropriations for the General Fund lapse at the end of the fiscal year.
- f) Expenditures cannot legally exceed appropriations at the fund level. Expenditures are monitored by the Department of Administration. When expenditures are required for functions that have not been budgeted, authorization to incur the expenditures is requested from NCTCOG's Executive Board by resolution during its regular monthly meetings.
- g) The Executive Director is authorized to transfer budgeted amounts between programs; however, NCTCOG's Executive Board would approve any revisions, which would increase total expenditures.

**OTHER  
SUPPLEMENTAL  
INFORMATION**

Other supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Combining Schedules- Federal, State and Locally Administered Grant Funds
- Statement of Changes in Assets and Liabilities – Agency Fund
- Schedule of Indirect Cost (Budget Basis)
- Schedule of Employee Benefits
- Texas Local Government Code Chapter 391 Indirect Cost Limitations Test
- Capital Assets:

By Source  
By Function and Activity  
Changes by Function and Activity

Additional support for specific grants within the Special Revenue governmental fund can be found in the supplemental booklet available upon request.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FEDERAL, STATE AND LOCALLY ADMINISTERED GRANTS  
 YEAR ENDED SEPTEMBER 30, 2012**

	<u>Federal Funds Total</u>	<u>State and Locally Administered Total</u>	<u>Combined Total</u>
<b>REVENUES</b>			
Federal grants	\$ 10,839,413	\$ -	\$ 10,839,413
State administered grants	-	97,922,702	97,922,702
Local contributions	130,787	5,473,388	5,604,175
In-Kind	8,060,886	11,759,739	19,820,625
Program income	-	311,351	311,351
Interest income	-	31,017	31,017
	<u>19,031,086</u>	<u>115,498,197</u>	<u>134,529,283</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current:			
Agency administration	214,810	2,440,415	2,655,225
Community services	118,845	18,527,382	18,646,227
Emergency preparedness	-	2,198,637	2,198,637
Environment & development	-	2,055,426	2,055,426
Research & information services	1,093	2,524,566	2,525,659
Transportation	17,447,236	40,308,359	57,755,595
Workforce development	1,396,302	54,875,627	56,271,929
Capital Outlay	-	176,600	176,600
	<u>19,178,286</u>	<u>123,107,012</u>	<u>142,285,298</u>
<b>TOTAL EXPENDITURES</b>			
<b>DEFICIENCIES OF REVENUES UNDER EXPENDITURES</b>			
	<u>(147,200)</u>	<u>(7,608,815)</u>	<u>(7,756,015)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	149,047	971,889	1,120,936
Transfers Out	(1,847)	(1,125,269)	(1,127,116)
	<u>147,200</u>	<u>(153,380)</u>	<u>(6,180)</u>
<b>TOTAL OTHER FINANCING SOURCES</b>			
<b>DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES</b>			
	-	(7,762,195)	(7,762,195)
<b>FUND BALANCE - BEGINNING OF YEAR</b>			
	<u>-</u>	<u>14,300,348</u>	<u>14,300,348</u>
<b>FUND BALANCE - END OF YEAR</b>			
	<u>\$ -</u>	<u>\$ 6,538,153</u>	<u>\$ 6,538,153</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FEDERAL GRANTS  
 YEAR ENDED SEPTEMBER 30, 2012**

	Federal Funds							TOTAL
	DOE	EPA	FTA	FAA	HUD	DOL	DOJ	
<b>REVENUES</b>								
Federal grants	\$3,145,980	\$1,130,728	\$4,379,719	\$324,697	\$310,681	\$1,428,197	\$119,411	\$10,839,413
State administered grants	-	-	-	-	-	-	-	-
Local contributions	-	-	130,787	-	-	-	-	130,787
In-Kind	4,430,321	1,876,566	1,753,999	-	-	-	-	8,060,886
<b>TOTAL REVENUES</b>	<b>7,576,301</b>	<b>3,007,294</b>	<b>6,264,505</b>	<b>324,697</b>	<b>310,681</b>	<b>1,428,197</b>	<b>119,411</b>	<b>19,031,086</b>
<b>EXPENDITURES</b>								
Current:								
Agency administration	9,541	2,216	144,451	13,148	12,708	31,124	1,622	214,810
Community services	-	-	-	-	-	-	118,845	118,845
Emergency preparedness	-	-	-	-	-	-	-	-
Environment & development	-	-	-	-	-	-	-	-
Research & information services	-	-	-	583	-	510	-	1,093
Transportation	7,566,699	3,005,323	6,171,864	327,840	375,510	-	-	17,447,236
Workforce development	-	-	-	-	-	1,396,302	-	1,396,302
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>7,576,240</b>	<b>3,007,539</b>	<b>6,316,315</b>	<b>341,571</b>	<b>388,218</b>	<b>1,427,936</b>	<b>120,467</b>	<b>19,178,286</b>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>61</b>	<b>(245)</b>	<b>(51,810)</b>	<b>(16,874)</b>	<b>(77,537)</b>	<b>261</b>	<b>(1,056)</b>	<b>(147,200)</b>
<b>OTHER FINANCING SOURCES</b>								
Transfers in	29	291	52,911	17,090	77,670	-	1,056	149,047
Transfers out	(90)	(46)	(1,101)	(216)	(133)	(261)	-	(1,847)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(61)</b>	<b>245</b>	<b>51,810</b>	<b>16,874</b>	<b>77,537</b>	<b>(261)</b>	<b>1,056</b>	<b>147,200</b>
<b>EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
STATE AND LOCALLY ADMINISTERED FUNDS  
YEAR ENDED SEPTEMBER 30, 2012**

