



Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2007

North Central Texas
Council of Governments

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED

September 30, 2007

**Executive Director
Mike Eastland**

**PREPARED BY
DEPARTMENT OF ADMINISTRATION**

Monte Mercer, CPA, Deputy Executive Director

Shannan Ramirez, Controller

Richard Michael, Budget/Financial Reporting Manager

Maggie Lira
Chief Accountant

Molly Rendon
Fiscal Manager

Randy Richardson
Fiscal Manager

Marti Mason
Fiscal Analyst

Deborah Moses
Senior Auditor

Tyrone Young
Senior Accountant

Frances McStay
Senior Accountant

Betsy Gentry
Senior Accountant

Dickie Stearns
Senior Accountant

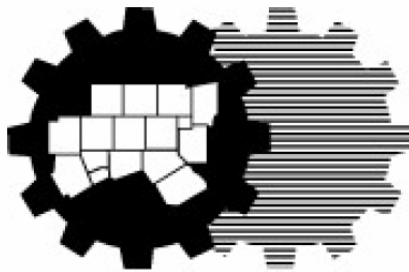
Vicki Baker
Senior Accountant

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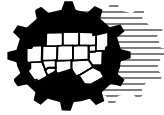
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**North Central Texas
Council of Governments**



**Introductory
Section**



North Central Texas Council of Governments

February 19, 2008

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) for the fiscal year ended September 30, 2007, 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 North Central Texas Council of Governments (NCTCOG) is a voluntary association of cities, counties, school districts, and special districts within the sixteen-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 sixteen-county region for NCTCOG was designated by the Governor's Office of the State of Texas.

The Council of Governments 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 Council 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 thirteen local officials elected by the General Assembly. The reporting entity includes only the funds of the Council's functions and activities.

North Central Texas is a sixteen-county metropolitan region centered around Dallas and Fort Worth. It has a population of over 6.0 million, which is larger than 30 states, and an area of 12,800 square miles, which is larger than nine states. NCTCOG currently has 236 member governments. The membership includes 16 counties, 168 municipalities, 23 independent school districts, and 29 special purpose districts.

NCTCOG'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 grew by 135,350 in 2006, to a January 1, 2007 estimate of 6.4 million. Single family home construction continues to boom due to the migration of people to the region, land affordability and relatively low interest rates.

Between November 2006 and November 2007, the unemployment rate for the NCTCOG region was 4.3 percent, which is .1 percent less than the state's overall unemployment rate.

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, will continue to drive this ongoing, unprecedented growth in our region well into the future.

NEW INITIATIVES

Transportation - During FY 2007, the Transportation Department initiated several new initiatives.

Funding was received from the Department of Defense's Office of Economic Adjustment 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. Implementation work is scheduled to begin in February 2008.

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. This project will continue through the next several years.

NCTCOG's Transportation Department staff assisted the Texas Commission on Environmental Quality (TCEQ), the U.S. Environmental Protection Agency (EPA), local governments, and others with the development, analysis, and monitoring of emission reduction control measures for the State Implementation Plan (SIP) to meet air quality requirements. These programs cannot be quantified at this point, but are anticipated to be implemented by March 2009.

In FY2007, the Dallas-Fort Worth Clean School Bus Program was modified to become the North Central Texas (NCT) Clean School Bus Program. Staff administered a Call for Projects in May 2007 utilizing funding received through the EPA's Blue Skyways Collaborative Subgrant Program in conjunction with Regional Transportation Council funds. Through the NCT Clean School Bus Program, NCTCOG will continue funding clean school bus projects as funding is available as well as promote clean bus initiatives throughout the region including idle reduction and driver education.

Planning for a regional Regulated Fleets Program commenced in FY2007. The ultimate goal of this program is to partner with each of the component fleets to explore options for cleaner vehicles and operations.

NCTCOG staff completed award and implementation of third-party Texas Emissions Reduction Plan (TERP) funds in the North Texas Emissions Reduction Grant Program (NTERG). The NTERG program solicited grant applications from August 2006 through June 2007 and provided funds on a modified first-come, first-served basis. Staff successfully awarded \$11.5 million and all projects were completed by June 30, 2007.

Senate Bill 12, 80th Texas Legislature, also established and funded Local Initiative Projects which counties could implement and referred to the enforcement program as one possible use of funds. The Regional Smoking Vehicle Program (RSVP) was launched in February 2007. The regional program integrated the Smoking Vehicle Program into the AirCheck Texas Repair and Replacement Assistance Program to create one seamless high emitting vehicle program. NCTCOG staff, working in collaboration with major wireless service providers, implemented an abbreviated dialing program called #SMOKE (#76653). Staff developed a website for reporting smoking vehicles online at www.smokingvehicle.net. In response, letters are mailed to registered owners of suspected smoking vehicles. The letters included brochures explaining RSVP and the AirCheck Texas Repair and Replacement Assistance Program. Vehicles registered in the North Central Texas designated nonattainment region may qualify for assistance with emissions-related repairs up to \$600 or \$3,500 towards the cost of a replacement vehicle.

The Ozone Season Transit Incentives Program provided transit incentives to increase ridership during the 2007 ozone season. The three major transportation authorities in the region, the Denton County Transportation Authority, Dallas Area Rapid Transit, and the Fort Worth Transportation Authority utilized funds through this program to implement advertising and marketing strategies to promote transit incentives to businesses and the general public. Following completion in 2007, the Ozone Season Transit Incentive (OSTI) program was incorporated into the Employer Trip Reduction (ETR) program, which promotes emissions reduction efforts through alternative commute solutions. The OSTI program's transition into the ETR program marks the start of an effort to grow ozone season-centered programs into year-long initiatives.

NCTCOG staff conducted a competitive Call for Projects to award approximately \$6.2 million in federal Job Access/Reverse Commute and New Freedom Programs funding. These programs are intended to increase transportation options for low-income and persons with disabilities. Federal Transit Administration approval is anticipated in the winter 2008 and project implementation may begin shortly thereafter.

Continuing efforts began during FY2006, NCTCOG staff worked closely with the Texas Transportation Commission, the Texas Department of Transportation, and regional transportation authorities to further pursue the implementation of a joint regional initiative for the construction of future tollway projects in the Dallas-Fort Worth Metropolitan Area. The purpose of this initiative was to implement a process that both allocates and expedites the delivery of tolled transportation projects that are identified in Mobility 2030, the region's long-range transportation plan. The result of this process provided approximately \$3.3 billion to the region for additional transportation and air quality improvements. Work on this project will continue in FY2008.

NCTCOG staff worked with regional partners and the Texas Department of Transportation Statewide Integrator to complete the high-level design for the regional ITS communication system. The regional ITS communication system is an effort to create a regional network to exchange data and video between transportation agencies in the Dallas-Fort Worth area. As part of this effort, an assessment was conducted whereby agency capabilities and desires were captured and analyzed. Based upon this assessment, system requirements were documented and the design was completed.

Community Services - The Law Enforcement Analysis Portal (LEAP) project continues to evolve in fiscal year 2007. The LEAP project is designed to assist law enforcement agencies in sharing information across jurisdictional boundaries, thus improving crime and link analysis and improving case closure. Its

advisory committee of eleven chief law enforcement executives assists with the planning, develops future functionality, and provides oversight of the information sharing platform.

NCTCOG's Aging Program expanded its services to assist nursing home residents' return to the community and to assist community-dwelling older adults to maintain healthy lifestyles.

Aging's Nursing Home Relocation Program serves nursing home residents of all ages who receive Medicaid benefits and live in a 19-county service area. Aging's care coordinators and relocation specialists, along with four partner agencies (i.e., REACH Independent Living Center, Community Council of Greater Dallas, United Way of Metropolitan Tarrant County, and Texoma Council of Governments), help nursing home residents arrange community-based housing, healthcare, financial, recreational, and other critical supports.

