

North Central Texas Council of Governments

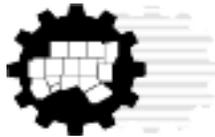
# Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2008

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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Mike Eastland



**Deputy Executive Director**

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***PREPARED BY  
DEPARTMENT OF ADMINISTRATION***

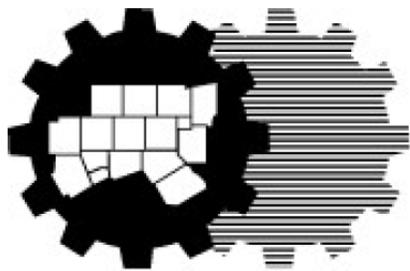
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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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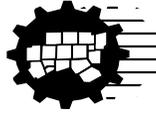
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**North Central Texas  
Council of Governments**



# Introductory Section



North Central Texas Council of Governments

February 18, 2009

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

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, 2008, 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 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 236 member governments and the Executive Board, which is composed of 13 local officials elected by the General Assembly. The reporting entity includes only the funds and the Council's functions and activities.

North Central Texas is a 16-county metropolitan region centered around Dallas and Fort Worth. It has a population of over 6.5 million, which is larger than 30 states, and an area of 12,800 square miles, which is larger than nine states. NCTCOG's 236 member governments are comprised of 16 counties, 168 municipalities, 23 independent school districts, and 29 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 has added approximately 131,000 persons during 2007 for a January 1, 2008 total estimated population of 6.5 million. This marks the twelfth consecutive year to add over 100,000 persons in the region.

Between November 2007 and November 2008, the unadjusted unemployment rate for both NCTCOG region and the State was 4.8%, which was 0.7% better than the national overall unadjusted unemployment rate of 5.5%.

Despite the economic concerns and the uneasy political climate of the last few years, the NCTCOG 2030 forecast projects 9.1 million people and 4.6 million jobs by 2030. The NCTCOG region's low cost of living, 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 this ongoing, unprecedented growth in our region well into the future.

### **New Initiatives**

***Transportation (TR)*** - During fiscal year 2008, the Transportation Department initiated several new projects and expanded others.

In previous years, funding was received from the Department of the Defense's (DOD's) Office of Economic Adjustment (OEA) to complete a Joint Land Use Study (JLUS) surrounding the Naval Air Station Joint Reserve Base (NAS JRB) in Fort Worth. The goal of the Joint Land Use Study was to develop strategies to prevent or mitigate land use encroachment surrounding the base. Following completion of the JLUS, additional grant money was received from DOD's OEA to implement study recommendations. The NAS JRB Regional Coordination Committee (RCC) has been formed to carry out this ongoing work.

A second aviation initiative was the Regional General Aviation and Heliport System Plan, a project funded by the Federal Aviation Administration (FAA) and local funds of the Regional Transportation Council. The goal of this project is to develop new strategies for improving both general aviation and heliport facilities in the region. A consultant has been acquired and the Air Transportation Technical Advisory Committee was convened to oversee the study. This study received additional funding from the FAA for the second year of planning. The highlights of year two products included ongoing development of an Online Regional Aviation Data Management System, development of an Activity and Demand Forecasting Model, as well as a heavy focus on inventory and data collection of the existing aviation system. This project is expected to continue through the next several years.

NCTCOG staff conducted a competitive Call for Projects to award approximately \$5.7 million in federal Job Access/Reverse Commute and New Freedom Programs funding. These programs are intended to increase transportation options for low-income individuals and persons with disabilities. The Call was advertised through direct mailing of postcards to regional stakeholders, online, and a series of workshops conducted by staff. NCTCOG received a total of 18 applications for the two programs and, following staff review for eligibility and completeness, recommended 12 projects for funding that include public entities and private non-profit organizations. Federal Transit Administration approval is anticipated in spring 2009, and project implementation may begin shortly thereafter. Subsequent Calls for Projects for these two funding programs will be held annually; the next occurring in April 2009.

The Regional Emissions Enforcement Program, formerly known as the Dallas Emissions Enforcement Program (DEEP), expanded to include other counties. The vehicle disposition assistance component of DEEP, funded by The Sue Pope Fund, was completed in 2008. Staff worked with all nonattainment counties throughout the year to help launch the program region-wide. All nonattainment counties in North Central Texas are at various stages of implementation. Dallas County continued leading the region by establishing the Dallas County Clean Air Emissions Advisory Task Force and Board to perform covert operations at inspection stations. The program began working with county District Attorney offices and the State's Attorney General's office on prosecuting inspection stations conducting fraudulent inspections and used-auto dealerships selling vehicles with fictitious inspection stickers. Staff continued to update and manage the NCTCOG Emissions Database (NED), which is used in conjunction with the Emissions Enforcement Program. NED utilizes inspection and maintenance data and is an internet-based, password-protected database being made available to all law enforcement agencies in North Central Texas for inspection certificates verification. Over 25 million records are currently available. Staff continues to use the data for various inspection and maintenance-related projects as needed.

Planning for a regional Regulated Fleets Program continued in FY2008 and focused on taxicabs. NCTCOG staff, along with the U.S. Environmental Protection Agency, the Texas Commission on Environmental Quality, City of Dallas, City of Fort Worth, Dallas/Fort Worth International Airport, and others launched the North Texas Green & Go Clean Taxi Partnership program on September 2, 2008. This program provided financial and nonfinancial incentives to taxicab owners who operate in the Dallas-Fort Worth 8-Hour Ozone Nonattainment Area. Funding was provided for approved applicants to assist in the purchase of clean vehicles to replace expired taxicabs. Work is ongoing and will continue in FY2009.

NCTCOG continued to administer the AirCheckTexas Repair and Replacement Assistance Program, now known as the AirCheckTexas Drive a Clean Machine Program, for Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, and Tarrant Counties. AirCheckTexas provides financial assistance to help low-income owners repair or replace a vehicle that has failed the emissions test. The program implemented significant changes in December 2007 as a result of major legislative changes. The program: expanded eligibility by increasing income guidelines to 300 percent of poverty level; opened up replacement assistance to vehicles 10 years old or older; and increased the replacement incentive to \$3,000 or \$3,500 if the replacement vehicle is a hybrid. As a result, the program experienced an unprecedented response and, demand for assistance increased by over 800 percent. The program received, on average, over 400 applications per day and received over 1,000 phone calls per day. This resulted in funding of over \$26 million in replacement costs for fiscal year 2008.

In May 2008, NCTCOG received a grant award from the Federal Highway Administration to conduct an integrated planning effort and develop an ecosystem-based approach for transportation related efforts in the Dallas-Fort Worth region, which may be used as case studies and best practices to be promoted nationwide. Work activities conducted during FY2008 included choosing transportation corridors, including two roadway and one transit corridor, to act as pilot studies for the implementation of an ecosystem-based approach for transportation projects. As part of the ecosystem-based approach, defining geography to define ecosystem boundaries is a key step. Staff worked to determine a geography at which to build the framework and is using sub-watersheds as the base of the framework. Staff compiled data sets of environmental data received from environmental resource agencies and transportation planning partners, developed an Environmental Data inventory, met with resource agencies, and presented to audiences to familiarize them with the efforts underway related to this project.

Starting in September 2007, NCTCOG staff worked aggressively throughout the year on the Tower 55 Rail Reliever Study completing Phase 1 of Alternatives Definition and Alternatives Evaluation. Public meetings were conducted in November 2007 to receive public comments on the community's issues today on the existing conditions of Tower 55, including safety issues, street crossing issues, noise issues, and concerns for their quality of life and air quality. NCTCOG staff, with consultant support, interviewed all public and private stakeholders to accurately understand the problems related to Tower 55; how do the 100-car trains that are parked along tracks in downtown Fort Worth for hours affect business, economic development, mobility, and the environment. Working in close collaboration with the City of Fort Worth, the Fort Worth Transportation Authority, the BNSF Railway, and Union Pacific Railroad, NCTCOG staff defined the problem and a series of four alternatives that could be implemented over a 30-year timeframe. The fiscal year concluded with a shortlist evaluation of those alternatives to three viable options that will be further evaluated and proceed into an environmental analysis during FY2009. The project schedule outlines an approach for selection of a Locally Preferred Alternative (LPA) and environmental clearance with a Finding of No Significant Impact (FONSI) by the end of FY2009, including three rounds of important public involvement at the end of each quarter.

The North Central Texas Council of Governments executed a contract with the Environmental Protection Agency (EPA) for a \$3 million grant for the Brownfield Revolving Loan Fund (RLF) Program in October 2007. Staff spent the next several months gathering information and developing rules, regulations, criteria, and an application and released a competitive Call for Projects in November 2008. This program will promote the clean up and redevelopment of brownfield sites that would potentially serve as future transit oriented developments or provide for other sustainable developments. Brownfield sites include, but are not limited to, two specific types of properties eligible for funding: sites contaminated by petroleum or a petroleum product and sites contaminated by controlled/hazardous substances. NCTCOG will loan out the funds to eligible borrowers at an interest rate below market rate. When the loan is paid back to NCTCOG, the funds will then be available again to the region for brownfield-related activities.

Staff initiated the development of a model Congestion Management Process (CMP) Ordinance. The proposed CMP ordinance will seek to build upon the current Travel Demand Management resolution and include three congestion management strategies including Travel Demand Management, Transportation System Management, and Intelligent Transportation System strategies. The proposed ordinance will also seek to include the implementation of congestion management strategies during the planning, engineering, construction and operation stages of corridor development. Enhancements are proposed to hold private sector employers, especially large employers, more accountable during the project implementation phases of the project development process.

NCTCOG staff released a Request for Proposals on March 2, 2007, for the Collection of Traffic Data on Limited-Access Highways in the Dallas-Fort Worth Metropolitan Area Via Remote Sensing. The purpose of this effort was to better understand and measure the effects of traffic congestion in the morning and evening peak periods. The study focused on the measurement of system performance and the identification of bottlenecks on the limited-access highway transportation system. The selected consultant, Skycomp, Inc., submitted the final report in May 2008. As a result of the project, the following final deliverables were produced: an associated database to house collected data; associated maps to display collected data; final report that identifies all freeway segments studied and the associated level of service analysis by direction of each segment or lane; photographic data collection, digital graphics and pictures via slideshow. Staff also published the Traffic Congestion - Regional Mobility Initiative that highlighted the survey and provided an overview of the results from the data collection effort.

The goal of the Regional Trip Reduction (RTR) Program is to reduce employee commute vehicle trips through the implementation of rideshare programs, telecommuting and flexible work hour programs, transit pass subsidies, bicycling and similar strategies. Within the Regional Trip Reduction Program, the Ozone Season Transit Education Initiative will enhance efforts to increase employer participation in RTR programs and encourage behavioral changes during the ozone season. The program also includes the Try Parking It website, an online commuter tracking application used to measure the benefits of employee trip reductions from using alternatives to single occupant vehicle transportation and/or trip elimination strategies; and to enhance the existing planning and evaluation tools, query the data collected, and calculate mobility and air quality benefits within the region. Staff worked with Dallas Area Rapid Transit (DART), Denton County Transportation Authority (DCTA), and the Fort Worth Transportation Authority (FWTA) to promote the program to regional employers. NCTCOG staff worked with DART, DCTA, FWTA, and the Research and Information Services (RIS) Department on the development of technical and baseline requirements for a regional ride matching software application. The application would be an added component to the Try Parking It website. Staff also developed the RFP for the application and plans to release and implement the application in FY2009.

Multiple Requests for Proposals were issued in FY2008 for planning projects selected for funding during the 2005-2006 Sustainable Development for Projects. A Notice to Proceed was released in June 2008 for the City of Fort Worth - Evans & Rosedale Urban Village Planning study which involved the development of a housing market assessment, pre-approved home plans, and recommendation of urban design standards to encourage infill development in the neighborhood. A Notice to Proceed was also awarded in June for the City of Richland Hills -Transit Oriented Development Plan which included the identification of short- and long-term strategies that can be implemented in Richland Hills to achieve sustainable development in and around the Richland Hills Trinity Railway Express (TRE) station. Finally, a Notice to Proceed was issued in August 2008 for the City of Hurst-Bellaire Area Sustainable Development Study which is developing an economic redevelopment plan designed to reverse the trend of disinvestment and guide short-term and long-term neighborhood-wide improvements in the city. All three projects will be completed by early to mid 2009.

NCTCOG transportation staff continued to manage the Transportation section of the NCTCOG website and provide public access to a wide variety of information and data. New Internet elements developed included an aviation data collection survey, customized meeting registration pages, and a website for the Rail North Texas initiative.

**Community Services (CS)** - NCTCOG's Aging Program expanded the scope and breadth of its programs by further developing its home-delivered meal and nursing home relocation services. It also laid the foundation to obtaining a grant to develop Aging and Disability Resource Centers in three North Central Texas communities.

Despite spikes in gas prices and the price of raw food, Aging contractors continued to expand their home-delivered meal programs, serving a total of 703,797 eligible meals during fiscal year 2008—representing a 5.6% increase over service levels during fiscal year 2007. The Aging program worked with contractors and the Texas Department of Agriculture to help counties receive additional funds for meals that were not reimbursed by other State funding sources through House Bill 407.