	State and Locally Administered Funds					
	CJD	CSEC	LOCAL		TDA	SECO
			Transportation	Other		
<b>REVENUES</b>						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered grants	711,483	5,263,223	-	-	19,709	1,524,538
Local contributions	221,944	-	1,272,499	3,700,547	-	-
In-Kind	-	-	283,886	-	-	3,434,510
Program income	-	-	-	-	-	-
Interest income	-	890	43,402	-	-	-
<b>TOTAL REVENUES</b>	<b>933,427</b>	<b>5,264,113</b>	<b>1,599,787</b>	<b>3,700,547</b>	<b>19,709</b>	<b>4,959,048</b>
<b>EXPENDITURES</b>						
Current:						
Agency administration	18,090	64,472	64,940	1,070,576	328	-
Community services	986,557	5,032,686	-	53,749	-	-
Emergency preparedness	-	-	-	499,145	-	-
Environment & development	-	-	-	1,185,084	19,701	-
Research & information services	957	69,046	30,795	626,672	-	-
Transportation	-	-	8,810,013	-	-	4,959,048
Workforce development	-	-	105	4,723	-	-
Capital Outlay	-	96,557	6,970	10,000	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,005,604</b>	<b>5,262,761</b>	<b>8,912,823</b>	<b>3,449,949</b>	<b>20,029</b>	<b>4,959,048</b>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(72,177)</b>	<b>1,352</b>	<b>(7,313,036)</b>	<b>250,598</b>	<b>(320)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	196,734	64	335	-
Transfers out	(596)	(1,352)	(722,064)	(183,089)	(15)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(596)</b>	<b>(1,352)</b>	<b>(525,330)</b>	<b>(183,025)</b>	<b>320</b>	<b>-</b>
<b>EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(72,773)</b>	<b>-</b>	<b>(7,838,366)</b>	<b>67,573</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>92,334</b>	<b>-</b>	<b>13,876,787</b>	<b>238,915</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 19,561</b>	<b>\$ -</b>	<b>\$ 6,038,421</b>	<b>\$ 306,488</b>	<b>\$ -</b>	<b>\$ -</b>

**State and Locally Administered Funds**

TCEQ		TDH	DADS	TDPS	TWC	TVC	TXDOT	TXWD	Total
Transportation	Other								
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,807,495	765,760	396,629	7,037,630	1,301,472	54,238,257	148,428	20,490,074	218,004	97,922,702
-	-	-	112,460	(2,474)	-	-	168,412	-	5,473,388
-	-	51,871	4,881,811	10,402	2,507,488	-	589,771	-	11,759,739
-	-	-	311,351	-	-	-	-	-	311,351
(28,988)	1,174	-	-	-	-	-	14,539	-	31,017
<u>5,778,507</u>	<u>766,934</u>	<u>448,500</u>	<u>12,343,252</u>	<u>1,309,400</u>	<u>56,745,745</u>	<u>148,428</u>	<u>21,262,796</u>	<u>218,004</u>	<u>115,498,197</u>
42,456	13,670	13,177	126,743	70,671	639,284	-	316,008	-	2,440,415
-	-	-	12,214,068	160,556	-	-	79,766	-	18,527,382
-	2,804	438,206	-	1,258,268	-	-	214	-	2,198,637
-	750,513	-	-	-	121	-	-	100,007	2,055,426
(6)	-	-	996	2,730	1,323,079	-	470,297	-	2,524,566
5,788,731	-	-	-	-	-	-	20,750,567	-	40,308,359
-	-	-	-	-	54,722,371	148,428	-	-	54,875,627
-	-	-	-	-	57,803	-	5,270	-	176,600
<u>5,831,181</u>	<u>766,987</u>	<u>451,383</u>	<u>12,341,807</u>	<u>1,492,225</u>	<u>56,742,658</u>	<u>148,428</u>	<u>21,622,122</u>	<u>100,007</u>	<u>123,107,012</u>
(52,674)	(53)	(2,883)	1,445	(182,825)	3,087	-	(359,326)	117,997	(7,608,815)
1,184	1,828	3,008	22	183,554	-	-	585,160	-	971,889
(850)	(600)	(125)	(1,467)	(729)	(3,087)	-	(211,295)	-	(1,125,269)
<u>334</u>	<u>1,228</u>	<u>2,883</u>	<u>(1,445)</u>	<u>182,825</u>	<u>(3,087)</u>	<u>-</u>	<u>373,865</u>	<u>-</u>	<u>(153,380)</u>
(52,340)	1,175	-	-	-	-	-	14,539	117,997	(7,762,195)
<u>52,595</u>	<u>4,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,581</u>	<u>-</u>	<u>14,300,348</u>
<u>\$ 255</u>	<u>\$ 5,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,120</u>	<u>\$ 117,997</u>	<u>\$ 6,538,153</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2012**

	<u>Actual</u>	<u>Budget</u>
Salaries	\$ 1,603,490	\$ 1,678,810
Benefits	<u>680,769</u>	<u>695,027</u>
Indirect personnel	2,284,259	2,373,837
Legal	21,771	20,000
Audit	91,000	91,350
Contract services	240,165	244,901
In-region travel	1,029	2,300
Out-of-region travel	13,486	17,650
Equipment use fee	24,339	45,000
Consumable supplies	108,648	134,000
Insurance & bonding	23,521	36,000
Rent	423,143	436,378
Printing & publications	38,515	40,700
Equipment rental	219,142	221,500
Advertising	5,444	2,500
Maintenance & repairs	92,592	125,000
Employee recruitment	2,532	7,200
Communications	15,044	5,719
Postage	8,876	12,400
Subscriptions & dues	100,908	133,063
Other	<u>240,805</u>	<u>183,233</u>
 TOTAL	 3,955,219	 4,132,731
 Less: Contributions to Indirect costs	 <u>(321,138)</u>	 <u>(360,500)</u>
 NET INDIRECT COSTS	 <u>\$ 3,634,081</u>	 <u>\$ 3,772,231</u>
 Indirect costs rate computations:		
Net indirect costs	\$ <u>3,634,081</u>	\$ <u>3,772,231</u>
Direct salaries & benefits - all funds	\$ 20,894,759 = 17.39%	\$ 21,309,348 = 17.70%



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EMPLOYEE BENEFITS ALL FUNDS  
YEAR ENDED SEPTEMBER 30, 2012**

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<b>Full Time Benefits Programs</b>	<u><b>Actual</b></u>	<u><b>Projected</b></u>
Medicare insurance	\$ 251,812	\$ 269,494
Medical insurance	1,987,752	2,017,609
Worker's compensation	55,332	51,571
Flexible benefit plan	6,730	7,147
Life & disability insurance	132,874	131,873
Other benefits	72,223	112,000
Unemployment insurance	84,068	22,378
Retirement	1,916,809	1,935,299
Vacation	1,031,710	952,711
Sick leave	576,581	512,371
Holiday leave	735,417	711,626
Other leave	<u>60,949</u>	<u>48,753</u>
<b>TOTAL</b>	<u><u>\$ 6,912,257</u></u>	<u><u>\$ 6,772,832</u></u>