Aging's Matter of Balance Program engages older adults at risk of falls in an eight-week peer-led class that reduces fear of falling and helps safely increase activity levels. This one-year program has proven efficacy in improving participants' function.

Emergency Preparedness - Through the Cities Readiness Initiative, special funding, training and equipment was provided to 12 counties: Collin, Dallas, Delta, Denton, Ellis, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant and Wise. These jurisdictions have developed plans and infrastructure to provide medications, within 48 hours of an event, to their entire population.

In January 2007, Erath, Hood, Navarro, and Somervell counties began the Public Health Preparedness (PHP) program. Palo Pinto County is scheduled to begin the program in 2008. This program is similar to the Cities Readiness Initiative and is designed to help prepare counties respond to a biological terrorist attack within 48 hours. These counties, the Texas Department of State Health Services, and the North Central Texas Council of Governments, are working together to identify and train volunteers within these counties to serve as volunteers for Point of Dispensing Sites (PODS).

A Regional Mitigation Strategy is comprised of 13 Local Mitigation Strategies (LMS) that are a Multi-Jurisdiction Hazard Mitigation Action Plan. The Code of Federal Regulation defines a Hazard Mitigation Action Plan as a plan that "provides the jurisdiction's blueprint for reducing the potential losses identified in the risk assessment, based on existing authorities, policies, programs and resources, and its ability to expand and improve these existing tools." Currently, there are approximately 52 jurisdictions participating in a LMS. Each LMS is working towards completing the planning process and submitting the plan for FEMA approval. Once approved, the plan allows local jurisdictions to apply for Mitigation Grant funding in order to implement the projects identified in the LMS plans. The plans might include: individual shelter programs, house acquisitions or hardening infrastructure.

For fiscal year 2007, the North Central Texas Council of Government region received State Homeland Security Program (SHSP) and Law Enforcement Terrorism Prevention Program (LETPP) funding from the U.S. Department of Homeland Security through the State of Texas. As a result of the funded projects, the capacity of local governments throughout the region to prevent, protect, respond and recover from a terrorist incident will be greatly enhanced. Both SHSP and LETPP funding streams are intended to support activities involving terrorism preparedness and to help build and better enhance capabilities at the state and local level. The Regional Emergency Preparedness Advisory Committee (REPAC), which scored the FY07 projects during a three-phased process in May 2007, worked tirelessly to guarantee that a fair and impartial grant process was conducted. Their efforts helped ensure that the funded projects will significantly enhance the region's homeland security and terrorism prevention capabilities.

FY07 funding, as well as future funding, is intended to support projects that take on a regional approach in helping strengthen preparedness to any unexpected incident. Little information is available on when or how much funding will be available to the State or the NCTCOG region for the FY08 cycle.

In 2007, 76 Urban Area Security Initiative projects were funded totaling \$20.3 million. The UA Working Group utilizes regional subcommittees comprised of subject matter experts representing various disciplines to review discipline specific information and projects. The regional subcommittees include: Direction and Control, Exercise, Explosive Ordinance Disposal, Urban Search and Rescue, Hazardous Materials, Special Weapons and Tactics, Citizen Corps Programs, Public Education, Fusion Center, Medical and Mass Prophylaxis, and the Interoperable Communications Governance Committee. With exception of the Interoperable Communications Governance Committee, membership is open to all jurisdictions in the NCTCOG region. For the Governance Committee, membership is limited and must be approved by the NCTCOG Executive Board.

Environment & Development – Sustainable Environmental Excellence (SEE) continues to be the overall theme for NCTCOG's environmental resources 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. The SEE initiatives for FY07 were grouped into three strategic categories: SEE Less Trash, SEE Safe Clean & Green Regional Environmental Corridors, and SEE Development Excellence.

The SEE Less Trash initiative focuses on promoting recycling and waste minimization, stopping illegal dumping and assuring adequate landfill capacity. Support of the Resource Conservation Council and its subcommittees, Time To Recycle, Stop Illegal Dumping and Assuring Capacity for Trash, continued; and another two-year solid waste planning cycle was completed. The Regional Solid Waste Plan was approved by the state, though not in time to begin the landowner notification process. Several set-aside projects were completed including the *Phase III C&D Debris Recycling; Establishing a Baseline and Method to Benchmark Recycling in the Region Study; Assisting the Construction of County Convenience Stations*; and conducting a series of Stop Illegal Dumping Workshops.

NCTCOG adopted the SEE Safe Clean & Green vision and strategic plan with specific objectives to help the region achieve safe corridors where flooding is reduced, clean corridors where water quality meets or exceeds state standards, and green corridors where ribbons of greenways are tied together for ecological benefits and recreational & mobility opportunities. To promote this initiative, support of digital mapping as a FEMA Cooperative Technical Partner continued and the Bear Creek ultimate hydrology study was completed. The department continued its well-recognized watershed partnership with USACE and others towards a Trinity River COMMON VISION; managed the Corridor Development Certificate process; and continued sponsorship of the Dallas Floodway, and Big Fossil Creek cooperative projects.

The Regional Storm Water Program assisted cost-share participants and continued to produce Regionally Developed Initiatives to assist locals with their permit requirements. With the issuance of the Small Municipal Separate Sewer Systems (MS4) Permit in August, all entities in the census-defined urbanized area are required to comply with permit regulations. Assistance with permit application and Storm Water Management Program development was provided through a City Manager breakfast briefing and all-day regional forum for city staff. The first year of sampling is well underway for the Regional Storm Water Monitoring Program. Entities continue to adopt the *integrated Storm Water Management (iSWM) Design Manual for Site Development*.

The Center of Development Excellence seeks to promote quality growth in North Central Texas that enhances the built environment, reduces vehicle miles of travel, uses water & energy resources effectively and efficiently, and helps advance environmental stewardship in order to ensure continued economic vitality and provide the highest attainable quality of life for all residents.

Phase 2 of Vision North Texas (VNT) continued with a cost-shared program involving our member local governments and the private sector. 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. Two very successful VNT regional workshops were held in FY07. The CLIDE (Celebrating Leadership in Development Excellence) Award recognized 14 projects in 5 different categories for innovation and excellence in following the 10 principles of Development Excellence.

Research and Information Services (RIS) – In 2005 NCTCOG partnered with three member cities to implement a new ERP system to provide Financial and Human Resources functionality to the cities. Through sharing the cost of implementation, infrastructure and software, the three cities were able to procure and implement a tier one software solution from Lawson software. The Lawson ERP support was moved from NCTCOG facilities to a hosted solution using the services of Velocity Consulting. This modification of the service offering provides customer's application and technical support from a vendor with proven expertise with Lawson software. The role of RIS is now to provide coordination services related to the offering and pursue new customers for the Shared Services Center.

RIS continued creating and maintaining partnerships with local, state and federal governments to provide geographic information system (GIS) products and services. RIS actively participated in local user groups and coordinated with member agencies to identify opportunities for collaboration. RIS established and maintained critical base map layers including transportation, hydrology, land use, DEM and political boundaries for North Central Texas. They also maintained a GIS data clearinghouse; provided certified GIS software (ESRI) training for members at a greatly reduced rate; provided cooperative purchasing for digital orthophotography, contours and other GIS information.

The iCommunities program continues to expand to serve new member agencies and to provide additional functionality to existing participants. The program currently provides online interactive mapping information and tools to over 30 member agencies. These online mapping websites provide valuable information to the public throughout the region.