Demonstrating Aging staff's strong commitment to community-based care, the nursing home relocation program assisted 409 nursing home residents who wished to return to the community. The program targeted residents with low incomes and intense service needs, such as lack of housing, multiple disabilities, and lack of family support. During fiscal year 2008 the program successfully relocated 145 residents to the community, exceeding its programmatic goals by more than 240%.

Aging developed a successful proposal to develop Aging and Disability Resource Centers in Collin, Denton, and Hood/Somervell counties during the last half of calendar year 2008. These interagency collaborations help consumers of all ages, who have disabilities, more easily access available supports.

NCTCOG's 9-1-1 personnel conducted 79 courses on equipment, mapping and teletype communication for the deaf (TTY) at no charge to its counties. NCTCOG also provided TTY course materials online to all Texas agencies at no charge allowing them to conduct training at their agencies. All of NCTCOG's 9-1-1 counties and agencies received training from NCTCOG during fiscal year 2008

The NCTCOG also began the installation and implementation of the Customer Premise equipment which facilitates 9-1-1 calls at the 43 Public Safety Answering Points (PSAP) within the sixteen county region. New equipment in each PSAP has the capability of receiving 9-1-1 traffic from non-traditional avenues. Essentially, this equipment sets the foundation to transition into Next Generation 9-1-1 which will allow 9-1-1 access from any device, anytime, anywhere in the NCTCOG region and provides the capability to accept text, photos, video and other data. Next Generation 9-1-1 work is ongoing and will continue over the next several years.

The Criminal Justice Program continues to work with NCTCOG's sixteen counties, in conjunction with focus groups, to prepare a comprehensive community plan and develop a strategic plan to address priorities in three focused areas: criminal justice, juvenile justice and victim assistance. The recommendations from these plans will include a summary of the local priorities and strategy for addressing these priorities; a description of the steps taken to coordinate collaborative initiatives with community groups; incorporate output and outcome measures to substantiate the strategic approach addressing the priorities identified in the community plans; and submit the strategic plan to the Criminal Justice Division of the Office of the Governor.

In fiscal year 2008, NCTCOG was awarded \$479,000 in State Planning Assistance Grant funds distributed through the Governor's Criminal Justice Division (CJD). The funds allowed the Agency to pursue local economic development initiatives and foster intergovernmental cooperation and planning.

**Emergency Preparedness (EP)** - In fiscal year 2008, the North Central Texas Council of Governments region received over \$6 million in State Homeland Security Program (SHSP) funding from the Department of Homeland Security. The Regional Emergency Preparedness Advisory Council (REPAC) evaluates and scores applications for regional projects, which continue to increase the collective capacity of our region to prevent, protect, respond and recover from the effects of terrorism, natural, technological or man-made disasters.

The SHSP grant allows the opportunity for EP staff to provide hands on technical assistance to jurisdictions for over 50 projects on the statewide grant management system, State Preparedness and Reporting System (SPARS). This benefits the coordination between various programs, reduces redundancy and improves effectiveness for both the jurisdictions and the state administrators.

In fiscal year 2008, EP staff continued to support and contract with the Urban Area Executive Committee to plan, manage, advise, support, and implement the Urban Area Security Initiative (UASI) grant program. The Urban Area (UA) utilizes regional subcommittees comprised of subject matter experts representing various disciplines to review specific information and projects.

In conjunction with the UASI program, EP staff organized a call for projects for the Department of Homeland Security Non-Profit Security Grant Program (NSGP). This program provides target hardening equipment and training to approved and qualified non-profit organizations that have proven that they are at high risk for a potential terrorist attack. NCTCOG emergency preparedness staff currently provides technical assistance to these non-profits as they work to implement their projects.

NCTCOG also entered into agreement with the cities of Dallas, Fort Worth, and Arlington to administer a contract with Digital Sandbox, Inc. This will provide a tool in assisting the jurisdictions by identifying critical infrastructure and key resources and conducting vulnerability assessments for these three cities. This project is a multi-year contract with planned expansion to urban area cities throughout the region.

The Cities Readiness Initiative (CRI) program continues as the Center for Disease Control and Prevention (CDC), Texas Department of State Health Services (DSHS), and the North Central Texas Council of Governments work with local jurisdictions to make full and effective use of the Strategic National Stockpile (SNS) in the event of a possible biological terrorist attacks. Counties involved in the project receive funds and training. Total project costs for fiscal year 2008 was \$537,000.

Emergency preparedness continued the Public Health Preparedness (PHP) program with DSHS for the counties of Erath, Hood, Navarro, Palo Pinto, and Somervell. This program is similar to the Cities Readiness Initiative and is designed to help prepare counties to respond to a biological terrorist attack within 48 hours. The goal is achieved by identifying and training volunteers within these counties to serve as volunteers for Point of Dispensing Sites (PODS).

NCTCOG emergency preparedness staff also completed the first draft of 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). This plan included the development and participation in the state wide hurricane exercise HUREX08, special pilot training for the Association of College Physicians, and a state certified mediation class available to stakeholders and COG staff.

**Environment & Development (E&D)** - Sustainable Environmental Excellence (SEE) continues to be the overall theme for NCTCOG's environmental resource and development initiatives. 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.

SEE Less Trash objectives continued the successful regional solid waste management program. This program provided oversight and guidance to member governments as they implemented their local projects, notified landowners of closed landfills on their property, and completed four regional projects, all consistent with the amended regional plan.

The Watershed Management – SEE Safe, Clean and Green specific objectives for fiscal year 2008 were to continue to support the successful Trinity River COMMON VISION Program; serve as a Cooperating Technical Partner with FEMA; assist “large” entities with their second year of wet weather sample collection and other elements for storm water permit compliance and assist “small” communities with implementing their first state storm water permit; continue implementation of objectives of the long-range vision plan - SEE Safe, Clean and Green Regional Environmental Corridors.

Phase 3 of Vision North Texas (VNT) continued with its program involving an expanded public-private partnership to support the Center of Development Excellence and the 10 Principles of Development Excellence, and provided outreach to communities to raise awareness about anticipated growth in the region. Guidance is provided by a Management Committee with input from more than 60 advisors representing a cross-section of elected officials, business and development leaders, universities and the community at large.

**Research and Information Services (RIS)** - RIS continued creating and maintaining partnerships with local state and federal governments to provide geographic information system (GIS) products and services. In 2008, RIS began an extensive upgrade of its Geographic Information System and Spatial Database environment. Implementation of new mapping technology, focusing heavily on ArcGIS Server, Virtual Earth, Google, and SQL Server initiated a new web services approach to the way NCTCOG presents information and interacts with its local governments. Early uses of this technology included interactive transportation and demographic information.

RIS continued tracking major developments, major employers and added to a data set that includes over 4,400 points. The 2008 population estimates were delayed several months due to methodology changes and differences between the Census data and RIS's data. Final estimates were released in June 2008. Development of the 2040 Demographic Forecast continued. Adjustments to the 2010 demographic model were made to account for local review and current economic conditions and final 2010 projections were produced. First model runs of 2015 projections were documented and review of the estimates has begun. RIS continued to refine the forecasting methodology used for demographic forecasts and attempts to take advantage of the latest information.

RIS responded to over 5,100 posted Agency and Workforce support requests and worked with various departments throughout the year to relocate approximately 50 personal computers and deploy 113 personal computers across the geographically dispersed 16 county region. RIS also expanded the wireless technology in the Center Point II and Center Point III Buildings which provides secured networks for staff and guests. Expansion of the virtual server environment continued and RIS is now running 25 virtual servers in this environment. RIS also provided technical and database support for a number of Agency applications and programs including the accounting software, the Public Employee Benefits Cooperative program, Aircheck Texas, Emergency Preparedness and the Intelligent Transportation system.

RIS began implementing recommendations from the Calisma Network Redesign report. RIS implemented the utilization of a Core Switch, Virtual LANs (VLANs), and Naming and Addressing Standards. In addition to implementing the Naming and Addressing Standards an additional step was taken of segmenting the network VLAN infrastructure by building area. This segmentation will assist in identifying potential network problems and isolating them so that only subsets of users are affected as opposed to everybody on the network.

RIS continued its efforts to implement a new Voice over Internet Protocol (VoIP) telephone system for the NCTCOG. VoIP is a general term for a family of transmission technologies for delivery of voice communications over IP networks such as the Internet or other packet-switched networks. VoIP adds flexibility and reduces operational costs. RIS has completed the implementation of VoIP in 16 of the Workforce Centers and Workforce Contractor Administrative Offices. These centers now have the capability to four digit dial to a staff person in any of the other Workforce Centers in the region.

RIS has worked to improve the security of NCTCOG's information systems through the development of a new Information Security Policy to address account management, general system use, and mobile computing. In conjunction with the implementation of this policy, RIS began a campaign to raise employee awareness of threats such as phishing, malware, confidential data leakage, and others. In addition, RIS created a change management process whereby information technology projects are more closely scrutinized for security vulnerabilities prior to their implementation. The Agency's perimeter firewall has also been tuned to take advantage of application layer inspection features that help thwart attacks such as SQL Injection, Cross Site Scripting, DNS Cache Poisoning, and a multitude of others.

***Workforce Development (WF)*** - The North Central Texas Workforce continues to be a high performing Board recognized for its services to the business community and its citizens by maintaining top ratings in unemployment and numerous other contracted measures set by the Texas Workforce Commission (TWC).

The North Central Texas Workforce Board fully implemented the customer service tracking system (CSTR) in the workforce centers. The customer service tracking system was fully implemented and generating critical and timely data to enable NCTCOG Workforce to better allocate resources and target specific strategies for business and customer needs.

VoIP was implemented throughout the entire 14 county workforce region, connecting all workforce centers in a manner that created greater communication and implemented technologic efficiencies to serve our customers.

### **Factors Affecting Financial Condition**

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 of 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 provides reasonable assurance of proper recording of financial transactions.

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. During fiscal year 2008, NCTCOG contracted with an accounting firm to conduct an internal control risk assessment to evaluate and provide recommendations on how to improve upon the current internal control structure. Based on the final report, NCTCOG implemented recommendations, where practical, to strengthen internal controls and to minimize risks within our operations. To strengthen the oversight responsibilities of the NCTCOG an Audit Manager was added to the Administration Department.

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, 2008, 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 budget is approximately 74% grant funding and as new funding opportunities arise throughout the year, they are presented to the Executive Board for approval.

**Cash Management** - Cash temporarily idle during the year was invested in demand deposits, Texpool, Local Government Investment Cooperative and Texstar. Investments for fiscal year 2008 yielded income of \$2,308,855 for all funds mainly as a result of funding for local transportation programs.

**Risk Management** - In order to minimize the risk for loss of property and general liability risks, including workers' compensation liability for its employees, the Council participates in the Texas Municipal League Intergovernmental Risk Pool. The Texas Municipal League Intergovernmental Risk Pool consists of the Property and Liability Joint Insurance Fund and the Workers' Compensation Joint Insurance Fund. The funds are a contracting mechanism by which the Council and other members of the League are able to limit their loss through partial self-insurance.

A commercial blanket bond covering employee dishonesty is provided through the Frost Insurance Service, Inc., up to a maximum \$2,000,000 per loss.

### **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 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, 2007. This was the tenth 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 believe 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 for their invaluable assistance in producing the final document.



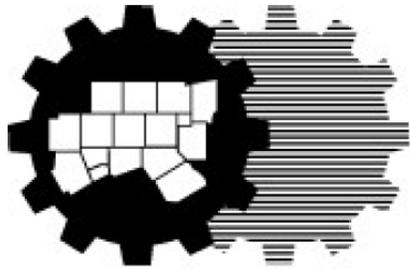
Mike Eastland  
Executive Director



Monte Mercer, CPA  
Deputy Executive Director



Shannan Ramirez  
Controller



**North Central Texas  
Council of Governments**

# 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, 2007

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.