Employee benefits rate computations:

Total full-time benefits	<u>\$ 6,912,257</u>	<u>\$ 6,772,832</u>
Total regular salaries	\$ 16,034,234 = 43.11%	\$ 16,360,364 = 41.40%

Total personnel costs recap:

Salaries	\$ 16,034,234	\$ 16,360,364
Benefits	<u>6,912,257</u>	<u>6,772,832</u>
<b>Personnel - NCTCOG</b>	<u><u>\$ 22,946,491</u></u>	<u><u>\$ 23,133,196</u></u>

**TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST  
 FISCAL YEAR 2012 ACTUAL  
 OCTOBER 1, 2011 - SEPTEMBER 30, 2012**

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<b>Total Indirect Costs</b>	<b>\$ 3,634,081</b>		
<b>Expenditures:</b>			
General Fund	4,935,080		
Special Revenue Fund	142,285,298		
Proprietary Fund	3,993,198		
Enterprise Fund	1,936,213		
Interdepartmental Transfers for Direct Charges and Indirect Costs	<u>(7,626,024)</u>		
<b>Total Expenditures</b>	<b>145,523,765</b>	<b>=</b>	<b>2.5%</b>
<b>Less:</b>			
Pass-Through Funds <sup>(1)</sup>	(67,790,393)		
In-Kind Expenditures	(20,085,647)		
Contract Services	(20,854,864)		
Capital Expenditures	<u>(229,057)</u>		
<b>Adjusted Expenditures</b>	<b>36,563,804</b>	<b>=</b>	<b>9.9%</b>

<sup>(1)</sup> Includes Subgrants & Subcontracts

**Texas Statutes §391.0115 (e).** "A commission may not spend an amount more than 15 percent of the commission's total expenditures on the commission's indirect costs. For the purposes of this subsection, the commission's capital expenditures and any subcontracts, pass-throughs, or subgrants may not be considered in determining the commission's total direct costs. In this subsection, "pass-through funds" means funds, including subgrants or subcontracts, that are received by a commission from the federal or state government or other grantor for which the commission serves merely as a cash conduit and has no administrative or financial involvement in the program, such as contractor selection, contract provisions, contract methodology payment, or contractor oversight and monitoring."

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CAPITAL ASSETS BY SOURCE  
AS OF SEPTEMBER 30, 2012**

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	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Equipment	\$ 12,257,654
Furniture	467,685
Leasehold Improvements	<u>2,283,285</u>
Total Capital Assets	<u>\$ 15,008,624</u>
<b>SOURCES</b>	
NCTCOG	
Equipment	\$ 9,961,464
Furniture	94,148
Leasehold Improvements	<u>619,601</u>
	10,675,213
GRANT FUNDED	
Equipment	2,296,190
Furniture	373,537
Leasehold Improvements	<u>1,663,684</u>
	4,333,411
Less: Internal Service Fund Assets	548,821
Less: Enterprise Fund	<u>7,361,554</u>
Total General Capital Assets	<u>\$ 7,098,249</u>

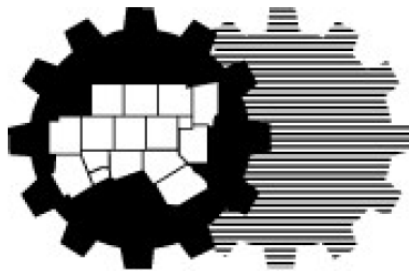
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2012**

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	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Local Assistance	\$ 1,284,610
Transportation Planning-TxDOT	731,705
Regional Information Services	1,301,023
Environmental Resources	99,054
Emergency Preparedness	241,709
Workforce Development	3,291,867
Community Services	697,102
Enterprise Fund	<u>7,361,554</u>
 Total Capital Assets	 15,008,624
 Less: Internal Service Fund	 548,821
Less: Enterprise Fund	<u>7,361,554</u>
 Total General Capital Assets	 \$ <u><u>7,098,249</u></u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2012**

	<u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>2012</u>
<b>CAPITAL ASSETS</b>				
Local assistance	\$ 1,220,485	\$ 81,990	\$ 17,865	\$ 1,284,610
Transportation planning-TxDOT	726,435	5,270	-	731,705
Regional information services	1,301,023	-	-	1,301,023
Environmental resources	99,054	-	-	99,054
Emergency preparedness	241,709	-	-	241,709
Workforce development	3,234,064	57,803	-	3,291,867
Community services	600,545	96,557	-	697,102
Enterprise fund	<u>7,361,554</u>	<u>-</u>	<u>-</u>	<u>7,361,554</u>
 Total capital assets	 14,784,869	 241,620	 17,865	 15,008,624
 Less: Internal service fund	 547,756	 12,563	 11,498	 548,821
Less: Enterprise fund	<u>7,361,554</u>	<u>-</u>	<u>-</u>	<u>7,361,554</u>
 Total General Capital Assets	 <u>\$ 6,875,559</u>	 <u>\$ 229,057</u>	 <u>\$ 6,367</u>	 <u>\$ 7,098,249</u>



**North Central Texas  
Council of Governments**



# **Statistical Section**





## STATISTICAL SECTION

This part of the North Central Texas Council of Governments' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Council's overall financial health. This information has not been audited by the independent auditor.