RIS continued tracking major development and added to the data set that includes over 4,200 points. Following the annual survey of city building permit information, the 2007 population estimates were created and released in March 2007. Development of the 2040 Demographic Forecast continued. Base data sets were finalized early in the year, while documentation of all methodologies used to create the information was updated. Staff developed initial 2010 household population and employment estimates, which were sent to local governments for review. RIS continued to refine the forecasting methodology used for demographic forecasts and attempts to take advantage of the latest information. RIS assisted the public and numerous local governments with various demographic and economic development requests.

RIS responded to over 3,900 posted Agency and Workforce support requests and worked with various departments throughout the year to relocate approximately 45 personal computers and deploy 86 personal computers across the geographically dispersed 16 county regions. RIS also implemented wireless technology in the Center Point II Building in a configuration that provides separate, secured networks set up for staff and guests. Implementation of our virtual server environment was also started. This environment will allow for the operation of multiple virtual servers on a single physical server, thereby allowing for reduced energy consumption and cooling costs. RIS continues to provide 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.

Calisma (AT&T Consulting) was selected to perform a study to document and develop a redesign of the NCTCOG Network. The focus of the study is to develop an action plan outlining the technologies necessary to ensure that the NCTCOG network can grow and evolve to meet the growing data needs of the internal users and external customers. Core goals of the design are network security, reliability, survivability and performance.

RIS staff continues to work to improve network security by implementing the recommendations from the Gray Hat report. The network redesign project will also recommend technologies that will shore up the security perimeter and allow security updates to be applied in a more automated fashion.

Workforce Development – For the second consecutive year, the North Central Texas Workforce Board was recognized by the Texas Workforce Commission (TWC) for the Overall Performance Award for Large Boards in the state of Texas. No other workforce Board has ever received this recognition in consecutive years. This distinction honors boards that are actively engaged with the local workforce and have made a positive impact on employers, workers and the community. North Central Texas Workforce consistently outperformed other Boards by maintaining top ratings in unemployment claimants placed, job openings filled for employers, retention of those placed in employment and various other contracted measures set by TWC. The Board received \$100,000 for its achievements from the Commission at its annual conference held in November.

The North Central Texas Workforce Board began implementing the customer service tracking system (CSTR) in the workforce centers. This system will assist in gathering data on customers and services they are accessing that have not been available through any other current data collection systems. The initial goal is to retrieve benchmark data to assist in making better decisions within the service delivery model.

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 for assets. The concept of reasonable assurance recognizes 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.

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, 2007, 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. Individual grant budgets are used as the control device within the Special Revenue Funds. However, NCTCOG's budget is approximately 87% grant funding and funding opportunities arise throughout the year and are presented to the Board for approval.

Cash Management Cash temporarily idle during the year was invested in demand deposits, Texpool Investment Fund, Local Government Investment Cooperative and Texstar. Investments for 2007 yielded income of \$3,230,180 for all funds mainly as a result of funding for local transportation programs in 2007.

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 & 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, 2006. This was the ninth consecutive year that NCTCOG has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believed that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements. It is NCTCOG's intention to submit this year's report to determine its eligibility for another certificate.

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

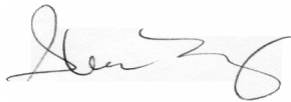
Acknowledgment is also given to the representatives of Weaver & Tidwell for their invaluable assistance in producing the final document.



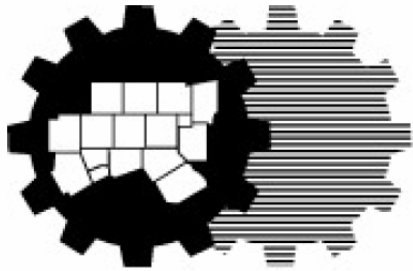
Mike Eastland,
Executive Director



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, 2006

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.



Chae S. Cox

President

Jeffrey R. Emer

Executive Director

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
2007- 2008 EXECUTIVE BOARD

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Ellis County

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Jerry C. Gilmore

ADMINISTRATIVE STAFF

Deputy Executive Director
Monte Mercer

Director of Transportation
Michael R. Morris

Director of Community Services
Frederic W. Keithley

Director of Emergency Preparedness
Gregg Dawson

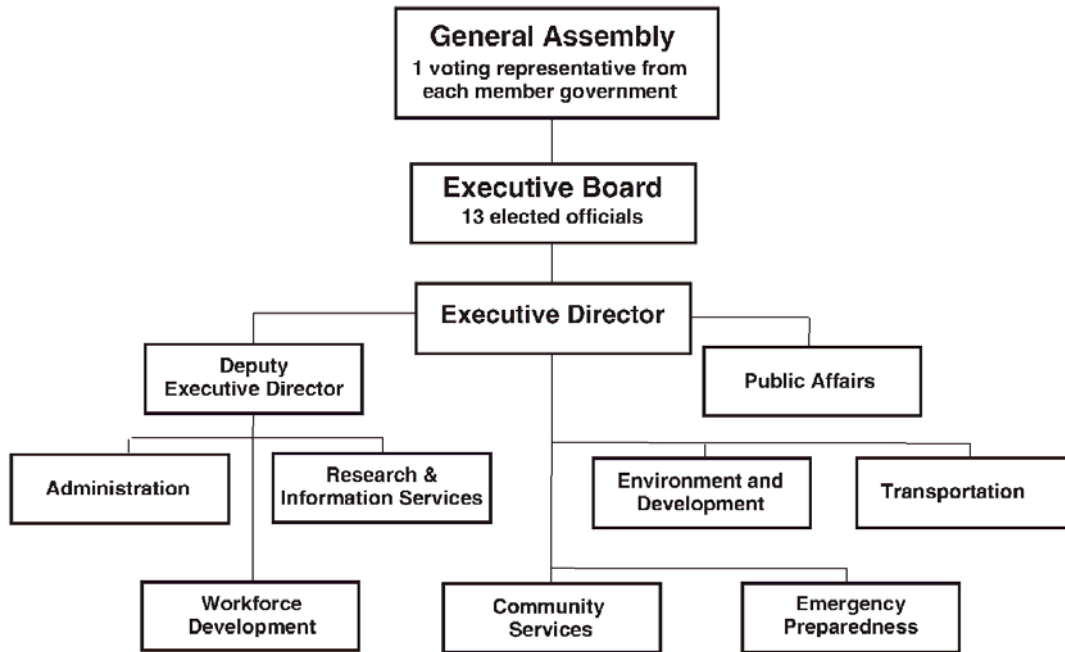
Director of Research and Information Services
Tim Barbee

Director of Environment and Development
John Promise

Director of Workforce Development
David Setzer

Organizational Chart

North Central Texas Council of Governments



Mission Statement

We 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.