President

Executive Director

# NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS PRINCIPAL OFFICIALS

## 2008-2009 EXECUTIVE BOARD

**JOHN MURPHY - PRESIDENT**  
Councilmember, City of Richardson  
P.O. Box 830832  
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(972) 744-4203 – Office (Jenny Garza)  
(972) 744-5803 – Fax  
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**B. GLENN WHITLEY – SECRETARY/TREASURER**  
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Mayor Pro Term  
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(214) 987-5399 – Fax

**CHAD ADAMS – PAST PRESIDENT**  
County Judge, Ellis County  
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Waxahachie, TX 75165  
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(972) 825-5010 – Fax  
[chad.adams@co.ellis.tx.us](mailto:chad.adams@co.ellis.tx.us)

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[carter.burdette@fortworthgov.org](mailto:carter.burdette@fortworthgov.org)

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Executive Director, NCTCOG  
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(817) 695-9101 - Direct  
(817) 640-7806 - Fax  
[meastland@nctcog.org](mailto:meastland@nctcog.org)

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(972) 240-1749 – Fax  
[mcantrell@dallascounty.org](mailto:mcantrell@dallascounty.org)

**ALLEN HARRIS**  
Mayor Pro Term, City of The Colony  
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(972) 624-2316 – Fax  
[tcplace1@thecolonytx.gov](mailto:tcplace1@thecolonytx.gov)

## ADMINISTRATIVE STAFF

Deputy Executive Director  
**Monte Mercer**

Director of Transportation  
**Michael R. Morris**

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

Director of Environmental  
& Development  
**John Promise**

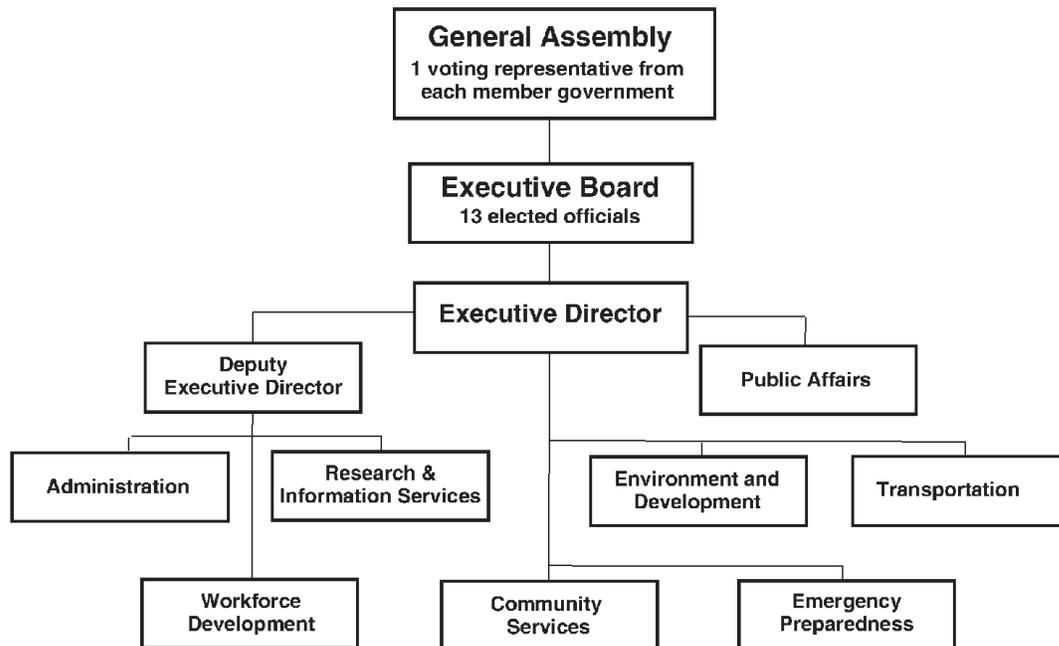
Director of Workforce Development  
**David Setzer**

Director of Community  
Services & Regional Training Center  
**Frederic W. Keithley**

Director of Emergency Preparedness  
**Gregg Dawson**

# Organizational Chart

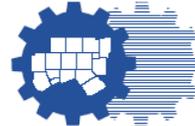
## North Central Texas Council of Governments



## 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.

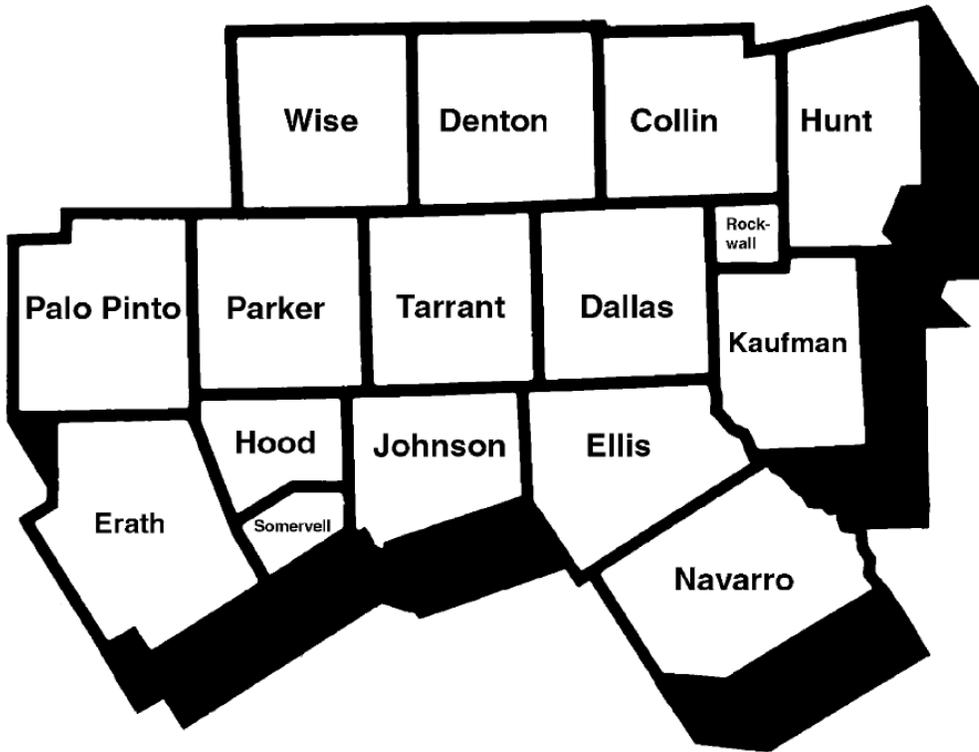
ETHICS

**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.

# MAP OF REGION



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (236)**

**Counties (16)**

Collin  
Dallas  
Denton  
Ellis  
Erath  
Hood

Hunt  
Johnson  
Kaufman  
Navarro  
Palo Pinto  
Parker

Rockwall  
Somervell  
Tarrant  
Wise

**Cities (168)**

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  
Burleson  
Caddo Mills  
Carrollton  
Cedar Hill  
Celeste  
Celina  
Cleburne  
Cockrell Hill  
Colleyville  
Combine  
Commerce  
Coppell  
Copper Canyon  
Corinth  
Corsicana  
Crandall  
Cross Timbers  
Crowley  
Dallas  
Dalworthington Gardens

Decatur  
Denton  
DeSoto  
Double Oak  
Dublin  
Duncanville  
Edgecliff Village  
Ennis  
Eules  
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  
Krum  
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  
Ovilla  
Palmer  
Pantego  
Paradise  
Parker

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (236)**

**Cities (168) - continued**

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

Rowlett  
Royce 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 (23)**

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

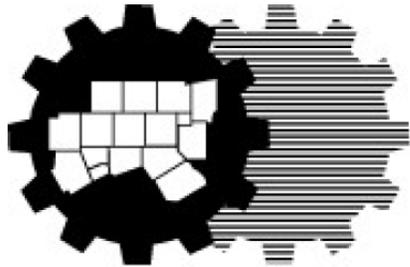
Lewisville ISD  
Mansfield ISD  
Mesquite ISD  
Plano ISD  
Richardson ISD  
Rockwall ISD  
Terrell ISD  
Weatherford ISD

**Special Districts (29)**

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

Dallas County Utility &  
Reclamation District  
Dallas County Water Control  
& Improvement District #6  
Dallas County Park Cities  
Dalworth Soil & Water  
Conservation District  
Denton County Fresh Water  
Supply District #1A  
Denton County  
Transportation Authority  
Fort Worth Transportation  
Authority  
Hunt Memorial Hospital  
District  
Johnson County Fresh  
Water District #1  
Kaufman County  
Development District No. 1

Lake Cities Municipal Utility  
Authority  
North Texas Tollway  
Authority  
North Texas Municipal Water  
District  
Tarrant County Regional  
Water District  
Trinity River Authority  
Trophy Club Municipal Utility  
District #1  
Valwood Improvement  
Authority  
Weatherford College  
Wise County Water Control  
& Improvements District



**North Central Texas  
Council of Governments**

The graphic features a purple background with a pattern of binary code (0s and 1s) and a grid of small, semi-transparent dots in shades of green and yellow. The text "Financial Section" is centered in a white, serif font.

# Financial Section



**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## 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, 2008, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2008, 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 issued a report dated February 23, 2009, on our consideration of the Council's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 34 through 36, respectively, are not a required part of the basic financial statements but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

### DALLAS

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12221 Merit Drive  
Suite 1400  
Dallas, Texas 75251-2280  
972.490.1970  
F 972.702.8321*

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AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Council. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

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

**WEAVER AND TIDWELL, L.L.P.**

Dallas, Texas  
February 23, 2009

## **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2008**

---

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, 2008. 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-xi of this report.

### **Financial Highlights**

- NCTCOG's assets exceeded liabilities at the close of the most recent fiscal year by \$59,898,071 (*net assets*). Of this amount \$3,905,481 (unrestricted net assets) may be used to meet the government's ongoing obligations to creditors and service implementation.
- The total net assets increased by \$11,927,225 which represents a 25% change. The increase was mainly due to local contributions that resulted in \$12,725,868 designated for future transportation related projects. These projects are anticipated to be short term in nature and began funding at the end of fiscal year 2007.
- As a result of the local funding for transportation projects, NCTCOG's governmental funds reported combined ending fund balances of \$58,288,808, an increase of \$13,449,072 in comparison with the prior year. Of the total fund balance, approximately 91% is restricted for local transportation projects, 1% is reserved for grants and prepaids and 8% is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- Interest income decreased \$ 921,325, or 29%, totaling \$2,308,855 mainly due to market volatility.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,708,103, or 3% 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.

## **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2008**

---

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.

**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 19-33 of this report.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2008**

**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 34 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 37-40 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 \$59,898,071 at the close of the most recent fiscal year. Following is a summary of the government-wide Statement of Net Assets:

	2008			2007		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
Current and other assets	\$ 87,202,208	\$ 128,819	\$ 87,331,027	\$ 70,146,852	\$ 65,351	\$ 70,212,203
Capital assets	1,359,341	1,217,307	2,576,648	485,470	3,759,091	4,244,561
Total assets	<u>88,561,549</u>	<u>1,346,126</u>	<u>89,907,675</u>	<u>70,632,322</u>	<u>3,824,442</u>	<u>74,456,764</u>
<b>Liabilities</b>						
Long-term Liabilities outstanding	999,611	-	999,611	1,013,421	-	1,013,421
Other Liabilities	29,009,689	304	29,009,993	25,312,975	159,522	25,472,497
Total Liabilities	<u>30,009,300</u>	<u>304</u>	<u>30,009,604</u>	<u>26,326,396</u>	<u>159,522</u>	<u>26,485,918</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	1,255,488	1,217,307	2,472,795	342,148	3,759,091	4,101,239
Restricted for grants	645,283	-	645,283	437,221	-	437,221
Restricted for local transportation projects	52,874,512	-	52,874,512	40,148,643	-	40,148,643
Unrestricted	3,776,966	128,515	3,905,481	3,377,914	(94,171)	3,283,743
Total net assets	<u>\$ 58,552,249</u>	<u>\$ 1,345,822</u>	<u>\$ 59,898,071</u>	<u>\$ 44,305,926</u>	<u>\$ 3,664,920</u>	<u>\$ 47,970,846</u>

- The largest portion of NCTCOG's net assets (88%) is restricted for local projects related to transportation funded initiatives. In October 2005, NCTCOGs' Regional Transportation Council (RTC) announced the 2005 Sustainable Development Call for Projects. In April 2006, the RTC selected projects and awarded approximately \$40 million in funds to infrastructure, planning, and land banking projects which began funding at the end fiscal year 2007 continuing into fiscal year 2008. Awarded funding includes RTC local funds and anticipated local contributions from the project sponsors.
- An additional portion of NCTCOG's net assets (4%) 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.
- Net assets restricted for grants (1%) are funds that have limitations for use as specified by the funding agencies.
- The remaining balance of net assets totaling \$3,905,481 (7%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2008**

**Change in Net Assets.** For the year ended September 30, 2008, the Agency's net assets increased by \$11,927,225. Following is a summary of the government-wide Statement of Activities:

**NCTCOG's Change in Net Assets**

	2008			2007		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program Revenues						
Federal Grant	\$ 4,796,333	\$ -	\$ 4,796,333	\$ 2,130,761	\$ -	\$ 2,130,761
State Administered grants	113,731,520	-	113,731,520	100,276,085	-	100,276,085
Local revenue & In-kind	38,238,325	1,704,745	39,943,070	66,241,118	1,513,590	67,754,708
<b>Total Program Revenues</b>	<b>156,766,178</b>	<b>1,704,745</b>	<b>158,470,923</b>	<b>168,647,964</b>	<b>1,513,590</b>	<b>170,161,554</b>
General Revenues:						
Membership Fees	632,215	-	632,215	617,503	-	617,503
Interest Income	2,308,855	-	2,308,855	3,230,180	-	3,230,180
<b>Total General Revenue</b>	<b>2,941,070</b>	<b>-</b>	<b>2,941,070</b>	<b>3,847,683</b>	<b>-</b>	<b>3,847,683</b>
<b>Total Revenue</b>	<b>159,707,248</b>	<b>1,704,745</b>	<b>161,411,993</b>	<b>172,495,647</b>	<b>1,513,590</b>	<b>174,009,237</b>
<b>Expenses:</b>						
Agency management and administration	5,926,654	-	5,926,654	5,360,798	-	5,360,798
Community Services	19,668,658	-	19,668,658	14,732,789	-	14,732,789
Emergency Preparedness	4,461,768	-	4,461,768	6,766,770	-	6,766,770
Environment and development	4,343,873	-	4,343,873	5,520,315	-	5,520,315
RIS local assistance	2,979,893	4,023,843	7,003,736	2,227,484	4,484,126	6,711,610
Transportation planning	59,886,873	-	59,886,873	47,265,285	-	47,265,285
Workforce development	48,193,206	-	48,193,206	49,917,806	-	49,917,806
<b>Total expenses</b>	<b>145,460,925</b>	<b>4,023,843</b>	<b>149,484,768</b>	<b>131,791,247</b>	<b>4,484,126</b>	<b>136,275,373</b>
<b>Change in Net Assets</b>	<b>14,246,323</b>	<b>(2,319,098)</b>	<b>11,927,225</b>	<b>40,704,400</b>	<b>(2,970,536)</b>	<b>37,733,864</b>
<b>Net Assets - October 1</b>	<b>44,305,926</b>	<b>3,664,920</b>	<b>47,970,846</b>	<b>3,601,526</b>	<b>6,635,456</b>	<b>10,236,982</b>
<b>Net Assets - September 30</b>	<b>\$ 58,552,249</b>	<b>\$ 1,345,822</b>	<b>\$ 59,898,071</b>	<b>\$ 44,305,926</b>	<b>\$ 3,664,920</b>	<b>\$ 47,970,846</b>