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	<b>1, 2, 3 &amp; 4</b>
<b>Revenue Capacity</b> These tables are to contain information to help the reader assess the Council's most significant local revenue sources.	<b>5</b>
<b>Debt Capacity</b> These tables are to present information to help the reader assess the affordability of the Council's current levels of outstanding debt.	<b>6</b>
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the Council's financial activities take place.	<b>7 &amp; 8</b>
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the Council's financial report relates to the services the Council provides.	<b>9 &amp; 10</b>

**Source:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Council implemented GASB Statement 34 in fiscal year 2003: tables presenting government-wide information include information beginning in that year.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year		
	2012	2011	2010
Governmental activities			
Invested in capital assets, net of related debt	\$ 1,131,432	\$ 1,368,144	\$ 1,161,862
Restricted	6,231,665	14,061,433	27,942,962
Unrestricted	4,312,103	4,122,881	3,816,701
Total governmental activities net assets	<u>\$ 11,675,200</u>	<u>\$ 19,552,458</u>	<u>\$ 32,921,525</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 13,260	\$ 22,100	\$ -
Unrestricted	67,769	55,656	90,141
Total business-type activities net assets	<u>\$ 81,029</u>	<u>\$ 77,756</u>	<u>\$ 90,141</u>
Primary government			
Invested in capital assets, net of related debt	\$ 1,144,692	\$ 1,390,244	\$ 1,161,862
Restricted	6,231,665	14,061,433	27,942,962
Unrestricted	4,379,872	4,178,537	3,906,842
Total primary governmental net assets	<u>\$ 11,756,229</u>	<u>\$ 19,630,214</u>	<u>\$ 33,011,666</u>

**Source:** Comprehensive Annual Financial Report

**Note:** Accrual-basis financial information for the NCTCOG as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

TABLE 1

Fiscal Year						
2009	2008	2007	2006	2005	2004	2003
\$ 1,497,753	\$ 1,255,488	\$ 484,470	\$ 498,220	\$ 546,788	\$ 778,657	\$ 1,170,815
38,909,613	53,519,795	40,565,985	202,931	144,383	127,788	78,233
3,646,310	3,776,966	3,254,971	2,900,375	2,729,099	2,418,801	2,231,218
<u>\$ 44,053,676</u>	<u>\$ 58,552,249</u>	<u>\$ 44,305,426</u>	<u>\$ 3,601,526</u>	<u>\$ 3,420,270</u>	<u>\$ 3,325,246</u>	<u>\$ 3,480,266</u>
\$ -	\$ 1,217,307	\$ 3,759,091	\$ 6,527,148	\$ -	\$ -	\$ -
67,345	128,515	(94,171)	108,308	-	-	-
<u>\$ 67,345</u>	<u>\$ 1,345,822</u>	<u>\$ 3,664,920</u>	<u>\$ 6,635,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,497,753	\$ 2,472,795	\$ 4,243,561	\$ 7,025,368	\$ 546,788	\$ 778,657	\$ 1,170,815
38,909,613	53,519,795	40,565,985	202,931	144,383	127,788	78,233
3,713,655	3,905,481	3,160,800	3,008,683	2,729,099	2,418,801	2,231,218
<u>\$ 44,121,021</u>	<u>\$ 59,898,071</u>	<u>\$ 47,970,346</u>	<u>\$ 10,236,982</u>	<u>\$ 3,420,270</u>	<u>\$ 3,325,246</u>	<u>\$ 3,480,266</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
CHANGE IN NET ASSETS, LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2012	2011	2010	2009
<b>Expenses</b>				
Governmental activities:				
Agency administration	\$ 5,276,175	\$ 5,201,324	\$ 5,227,937	\$ 5,269,854
Agency management	759,547	848,942	776,145	853,457
Community services	18,522,455	22,909,179	20,488,403	22,490,067
Emergency preparedness	2,062,309	3,539,299	2,781,337	2,435,347
Environment and development	2,074,557	4,587,918	4,614,671	5,709,613
RIS local assistance	2,637,422	3,446,598	2,487,667	3,486,236
Transportation	56,170,198	76,151,018	75,614,317	63,238,757
Workforce development	55,962,878	58,952,928	59,043,491	53,269,187
Total governmental activities expenses	<u>143,465,541</u>	<u>175,637,206</u>	<u>171,033,968</u>	<u>156,752,518</u>
Business-type activities:				
Shared service center	1,936,213	1,947,896	1,987,466	2,861,816
Total business-type activities expenses	<u>1,936,213</u>	<u>1,947,896</u>	<u>1,987,466</u>	<u>2,861,816</u>
Total primary government expenses	<u>\$ 145,401,754</u>	<u>\$ 177,585,102</u>	<u>\$ 173,021,434</u>	<u>\$ 159,614,334</u>
<b>Program Revenues</b>				
Governmental activities:				
Operating grants:				
Agency administration	\$ 120,965	\$ 238,845	\$ 123,814	\$ 100,626
Community services	13,050,047	17,129,937	15,802,837	17,634,359
Emergency preparedness	1,658,836	3,378,498	3,087,356	2,262,037
Environment and development	1,003,473	3,799,786	1,795,328	4,353,732
RIS local assistance	-	37,938	158,382	200,903
Transportation	37,113,912	48,336,809	56,793,123	42,882,386
Workforce development	55,814,882	59,195,722	58,439,547	51,946,951
Local grants and contributions	26,132,659	29,264,855	22,639,979	21,644,684
Total governmental activities program revenues	<u>134,894,774</u>	<u>161,382,390</u>	<u>158,840,366</u>	<u>141,025,678</u>
Business-type activities:				
Charges for services:				
Shared services	1,939,496	1,939,738	2,010,262	1,583,339
Total business-type activities program revenues	<u>1,939,496</u>	<u>1,939,738</u>	<u>2,010,262</u>	<u>1,583,339</u>
Total primary government program revenues	<u>\$ 136,834,270</u>	<u>\$ 163,322,128</u>	<u>\$ 160,850,628</u>	<u>\$ 142,609,017</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (8,570,767)	\$ (14,254,816)	\$ (12,193,602)	\$ (15,726,840)
Business-type activities	3,283	(8,158)	22,796	(1,278,477)
Total primary government net expenses	<u>\$ (8,567,484)</u>	<u>\$ (14,262,974)</u>	<u>\$ (12,170,806)</u>	<u>\$ (17,005,317)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Membership fees	\$ 651,539	\$ 663,091	\$ 654,835	\$ 645,519
Interest on investments	41,970	218,421	406,616	582,748
Transfers in (out)	-	4,237	-	-
Total governmental activities	<u>693,509</u>	<u>885,749</u>	<u>1,061,451</u>	<u>1,228,267</u>
Business-type activities:				
Transfers in (out)	-	(4,237)	-	-
Total business-type activities	<u>-</u>	<u>(4,237)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 693,509</u>	<u>\$ 881,512</u>	<u>\$ 1,061,451</u>	<u>\$ 1,228,267</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ (7,877,258)	\$ (13,369,067)	\$ (11,132,151)	\$ (14,498,573)
Business-type activities	3,283	(12,395)	22,796	(1,278,477)
Total primary government	<u>\$ (7,873,975)</u>	<u>\$ (13,381,462)</u>	<u>\$ (11,109,355)</u>	<u>\$ (15,777,050)</u>

**Source:** Comprehensive Annual Financial Report

**Note:** Accrual-basis financial information for the NCTCOG as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

The Governmental activities revenues have been restated for the years presented to reflect revenues generated from operating grants as opposed to local grants and contributions.