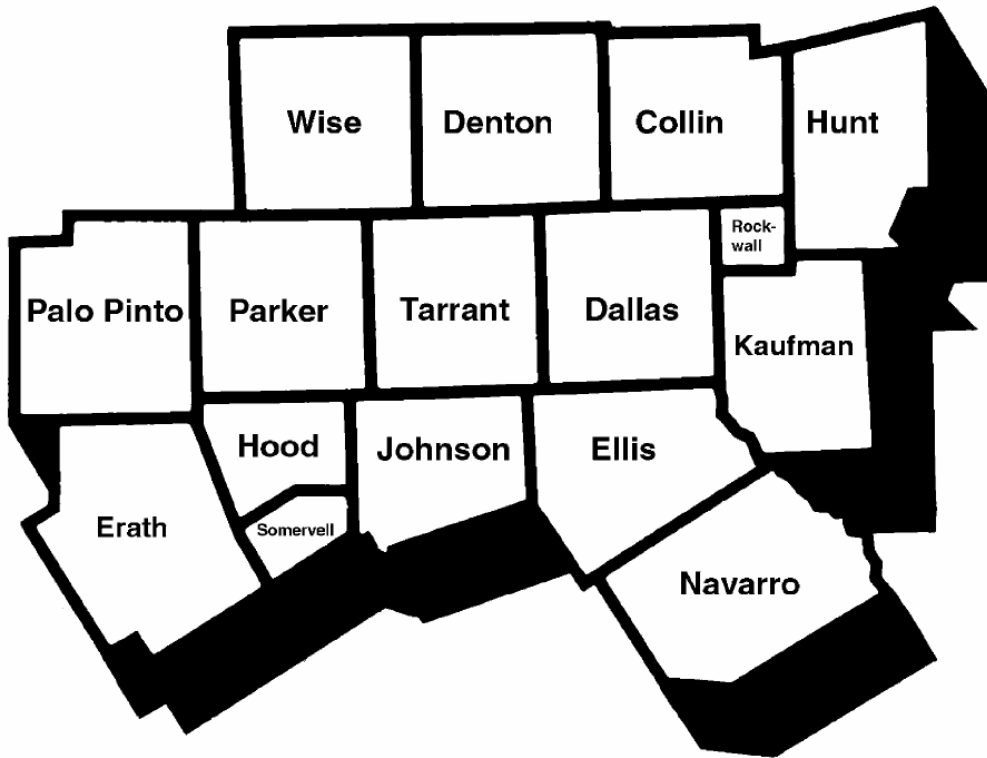
ETHICS

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

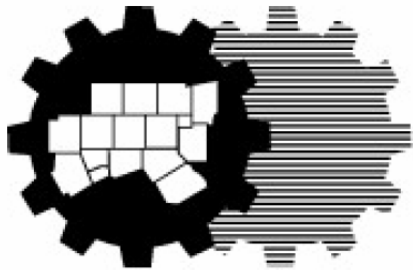
Lewisville ISD
Mansfield ISD
Mesquite ISD
Plano ISD
Richardson ISD
Rockwall ISD
Terrell ISD
Weatherford ISD

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**



**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, 2007, 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, 2007, 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 18, 2008, 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

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

WWW.WEAVERANDTIDWELL.COM

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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 18, 2008

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2007

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, 2007. 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-ix of this report.

FINANCIAL HIGHLIGHTS

- The assets of the NCTCOG exceeded liabilities at the close of the most recent fiscal year by \$47,970,846 (*net assets*). Of this amount, \$3,283,743 (unrestricted net assets) may be used to meet the government's ongoing obligations to creditors and for service implementation as directed by our funding agencies.
- The government's total net assets increased by \$37,733,864, which represents a 369% change. The increase was mainly due to local contributions that resulted in \$40,148,643 designated for future transportation related projects. These projects are anticipated to be short term in nature and let within fiscal year 2008.
- As a result of the local funding for transportation projects, NCTCOG's governmental ending fund balance totaled \$44,839,736, an increase of \$40,928,146 in comparison with the prior year. Of the total fund balance, approximately 89% is restricted for the local transportation projects, 9% is invested in capital assets and 9% is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- Interest income increased \$2,908,182, or 903%, totaling \$3,230,180 mainly due to the influx of additional local funding.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,256,017, or 4% of total governmental fund expenditures.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2007**

charges (*business-type activities*). The governmental activities of the NCTCOG include the general fund and special revenue fund.

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 10-11 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 (2) 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.

The enterprise fund is to account for charges to outside customers for full costs of the services provided. This fund provides information about the activities the Agency operates like a business. Currently the enterprise fund is comprised of the following projects:

City Net – a shared services project with NCTCOG providing coordination services related to Lawson ERP and pursuing new customers for the Shared Services Center.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2007**

Law Enforcement Analysis Portal (LEAP) - project will assist law enforcement agencies in sharing information across jurisdictional boundaries. During FY2007, this project completed its start up phase and is being marketed to various agencies.

Monster – NCTCOG partnered with Monster.com to provide hiring and recruiting solutions exclusively for cities, counties, school districts and other governmental entities throughout Texas.

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.

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 pages 34-36 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. Combining and individual fund statements and schedules can be found on pages 37-38 of this report.

Government-wide Financial Analysis

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 \$47,970,846 at the close of the most recent fiscal year.

A portion of the NCTCOG's net assets (9%) 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. The largest change in net assets (84%) 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 are expected to be let in 2008. Awarded funding includes RTC local funds and anticipated local contributions from the project sponsors. Unrestricted net assets make up 7% of total net assets. The business-type negative unrestricted net assets reflect start up costs for the LEAP project which are expected to be recovered in subsequent years.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2007**

NCTCOG'S Government-Wide Net Assets

	2007			2006		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Assets						
Current and other assets	\$ 70,146,852	\$ 65,351	\$ 70,212,203	\$ 60,839,964	\$ 280,046	\$ 61,120,010
Capital assets	485,470	3,759,091	4,244,561	498,220	6,527,148	7,025,368
Total assets	<u>70,632,322</u>	<u>3,824,442</u>	<u>74,456,764</u>	<u>61,338,184</u>	<u>6,807,194</u>	<u>68,145,378</u>
Liabilities						
Long-term Liabilities outstanding	1,013,421	-	1,013,421	795,115	-	795,115
Other Liabilities	25,312,975	159,522	25,472,497	56,941,543	171,738	57,113,281
Total Liabilities	<u>26,326,396</u>	<u>159,522</u>	<u>26,485,918</u>	<u>57,736,658</u>	<u>171,738</u>	<u>57,908,396</u>
Net Assets						
Invested in capital assets, net of related debt	342,148	3,759,091	4,101,239	498,220	6,527,148	7,025,368
Restricted for grants	437,221	-	437,221	202,931	-	202,931
Restricted for local transportation projects	40,148,643	-	40,148,643	-	-	-
Unrestricted	<u>3,377,914</u>	<u>(94,171)</u>	<u>3,283,743</u>	<u>2,900,375</u>	<u>108,308</u>	<u>3,008,683</u>
Total net assets	<u>\$ 44,305,926</u>	<u>\$ 3,664,920</u>	<u>\$ 47,970,846</u>	<u>\$ 3,601,526</u>	<u>\$ 6,635,456</u>	<u>\$ 10,236,982</u>

The balance of *unrestricted net assets* \$3,283,743 may be used to meet the government's ongoing obligations to creditors and for service implementation. *Restricted net assets* are funds that have limitations for use as specified by the funding agencies.

To aid in the understanding of the Statement of Activities, as presented in the government-wide financial statements, the following explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Council's service programs. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are membership fees, state financial assistance and interest income.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2007**

NCTCOG's Change in Net Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues						
Federal Grant	\$ 2,130,761	\$ -	\$ 2,130,761	\$ 695,214	\$ -	\$ 695,214
State Administered grants	100,276,085	-	100,276,085	73,478,413	-	73,478,413
Local revenue & In-kind	66,241,118	1,513,590	67,754,708	9,393,181	8,729,994	18,123,175
Total Program Revenues	168,647,964	1,513,590	170,161,554	83,566,808	8,729,994	92,296,802
General Revenues:						
Membership Fees	617,503	-	617,503	595,578	-	595,578
Interest Income	3,230,180	-	3,230,180	321,998	-	321,998
Total General Revenue	3,847,683	-	3,847,683	917,576	-	917,576
Total Revenue	172,495,647	1,513,590	174,009,237	84,484,384	8,729,994	93,214,378
Expenses:						
Agency management and administration	5,360,798	-	5,360,798	4,266,318	-	4,266,318
Community Services	14,732,789	-	14,732,789	15,019,016	-	15,019,016
Emergency Preparedness	6,766,770	-	6,766,770	1,129,860	-	1,129,860
Environment and development	5,520,315	-	5,520,315	2,960,701	-	2,960,701
RIS local assistance	2,227,484	4,484,126	6,711,610	2,279,069	2,094,538	4,373,607
Transportation planning	47,265,285	-	47,265,285	14,443,094	-	14,443,094
Workforce development	49,917,806	-	49,917,806	44,205,070	-	44,205,070
Total expenses	131,791,247	4,484,126	136,275,373	84,303,128	2,094,538	86,397,666
Change in Net Assets	40,704,400	(2,970,536)	37,733,864	181,256	6,635,456	6,816,712
Net Assets - October 1	3,601,526	6,635,456	10,236,982	3,420,270	-	3,420,270
Net Assets - September 30	\$ 44,305,926	\$ 3,664,920	\$ 47,970,846	\$ 3,601,526	\$ 6,635,456	\$ 10,236,982