Significant components of the net asset activity are as follows:

- Governmental activities total revenues decreased by \$12,788,399 or 7.4% in the current year. Local contributions decreased approximately \$19 million due to the remaining obligations of funds received from local entities sponsoring sustainable development projects. The majority of the funds from sponsoring entities were received in fiscal year 2007. In-kind revenue decreased approximately \$10 million as the Texas Emissions Reduction Plan project ended in 2007. These decreases were offset by increases in state revenues of \$13,455,435 were attributable to the funding for the 911 equipment upgrades and transportation air quality projects.
- Governmental activities total expenses increased \$13,669,678 or 10.4% in the current year. Key elements of the changes are as follows:
  - Agency management and administration expenditures increased by \$565,856 or 10.6% when compared to 2007. Approximately \$230,000 was spent in 2008 on the installation of an emergency power generator. The generator serves 911, the agency's computer network, and the North Central Texas Trauma Regional Advisory Council. The remaining increase was driven by

## **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2008**

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an Availability and Disparity Study. NCTCOG has been asked to facilitate a joint Availability and Disparity Study in which NCTCOG was asked to facilitate the study for several Tarrant County entities as it relates to their respective Disadvantaged Business Enterprise and Minority and Women Business Enterprise (D/M/WBE) Programs. NCTCOG has been reimbursed costs associated with the study by its participating entities.

- Community services expenditures increased \$4,935,869 or 33.5% when compared to 2007. This was due to the installation and implementation of 911 Customer Premise Equipment within the region.
- Emergency preparedness expenditures decreased by \$2,305,002 or 34.1% when compared to 2007. This was due to the ending of the social services block grant for aid to Hurricane Katrina victims.
- Environment and development expenditures decreased by \$1,176,442 or 21.3% when compared to 2007. Fiscal year 2008 was the first year of a two-year contract for the Solid Waste program, thus, expenditures were lower due to the timing of allocation of sub-grants and reimbursement requests being submitted.
- Research and information services expenditures increased by \$752,409 or 33.8% when compared to 2007. This was primarily driven by the close out costs of the 2007 aerial project of approximately \$485,000 and the start up cost for the 2008 aerial project of approximately \$300,000.
- Transportation planning expenditures increased by \$12,621,588 or 26.7% when compared to 2007. Approximately \$7.1 million of was due to increased funding of local RTC initiatives; \$3.7 million was due to projects involving the Federal Transit Authority for job access commuter projects; \$2.3 million increase related to air quality initiative projects.
- Workforce development expenditures decreased by \$1,724,600 or 3.4% when compared to 2007. This was due to a reduction in Workforce Investment Act funding for 2008 and the end of the National Emergency grant relating to Hurricane Katrina.

### **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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the NCTCOG's governmental funds reported combined ending fund balances of \$58,288,808 an increase of \$13,449,072 in comparison with the prior year. Approximately 8% of this total amount (\$4,708,103) constitutes unreserved 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, unreserved fund balance of the general fund was \$4,708,103, while total general fund balance reached \$4,721,425. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 3.1% of total governmental fund expenditures.

**General Fund.** The fund balance of NCTCOG's general fund increased by \$449,853 during the current fiscal year. This increase was attributable to increased interest income due to larger invested balances,

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2008**

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increased dues as a result of population growth and recovery of costs from other funds that general fund covered in the prior year.

**Special Revenue Fund.** The fund balance of NCTCOG's special revenue fund increased by \$12,999,219 during the current fiscal year. The majority of the increase, \$12,725,868, was reserved for future transportation related projects.

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was due to various minor adjustments totaling \$6,388 over the original budget. Budgeted expenditures and corresponding transfers in the amount of \$260,257 related to special revenue projects, originally included in the general fund budget, were subsequently reduced.

**Capital Asset and Long Term Liability Administration**

**Capital assets.** The NCTCOG's investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$2,576,648 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

	<b>NCTCOG's Capital Assets (net of depreciation)</b>	
	<u>2008</u>	<u>2007</u>
<u>Governmental Activities</u>		
Equipment	\$ 895,708	\$ 449,703
Furniture	4,804	6,734
Leasehold Improvements	<u>458,829</u>	<u>29,033</u>
Total government activities capital assets	<u>\$ 1,359,341</u>	<u>\$ 485,470</u>
<u>Business- Type Activities</u>		
Equipment	<u>\$ 1,217,307</u>	<u>\$ 3,759,091</u>
Total business-type activities capital assets	<u>\$ 1,217,307</u>	<u>\$ 3,759,091</u>

Detailed information on the NCTCOG's capital assets can be found in Note G on pages 30-31 of this report.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2008**

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**Long-term liabilities.** At the end of the current fiscal year, the NCTCOG had total long-term liabilities outstanding of \$999,611. This debt is related to accrued vacation that is payable to employees at the time of their departure from NCTCOG and notes payable for equipment.

	<b><u>NCTCOG's Long-Term Liability</u></b>				Due Within One Year
	Balance September 30, 2007	Increases	Decreases	Balance September 30, 2008	
Accrued vacation	\$ 870,099	\$ 138,932	\$ 113,273	\$ 895,758	\$ 126,232
Note payable	143,322		39,469	103,853	42,896
Total	<u>\$ 1,013,421</u>	<u>\$ 138,932</u>	<u>\$ 152,742</u>	<u>\$ 999,611</u>	<u>\$ 169,128</u>

Detailed information on the long-term debt can be found in Note D on page 28 of this report.

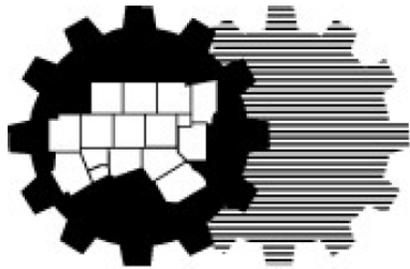
**Economic Factors and Next Year's Budgets and Rates**

- In accordance with the Texas Administrative Code Title 1, Part 1, Chapter 5, Rule 5.85 (g), NCTCOG remains exempt from the other requirements of Rule 5.85 in that its most populous county (Dallas) has an actual weekly wage that exceeds the state actual weekly wage by 20% or more for the previous year as determined by the Texas Workforce Commission in its Covered Employment and Wage Report (ES-200).

This exemption was considered in preparing the NCTCOG's budget for the 2008 fiscal year.

**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

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, 2008**

<b>ASSETS</b>	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
Cash and cash equivalents	\$ 2,737,398	\$ -	\$ 2,737,398
Investments	67,802,417	-	67,802,417
Receivables	16,571,271	113,305	16,684,576
Internal balances	(7,446)	7,446	-
Prepays and other assets	98,568	8,068	106,636
Capital assets, net of accumulated depreciation	1,359,341	1,217,307	2,576,648
<b>Total Assets</b>	<b>88,561,549</b>	<b>1,346,126</b>	<b>89,907,675</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	14,290,256	304	14,290,560
Unearned revenue	14,719,433	-	14,719,433
Long-term liabilities			
Due within one year	169,128	-	169,128
Due in more than one year	830,483	-	830,483
<b>Total Liabilities</b>	<b>30,009,300</b>	<b>304</b>	<b>30,009,604</b>
<b>NET ASSETS</b>			
Invested in capital assets	1,255,488	1,217,307	2,472,795
Restricted for grants	645,283	-	645,283
Restricted for local transportation projects	52,874,512	-	52,874,512
Unrestricted	3,776,966	128,515	3,905,481
<b>Total Net Assets</b>	<b>\$ 58,552,249</b>	<b>\$ 1,345,822</b>	<b>\$ 59,898,071</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, 2008**

Functions/Programs	Expenses	Operating Grants and Contributions			Net (Expenses) Revenue and Changes in Net Assets		
		Federal Funding	State/ State Admin Funding	Local Contracts and Inkind Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Agency administration	\$ 5,355,259	\$ -	\$ 77,516	\$ 1,449,875	\$ (3,827,868)	\$ -	\$ (3,827,868)
Agency management	571,395	41	1,175	271,878	(298,301)	-	(298,301)
Community services	19,668,658	-	14,759,657	5,423,456	514,455	-	514,455
Emergency preparedness	4,461,768	-	4,547,830	149,888	235,950	-	235,950
Environment and development	4,343,873	249,525	1,693,769	2,071,255	(329,324)	-	(329,324)
RIS local assistance	2,979,893	-	159,905	1,579,662	(1,240,326)	-	(1,240,326)
Transportation planning	59,886,873	4,159,337	42,064,649	27,292,311	13,629,424	-	13,629,424
Workforce development	48,193,206	387,430	50,427,019	-	2,621,243	-	2,621,243
<b>Total governmental activities</b>	<b>145,460,925</b>	<b>4,796,333</b>	<b>113,731,520</b>	<b>38,238,325</b>	<b>11,305,253</b>	<b>-</b>	<b>11,305,253</b>
Business-type activities:							
Shared service center	4,023,843	-	-	1,704,745	-	(2,319,098)	(2,319,098)
<b>Total primary government</b>	<b>\$ 149,484,768</b>	<b>\$ 4,796,333</b>	<b>\$ 113,731,520</b>	<b>\$ 39,943,070</b>	<b>\$ 11,305,253</b>	<b>\$ (2,319,098)</b>	<b>\$ 8,986,155</b>
General Revenues:							
Membership fees					632,215	-	632,215
Interest income					2,308,855	-	2,308,855
<b>Total general revenues</b>					<b>2,941,070</b>	<b>-</b>	<b>2,941,070</b>
Change in Net Assets					14,246,323	(2,319,098)	11,927,225
Net Assets-beginning					44,305,926	3,664,920	47,970,846
<b>Net Assets-ending</b>					<b>\$ 58,552,249</b>	<b>\$ 1,345,822</b>	<b>\$ 59,898,071</b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 2,737,398	\$ -	\$ 2,737,398
Investments	5,856,523	61,945,894	67,802,417
Accounts Receivable:			
Federal grants	-	2,313,313	2,313,313
State administered grants	-	12,508,714	12,508,714
Local grants	-	950,699	950,699
Other	780,741	17,804	798,545
Due from other funds	5,255,305	-	5,255,305
Prepays	13,322	47,588	60,910
Other assets	37,458	-	37,458
<b>TOTAL ASSETS</b>	<b><u>\$ 14,680,747</u></b>	<b><u>\$ 77,784,012</u></b>	<b><u>\$ 92,464,759</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 8,094,984	\$ -	\$ 8,094,984
Accrued liabilities	892,422	4,438,488	5,330,910
Accrued payroll and employee benefits	864,362	-	864,362
Due to other funds	-	5,166,262	5,166,262
Unearned revenue	107,554	14,611,879	14,719,433
<b>TOTAL LIABILITIES</b>	<b><u>9,959,322</u></b>	<b><u>24,216,629</u></b>	<b><u>34,175,951</u></b>
<b>FUND BALANCES</b>			
RESERVED FOR:			
Prepays	13,322	47,588	60,910
Grants	-	645,283	645,283
Local transportation projects	-	52,874,512	52,874,512
UNRESERVED AND UNDESIGNATED	4,708,103	-	4,708,103
<b>TOTAL FUND BALANCES</b>	<b><u>4,721,425</u></b>	<b><u>53,567,383</u></b>	<b><u>58,288,808</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 14,680,747</u></b>	<b><u>\$ 77,784,012</u></b>	<b><u>\$ 92,464,759</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, 2008**