TABLE 2

		Fiscal Year					
		2008	2007	2006	2005	2004	2003
\$	5,355,259	\$ 4,802,438	\$ 3,655,700	\$ 2,909,373	\$ 2,861,274	\$ 2,487,596	
	571,395	558,360	610,618	947,451	497,792	916,839	
	19,668,658	14,732,789	15,019,016	13,912,338	12,957,865	15,282,979	
	4,461,768	6,766,770	1,129,860	1,090,853	643,622	619,612	
	4,343,873	5,520,315	2,960,701	5,607,103	2,819,256	5,936,010	
	2,979,893	2,227,484	2,279,069	2,987,476	2,368,924	2,088,881	
	59,886,873	47,265,285	14,443,094	12,346,155	11,292,631	9,988,282	
	48,193,206	49,917,806	44,205,070	43,430,365	37,823,520	36,598,887	
	<u>145,460,925</u>	<u>131,791,247</u>	<u>84,303,128</u>	<u>83,231,114</u>	<u>71,264,884</u>	<u>73,919,086</u>	
	4,023,843	4,484,126	2,094,538	114,631	-	-	
	<u>4,023,843</u>	<u>4,484,126</u>	<u>2,094,538</u>	<u>114,631</u>	<u>-</u>	<u>-</u>	
\$	<u>149,484,768</u>	<u>\$ 136,275,373</u>	<u>\$ 86,397,666</u>	<u>\$ 83,345,745</u>	<u>\$ 71,264,884</u>	<u>\$ 73,919,086</u>	
\$	78,732	\$ 829,212	\$ 770,046	\$ 133,036	\$ 65,024	\$ 112,698	
	14,759,657	10,043,056	10,341,041	9,827,308	8,816,107	9,386,376	
	4,547,830	6,846,840	1,140,891	1,157,462	737,276	573,179	
	1,943,294	2,430,434	1,920,421	3,942,280	1,615,441	4,398,181	
	159,905	1,115,696	1,405,433	13,906	10,896	782,422	
	46,223,986	29,793,889	13,173,525	13,040,326	11,838,046	9,984,918	
	50,814,449	51,347,719	45,422,270	44,466,690	38,717,710	36,774,830	
	38,238,325	66,241,118	9,393,181	9,871,427	8,633,446	8,422,831	
	<u>156,766,178</u>	<u>168,647,964</u>	<u>83,566,808</u>	<u>82,452,435</u>	<u>70,433,946</u>	<u>70,435,435</u>	
	1,704,745	1,513,590	8,729,994	114,631	-	-	
	<u>1,704,745</u>	<u>1,513,590</u>	<u>8,729,994</u>	<u>114,631</u>	<u>-</u>	<u>-</u>	
\$	<u>158,470,923</u>	<u>\$ 170,161,554</u>	<u>\$ 92,296,802</u>	<u>\$ 82,567,066</u>	<u>\$ 70,433,946</u>	<u>\$ 70,435,435</u>	
\$	11,305,253	\$ 36,856,717	\$ (736,320)	\$ (778,679)	\$ (830,938)	\$ (3,483,651)	
	(2,319,098)	(2,970,536)	6,635,456	-	-	-	
\$	<u>8,986,155</u>	<u>\$ 33,886,181</u>	<u>\$ 5,899,136</u>	<u>\$ (778,679)</u>	<u>\$ (830,938)</u>	<u>\$ (3,483,651)</u>	
\$	632,215	\$ 617,503	\$ 595,578	\$ 579,019	\$ 567,314	\$ 553,086	
	2,308,855	3,230,180	321,998	294,684	108,604	84,930	
	-	-	-	-	-	-	
	<u>2,941,070</u>	<u>3,847,683</u>	<u>917,576</u>	<u>873,703</u>	<u>675,918</u>	<u>638,016</u>	
	-	-	-	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
\$	<u>2,941,070</u>	<u>\$ 3,847,683</u>	<u>\$ 917,576</u>	<u>\$ 873,703</u>	<u>\$ 675,918</u>	<u>\$ 638,016</u>	
\$	14,246,323	\$ 40,704,400	\$ 181,256	\$ 95,024	\$ (155,020)	\$ (2,845,635)	
	(2,319,098)	(2,970,536)	6,635,456	-	-	-	
\$	<u>11,927,225</u>	<u>\$ 37,733,864</u>	<u>\$ 6,816,712</u>	<u>\$ 95,024</u>	<u>\$ (155,020)</u>	<u>\$ (2,845,635)</u>	

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	<b>Fiscal Year - Pre GASB 54</b>			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund				
Reserved <sup>a</sup>	\$ 10,946	\$ 3,158	\$ 13,322	\$ 15,555
Unreserved	4,988,995	4,884,409	4,708,103	4,256,017
Total general fund	<u>\$ 4,999,941</u>	<u>\$ 4,887,567</u>	<u>\$ 4,721,425</u>	<u>\$ 4,271,572</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 79,881	\$ 55,054	\$ 47,588	\$ 48,359
Grants	221,448	796,364	645,283	437,221
Local transportation projects	27,721,514	38,113,249	52,874,512	40,148,643
Unreserved, reported in:				
Special revenue funds	-	-	-	(66,059)
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 28,022,843</u>	<u>\$ 38,964,667</u>	<u>\$ 53,567,383</u>	<u>\$ 40,568,164</u>