Significant components of the net asset activity is as follows:

- Governmental activities total revenues increased by \$85,081,156 or 101.8% and conversely, governmental activities total expenses increased \$47,488,119 or 56.3% in the current year. The most significant changes were as follows:
 - Governmental activities local revenue and in-kind increased by \$56,847,937 from fiscal year 2006. This increase was primarily in the local contributions category with approximately \$40 million of local funding for transportation initiatives and an increase of approximately \$17 million as a result of the Texas Emissions Reduction Plan project. This project funded a portion of the purchase of heavy duty refuse haulers and locomotives for local entities. The local revenue was generated from the entities contribution towards the purchase of the vehicles.
 - Agency management and administration expenditures increased by \$1,094,480 or 25.7% when compared to 2006. This was the result of \$200,000 for network redesign study, \$110,000 in increase costs for a medical benefits cooperative project, \$133,000 related to a shared services initiative between local entities and employee recruitment and \$90,000 for accounting and reporting software upgrades.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2007

- Emergency preparedness expenditures increased \$5,636,910 with the receipt of a social services block grant for aid to hurricane Katrina victims.
- Environmental and development expenditures increased \$2,559,614 or 86.5% from fiscal year 2006. Fiscal year 2007 was the second year of a two-year contract for the Solid Waste program, thus, expenditures were higher due to the timing of allocation of sub-grants and reimbursement requests being submitted.
- Research and information services expenditures increased \$2,338,003 or 53.5% from fiscal year 2006. The increase was due to a full years' operating costs associated with the shared services center.
- Transportation expenses increased \$32,822,191 in fiscal year 2007 primarily due to the increased federal and state funding of air quality initiatives as well as additional funding for local projects.
- Workforce development expenses increased \$5,712,736 or 12.9% as compared to fiscal year 2006 due to the increased availability of funding for delivery of childcare, workforce investment act and temporary aid for needy families program services.

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 \$44,839,736 a increase of \$40,928,146 in comparison with the prior year. Approximately 9% of this total amount (\$4,189,958) 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. 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 \$4,256,017, while total general fund balance reached \$4,271,572. 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. Both unreserved fund balance and total fund balance represent approximately 3.2% and 34.0% of total governmental fund expenditures respectively.

General Fund. The fund balance of NCTCOG's general fund increased by \$516,733 during the current fiscal year. This increase was attributable to increased interest income, increased dues as a result of population growth, loan proceeds for capital acquisition 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 \$40,411,413 during the current fiscal year. The majority of the increase, \$40,148,643, was reserved for future transportation related projects

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was for the loan proceeds associated with capital acquisitions. Due to the nature of the agency's operations discretionary funding is limited.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2007**

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, 2007, amounts to \$485,470 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

NCTCOG's Capital Assets (net of depreciation)

	<u>2007</u>	<u>2006</u>
<u>Governmental Activities</u>		
Equipment	\$ 449,703	\$ 330,479
Furniture	6,734	11,404
Leasehold Improvements	<u>29,033</u>	<u>156,337</u>
Total government activities capital assets	<u>\$ 485,470</u>	<u>\$ 498,220</u>
<u>Business- Type Activities</u>		
Equipment	<u>\$ 3,759,091</u>	<u>\$ 6,527,148</u>
Total business-type activities capital assets	<u>\$ 3,759,091</u>	<u>\$ 6,527,148</u>

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

Long-term liabilities. At the end of the current fiscal year, the NCTCOG had total long-term liabilities outstanding of \$1,013,421. 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.

NCTCOG's Long-Term Liability

	<u>Balance September 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2007</u>	<u>Due Within One Year</u>
Accrued vacation	\$ 795,115	\$ 174,668	\$ 99,684	\$ 870,099	\$ 113,273
Note payable	-	149,887	6,565	143,322	39,469
	<u>\$ 795,115</u>	<u>\$ 324,555</u>	<u>\$ 106,249</u>	<u>\$ 1,013,421</u>	<u>\$ 152,742</u>

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

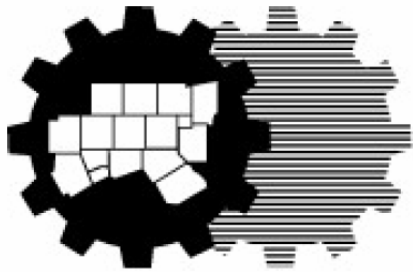
Economic Factors and Next Year's Budgets and Rates

- 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 2007 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.



**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, 2007**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 115,836	\$ -	\$ 115,836
Investments	52,794,559	-	52,794,559
Receivables	16,771,404	59,351	16,830,755
Internal balances	150,372	(150,372)	-
Prepays and other assets	314,681	6,000	320,681
Capital assets, net of accumulated depreciation	485,470	3,759,091	4,244,561
Total Assets	70,632,322	3,674,070	74,306,392
LIABILITIES			
Accounts payable and accrued expenses	7,971,929	9,150	7,981,079
Unearned revenue	17,341,046	-	17,341,046
Long-term liabilities			
Due within one year	152,742	-	152,742
Due in more than one year	860,679	-	860,679
Total Liabilities	26,326,396	9,150	26,335,546
NET ASSETS			
Invested in capital assets	342,148	3,759,091	4,101,239
Restricted for grants	437,221	-	437,221
Restricted for local transportation projects	40,148,643	-	40,148,643
Unrestricted	3,377,914	(94,171)	3,283,743
Total Net Assets	\$ 44,305,926	\$ 3,664,920	\$ 47,970,846

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, 2007**

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		Total
					Governmental Activities	Business Type Activities	
Primary Government:							
Governmental Activities:							
Agency administration	\$ 4,802,438	\$ 16,170	\$ 772,068	\$ 8,995,282	\$ 4,981,082	\$ -	\$ 4,981,082
Agency management	558,360	40,974	-	85,361	(432,025)	-	(432,025)
Community services	14,732,789	-	10,043,056	5,172,300	482,567	-	482,567
Emergency preparedness	6,766,770	-	6,846,840	336,662	416,732	-	416,732
Environment and development	5,520,315	39,009	2,391,425	12,102,791	9,012,910	-	9,012,910
RIS local assistance	2,227,484	13,000	1,102,696	6,536,360	5,424,572	-	5,424,572
Transportation planning	47,265,285	1,747,408	28,046,481	32,980,290	15,508,894	-	15,508,894
Workforce development	49,917,806	274,200	51,073,519	32,072	1,461,985	-	1,461,985
Total governmental activities	131,791,247	2,130,761	100,276,085	66,241,118	36,856,717	-	36,856,717
Business-type activities:							
Shared service center	4,484,126	-	-	1,513,590	-	(2,970,536)	(2,970,536)
Total primary government	\$ 136,275,373	\$ 2,130,761	\$ 100,276,085	\$ 67,754,708	\$ 36,856,717	\$ (2,970,536)	\$ 33,886,181
General Revenues:							
Membership fees					617,503	-	617,503
Interest income					3,230,180	-	3,230,180
Total general revenues					3,847,683	-	3,847,683
Change in Net Assets							
					40,704,400	(2,970,536)	37,733,864
Net Assets-beginning							
					3,601,526	6,635,456	10,236,982
Net Assets-ending							
					\$ 44,305,926	\$ 3,664,920	\$ 47,970,846