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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	\$ 58,288,808
Add: Capital assets net of accumulated depreciation as of September 30, 2008 used in governmental activities were not current financial resources and therefore not reported in the governmental funds balance sheet (excluding Internal Service Fund).	1,261,929
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.	1,123
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>(999,611)</u>
Net assets of governmental activities (page 10)	<u><u>\$ 58,552,249</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, 2008**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Federal grants	\$ -	\$ 4,796,333	\$ 4,796,333
State administered grants	-	113,731,520	113,731,520
Membership dues	632,215	-	632,215
Local contributions	434,580	26,474,239	26,908,819
Interest income	213,320	2,095,535	2,308,855
Program income	-	436,305	436,305
In-Kind	-	10,893,201	10,893,201
<b>TOTAL REVENUES</b>	<u>1,280,115</u>	<u>158,427,133</u>	<u>159,707,248</u>
<b>EXPENDITURES</b>			
Current:			
Agency administration	2,871,939	2,508,661	5,380,600
Agency management	578,505	1,630	580,135
Community services	310,763	19,709,763	20,020,526
Emergency preparedness	-	4,527,038	4,527,038
Environment & development	50,742	4,330,025	4,380,767
Research & information services	398,043	2,602,812	3,000,855
Transportation	32,372	60,905,376	60,937,748
Workforce development	-	49,234,539	49,234,539
Capital outlay	101,435	1,322,218	1,423,653
	<u>4,343,799</u>	<u>145,142,062</u>	<u>149,485,861</u>
Indirect Cost Allocation	(2,860,926)	-	(2,860,926)
Contributions to Indirect Costs	(366,759)	-	(366,759)
<b>TOTAL EXPENDITURES</b>	<u>1,116,114</u>	<u>145,142,062</u>	<u>146,258,176</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>164,001</u>	<u>13,285,071</u>	<u>13,449,072</u>
<b>OTHER FINANCING SOURCES AND USES</b>			
Capital-related debt issued (note payable)	-	-	-
Transfers In	319,251	308,175	627,426
Transfers Out	(33,399)	(594,027)	(627,426)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>285,852</u>	<u>(285,852)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	449,853	12,999,219	13,449,072
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>4,271,572</u>	<u>40,568,164</u>	<u>44,839,736</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,721,425</u>	<u>\$ 53,567,383</u>	<u>\$ 58,288,808</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, 2008**

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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)	\$ 13,449,072
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.	1,423,653
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.	(25,659)
Current year long-term debt principal payments on contractual obligations, are expenditures in the governmental fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	39,469
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>(640,212)</u>
Change in net assets of governmental activities (page 11)	<u><u>\$ 14,246,323</u></u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2008**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>		
Accounts receivable	\$ 113,305	\$ -
Prepays and other assets	8,068	200
Due from other funds	7,446	-
Total current assets	<u>128,819</u>	<u>200</u>
Capital assets, net of accumulated depreciation	<u>1,217,307</u>	<u>97,412</u>
<b>TOTAL ASSETS</b>	<u>1,346,126</u>	<u>97,612</u>
<b>CURRENT LIABILITIES</b>		
Accrued liabilities	304	-
Due to other funds	<u>-</u>	<u>96,489</u>
<b>TOTAL LIABILITIES</b>	<u>304</u>	<u>96,489</u>
<b>NET ASSETS</b>		
Unrestricted	<u>1,345,822</u>	<u>1,123</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,345,822</u>	<u>\$ 1,123</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, 2008**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Service Charges	\$ 1,704,745	\$ 983,745
<b>TOTAL OPERATING REVENUES</b>	<u>1,704,745</u>	<u>983,745</u>
<b>OPERATING EXPENSES</b>		
Personnel	20,903	459,932
Indirect	3,404	74,909
Contract Services	934,100	4,597
Travel	374	2,316
Depreciation	2,450,796	14,683
Other Costs	602,620	427,308
<b>TOTAL OPERATING EXPENSES</b>	<u>4,012,197</u>	<u>983,745</u>
<b>OPERATING LOSS</b>	(2,307,452)	-
<b>NON-OPERATING EXPENSES</b>		
Loss on Disposal of Property	(11,646)	-
CHANGE IN NET ASSETS	(2,319,098)	-
NET ASSETS - BEGINNING OF YEAR	<u>3,664,920</u>	<u>1,123</u>
NET ASSETS - END OF YEAR	<u>\$ 1,345,822</u>	<u>\$ 1,123</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF CASH FLOWS PROPRIETARY FUNDS  
FOR YEAR ENDED SEPTEMBER 30, 2008**

	<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	\$ 1,650,791	\$ 983,745
Payments to other funds for indirect and other costs	-	(300,666)
Payments to suppliers for goods and services	(1,537,094)	(118,034)
Payments to employees	(20,903)	(459,932)
Payments for other operating costs	(172,136)	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(79,342)</u>	<u>105,113</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of capital assets	79,342	-
Additions to capital assets	-	(105,113)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>79,342</u>	<u>(105,113)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (2,307,452)	\$ -
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,450,796	14,683
Decrease in prepaid expenses	(2,068)	(200)
Decrease in accounts receivable	(53,954)	-
Decrease in due to other funds	(150,372)	6,862
Increase in accrued liabilities	(8,846)	-
Increase in accounts payable	-	(12,721)
Increase in due from other funds	(7,446)	96,489
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (79,342)</u>	<u>\$ 105,113</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, entities 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 reported 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, 2008**

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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. Currently, the fund is comprised of the Shared Service Center, LEAP and Monster.com.

Internal Service Fund – accounts for the financing 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 discussed below:

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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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

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 have been employed by the Council for one year and work a minimum of 20 hours per week.

During the first five years of employment, a full-time employee accrues ten (10) days of vacation leave per year. During the second five years of employment, an employee accrues fifteen (15) days per year, and after ten years of employment, twenty (20) days per year. During the first five years of employment, an eligible part-time employee accrues five (5) days of vacation leave per year, seven and one-half (7.5) days the second five years, and ten (10) days per year thereafter. 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 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 (\$895,758 at September 30, 2008) 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.

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

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.

**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.

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

**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 2008, the Council contributed \$80,799 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, 2008 or any of the three preceding years ending September 30<sup>th</sup>.

**13. Cash and Cash Equivalents**

Cash of all funds, excluding the Council's payroll clearing account, is pooled into a common interest-bearing bank account in order to maximize investment opportunities.

**14. Nature and Purpose of Reservations and Designations 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 the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Unreserved fund balance is for amounts that are available for appropriations.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

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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, 2008 are classified in the accompanying financial statements as follows:

**Statement of net assets:**

Primary Government	
Total cash and investments	<u>\$ 70,539,815</u>

Cash and investments as of September 30, 2008 consist of the following:

Deposits with financial institutions	\$ 2,736,748
Cash on hand	650
Investments	<u>67,802,417</u>
Total cash and investments	<u>\$ 70,539,815</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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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, 2008, NCTCOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity(1)</u>
TexPool	\$ 9,627,835	45 days
Logic	430	31 days
TexStar	<u>58,174,152</u>	35 days
	<u>\$ 67,802,417</u>	

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

As of September 30, 2008 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	\$ 9,627,835	A	AAAm
Logic	430	A	AAAm
TexStar	<u>58,174,152</u>	A	AAAm
Total Primary Government	<u>\$ 67,802,417</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, 2008 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, 2008, the Council's deposits had a carrying amount of \$2,736,748 and a bank ledger balance of \$3,627,035. Pledged collateral of \$4,460,039 was available to cover the uninsured available balance.

**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 provided by Lehman Brothers Inc. and Federated Investors, Inc. ("Lehman and 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 Lehman and 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, 2008**

**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.

**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, 2008, 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. NCTCOG has a note payable with a financial institution with monthly payments of \$4,164 which includes both principal and interest. The note matures July 27, 2010 and bears interest at 8.25%. Interest of \$10,494 was paid in 2008.

	Balance September 30, 2007	Increases	Decreases	Balance September 30, 2008	Due Within One Year
Accrued vacation	\$ 870,099	\$ 138,932	\$ 113,273	\$ 895,758	\$ 126,232
Note payable	143,322		39,469	103,853	42,896
Total	<u>\$ 1,013,421</u>	<u>\$ 138,932</u>	<u>\$ 152,742</u>	<u>\$ 999,611</u>	<u>\$ 169,128</u>

Future requirements related to the note payable are as follows:

	Principal	Interest	Total
2009	\$ 42,896	\$ 7,067	\$ 49,963
2010	60,957	3,028	63,985
Total	<u>\$ 103,853</u>	<u>\$ 10,095</u>	<u>\$ 113,948</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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

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**NOTE E - DEFERRED COMPENSATION PLAN - CONTINUED**

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 \$24,645 during 2008. The Council contributed a matching \$16,274 as the employers match, 3.75% of gross salaries. Part-time employees are 100% vested in the plan from the first contribution.

**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, 2008:

Transfers in/out other funds:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue Fund	\$ 114,401	Recovery of depreciation
Special Revenue Fund	General Fund	33,399	Local match dollars
Special Revenue-Variou	Special Revenue-CJD	274,776	State funded projects
General Fund	Special Revenue Fund	<u>204,850</u>	State funded projects
	Total	<u>\$ 627,426</u>	

Due to/from other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 5,255,305	\$ -
Special Revenue Fund	-	5,166,262
Enterprise Fund	7,446	-
Internal Service Fund	<u>-</u>	<u>96,489</u>
Total	<u>\$ 5,262,751</u>	<u>\$ 5,262,751</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, 2008**

**NOTE G - CAPITAL ASSETS**

**Governmental activities:**

A summary of changes in the governmental activities capital assets for the year ended September 30, 2008, follows:

	Balance at October 1, 2007	Increases	Decreases	Balance at September 30, 2008
<u>Governmental Activities</u>				
<u>General Capital Assets</u>				
Capital Assets being depreciated:				
Equipment	\$ 2,426,727	\$ 921,891	\$ -	\$ 3,348,618
Furniture	470,312	-	-	470,312
Leasehold Improvements	1,238,413	501,762	-	1,740,175
Total capital assets being depreciated	<u>4,135,452</u>	<u>1,423,653</u>	<u>-</u>	<u>5,559,105</u>
Accumulated depreciation				
Equipment	1,984,006	566,316	-	2,550,322
Furniture	463,578	1,930	-	465,508
Leasehold Improvements	1,209,380	71,966	-	1,281,346
Total accumulated depreciation	<u>3,656,964</u>	<u>640,212</u>	<u>-</u>	<u>4,297,176</u>
Total governmental funds capital assets, net	<u>478,488</u>	<u>783,441</u>	<u>-</u>	<u>1,261,929</u>
<u>Internal Service Fund Capital Assets</u>				
Capital assets being depreciated:				
Equipment	274,254	105,113	-	379,367
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total capital assets being depreciated	<u>282,637</u>	<u>105,113</u>	<u>-</u>	<u>387,750</u>
Accumulated depreciation				
Equipment	267,272	14,683	-	281,955
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total accumulated depreciation	<u>275,655</u>	<u>14,683</u>	<u>-</u>	<u>290,338</u>
Total internal service funds capital assets, net	<u>6,982</u>	<u>90,430</u>	<u>-</u>	<u>97,412</u>
Governmental activities capital assets, net	<u>\$ 485,470</u>	<u>\$ 873,871</u>	<u>\$ -</u>	<u>\$ 1,359,341</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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

	Balance at October 1, 2007	Increases	Decreases/ Transfers	Balance at September 30, 2008
Business Type Activities:				
Capital Assets not being depreciated:	\$	\$	\$	\$
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated				
Equipment	8,080,514	-	(745,480)	7,335,034
Total capital assets being depreciated	<u>8,080,514</u>	<u>-</u>	<u>(745,480)</u>	<u>7,335,034</u>
Accumulated Depreciation				
Equipment	4,321,423	2,450,796	(654,492)	6,117,727
Total accumulated depreciation	<u>4,321,423</u>	<u>2,450,796</u>	<u>(654,492)</u>	<u>6,117,727</u>
Total Business-type activities capital assets, net	<u>\$ 3,759,091</u>	<u>\$ (2,450,796)</u>	<u>\$ (90,988)</u>	<u>\$ 1,217,307</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	\$ 48,008
Agency Management	4,141
Community Services	92,674
Emergency Preparedness	35,250
Environment & Development	60,380
RIS Local Assistance	51,313
Transportation Planning	296,446
Workforce Development	52,000
Internal Service Fund	14,683
Total Depreciation expense-governmental activities	<u>\$ 654,895</u>

Business-type activities

Shared Service Center	<u>\$ 2,450,796</u>
Total depreciation expense-business type activities	<u>\$ 2,450,796</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2008**

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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 (\$1,780,723) during fiscal year 2008 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of \$890,362 during 2008 equal to six percent (6%) of gross salaries. Total Council payroll for the year was \$15,432,275 including \$14,839,361 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 \$3,367,251 for 2008.