	<b>Fiscal Year - Post GASB 54</b>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund			
Non Spendable:			
Non Spendable	\$ 55,616	\$ 80,646	\$ 47,704
Spendable:			
Unassigned	5,029,314	4,918,967	4,952,237
Total General Fund	<u>\$ 5,084,930</u>	<u>\$ 4,999,613</u>	<u>\$ 4,999,941</u>
All Other Governmental Funds			
Non Spendable:			
Non Spendable	\$ 57,990	\$ 36,339	\$ 79,881
Spendable:			
Restricted for grants	193,244	181,786	166,551
Restricted for local transportation	6,038,421	13,877,396	27,721,514
Assigned	248,498	204,827	54,897
Total all other governmental funds	<u>\$ 6,538,153</u>	<u>\$ 14,300,348</u>	<u>\$ 28,022,843</u>

**Source:** Comprehensive Annual Financial Report

**Notes:** <sup>a</sup>Includes encumbrances and prepaid items.  
GASB 54 adopted in 2011  
2010 data restated for GASB 54 comparable presentation

**TABLE 3**

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<b>Fiscal Year - Pre GASB 54</b>			
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 142,193	\$ 169,310	\$ -	\$ -
3,612,647	3,309,101	3,126,462	2,937,911
<u>\$ 3,754,840</u>	<u>\$ 3,478,411</u>	<u>\$ 3,126,462</u>	<u>\$ 2,937,911</u>
\$ 51,762	\$ 42,122	\$ -	\$ -
104,684	102,261	127,788	78,233
-	-	-	-
-	-	-	-
<u>\$ 156,446</u>	<u>\$ 144,383</u>	<u>\$ 127,788</u>	<u>\$ 78,233</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)**

	FISCAL YEAR			
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>				
Federal grants	\$ 10,839,413	\$ 12,979,109	\$ 12,842,963	\$ 3,391,827
State administered grants	97,922,702	119,138,426	123,357,424	115,989,167
Membership dues	651,539	663,091	654,835	645,519
Local contributed cash	6,000,683	7,718,250	7,242,670	9,694,057
Interest income	41,970	218,421	406,616	582,748
Program income	311,351	318,323	341,782	445,038
In-Kind	19,820,625	21,228,282	15,055,527	11,505,589
	<u>135,588,283</u>	<u>162,263,902</u>	<u>159,901,817</u>	<u>142,253,945</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Current:				
Agency administration	6,123,956	6,037,841	6,149,666	6,239,753
Agency management	522,548	602,541	611,201	617,456
Community services	18,967,988	23,368,882	20,913,065	22,810,881
Emergency preparedness	2,199,152	3,703,670	2,919,321	2,555,857
Environment & development	2,237,449	4,814,780	4,842,179	5,906,678
Research & information services	2,875,759	3,691,229	2,688,156	3,660,746
Transportation	57,792,540	77,753,457	77,112,327	64,537,300
Workforce development	56,271,929	59,235,482	59,291,468	53,457,071
Capital outlay	229,057	793,319	198,978	614,578
	<u>147,220,378</u>	<u>180,001,201</u>	<u>174,726,361</u>	<u>160,400,320</u>
Indirect cost allocation	(3,634,081)	(3,718,074)	(3,614,978)	(3,359,333)
Contributions to indirect costs	(321,138)	(292,163)	(380,116)	(378,949)
<b>TOTAL EXPENDITURES</b>	<u>143,265,159</u>	<u>175,990,964</u>	<u>170,731,267</u>	<u>156,662,038</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(7,676,876)	(13,727,062)	(10,829,450)	(14,408,093)
<b>OTHER FINANCING SOURCES AND USES</b>				
Capital-related debt issued (note payable)	-	-	-	-
Transfers In	1,144,310	1,234,411	717,919	1,058,306
Transfers out	(1,144,310)	(1,230,174)	(717,919)	(1,086,787)
	<u>-</u>	<u>4,237</u>	<u>-</u>	<u>(28,481)</u>
Total other financing sources (uses)	<u>-</u>	<u>4,237</u>	<u>-</u>	<u>(28,481)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (7,676,876)</u>	<u>\$ (13,722,825)</u>	<u>\$ (10,829,450)</u>	<u>\$ (14,436,574)</u>



TABLE 4

FISCAL YEAR					
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 4,796,333	\$ 2,130,761	\$ 695,214	\$ 311,125	\$ 232,407	\$ 378,586
113,731,520	100,276,085	73,478,413	72,269,883	61,568,093	61,634,018
632,215	617,503	595,578	579,019	567,314	553,086
26,908,819	44,262,299	4,342,999	5,383,009	4,824,658	4,917,753
2,308,855	3,230,180	321,998	294,684	108,604	84,930
436,305	463,927	484,339	554,216	557,649	534,160
10,893,201	21,514,892	4,565,843	3,934,202	3,251,139	2,970,918
<u>159,707,248</u>	<u>172,495,647</u>	<u>84,484,384</u>	<u>83,326,138</u>	<u>71,109,864</u>	<u>71,073,451</u>
5,380,601	4,780,155	3,681,798	3,301,741	2,586,675	3,641,730
580,135	569,182	636,145	959,325	1,399,249	-
20,020,526	15,051,041	15,442,386	14,097,463	13,070,752	15,447,933
4,527,038	6,892,294	1,144,842	1,144,296	687,678	659,611
4,380,767	5,612,603	3,020,890	5,774,954	3,024,371	6,089,303
3,000,855	2,215,495	2,323,786	3,119,094	2,525,289	2,229,493
60,937,748	48,098,352	14,761,367	12,949,745	11,831,488	10,518,459
49,234,539	51,333,120	45,410,697	43,633,788	37,847,555	36,777,116
1,423,653	374,854	201,959	348,945	237,546	669,279
<u>149,485,862</u>	<u>134,927,096</u>	<u>86,623,870</u>	<u>85,329,351</u>	<u>73,210,603</u>	<u>76,032,924</u>
(2,860,926)	(2,872,021)	(2,160,816)	(2,186,536)	(2,118,195)	(2,080,034)
(366,759)	(363,527)	(352,543)	(279,397)	(250,015)	(204,381)
<u>146,258,177</u>	<u>131,691,548</u>	<u>84,110,511</u>	<u>82,863,418</u>	<u>70,842,393</u>	<u>73,748,509</u>
13,449,071	40,804,099	373,873	462,720	267,471	(2,675,058)
-	149,887	-	-	-	-
627,426	314,725	218,893	330,534	295,458	216,998
(627,426)	(340,564)	(303,970)	(424,710)	(324,823)	(222,136)
<u>-</u>	<u>124,048</u>	<u>(85,077)</u>	<u>(94,176)</u>	<u>(29,365)</u>	<u>(5,138)</u>
<u>\$ 13,449,071</u>	<u>\$ 40,928,147</u>	<u>\$ 288,796</u>	<u>\$ 368,544</u>	<u>\$ 238,106</u>	<u>\$ (2,680,196)</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>LOCAL</u>					<u>TOTAL</u>
	<u>MemberDues</u>	<u>Interest (1)</u>	<u>Contributions (1)</u>	<u>In-Kind</u>	<u>Program</u>	
2012	\$ 651,539	\$ 41,970	\$ 6,000,683	\$ 19,820,625	\$ 311,351	\$ 26,826,168
2011	663,091	218,421	7,718,250	21,228,282	318,323	30,146,367
2010	654,835	406,616	7,242,670	15,055,527	341,782	23,701,430
2009	645,519	582,748	9,694,057	11,505,589	445,038	22,872,951
2008	632,215	2,308,855	26,908,819	10,893,201	436,305	41,179,395
2007	617,503	3,230,180	44,262,299	21,514,892	463,927	70,088,801
2006	595,578	321,998	4,342,999	4,565,843	484,339	10,310,757
2005	579,019	294,684	5,383,009	3,934,202	554,216	10,745,130
2004	567,314	108,604	4,824,658	3,251,139	557,649	9,309,364
2003	553,086	84,930	4,917,753	2,970,918	534,160	9,060,847