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 115,836	\$ -	\$ 115,836
Investments	3,591,053	49,203,506	52,794,559
Accounts Receivable:			
Federal grants	-	1,209,555	1,209,555
State administered grants	-	14,065,612	14,065,612
Local grants	-	767,750	767,750
Other	724,539	3,948	728,487
Due from other funds	4,714,277	-	4,714,277
Prepays	15,555	48,359	63,914
Other assets	32,715	218,052	250,767
TOTAL ASSETS	<u>\$ 9,193,975</u>	<u>\$ 65,516,782</u>	<u>\$ 74,710,757</u>
LIABILITIES:			
Accounts payable	\$ 3,453,724	\$ -	\$ 3,453,724
Accrued liabilities	701,906	3,149,925	3,851,831
Accrued payroll and employee benefits	653,653	-	653,653
Due to other funds		4,570,767	4,570,767
Unearned revenue	113,120	17,227,926	17,341,046
TOTAL LIABILITIES	<u>4,922,403</u>	<u>24,948,618</u>	<u>29,871,021</u>
FUND BALANCES			
RESERVED FOR:			
Prepays	15,555	48,359	63,914
Grants	-	437,221	437,221
Local transportation projects	-	40,148,643	40,148,643
UNRESERVED AND UNDESIGNATED	4,256,017	(66,059)	4,189,958
TOTAL FUND BALANCES	<u>4,271,572</u>	<u>40,568,164</u>	<u>44,839,736</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,193,975</u>	<u>\$ 65,516,782</u>	<u>\$ 74,710,757</u>

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, 2007**

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

Total Fund Balance - total governmental funds	\$ 44,839,736
Add: Capital assets net of accumulated depreciation as of September 30, 2007 used in governmental activities were not current financial resources and therefore not reported in the governmental funds balance sheet (excluding Internal Service Fund).	478,488
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>(1,013,421)</u>
Net assets of governmental activities (page 10)	<u><u>\$ 44,305,926</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, 2007**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Federal grants	\$ -	\$ 2,130,761	\$ 2,130,761
State administered grants	-	100,276,085	100,276,085
Membership dues	617,503	-	617,503
Local contributions	479,537	58,791,698	59,271,235
Interest income	201,728	3,028,452	3,230,180
Program income	-	463,927	463,927
In-Kind	-	6,505,956	6,505,956
TOTAL REVENUES	<u>1,298,768</u>	<u>171,196,879</u>	<u>172,495,647</u>
EXPENDITURES			
Current:			
Agency administration	2,877,216	1,902,939	4,780,155
Agency management	521,602	47,580	569,182
Community services	225,630	14,825,411	15,051,041
Emergency preparedness	9,430	6,882,864	6,892,294
Environment & development	40,731	5,571,872	5,612,603
Research & information services	317,843	1,897,652	2,215,495
Transportation	14,599	48,083,753	48,098,352
Workforce development	41,421	51,291,699	51,333,120
Capital outlay	188,684	186,170	374,854
	<u>4,237,156</u>	<u>130,689,940</u>	<u>134,927,096</u>
Indirect Cost Allocation	(2,872,021)	-	(2,872,021)
Contributions to Indirect Costs	(363,526)	-	(363,526)
TOTAL EXPENDITURES	<u>1,001,609</u>	<u>130,689,940</u>	<u>131,691,549</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>297,159</u>	<u>40,506,939</u>	<u>40,804,098</u>
OTHER FINANCING SOURCES AND USES			
Capital-related debt issued (note payable)	149,887	-	149,887
Transfers In	188,271	118,584	306,855
Transfers Out	(118,584)	(214,110)	(332,694)
TOTAL OTHER FINANCING SOURCES AND USES	<u>219,574</u>	<u>(95,526)</u>	<u>124,048</u>
NET CHANGE IN FUND BALANCES	516,733	40,411,413	40,928,146
FUND BALANCES - BEGINNING OF YEAR	<u>3,754,839</u>	<u>156,751</u>	<u>3,911,590</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,271,572</u>	<u>\$ 40,568,164</u>	<u>\$ 44,839,736</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, 2007**

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)	\$ 40,928,146
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.	374,854
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.	(74,984)
Current year proceeds from the issuance of notes payable are other financing sources in the governmental fund financial statements, but are show as an increase in long-term debt in the government-wide financial statements.	(149,887)
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.	6,565
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>(380,294)</u>
Change in net assets of governmental activities (page 11)	<u><u>\$ 40,704,400</u></u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
ASSETS		
Accounts receivable	\$ 59,351	\$ -
Prepays and other assets	6,000	-
Due from other funds	-	6,862
Total current assets	<u>65,351</u>	<u>6,862</u>
Capital assets, net of accumulated depreciation	<u>3,759,091</u>	<u>6,982</u>
TOTAL ASSETS	<u>3,824,442</u>	<u>13,844</u>
CURRENT LIABILITIES		
Accrued liabilities	9,150	12,721
Due to other funds	<u>150,372</u>	<u>-</u>
TOTAL LIABILITIES	<u>159,522</u>	<u>12,721</u>
NET ASSETS		
Investment in capital assets	3,759,091	-
Unrestricted	<u>(94,171)</u>	<u>1,123</u>
TOTAL NET ASSETS	<u>\$ 3,664,920</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, 2007**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
OPERATING REVENUES		
Service Charges	\$ 1,513,590	\$ 834,978
TOTAL OPERATING REVENUES	<u>1,513,590</u>	<u>834,978</u>
OPERATING EXPENSES		
Personnel	44,069	419,670
Indirect	7,918	75,398
Contract Services	1,048,069	4,968
Travel	18,557	2,656
Depreciation	2,768,057	7,310
Other Costs	597,456	350,815
TOTAL OPERATING EXPENSES	<u>4,484,126</u>	<u>860,817</u>
INCOME (LOSS) BEFORE TRANSFERS	(2,970,536)	(25,839)
Transfers In	-	25,839
CHANGE IN NET ASSETS	(2,970,536)	-
NET ASSETS - BEGINNING OF YEAR	<u>6,635,456</u>	<u>1,123</u>
NET ASSETS - END OF YEAR	<u>\$ 3,664,920</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, 2007**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from service charges	\$ 1,571,697	\$ 829,487
Payments to other funds for indirect and other costs	-	(355,290)
Payments to suppliers for goods and services	(1,664,082)	(80,366)
Payments to employees	(44,069)	(419,670)
Payments for other operating costs	136,454	-
NET CASH USED IN OPERATING ACTIVITIES	<u>-</u>	<u>(25,839)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer from General Fund	<u>-</u>	<u>25,839</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ (25,839)</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ (2,970,536)	\$ (25,839)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,768,057	7,310
Increase in prepaid expenses	(6,000)	-
Increase in accounts receivable	246,053	-
Increase in due from	(25,358)	(5,491)
Increase in accrued liabilities	(162,284)	-
Increase in accounts payable	-	(1,819)
Increase in advances	(304)	-
Increase in due to	150,372	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ (25,839)</u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

**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). The basic operations of the Council are financed by membership dues.

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, 2007**

**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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

**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, 2007**

**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 (\$870,099 at September 30, 2007) 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 from NCTCOG dues paid by member governments and Other Revenues.