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, 2008, are as follows:

<u>Year Ending September 30</u>	
2009	\$ 3,618,230
2010	3,625,413
2011	3,496,854
2012	3,362,313
2013	3,112,364
Thereafter (2014-2022)	<u>24,367,770</u>
	<u>\$ 41,582,944</u>

**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, 2008, 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.

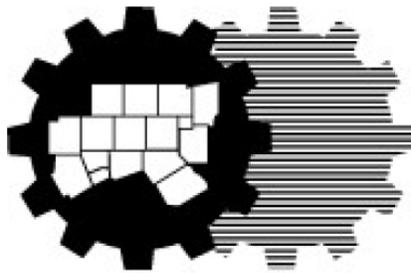
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

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**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.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**



**North Central Texas  
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Budget Basis Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Member dues	\$ 633,417	\$ 633,417	\$ 632,215	\$ (1,202)
Local contributed cash	260,075	260,075	434,580	174,505
Interest income	85,000	85,000	213,320	128,320
Total revenues	<u>978,492</u>	<u>978,492</u>	<u>1,280,115</u>	<u>301,623</u>
<b>EXPENDITURES</b>				
Current:				
Agency administration	2,334,847	2,534,847	2,534,579	268
Agency management	1,099,046	585,439	579,277	6,162
Public affairs	425,234	375,234	337,529	37,705
RIS local assistance	370,667	420,517	401,122	19,395
Community services	240,075	312,075	311,269	806
Environmental & development	84,900	56,900	50,942	5,958
Transportation planning	27,000	35,000	32,468	2,532
Workforce development	-	-	-	-
Capital outlay	100,000	101,500	101,435	65
	<u>4,681,769</u>	<u>4,421,512</u>	<u>4,348,621</u>	<u>72,891</u>
Indirect cost allocation	(2,945,017)	(2,945,017)	(2,860,926)	(84,091)
Contributions to indirect costs	<u>(350,233)</u>	<u>(350,233)</u>	<u>(366,759)</u>	<u>16,526</u>
Total expenditures	<u>1,386,519</u>	<u>1,126,262</u>	<u>1,120,936</u>	<u>5,326</u>
Excess (deficiencies) of revenues Over/(under) expenditures	<u>(408,027)</u>	<u>(147,770)</u>	<u>159,179</u>	<u>306,949</u>
<b>OTHER FINANCING SOURCES</b>				
Capital-related debt issued				
Transfers in	473,127	219,371	319,251	(153,876)
Transfers out	(65,100)	-	(33,399)	31,701
Charge for use of assets	150,000	150,000	119,223	(30,777)
Indirect allocation to Special Revenue Fund	-	-	(114,401)	(114,401)
Total other financing sources	<u>558,027</u>	<u>369,371</u>	<u>290,674</u>	<u>(267,353)</u>
Net changes in fund balances	<u>150,000</u>	<u>221,601</u>	<u>449,853</u>	<u>39,596</u>
Fund balances - beginning	4,271,572	4,271,572	4,271,572	-
Fund balances - ending	<u>\$ 4,421,572</u>	<u>\$ 4,493,173</u>	<u>\$ 4,721,425</u>	<u>\$ 39,596</u>

See accompanying notes to the required supplemental information.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
 SEPTEMBER 30, 2008**

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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 Compensation 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)	\$ 1,116,114
Plus Charge for use of assets	119,223
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(114,401)</u>
Total Expenditures (Budget Basis)	<u>\$ 1,120,936</u>
Total Other Sources (GAAP Basis)	\$ 285,852
Plus Charge for use of assets	119,223
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(114,401)</u>
Total Other Sources (Budget Basis)	<u>\$ 290,674</u>

**NOTE B: BUDGETARY CONTROLS**

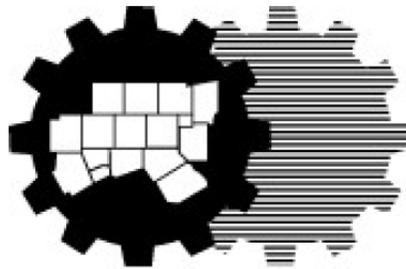
NCTCOG follows these procedures in establishing the General Fund budgetary data reflected in the basic financial statements:

- 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.
- d) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that depreciation and the increase in NCTCOG's liability for accrued vacation is included as expenditures. Budgetary comparisons presented for the General Fund in this report are on this non-GAAP budgetary basis.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2008**

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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.



**North Central Texas  
Council of Governments**

**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
- 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, 2008**

	<u>Federal Funds Total</u>	<u>State and Locally Administered Total</u>	<u>Combined Total</u>
<b>REVENUES</b>			
Federal grants	\$ 4,796,333	\$ -	\$ 4,796,333
State administered grants	-	113,731,520	113,731,520
Local contributions	165,033	26,309,206	26,474,239
In-Kind	2,375,453	8,517,748	10,893,201
Program income	-	436,305	436,305
Interest income	-	2,095,535	2,095,535
<b>TOTAL REVENUES</b>	<u>7,336,819</u>	<u>151,090,314</u>	<u>158,427,133</u>
<b>EXPENDITURES</b>			
Current:			
Agency administration	21,511	2,487,150	2,508,661
Agency management	41	1,589	1,630
Community services	-	19,709,763	19,709,763
Emergency preparedness	-	4,527,038	4,527,038
Environment & development	375,310	3,954,715	4,330,025
Research & information services	-	2,602,812	2,602,812
Transportation	6,578,317	54,327,059	60,905,376
Workforce development	385,521	48,849,018	49,234,539
Capital Outlay	-	1,322,218	1,322,218
<b>TOTAL EXPENDITURES</b>	<u>7,360,700</u>	<u>137,781,362</u>	<u>145,142,062</u>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<u>(23,881)</u>	<u>13,308,952</u>	<u>13,285,071</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	26,283	281,892	308,175
Transfers Out	(2,402)	(591,625)	(594,027)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>23,881</u>	<u>(309,733)</u>	<u>(285,852)</u>
<b>EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	12,999,219	12,999,219
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>40,568,164</u>	<u>40,568,164</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 53,567,383</u>	<u>\$ 53,567,383</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FEDERAL GRANTS  
 YEAR ENDED SEPTEMBER 30, 2008**

	Federal Funds								TOTAL
	DOE	EPA	FTA	FAA	HUD	DOL	DOD	FHA	
<b>REVENUES</b>									
Federal grants	\$5,901	\$419,088	\$2,820,088	\$1,086,295	\$ 41	\$387,430	\$53,442	\$24,048	\$4,796,333
State administered grants	-	-	-	-	-	-	-	-	-
Local contributions	-	11,067	96,793	57,173	-	-	-	-	165,033
In-Kind	-	101,968	2,273,485	-	-	-	-	-	2,375,453
Program income	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>5,901</b>	<b>532,123</b>	<b>5,190,366</b>	<b>1,143,468</b>	<b>41</b>	<b>387,430</b>	<b>53,442</b>	<b>24,048</b>	<b>7,336,819</b>
<b>EXPENDITURES</b>									
Current:									
Agency administration	-	-	15,126	4,409	-	1,832	-	144	21,511
Agency management	-	-	-	-	41	-	-	-	41
Community services	-	-	-	-	-	-	-	-	-
Emergency preparedness	-	-	-	-	-	-	-	-	-
Environment & development	-	333,128	-	-	-	-	-	42,182	375,310
Research & information services	-	-	-	-	-	-	-	-	-
Transportation	5,870	201,193	5,174,647	1,137,770	-	-	53,324	5,513	6,578,317
Workforce development	-	-	-	-	-	385,521	-	-	385,521
Capital Outlay	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>5,870</b>	<b>534,321</b>	<b>5,189,773</b>	<b>1,142,179</b>	<b>41</b>	<b>387,353</b>	<b>53,324</b>	<b>47,839</b>	<b>7,360,700</b>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>31</b>	<b>(2,198)</b>	<b>593</b>	<b>1,289</b>	<b>-</b>	<b>77</b>	<b>118</b>	<b>(23,791)</b>	<b>(23,881)</b>
<b>OTHER FINANCING SOURCES</b>									
Transfers In	-	2,235	-	-	-	-	-	24,048	26,283
Transfers Out	(31)	(37)	(593)	(1,289)	-	(77)	(118)	(257)	(2,402)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(31)</b>	<b>2,198</b>	<b>(593)</b>	<b>(1,289)</b>	<b>-</b>	<b>(77)</b>	<b>(118)</b>	<b>23,791</b>	<b>23,881</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>-</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>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</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, 2008**

	State and Locally Administered Funds					
	ATPA	CJD	CSEC	LOCAL	ORCA	SECO
<b>REVENUES</b>						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered grants	197,770	1,329,350	8,320,486	-	18,973	20,650
Local contributions	45,823	504,205	-	25,039,958	-	2,887
In-Kind	-	-	-	178,801	-	-
Program income	-	-	-	-	-	-
Interest income	-	-	55,309	1,696,203	-	-
<b>TOTAL REVENUES</b>	<u>243,593</u>	<u>1,833,555</u>	<u>8,375,795</u>	<u>26,914,962</u>	<u>18,973</u>	<u>23,537</u>
<b>EXPENDITURES</b>						
Current:						
Agency administration	7,609	18,991	61,616	1,493,035	-	1,152
Agency management	-	-	-	1,589	-	-
Community services	234,920	1,328,683	8,081,644	82,512	-	-
Emergency preparedness	-	273	-	127,208	-	-
Environment & development	-	-	-	1,838,067	18,869	-
Research & information services	-	1,057	1,019	1,360,795	-	-
Transportation	-	-	-	8,888,638	-	22,261
Workforce development	-	-	-	-	-	-
Capital Outlay	-	-	225,745	564,293	-	-
<b>TOTAL EXPENDITURES</b>	<u>242,529</u>	<u>1,349,004</u>	<u>8,370,024</u>	<u>14,356,137</u>	<u>18,869</u>	<u>23,413</u>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<u>1,064</u>	<u>484,551</u>	<u>5,771</u>	<u>12,558,825</u>	<u>104</u>	<u>124</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers In	-	-	-	247,985	-	-
Transfers Out	(1,064)	(484,551)	(5,771)	(15,653)	(104)	(124)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(1,064)</u>	<u>(484,551)</u>	<u>(5,771)</u>	<u>232,332</u>	<u>(104)</u>	<u>(124)</u>
<b>EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	-	-	12,791,157	-	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	-	40,130,943	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,922,100</u>	<u>\$ -</u>	<u>\$ -</u>

**State and Locally Administered Funds**

TCEQ	TDH	DADS	GDEM	TWC	TSSW	TXDOT	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29,100,074	3,367,783	5,443,850	1,292,421	50,427,019	112,598	14,100,546	113,731,520
-	-	104,483	-	-	-	611,850	26,309,206
7,141	-	3,882,486	-	-	442,638	4,006,682	8,517,748
-	-	436,305	-	-	-	-	436,305
344,023	-	-	-	-	-	-	2,095,535
<u>29,451,238</u>	<u>3,367,783</u>	<u>9,867,124</u>	<u>1,292,421</u>	<u>50,427,019</u>	<u>555,236</u>	<u>18,719,078</u>	<u>151,090,314</u>
170,351	40,557	106,681	39,810	348,217	116	199,015	2,487,150
-	-	-	-	-	-	-	1,589
-	278	9,755,313	166,717	-	-	59,696	19,709,763
-	3,323,805	-	1,075,752	-	-	-	4,527,038
1,334,562	-	-	28	-	554,909	208,280	3,954,715
(255)	250	-	4,969	762,839	-	472,138	2,602,812
27,675,143	-	-	-	-	-	17,741,017	54,327,059
-	791	-	-	48,848,227	-	-	48,849,018
65,277	-	-	-	454,418	-	12,485	1,322,218
<u>29,245,078</u>	<u>3,365,681</u>	<u>9,861,994</u>	<u>1,287,276</u>	<u>50,413,701</u>	<u>555,025</u>	<u>18,692,631</u>	<u>137,781,362</u>
206,160	2,102	5,130	5,145	13,318	211	26,447	13,308,952
12,438	-	-	-	-	-	21,469	281,892
(10,536)	(2,102)	(5,130)	(5,145)	(13,318)	(211)	(47,916)	(591,625)
1,902	(2,102)	(5,130)	(5,145)	(13,318)	(211)	(26,447)	(309,733)
208,062	-	-	-	-	-	-	12,999,219
437,221	-	-	-	-	-	-	40,568,164
<u>\$ 645,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,567,383</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Budget</u>
Salaries	\$ 1,212,160	\$ 1,307,704
Benefits	<u>499,962</u>	<u>558,389</u>
Indirect personnel	1,712,122	1,866,093
Legal	9,994	46,000
Audit	75,150	68,250
Contract services	172,424	56,211
In-region travel	2,496	8,150
Out-of-region travel	10,386	14,700
Equipment use fee	119,223	184,400
Consumable supplies	87,381	61,800
Insurance & bonding	39,917	21,875
Rent	378,261	376,644
Printing & publications	49,731	56,172
Equipment rental	205,366	185,400
Advertising	901	1,200
Maintenance & repairs	107,975	67,200
Employee recruitment	12,774	25,000
Communications	14,059	21,924
Postage	10,202	18,070
Subscriptions & dues	77,258	71,010
Other	<u>142,065</u>	<u>145,151</u>
 TOTAL	 3,227,685	 3,295,250
 Less: Contributions to Indirect costs	 <u>(366,759)</u>	 <u>(350,233)</u>
 NET INDIRECT COSTS	 <u>\$ 2,860,926</u>	 <u>\$ 2,945,017</u>

Indirect costs rate computations:

Net indirect costs	\$ <u>2,860,926</u>	\$ <u>2,945,017</u>
Direct salaries & benefits - all funds	\$ 17,565,604 = 16.29%	\$ 16,638,437 = 17.70%

