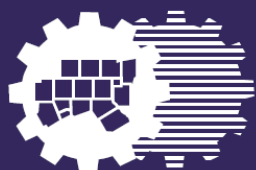


Uniform Grants Management Standards Reports

Fiscal Year Ending
September 30, 2010



North Central Texas
Council of Governments



**NORTH CENTRAL TEXAS
COUNCIL OF GOVERNMENTS**

**UNIFORM GRANTS MANAGEMENT
STANDARDS REPORTS**

YEAR ENDED SEPTEMBER 30, 2010

CONTENTS

	Page
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program, and on Internal Control Over Compliance in Accordance with Uniform Grants Management Standards and on Schedule of Expenditures of State Awards	3
Schedule of Audit Findings and Questioned Costs	5
Summary of Prior Year Audit Findings	7
Schedule of Expenditures of State Awards	8
Notes to Schedule of Expenditures of State Awards	11



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

Members of the Executive Board
North Central Texas Council of Governments
Arlington, Texas

We have audited the basic financial statements of the North Central Texas Council of Governments (the Council) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

North Central Texas Council of Governments
February 18, 2011

Page 2

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Executive Board, management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

Dallas, Texas
February 18, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM
GRANTS MANAGEMENT STANDARDS AND ON SCHEDULE OF
EXPENDITURES OF STATE AWARDS**

Members of the Executive Board
North Central Texas Council of Governments
Arlington, Texas

Compliance

We have audited the compliance of the North Central Texas Council of Governments (the Council) with the types of compliance requirements described in the Uniform Grants Management Standards issued by the Governor's Office of Budget and Planning that are applicable to each of its major state programs for the year ended September 30, 2010. The Council's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended September 30, 2010.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

Schedule of Expenditures of State Awards

We have audited the basic financial statements of the North Central Texas Council of Governments as of and for the year ended September 30, 2010, and have issued our report dated February 18, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of State Awards is presented for purposes of additional analysis as required by Uniform Grant Management Standards and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Executive Board, management, state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

Dallas, Texas
February 18, 2011

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section I-Summary of Auditors' Results

BASIC FINANCIAL STATEMENTS:

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)?	___ Yes	___ <u>X</u> None reported
Noncompliance which is material to the basic financial statements noted?	___ Yes	___ <u>X</u> No

STATE AWARDS:

Internal control over major programs:

Material weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)?	___ Yes	___ <u>X</u> None reported

An unqualified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported under the Uniform Grants Management Standards?	___ Yes	___ <u>X</u> No
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Identification of state major programs:

<u>State Grant Number(s)</u>	<u>Name of State Grant or Program</u>
N/A	9-1-1 Grant Program
582-9-90416-5 through -18	Aircheck Texas
582-9-86285	Regional TERP Grant
0409CCF000 & 0410CCF000	Child Care Direct Care
0410CCP000 & 0411CCP000	Child Care DFPS
0410XCF000	Child Care DFPS- ARRA

Dollar threshold used to distinguish Between type A and type B programs:	<u>\$1,501,756</u>
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Auditee qualified as low-risk auditee?	___ <u>X</u> Yes	___ No
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**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There were no findings for the year ended September 30, 2010.

Section III-State Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required to be reported by Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning (1998). Where practical, findings should be organized by state agency or pass-through entity.

There were no findings for the year ended September 30, 2010.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