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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

**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 2007, the Council contributed \$79,190 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, 2007 or any of the three preceding years ending September 30th.

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, 2007**

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 Obligations	less than 2 years	none	none
U.S. Obligations	less than 2 years	none	none
U.S. Agencies Obligations	less than 2 years	none	none
State of Texas Obligations	less than 2 years	none	none
State of Texas Agencies Obligations	less than 2 years	none	none
Certificates of Deposit	less than 2 years	none	none
Money Market Mutual Funds	less than 2 years	none	none
Local Government Investment Pools	none	none	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, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:

Primary Government	
Total cash and investments	<u>\$ 52,910,395</u>

Cash and investments as of September 30, 2007 consist of the following:

Deposits with financial institutions	\$ 115,186
Cash on hand	650
Investments	<u>52,794,559</u>
Total cash and investments	<u>\$ 52,910,395</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

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, 2007, NCTCOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity(1)</u>
TexPool	\$ 12,294,345	34 days
Logic	415	34 days
TexStar	<u>40,499,799</u>	20 days
	<u>\$ 52,794,559</u>	

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

As of September 30, 2007 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	\$ 12,294,345	A	AAAm
Logic	415	A	AAAm
TexStar	<u>40,499,799</u>	A	AAAm
Total Primary Government	<u>\$ 52,794,559</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, 2007 other than external investment pools, NCTCOG did not have 5% or more of its investments with any one issuer.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

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, 2007, the Council's deposits had a carrying amount of \$115,186 and a bank ledger balance of \$788,665. Pledged collateral of \$2,345,466 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, 2007**

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, 2007, 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 \$1,762 was paid in 2007.

	Balance September 30, 2006	Increases	Decreases	Balance September 30, 2007	Due Within One Year
Accrued vacation	\$ 795,115	\$ 174,668	\$ 99,684	\$ 870,099	\$ 113,273
Note payable	-	149,887	6,565	143,322	39,469
	<u>\$ 795,115</u>	<u>\$ 324,555</u>	<u>\$ 106,249</u>	<u>\$ 1,013,421</u>	<u>\$ 152,742</u>

Future requirements related to the note payable are as follows:

	Principal	Interest	Total
2008	\$ 39,469	\$ 10,494	\$ 49,963
2009	42,896	7,067	49,963
2010	60,957	3,028	63,985
Total	<u>\$ 143,322</u>	<u>\$ 20,589</u>	<u>\$ 163,911</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. As a result of legislative changes, 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, whereas, prior to these legislative changes, these amounts were solely the property rights of NCTCOG subject only to the claims of NCTCOG's general creditors. As a result, the deferred compensation investments are no longer reported in NCTCOG's financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

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 \$15,293 during 2007, equal to 3.75% of gross salaries. The Council contributed a matching \$15,293 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, 2007:

Transfers in/out other funds:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Internal Service Fund	Special Revenue Fund	\$ 25,839	Cover operating loss
General Fund	Special Revenue Fund	188,271	Recovery of depreciation
Special Revenue Fund	General Fund	<u>118,584</u>	Local match dollars
Total		<u>\$ 332,694</u>	

Due to/from other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 4,714,277	\$ -
Special Revenue Fund	-	4,570,767
Enterprise Fund	-	150,372
Internal Service Fund	<u>6,862</u>	<u>-</u>
Total	<u>\$ 4,721,139</u>	<u>\$ 4,721,139</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, 2007**

NOTE G - CAPITAL ASSETS

Governmental activities:

A summary of changes in the governmental activities capital assets for the year ended September 30, 2007, follows:

	Balance at October 1, 2006	Increases	Decreases	Balance at September 30, 2007
Governmental Activities				
<u>General Capital Assets</u>				
Capital Assets being depreciated:				
Equipment	\$ 6,019,673	\$ 374,854	\$ (3,967,800)	\$ 2,426,727
Furniture	470,312	-	-	470,312
Leasehold Improvements	1,238,413	-	-	1,238,413
Total capital assets being depreciated	<u>7,728,398</u>	<u>374,854</u>	<u>(3,967,800)</u>	<u>4,135,452</u>
Accumulated depreciation				
Equipment	5,703,486	248,320	(3,967,800)	1,984,006
Furniture	458,908	4,670	-	463,578
Leasehold Improvements	1,082,076	127,304	-	1,209,380
Total accumulated depreciation	<u>7,244,470</u>	<u>380,294</u>	<u>(3,967,800)</u>	<u>3,656,964</u>
Total governmental funds capital assets, net	<u>483,928</u>	<u>(5,440)</u>	<u>-</u>	<u>478,488</u>
 <u>Internal Service Fund Capital Assets</u>				
Capital assets being depreciated:				
Equipment	274,254	-	-	274,254
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total capital assets being depreciated	<u>282,637</u>	<u>-</u>	<u>-</u>	<u>282,637</u>
Accumulated depreciation				
Equipment	259,962	7,310	-	267,272
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total accumulated depreciation	<u>268,345</u>	<u>7,310</u>	<u>-</u>	<u>275,655</u>
Total internal service funds capital assets, net	<u>14,292</u>	<u>(7,310)</u>	<u>-</u>	<u>6,982</u>
Governmental activities capital assets, net	<u>\$ 498,220</u>	<u>\$ (12,750)</u>	<u>\$ -</u>	<u>\$ 485,470</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

NOTE G - CAPITAL ASSETS (continued)

	Balance at October 1, 2006	Increases	Decreases/ Transfers	Balance at September 30, 2007
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	-	-	8,080,514
Total capital assets being depreciated	<u>8,080,514</u>	<u>-</u>	<u>-</u>	<u>8,080,514</u>
Accumulated Depreciation				
Equipment	1,553,366	2,768,057	-	4,321,423
Total accumulated depreciation	<u>1,553,366</u>	<u>2,768,057</u>	<u>-</u>	<u>4,321,423</u>
Total Business-type activities capital assets, net	<u>\$ 6,527,148</u>	<u>\$ (2,768,057)</u>	<u>\$ -</u>	<u>\$ 3,759,091</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	\$ 27,998
Agency Management	2,796
Community Services	52,187
Emergency Preparedness	17,359
Environment & Development	37,565
RIS Local Assistance	35,792
Transportation Planning	165,997
Workforce Development	40,600
Internal Service Fund	<u>7,310</u>
Total Depreciation expense-governmental activities	<u>\$ 387,604</u>

Business-type activities

Shared Service Center	<u>\$ 2,768,057</u>
Total depreciation expense-business type activities	<u>\$ 2,768,057</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2007**

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 (\$1,622,700) during fiscal year 2007 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of \$811,350 during 2007 equal to six percent (6%) of gross salaries. Total Council payroll for the year was \$14,069,825 including \$13,783,733 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 \$3,014,364 for 2007.

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, 2007, are as follows:

Year Ending September 30	
2008	\$ 3,193,940
2009	3,117,051
2010	2,894,777
2011	2,573,371
2012	2,396,837
Thereafter (2013-2022)	20,464,195
	\$ 34,640,171

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.