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EMPLOYEE BENEFITS ALL FUNDS  
YEAR ENDED SEPTEMBER 30, 2008**

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<b>Full Time Benefits Programs</b>	<u><b>Actual</b></u>	<u><b>Projected</b></u>
Medicare insurance	\$ 203,403	\$ 204,832
Medical insurance	1,488,724	1,598,460
Worker's compensation	31,371	64,981
Flexible benefit plan	5,197	5,886
Life & disability insurance	103,527	116,694
Other benefits	84,799	46,000
Unemployment insurance	26,983	10,935
Retirement	1,839,348	1,425,085
Vacation	751,977	695,255
Sick leave	427,389	444,739
Holidays	580,926	544,976
Other leave	<u>41,393</u>	<u>64,840</u>
<b>TOTAL</b>	<u><u>\$ 5,585,037</u></u>	<u><u>\$ 5,222,683</u></u>

Employee benefits rate computations:

Total full-time benefits	<u>\$ 5,585,037</u>		<u>\$ 5,222,683</u>
Total regular salaries	\$ 13,454,905	= 41.51%	\$ 12,376,516 = 42.20%

Total personnel costs recap:

Salaries	\$ 13,454,905	\$ 12,376,516
Benefits	<u>5,585,037</u>	<u>5,222,683</u>
<b>Personnel - NCTCOG</b>	<u><u>\$ 19,039,942</u></u>	<u><u>\$ 17,599,199</u></u>

**TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST  
 FISCAL YEAR 2008 ACTUAL  
 OCTOBER 1, 2007 - SEPTEMBER 30, 2008**

---

<b>Total Indirect Costs</b>	<b>\$ 2,860,926</b>	
<b>Expenditures:</b>		
General Fund	4,343,787	
Special Revenue Fund	145,142,063	
Internal Service Fund	983,745	
Enterprise Fund	<u>4,012,200</u>	
<b>Total Expenditures</b>	<b>\$ 154,481,795 =</b>	<b>1.9%</b>
<b>Less:</b>		
Pass-Through Funds (1)	(63,318,268)	
In-Kind Expenditures	(11,179,195)	
Contract Services	(17,719,191)	
Capital Expenditures	(1,423,653)	
Interdepartmental Transfers for Direct Charges and Indirect Costs	<u>(3,823,042)</u>	
<b>Adjusted Expenditures</b>	<b><u>\$ 57,018,446 =</u></b>	<b>5.0%</b>

(1) 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 purpose 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, 2008**

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	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Equipment	\$ 11,063,019
Furniture	471,317
Leasehold Improvements	<u>1,747,553</u>
Total Capital Assets	<u>\$ 13,281,889</u>
<b>SOURCES</b>	
NCTCOG	
Equipment	\$ 9,829,380
Furniture	94,147
Leasehold Improvements	<u>535,526</u>
	10,459,053
GRANT FUNDED	
Equipment	1,233,639
Furniture	377,170
Leasehold Improvements	<u>1,212,027</u>
	2,822,836
Less: Internal Service Fund Assets	387,750
Less: Enterprise Fund	<u>7,335,034</u>
Total General Capital Assets	<u>\$ 5,559,105</u>

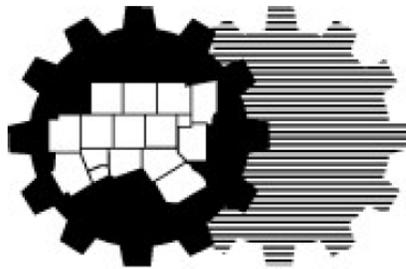
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2008**

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	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Local Assistance	\$ 1,208,926
Transportation Planning-TxDOT	540,975
Regional Information Services	1,102,440
Environmental Resources	99,054
Emergency Preparedness	88,164
Workforce Development	2,530,547
Community Services	376,749
Enterprise Fund	<u>7,335,034</u>
 Total Capital Assets	 13,281,889
 Less: Internal Service Fund	 387,750
Less: Enterprise Fund	<u>7,335,034</u>
 Total General Capital Assets	 \$ <u><u>5,559,105</u></u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2008**

	<u>2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>2008</u>
<b>CAPITAL ASSETS</b>				
Local assistance	\$ 772,363	\$ 436,563	\$ -	\$ 1,208,926
Transportation planning-TxDOT	414,588	126,387	-	540,975
Regional information services	837,499	264,941	-	1,102,440
Environmental resources	99,054	-	-	99,054
Emergency preparedness	67,451	20,713	-	88,164
Workforce development	2,076,129	454,418	-	2,530,547
Community services	151,005	225,744	-	376,749
Enterprise fund	<u>8,080,514</u>	<u>-</u>	<u>745,480</u>	<u>7,335,034</u>
 Total capital assets	 12,498,603	 1,528,766	 745,480	 13,281,889
 Less: Internal service fund	 282,637	 105,113	 -	 387,750
Less: Enterprise fund	<u>8,080,514</u>	<u>-</u>	<u>745,480</u>	<u>7,335,034</u>
 Total General Capital Assets	 <u>\$ 4,135,452</u>	 <u>\$ 1,423,653</u>	 <u>\$ -</u>	 <u>\$ 5,559,105</u>



**North Central Texas  
Council of Governments**

The graphic features a purple background with a pattern of binary code (0s and 1s) in a lighter shade. A series of green and yellow dots forms a curved shape on the left side, resembling a stylized 'S' or a data visualization element. The text 'Statistical Section' is centered in white, serif font.

# 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, 10 &amp; 11</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 SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

**TABLE 1**

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities						
Invested in capital assets, net of related debt	\$ 1,255,488	\$ 342,148	\$ 498,220	\$ 546,788	\$ 778,657	\$ 1,170,815
Restricted	53,519,795	40,585,864	202,931	144,383	127,788	78,233
Unrestricted	3,776,966	3,377,914	2,900,375	2,729,099	2,418,801	2,231,218
Total governmental activities net assets	<u>\$ 58,552,249</u>	<u>\$ 44,305,926</u>	<u>\$ 3,601,526</u>	<u>\$ 3,420,270</u>	<u>\$ 3,325,246</u>	<u>\$ 3,480,266</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 1,217,307	\$ 3,759,091	\$ 6,527,148	\$ -	\$ -	\$ -
Unrestricted	128,515	(94,171)	108,308	-	-	-
Total business-type activities net assets	<u>\$ 1,345,822</u>	<u>\$ 3,664,920</u>	<u>\$ 6,635,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government						
Invested in capital assets, net of related debt	\$ 2,472,795	\$ 4,101,239	\$ 7,025,368	\$ 546,788	\$ 778,657	\$ 1,170,815
Restricted	53,519,795	40,585,864	202,931	144,383	127,788	78,233
Unrestricted	3,905,481	3,283,743	3,008,683	2,729,099	2,418,801	2,231,218
Total primary governmental net assets	<u>\$ 59,898,071</u>	<u>\$ 47,970,846</u>	<u>\$ 10,236,982</u>	<u>\$ 3,420,270</u>	<u>\$ 3,325,246</u>	<u>\$ 3,480,266</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.

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

**TABLE 2**

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>Expenses</b>						
Governmental activities:						
Agency administration	\$ 5,355,259	\$ 4,802,438	\$ 3,655,700	\$ 2,909,373	\$ 2,861,274	\$ 2,487,596
Agency management	571,395	558,360	610,618	947,451	497,792	916,839
Community services	19,668,658	14,732,789	15,019,016	13,912,338	12,957,865	15,282,979
Emergency preparedness	4,461,768	6,766,770	1,129,860	1,090,853	643,622	619,612
Environment and development	4,343,873	5,520,315	2,960,701	5,607,103	2,819,256	5,936,010
RIS local assistance	2,979,893	2,227,484	2,279,069	2,987,476	2,368,924	2,088,881
Transportation planning	59,886,873	47,265,285	14,443,094	12,346,155	11,292,631	9,988,282
Workforce development	48,193,206	49,917,806	44,205,070	43,430,365	37,823,520	36,598,887
Total governmental activities expenses	<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>
Business-type activities:						
Shared service center	4,023,843	4,484,126	2,094,538	114,631	-	-
Total business-type activities expenses	<u>4,023,843</u>	<u>4,484,126</u>	<u>2,094,538</u>	<u>114,631</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<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>
<b>Program Revenues</b>						
Governmental activities:						
Operating grants:						
Agency administration	\$ 78,732	\$ 829,212	\$ 770,046	\$ 133,036	\$ 65,024	\$ 112,698
Community services	14,759,657	10,043,056	10,341,041	9,827,308	8,816,107	9,386,376
Emergency preparedness	4,547,830	6,846,840	1,140,891	1,157,462	737,276	573,179
Environment and development	1,943,294	2,430,434	1,920,421	3,942,280	1,615,441	4,398,181
RIS local assistance	159,905	1,115,696	1,405,433	13,906	10,896	782,422
Transportation planning	46,223,986	29,793,889	13,173,525	13,040,326	11,838,046	9,984,918
Workforce development	50,814,449	51,347,719	45,422,270	44,466,690	38,717,710	36,774,830
Local grants and contributions	38,238,325	66,241,118	9,393,181	9,871,427	8,633,446	8,422,831
Total governmental activities program revenues	<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>
Business-type activities:						
RIS local assistance	1,704,745	1,513,590	8,729,994	114,631	-	-
Total business-type activities program revenues	<u>1,704,745</u>	<u>1,513,590</u>	<u>8,729,994</u>	<u>114,631</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<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>
<b>Net (Expenses) Revenue</b>						
Governmental activities	\$ 11,305,253	\$ 36,856,717	\$ (736,320)	\$ (778,679)	\$ (830,938)	\$ (3,483,651)
Business-type activities	(2,319,098)	(2,970,536)	6,635,456	-	-	-
Total primary government net expenses	<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>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Membership fees	632,215	617,503	595,578	579,019	567,314	553,086
Interest on investments	2,308,855	3,230,180	321,998	294,684	108,604	84,930
Total governmental activities	<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>
Total primary government	<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>
<b>Change in Net Assets</b>						
Governmental activities	\$ 14,246,323	\$ 40,704,400	\$ 181,256	\$ 95,024	\$ (155,020)	\$ (2,845,635)
Business-type activities	(2,319,098)	(2,970,536)	6,635,456	-	-	-
Total primary government	<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>

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.

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

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	<b>Fiscal Year</b>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund				
Reserved <sup>a</sup>	\$ 13,322	\$ 15,555	\$ 142,193	\$ 169,310
Unreserved	4,708,103	4,256,017	3,612,647	3,309,101
Total general fund	<u>\$ 4,721,425</u>	<u>\$ 4,271,572</u>	<u>\$ 3,754,840</u>	<u>\$ 3,478,411</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 47,588	\$ 48,359	\$ 51,762	\$ 42,122
Grants	645,283	437,221	104,684	102,261
Local transportation projects	52,874,512	40,148,643	-	-
Unreserved, reported in:				
Special revenue funds	-	(66,059)	-	-
Total all other governmental funds	<u>\$ 53,567,383</u>	<u>\$ 40,568,164</u>	<u>\$ 156,446</u>	<u>\$ 144,383</u>

**Source:** Comprehensive Annual Financial Report

**Notes:** <sup>a</sup>Includes encumbrances and prepaid items.

**TABLE 3**

<b>Fiscal Year</b>					
<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ -	\$ -	\$ 134,585	\$ 30,804	\$ 31,299	\$ 41,540
3,126,462	2,937,911	2,738,289	3,014,330	2,983,031	2,948,470
<u>\$ 3,126,462</u>	<u>\$ 2,937,911</u>	<u>\$ 2,872,874</u>	<u>\$ 3,045,134</u>	<u>\$ 3,014,330</u>	<u>\$ 2,990,010</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
127,788	78,233	2,823,466	3,264,377	4,181,258	3,691,141
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 127,788</u>	<u>\$ 78,233</u>	<u>\$ 2,823,466</u>	<u>\$ 3,264,377</u>	<u>\$ 4,181,258</u>	<u>\$ 3,691,141</u>

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

	<b>FISCAL YEAR</b>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>REVENUES</b>				
Federal grants	\$ 4,796,333	\$ 2,130,761	\$ 695,214	\$ 311,125
State administered grants	113,731,520	100,276,085	73,478,413	72,269,883
Membership dues	632,215	617,503	595,578	579,019
Local contributed cash	26,908,819	44,262,299	4,342,999	5,383,009
Interest income	2,308,855	3,230,180	321,998	294,684
Program income	436,305	463,927	484,339	554,216
In-Kind	10,893,201	21,514,892	4,565,843	3,934,202
<b>TOTAL REVENUES</b>	<u>159,707,248</u>	<u>172,495,647</u>	<u>84,484,384</u>	<u>83,326,138</u>
<b>EXPENDITURES</b>				
Current:				
Agency administration	5,380,600	4,780,155	3,681,798	3,301,741
Agency management	580,135	569,182	636,145	959,325
Community services	20,020,526	15,051,041	15,442,386	14,097,463
Emergency preparedness	4,527,038	6,892,294	1,144,842	1,144,296
Environment & development	4,380,767	5,612,603	3,020,890	5,774,954
Research & information services	3,000,855	2,215,495	2,323,786	3,119,094
Transportation	60,937,748	48,098,352	14,761,367	12,949,745
Workforce development	49,234,539	51,333,120	45,410,697	43,633,788
Capital outlay	1,423,653	374,854	201,959	348,945
	<u>149,485,861</u>	<u>134,927,096</u>	<u>86,623,870</u>	<u>85,329,351</u>
Indirect cost allocation	(2,860,926)	(2,872,021)	(2,160,816)	(2,186,536)
Contributions to indirect costs	(366,759)	(363,526)	(352,543)	(279,397)
<b>TOTAL EXPENDITURES</b>	<u>146,258,176</u>	<u>131,691,549</u>	<u>84,110,511</u>	<u>82,863,418</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	13,449,072	40,804,098	373,873	462,720
<b>OTHER FINANCING SOURCES AND USES</b>				
Capital-related debt issued (note payable)		149,887		
Transfers In	627,426	314,725	218,893	330,534
Transfers out	(627,426)	(340,564)	(303,970)	(424,710)
Total other financing sources (uses)	<u>-</u>	<u>124,048</u>	<u>(85,077)</u>	<u>(94,176)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 13,449,072</u>	<u>\$ 40,928,146</u>	<u>\$ 288,796</u>	<u>\$ 368,544</u>