**Notes:** (1) Includes General and Special Revenue

**TABLE 5**

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<b>GRANTS</b>			<b>GRAND</b>
<u>State</u>	<u>Federal</u>	<u>TOTAL</u>	<b>TOTAL</b>
\$ 97,922,702	\$ 10,839,413	\$ 108,762,115	\$ 135,588,283
119,138,426	12,979,109	132,117,535	162,263,902
123,357,424	12,842,963	136,200,387	159,901,817
115,989,167	3,391,827	119,380,994	142,253,945
113,731,520	4,796,333	118,527,853	159,707,248
100,276,085	2,130,761	102,406,846	172,495,647
73,478,413	695,214	74,173,627	84,484,384
72,269,883	311,125	72,581,008	83,326,138
61,568,093	232,407	61,800,500	71,109,864
61,634,018	378,586	62,012,604	71,073,451

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 OUTSTANDING DEBT-GOVERNMENTAL ACTIVITIES  
 LAST SIX FISCAL YEARS  
 (UNAUDITED)**

**TABLE 6**

<u>Fiscal Year</u>	<u>Outstanding Note Payable (1)</u>	<u>Annual Payments</u>	<u>Total Revenues</u>	<u>Payments as Percent of Total Revenues</u>
2012	\$ -	\$ -	\$ 135,588,283	0.0000%
2011	-	-	162,268,139	0.0000%
2010	-	60,957	159,901,817	0.0381%
2009	60,957	42,896	142,253,945	0.0302%
2008	103,853	39,469	159,707,248	0.0247%
2007	143,322	6,565	172,495,647	0.0038%

**Source:** Details on outstanding debt can be found in the notes to the financial statements

**Note:** (1) The Note Payable is for equipment for the Agency  
 NCTCOG had no debt activity prior to 2007.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS  
 (UNAUDITED)**

**TABLE 7**

Year	Estimated Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>b</sup>	School Enrollment <sup>c</sup>	Unemployment Rate <sup>d</sup>
2012	6,640,290 *	\$ 287,693,096,416 *	\$ 43,325 *	1,289,298 *	5.7%
2011	6,584,130	285,259,943,000	43,708	1,264,190	7.8%
2010	6,539,950	268,491,633,000	41,948	1,240,827	8.2%
2009	6,639,630	269,279,998,000	41,764	1,216,929	8.3%
2008	6,538,850	275,257,974,000	43,684	1,193,011	6.0%
2007	6,406,450	255,363,081,000	39,844	1,168,405	4.3%
2006	6,242,800	238,858,111,000	39,924	1,122,168	4.8%
2005	6,047,800	221,192,290,000	38,089	1,086,599	5.2%
2004	5,867,400	203,669,470,000	35,831	1,070,271	5.9%
2003	5,709,950	190,587,779,000	34,166	1,052,364	6.9%

**Sources:** <sup>a</sup>Yearly NCTCOG Population Estimates.

<sup>b</sup>Income provided by BEA Regional Bearfacts for the Dallas-Fort Worth-Arlington, Tx Metropolitan Statistical Area, via tracer2.com

<sup>c</sup>Texas Education Agency

<sup>d</sup>Texas Workforce Commission, via tracer2.com

**Notes:** N/A - Data not available.

\* - Approximation only, as information not published yet

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND PREVIOUS FIVE YEARS  
(UNAUDITED)**

**TABLE 8**

2012			2011		
Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment	Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment
American Airlines	24,700	0.77%	Wal-Mart	34,700	1.11%
Bank of America	20,000	0.62%	American Airlines	24,888	0.80%
Texas Health Resources	19,230	0.60%	Texas Health Resources	24,189	0.78%
Dallas ISD	18,314	0.57%	Bank of America	20,000	0.64%
Baylor Health Care System	17,097	0.53%	AT&T*	17,500	0.56%
AT&T	15,800	0.49%	Baylor Health Care System	17,097	0.55%
Lockheed Martin	14,126	0.44%	Lockheed Martin	15,000	0.48%
JP Morgan Chase	13,500	0.42%	JP Morgan Chase	13,500	0.43%
UT Southwestern Medical Center	13,122	0.41%	HCA North Texas Division	11,400	0.37%
City of Dallas	12,836	0.40%	Verizon	10,500	0.34%
Total	<u>168,725</u>	<u>5.26%</u>	Total	<u>188,774</u>	<u>6.06%</u>