There were no findings from the year ended September 30, 2009.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<u>State Grantor / Program Title</u>	<u>NCTCOG Grant Number</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
<u>Texas Department of Aging and Disability Services:</u>			
State General Revenue	568.10	2010-SGR-18	\$ 266,069
Relocation Program	583.10	5390003186	309,716
Relocation Programs	583.11	53900-0-0000050391-M2	32,131
Aging & Disability Resource Center	786.10	N/A	131,110
CMS-MIPPA	787.09	N/A	40,838
Transition Assistance Services	788.10	1017167	149,260
Transition Assistance Services	789.10	1017098	5,096
Transition to Life in the Community	867.09	5390003186	(5)
Transition to Life in the Community	867.10	5390003186	97,846
Transition to Life in the Community	867.11	53900-0-0000050391-M2	519
Texas Falls Prevention	868.10	N/A	137
			<hr/>
TOTAL TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES			1,032,717
<u>Texas Commission on Environmental Quality:</u>			
Solid Waste Coordination Grant	587.08	582-8-86695	1,675
Solid Waste Coordination Grant	587.10	582-10-91891	1,341,395
<i>Solid Waste Coordination Grant, subtotal</i>			<hr/> 1,343,070
<i>Pass-through Collin County</i>			
Aircheck Texas	725.09	582-9-90416-08	(3,571)
Aircheck Texas	725.10	582-9-90416-08	2,001,822
Aircheck Texas	725.11	582-9-90416-08	134,104
<i>Pass-through Dallas County</i>			
Aircheck Texas	725.09	582-9-90416-05	(12,775)
Aircheck Texas	725.10	582-9-90416-05	8,985,116
Aircheck Texas	725.11	582-9-90416-05	626,191
<i>Pass-through Denton County</i>			
Aircheck Texas	725.09	582-9-90416-07	(2,635)
Aircheck Texas	725.10	582-9-90416-07	1,628,844
Aircheck Texas	725.11	582-9-90416-07	134,751
<i>Pass-through Ellis County</i>			
Aircheck Texas	725.09	582-9-90416-09	(602)
Aircheck Texas	725.10	582-9-90416-09	360,675
Aircheck Texas	725.11	582-9-90416-09	8,856
<i>Pass-through Johnson County</i>			
Aircheck Texas	725.09	582-9-90416-10	(602)
Aircheck Texas	725.10	582-9-90416-10	449,098
Aircheck Texas	725.11	582-9-90416-10	37,104
<i>Pass-through Kaufman County</i>			
Aircheck Texas	725.09	582-9-90416-17	(383)
Aircheck Texas	725.10	582-9-90416-17	191,491
Aircheck Texas	725.11	582-9-90416-17	13,943
<i>Pass-through Parker County</i>			
Aircheck Texas	725.09	582-9-90416-11	(462)
Aircheck Texas	725.10	582-9-90416-11	265,077
Aircheck Texas	725.11	582-9-90416-11	9,653
<i>Pass-through Rockwall County</i>			
Aircheck Texas	725.09	582-9-90416-12	(346)
Aircheck Texas	725.10	582-9-90416-12	199,470
Aircheck Texas	725.11	582-9-90416-12	15,101

(continued)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<u>State Grantor / Program Title</u>	<u>NCTCOG Grant Number</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
<i>Pass-through</i> Tarrant County			
Aircheck Texas	725.09	582-9-90416-18	(9,013)
Aircheck Texas	725.10	582-9-90416-18	8,945,094
Aircheck Texas	725.11	582-9-90416-18	663,118
<i>Aircheck Texas, subtotal</i>			<u>24,639,119</u>
Reg Air Quality Plan-Activity # 5	726.10	582-7-83996FY10-05	44,625
Reg Air Quality Plan-Activity # 6	726.10	582-7-83996FY10-06	38,929
<i>Regional Air Quality, subtotal</i>			<u>83,554</u>
North Central Texas Clean School Bus Program	908.08	2008-006	<u>563,501</u>
<i>Pass-through</i> Collin County			
Local Initiative Projects	911.09	N/A	7,080
<i>Pass-through</i> Dallas County			
Local Initiative Projects	911.09	N/A	76,113
<i>Pass-through</i> Ellis County			
Local Initiative Projects	911.09	N/A	10,620
<i>Pass-through</i> Parker County			
Local Initiative Projects	911.09	N/A	17,701
<i>Pass-through</i> Tarrant County			
Local Initiative Projects	911.09	N/A	65,493
<i>Local Initiative Projects, subtotal</i>			<u>177,007</u>
Regional TERP Grant Program	913.10	582-9-86285	<u>4,567,929</u>
TOTAL COMMISSION ON ENVIRONMENTAL QUALITY			<u>31,374,180</u>
<u>Texas Department of Rural Affairs</u>			
Community and Economic Development Assistance	671.10	C79207	20,042
Community and Economic Development Assistance	671.11	C79207	1,319
TOTAL TEXAS DEPARTMENT OF RURAL AFFAIRS			<u>21,361</u>
<u>Office of the Governor, Criminal Justice Division:</u>			
State Planning Assistance Grant	301	2069302	445,852
* ARRA-Justice Assistance Grant	654.09	300-9-2883	262,938
Criminal Justice Planning Fund	650.09		5,652
Criminal Justice Planning Fund	650.10	300-0-0466	353,104
Criminal Justice Planning Fund	650.11		21,460
Regional Police Training	655.10	SF-10-A10-14604-11	458,208
Regional Police Training	655.11		55,545
TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION			<u>1,602,759</u>
<u>Commission on State Emergency Communications:</u>			
9-1-1 Programs	539.09	N/A	2,566,742
9-1-1 Programs	539.10	N/A	3,517,969
9-1-1 Programs	539.11	N/A	230,785
TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS			<u>6,315,496</u>