**TABLE 4**

<b>FISCAL YEAR</b>					
<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 232,407	\$ 378,586	\$ 1,765,186	\$ 2,199,292	\$ 262,246	\$ 169,124
61,568,093	61,634,018	50,873,075	48,977,462	26,364,818	24,889,600
567,314	553,086	539,995	508,392	496,727	479,895
4,824,658	4,917,753	5,578,536	4,910,006	2,761,881	5,673,147
108,604	84,930	101,801	324,094	247,891	211,749
557,649	534,160	693,601	542,852	564,357	621,574
3,251,139	2,970,918	3,558,333	4,385,481	1,481,136	1,380,723
<u>71,109,864</u>	<u>71,073,451</u>	<u>63,110,527</u>	<u>61,847,579</u>	<u>32,179,056</u>	<u>33,425,812</u>
2,586,675	3,641,730	3,143,333	2,236,337	1,910,423	1,873,981
1,399,249	-	-	-	-	-
13,070,752	15,447,933	12,087,518	12,073,043	8,997,588	8,124,694
687,678	659,611	37,212			
3,024,371	6,089,303	2,968,300	6,096,092	2,923,825	5,228,778
2,525,289	2,229,493	2,067,410	1,540,746	624,692	558,338
11,831,488	10,518,459	8,600,465	8,727,264	5,543,603	4,823,192
37,847,555	36,777,116	36,078,866	32,967,594	12,744,912	12,243,659
237,546	669,279	620,857	871,219	544,133	531,758
<u>73,210,603</u>	<u>76,032,924</u>	<u>65,603,961</u>	<u>64,512,295</u>	<u>33,289,176</u>	<u>33,384,400</u>
(2,118,195)	(2,080,034)	(1,677,193)	(1,592,186)	(1,367,654)	(1,366,767)
(250,015)	(204,381)	(212,639)	(201,521)	(260,895)	(169,543)
<u>70,842,393</u>	<u>73,748,509</u>	<u>63,714,129</u>	<u>62,718,588</u>	<u>31,660,627</u>	<u>31,848,090</u>
267,471	(2,675,058)	(603,602)	(871,009)	518,429	1,577,722
295,458	216,998	547,427	301,154	211,528	171,024
(324,823)	(222,136)	(556,997)	(316,222)	(215,520)	(135,220)
<u>(29,365)</u>	<u>(5,138)</u>	<u>(9,570)</u>	<u>(15,068)</u>	<u>(3,992)</u>	<u>35,804</u>
<u>\$ 238,106</u>	<u>\$ (2,680,196)</u>	<u>\$ (613,172)</u>	<u>\$ (886,077)</u>	<u>\$ 514,437</u>	<u>\$ 1,613,526</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>Member Dues</u>	<u>Interest (1)</u>	<u>Contributions (1)</u>	<u>In-Kind</u>	<u>Program</u>	
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
2002	539,995	101,801	5,578,536	3,558,333	693,601	10,472,266
2001	508,392	324,094	4,910,006	4,385,481	542,852	10,670,825
2000	496,727	247,891	2,761,881	1,481,136	564,357	5,551,992
1999	479,895	211,749	5,673,147	1,380,723	621,574	8,367,088

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

**TABLE 5**

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<b>GRANTS</b>		<b>TOTAL</b>
<u>State</u>	<u>Federal</u>	
\$ 113,731,520	\$ 4,796,333	\$ 159,707,248
100,276,085	2,130,761	172,495,647
73,478,413	695,214	84,484,384
72,269,883	311,125	83,326,138
61,568,093	232,407	71,109,864
61,634,018	378,586	71,073,451
50,873,075	1,765,186	63,110,527
48,977,462	2,199,292	61,847,579
26,364,818	262,246	32,179,056
24,889,600	169,124	33,425,812

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 OUTSTANDING DEBT-GOVERNMENTAL ACTIVITIES  
 LAST TWO 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>
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

**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>
1997	4,677,300	\$ 133,715,149,000	\$ 28,030	877,348	N/A
1999	4,959,215	158,079,054,000	31,241	953,780	3.1%
2000	5,309,277	176,530,068,000	33,967	968,838	3.1%
2001	5,415,400	183,488,201,000	34,281	983,896	4.5%
2002	5,561,550	185,863,325,000	33,950	1,018,130	6.8%
2003	5,709,950	190,587,779,000	34,166	1,052,364	6.9%
2004	5,867,400	203,669,470,000	35,831	1,070,271	5.9%
2005	6,047,800	221,192,290,000	38,089	1,086,599	5.2%
2006	6,242,800	238,858,111,000	39,924	1,122,168	4.8%
2007	6,406,450	255,257,230,000 *	39,844 *	1,168,405	4.3%
2008	6,538,850	260,532,547,415 *	40,667 *	1,212,868	4.8% *

**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

<sup>c</sup>Texas Education Agency

<sup>d</sup>Texas Workforce Commission.

**Other:** 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**

2008		
Employer	Employees	Percentage of Total NCTCOG Employment
Wal-Mart	35,700	1.17%
American Airlines	25,952	0.85%
Texas Health Resources	17,203	0.56%
AT&T	16,600	0.54%
Baylor Health Care System	16,000	0.52%
Lockheed Martin Aeronautics	14,250	0.47%
Verizon Communication	14,000	0.46%
HCA	12,304	0.40%
Texas Instruments	11,000	0.36%
Kroger Foods	10,150	0.33%
Total	173,159	5.66%

Total NCTCOG Region Employees 3,062,897

Source: Dallas Business Journal, 2009 Book of Lists

2007		
Employer	Employees	Percentage of Total NCTCOG Employment
Wal-Mart Stores Inc.	33,500	1.09%
American Airlines	25,655	0.84%
Texas Health Resources	17,299	0.56%
AT&T Inc.	16,200	0.53%
Baylor Health Care System	16,000	0.52%
Lockheed Martin Aeronautics	14,776	0.48%
Verizon Communications	13,800	0.45%
Texas Instruments	11,300	0.37%
Kroger Food Stores	10,400	0.34%
Brinker International	9,600	0.31%
Total	168,530	5.49%

Total NCTCOG Region Employees 3,071,797

Source: Dallas Business Journal, Book of Lists 2008

2006		
Employer	Employees	Percentage of Total NCTCOG Employment
Wal-Mart Stores Inc.	31,700	1.04%
American Airlines	22,265	0.73%
Lockheed Martin Aeronautics Co.	15,085	0.50%
Baylor Healthcare System	16,065	0.53%
Texas Health Resources	13,582	0.45%
Verizon Communications	13,500	0.44%
AT&T Inc.	13,300	0.44%
Kroger Food Stores	11,500	0.38%
Albertsons Inc.	10,715	0.35%
Texas Instruments	10,400	0.34%
Total	158,112	5.20%

Total NCTCOG Region Employees 3,037,489

Source: Dallas Business Journal, Book of Lists 2007

2005		
Employer	Employees	Percentage of Total NCTCOG Employment
American Airlines	22,077	0.75%
Wal-Mart	21,133	0.72%
Texas Health Resources	16,289	0.56%
Lockheed Martin Aeronautics	15,900	0.54%
Baylor Health Care System	15,200	0.52%
SBC Communications	13,729	0.47%
Verizon Communications	12,500	0.43%
Texas Instruments	10,600	0.36%
Albertson's	10,100	0.34%
Brinker International	10,000	0.34%
Total	147,528	5.03%

Total NCTCOG Region Employees 2,933,460

Source: Dallas Business Journal, Book of Lists 2006

2004		
Employer	Employees	Percentage of Total NCTCOG Employment
American Airlines, Inc	22,000	0.77%
Wal-Mart Stores Inc.	21,300	0.74%
Lockheed Martin Aeronautics Co.	16,700	0.58%
Baylor Healthcare System	15,000	0.52%
SBC Communications	14,000	0.49%
Verizon Communications	12,500	0.44%
Texas Health Resources	12,304	0.43%
Brinker International	10,500	0.37%
Albertsons Inc.	10,400	0.36%
Texas Instruments	10,300	0.36%
Total	145,004	5.06%

Total NCTCOG Region Employees 2,864,475

Source: Dallas Business Journal, Book of Lists 2005

2003		
Employer	Employees	Percentage of Total NCTCOG Employment
AMR Corp.	28,847	1.02%
Wal-Mart Stores	20,350	0.72%
Texas Health Resources	15,324	0.54%
Lockheed Martin Aeronautics Co.	14,800	0.52%
Baylor Health Care System	14,730	0.52%
SBC Communications, Inc.	14,000	0.49%
Verizon Communications	14,000	0.49%
Brinker International	12,000	0.42%
Texas Instruments	10,191	0.36%
Kroger Food Stores	9,832	0.35%
Total	154,074	5.43%

Total NCTCOG Region Employees 2,840,820

Source: Dallas Business Journal, Book of Lists 2004

**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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Agency Management	3	3	3	3	3	3	3	3	3	3
Agency Administration	34	30	27	24	22	22	17	16	14	12
Public Affairs	4	4	4	4	4	4	4	4	4	4
Research and Information Services	31	27	26	24	24	22	17	19	15	13
Community Services	38	34	32	31	35	37	39	35	30	43
Environment & Development	26	24	24	24	26	26	28	24	24	22
Transportation	145	116	108	90	82	76	73	68	66	60
Workforce Development	24	23	28	28	27	23	20	20	19	-
Emergency Preparedness	11	9	6	6	5	2	2	-	-	-
<b>Total</b>	<b>316</b>	<b>270</b>	<b>258</b>	<b>234</b>	<b>228</b>	<b>215</b>	<b>203</b>	<b>189</b>	<b>175</b>	<b>157</b>

**Source:** Agency Annual Fiscal Program

**Note:** Prior to Fiscal Year 2000, Workforce Development was included in Community Service FTE count.

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

Function/Program	Fiscal Year			
	2008	2007	2006	2005
Local assistance	\$ 1,208,926	\$ 772,363	\$ 583,680	\$ 580,468
Transportation - TxDOT	540,975	414,588	344,444	334,216
Regional information services	1,102,440	837,499	800,347	753,631
Environmental resources	99,054	99,054	99,054	135,912
Emergency preparedness	88,164	67,451	59,186	39,307
Workforce development	2,530,547	2,076,129	2,026,134	2,081,390
Community services	376,749	151,005	130,390	164,217
Enterprise Fund	7,335,034	8,080,514	8,080,514	553,333
Prior Year Balance	-	-	3,967,800	3,967,800

**Source:** Comprehensive Annual Financial Report

**TABLE 10**

<b>Fiscal Year</b>						
<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	
\$ 473,849	\$ 446,430	\$ 391,834	\$ 616,786	\$ 526,360	\$ 491,169	
439,863	385,442	259,555	361,298	283,054	184,690	
831,112	751,799	575,022	333,733	201,420	144,725	
137,546	137,546	147,173	138,240	84,629	65,297	
39,307	39,307	36,937	-	-	-	
1,993,449	1,917,056	1,900,333	1,851,125	1,219,630	820,931	
275,751	275,751	229,364	201,149	122,303	90,825	
-	-	-	-	-	-	
3,967,800	3,967,800	3,967,800	3,967,800	3,967,800	3,967,800	

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
PRESENTATION OF PAY STRUCTURE  
(UNAUDITED)**

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**TABLE 11**

In accordance with the Texas Administrative Code Title 1, Part 1, Chapter 5, Rule 5.85(g), the North Central Texas Council of Governments is exempted from the other requirements of Rule 5.85 in that its most populous county (Dallas) has an actual weekly wage that exceeds the state actual weekly wage by 20% or more for the previous year as determined by the Texas Workforce Commission in its County Employment and Wage Information Report.

The Commission's Covered Employment and Wages for Counties/State Publication for the fourth quarter of 2007 reports that the average weekly wage for the total of all work categories in the State of Texas was \$911. Dallas County's average weekly wage for all work categories was \$1,113, 22.2% above the states average. Additionally, the average weekly wage for public administration employees in the State of Texas was \$783 and for Dallas County, it was \$1,078. Again, Dallas County's wage rate was 37.7% above the state average wage rate for public sector employees.