Total NCTCOG Region Employees<sup>b</sup> 3,209,334

Total NCTCOG Region Employees<sup>b</sup> 3,115,023

Source:<sup>a</sup> Dallas Business Journal, Book of Lists 2013  
<sup>b</sup> NCTCOG, RIS department

Source:<sup>a</sup> Dallas Business Journal, Book of Lists 2012  
<sup>b</sup> NCTCOG, RIS department

2010			2009		
Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment	Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment
Wal-Mart	34,700	1.13%	Wal-Mart	37,100	1.21%
American Airlines	20,700	0.67%	American Airlines	21,935	0.72%
Bank of America	20,000	0.65%	Baylor Health Care System	18,000	0.59%
Baylor Health Care System	19,700	0.64%	Texas Health Resources	17,485	0.57%
Texas Health Resources	18,700	0.61%	AT&T	14,400	0.47%
AT&T	17,500	0.57%	Lockheed Martin Aeronautics	14,100	0.46%
Lockheed Martin Aeronautics	14,900	0.49%	Verizon Communication	14,000	0.46%
JPMorgan Chase	13,000	0.42%	HCA	12,300	0.40%
HCA North Texas Division	12,300	0.40%	JPMorgan Chase	10,000	0.33%
Verizon Communications	11,000	0.36%	Citi	9,100	0.30%
Total	<u>182,500</u>	<u>5.94%</u>	Total	<u>168,420</u>	<u>5.51%</u>

Total NCTCOG Region Employees<sup>b</sup> 3,072,082

Total NCTCOG Region Employees<sup>b</sup> 3,059,028

Source:<sup>a</sup> Dallas Business Journal, Book of Lists 2011  
<sup>b</sup> NCTCOG, RIS department

Source:<sup>a</sup> Dallas Business Journal, Book of Lists 2010  
<sup>b</sup> NCTCOG, RIS department

2008			2007		
Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment	Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment
Wal-Mart	35,700	1.17%	Wal-Mart Stores Inc.	33,500	1.09%
American Airlines	25,952	0.85%	American Airlines	25,655	0.84%
Texas Health Resources	17,203	0.56%	Texas Health Resources	17,299	0.56%
AT&T	16,600	0.54%	AT&T Inc.	16,200	0.53%
Baylor Health Care System	16,000	0.52%	Baylor Health Care System	16,000	0.52%
Lockheed Martin Aeronautics	14,250	0.47%	Lockheed Martin Aeronautics	14,776	0.48%
Verizon Communication	14,000	0.46%	Verizon Communications	13,800	0.45%
HCA	12,304	0.40%	Texas Instruments	11,300	0.37%
Texas Instruments	11,000	0.36%	Kroger Food Stores	10,400	0.34%
Kroger Foods	10,150	0.33%	Brinker International	9,600	0.31%
Total	<u>173,159</u>	<u>5.65%</u>	Total	<u>168,530</u>	<u>5.49%</u>

Total NCTCOG Region Employees<sup>b</sup> 3,062,897

Total NCTCOG Region Employees<sup>b</sup> 3,071,797

Source:<sup>a</sup> Dallas Business Journal, Book of Lists 2009  
<sup>b</sup> NCTCOG, RIS department

Source:<sup>a</sup> Dallas Business Journal, Book of Lists 2008  
<sup>b</sup> NCTCOG, RIS department

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 FULL-TIME EQUIVALENT COUNCIL EMPLOYEES BY  
 FUNCTION/PROGRAM LAST TEN FISCAL YEARS  
 (UNAUDITED)**

**TABLE 9**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Agency Management	3	3	3	3	3	3	3	3	3	3
Agency Administration	38	39	39	39	34	30	27	24	22	22
Public Affairs	3	4	4	4	4	4	4	4	4	4
Research and Information Services	26	30	32	32	31	27	26	24	24	22
Community Services	44	45	41	40	38	34	32	31	35	37
Environment & Development	18	23	23	24	26	24	24	24	26	26
Transportation	153	158	149	154	145	116	108	90	82	76
Workforce Development	28	25	22	22	24	23	28	28	27	23
Emergency Preparedness	13	18	18	13	11	9	6	6	5	2
Total	<u>326</u>	<u>345</u>	<u>331</u>	<u>331</u>	<u>316</u>	<u>270</u>	<u>258</u>	<u>234</u>	<u>228</u>	<u>215</u>

**Source:** Agency Annual Fiscal Program

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

Function/Program	Fiscal Year			
	2012	2011	2010	2009
Local assistance	\$ 1,284,610	\$ 1,220,486	\$ 1,188,120	\$ 1,185,086
Transportation - TxDOT	731,705	726,435	617,517	617,517
Regional information services	1,301,023	1,301,023	1,264,710	1,264,710
Environmental resources	99,054	99,054	99,054	99,054
Emergency preparedness	241,709	241,709	215,893	188,670
Workforce development	3,291,867	3,234,064	2,659,095	2,592,517
Community services	697,102	600,545	600,545	501,362
Enterprise Fund	7,361,554	7,361,554	7,335,034	7,335,034
Prior Year Balance	-	-	-	-

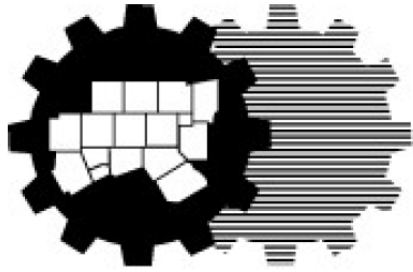
**Source:** Comprehensive Annual Financial Report



**TABLE 10**

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		<b>Fiscal Year</b>							
		<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>		
\$	1,208,926	\$	772,363	\$	583,680	\$	473,849	\$	446,430
	540,975		414,588		344,444		439,863		385,442
	1,102,440		837,499		800,347		831,112		751,799
	99,054		99,054		99,054		137,546		137,546
	88,164		67,451		59,186		39,307		39,307
	2,530,547		2,076,129		2,026,134		1,993,449		1,917,056
	376,749		151,005		130,390		275,751		275,751
	7,335,034		8,080,514		8,080,514		-		-
	-		-		3,967,800		3,967,800		3,967,800



**North Central Texas  
Council of Governments**