(continued)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<u>State Grantor / Program Title</u>	<u>NCTCOG Grant Number</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
<u>Texas Department of Transportation:</u>			
Roadway and Rail	375.09	0918-24-174	574,405
Admin of Vehicle and Technology Projects	887.06	0918-00-118	(6)
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			<u>574,399</u>
<u>State General Revenue:</u>			
<i>Pass-Through Texas Workforce Commission</i>			
Child Care Direct Care	601.09	0409CCF000	166,075
Child Care Direct Care	601.10	0410CCF000	5,092,032
Food Stamps	605.09	0409FSE000	(1,903)
Food Stamps	605.10	0410FSE000	146,259
Temporary Assistance for Needy Families	610.10	0410TAN000	246,138
Back to Work	611.10	0410BTW000	254,600
RAG ISAMS	613.10	0410RAG000	5,324
Project RIO	629.09	0409RIO000	19,632
Project RIO	629.10	0410RIO000	235,191
Child Care DFPS	636.10	0410CCP000	1,380,366
Child Care DFPS	636.11	0411CCP000	223,788
Child Care Local	637.09	0409CCM000	3,844
Child Care Local	637.10	0410CCM000	4,500
TOTAL STATE GENERAL REVENUE			<u>7,775,846</u>
<u>Texas Workforce Commission</u>			
* ARRA, DFPS	622.10	0410XCF000	740,142
TOTAL TEXAS WORKFORCE COMMISSION, ARRA 2009			<u>740,142</u>
<u>Department of State Health Services:</u>			
Cities Readiness Initiative 2010	864.10	2009-031759	414,971
Cities Readiness Initiative 2011	864.11	2010-035571	41,617
Health Service Region 2/3 / Public Health Emergency Response	871.10	2010-034330	722
TOTAL DEPARTMENT OF STATE HEALTH SERVICES			<u>457,310</u>
<u>Texas Veterans Commission</u>			
Texas Veterans	640.10	N/A	164,326
TOTAL TEXAS VETERANS COMMISSION			<u>164,326</u>
Total Expenditures of State Awards			<u><u>\$50,058,536</u></u>

* Denotes American Recovery and Reinvestment Act of 2009 - Stimulus Funds

(concluded)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

NOTE 1. GENERAL

The accompanying Schedule of Expenditures of State Awards presents the activity of all applicable state awards of the North Central Texas Council of Governments (Council). The Council's reporting entity is defined in Note A to the basic financial statements. State awards received directly from state agencies, as well as state awards passed through other government agencies are included on the schedule.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note A to the basic financial statements.

NOTE 3. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

NOTE 4. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

State awards revenues are reported in the Council's basic financial statements as follows:

Federal Grants	\$ 12,842,963
State Administered Grants	123,357,424
Less: Federally funded grant awards	<u>86,141,851</u>
Per Schedule of Expenditures of State Awards	<u><u>\$ 50,058,536</u></u>

NOTE 5. NEGATIVE AMOUNTS

Due to a revision in the calculation of administrative costs, the funding agent has retroactively calculated certain grant expenditures. As a result of this recalculation, the effected grants reflect a negative balance on the current schedule of expenditures of state awards.