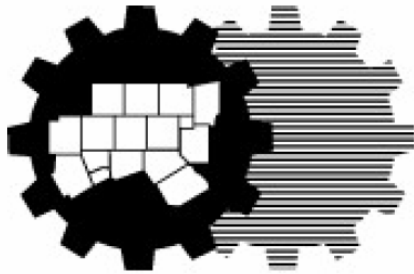
For the year ended September 30, 2007, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007**

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, 2007**

	<u>Budgeted Amounts</u>		<u>Budget Basis Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Member dues	\$ 618,003	\$ 618,003	\$ 617,503	\$ (500)
Local contributions	307,478	307,478	479,537	172,059
Interest income	65,000	65,000	201,728	136,728
Total revenues	<u>990,481</u>	<u>990,481</u>	<u>1,298,768</u>	<u>308,287</u>
EXPENDITURES				
Current:				
Agency administration	2,350,488	2,529,488	2,529,262	226
Agency management	693,852	522,852	522,723	129
Public affairs	409,374	358,374	357,886	488
RIS local assistance	393,425	322,925	322,588	337
Community services	307,478	307,478	226,371	81,107
Environmental & development	96,429	73,929	40,998	32,931
Transportation planning	10,000	15,000	14,643	357
Workforce development	-	42,000	41,871	129
Capital outlay	100,000	189,000	188,684	316
	<u>4,361,046</u>	<u>4,361,046</u>	<u>4,245,026</u>	<u>116,020</u>
Indirect cost allocation	(2,952,738)	(2,952,738)	(2,872,021)	(80,717)
Contributions to indirect costs	<u>(350,920)</u>	<u>(350,920)</u>	<u>(363,526)</u>	<u>12,606</u>
Total expenditures	<u>1,057,388</u>	<u>1,057,388</u>	<u>1,009,479</u>	<u>47,909</u>
Excess (deficiencies) of revenues Over/(under) expenditures	<u>(66,907)</u>	<u>(66,907)</u>	<u>289,289</u>	<u>356,196</u>
OTHER FINANCING SOURCES				
Capital-related debt issued	-	300,000	149,887	150,113
Transfers in	100,000	100,000	188,271	(88,271)
Transfers out	(53,571)	(53,571)	(118,584)	65,013
Charge for use of assets	125,000	125,000	196,141	(71,141)
Indirect allocation to Special Revenue Fund	-	-	(188,271)	188,271
Total other financing sources	<u>171,429</u>	<u>471,429</u>	<u>227,444</u>	<u>243,985</u>
Net changes in fund balances	<u>104,522</u>	<u>404,522</u>	<u>516,733</u>	<u>(112,211)</u>
Fund balances - beginning	<u>3,754,839</u>	<u>3,754,839</u>	<u>3,754,839</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,859,361</u>	<u>\$ 4,159,361</u>	<u>\$ 4,271,572</u>	<u>\$ (112,211)</u>

See accompanying notes to the required supplemental information.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2007**

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 transfers in (out) 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)	\$ 1,001,609
Plus Charge for use of assets	196,141
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(188,271)</u>
Total Expenditures (Budget Basis)	<u>\$ 1,009,479</u>
Total Other Sources (GAAP Basis)	\$ 219,574
Plus Charge for use of assets	196,141
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(188,271)</u>
Total Other Sources (Budget Basis)	<u>\$ 227,444</u>

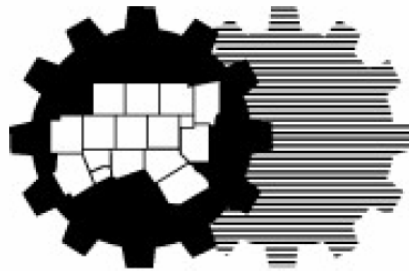
NOTE B: BUDGETARY CONTROLS

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, 2007**

- 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
- 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, 2007**

	Federal Funds										
	DOE	EPA	FTA	FEMA	FAA	HUD	DOL	DOD	ATPA	CJD	CSEC
REVENUES											
Federal grants	\$ 10,310	\$ 241,265	\$ 763,103	\$ 8,186	\$ 778,679	\$ 40,974	\$ 75,118	\$ 200,126	\$ -	\$ -	\$ -
State administered grants	-	-	-	-	-	-	-	-	296,737	825,856	4,226,251
Local contributions	-	602	60,389	-	40,983	5,000	-	8,105	18,766	561,770	-
In-Kind	-	140,500	616,476	-	-	-	-	19,413	-	-	-
Program income	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	65,521
TOTAL REVENUES	10,310	382,367	1,439,968	8,186	819,662	45,974	75,118	227,644	315,503	1,387,626	4,291,772
EXPENDITURES											
Current:											
Agency administration	-	2,207	14,749	-	6,240	-	9,552	1,187	3,691	11,126	81,198
Agency management	-	-	-	-	-	45,825	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	289,151	1,366,322	4,197,534
Emergency preparedness	-	-	-	-	-	-	-	-	-	-	-
Environment & development	-	50,117	-	8,103	-	-	-	-	-	-	-
Research & information services	-	-	-	-	-	-	-	-	-	1,227	3,780
Transportation	10,208	339,962	1,424,462	-	810,692	-	-	-	-	-	-
Workforce development	-	-	-	-	-	-	65,419	226,350	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	20,615	-	-
TOTAL EXPENDITURES	10,208	392,286	1,439,211	8,103	816,932	45,825	74,971	227,537	313,457	1,378,675	4,282,512
EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES	102	(9,919)	757	83	2,730	149	147	107	2,046	8,951	9,260
OTHER FINANCING SOURCES											
Transfers In	-	10,319	-	-	-	-	-	-	2	-	-
Transfers Out	(102)	(400)	(757)	(83)	(2,730)	(149)	(147)	(107)	(2,048)	(8,951)	(9,260)
TOTAL OTHER FINANCING SOURCES	(102)	9,919	(757)	(83)	(2,730)	(149)	(147)	(107)	(2,046)	(8,951)	(9,260)
EXCESS/(DEFICIENCIES) OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

State, Local, and State Administered Funds												
DOI	LOCAL	NTTA	ORCA	SECO	TCEQ	TDH	DADS	GDEM	TWC	TSSW	TXDOT	Totals
\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,130,761
-	-	8,418	20,794	14,869	16,786,036	6,158,600	4,694,095	853,729	52,108,201	270,952	14,011,547	100,276,085
-	42,276,719	-	-	4,413	15,008,086	-	96,892	-	-	-	709,973	58,791,698
-	47,410	-	-	-	6,793	-	3,622,397	-	-	299,450	1,753,517	6,505,956
-	-	-	-	-	-	-	463,927	-	-	-	-	463,927
-	2,746,008	-	-	-	216,923	-	-	-	-	-	-	3,028,452
<u>13,000</u>	<u>45,070,137</u>	<u>8,418</u>	<u>20,794</u>	<u>19,282</u>	<u>32,017,838</u>	<u>6,158,600</u>	<u>8,877,311</u>	<u>853,729</u>	<u>52,108,201</u>	<u>570,402</u>	<u>16,475,037</u>	<u>171,196,879</u>
-	-	-	-	-	-	-	-	-	-	-	-	-
-	956,005	159	1,259	879	81,842	10,750	123,910	33,804	308,906	1,434	254,041	1,902,939
-	1,755	-	-	-	-	-	-	-	-	-	-	47,580
-	49,458	-	-	-	-	-	8,744,061	120,574	-	-	58,311	14,825,411
-	37,910	-	-	-	-	6,134,459	-	710,495	-	-	-	6,882,864
-	1,136,545	-	19,354	-	3,479,549	-	-	596	-	568,625	308,983	5,571,872
13,000	724,316	-	-	-	6,508	1,065	481	962	724,329	-	421,984	1,897,652
-	1,859,729	8,176	-	18,242	28,215,024	-	-	-	-	-	15,397,258	48,083,753
-	216	-	-	-	-	-	-	-	50,999,714	-	-	51,291,699
-	107,297	-	-	-	-	8,265	-	-	49,993	-	-	186,170
<u>13,000</u>	<u>4,873,231</u>	<u>8,335</u>	<u>20,613</u>	<u>19,121</u>	<u>31,782,923</u>	<u>6,154,539</u>	<u>8,868,452</u>	<u>866,431</u>	<u>52,082,942</u>	<u>570,059</u>	<u>16,440,577</u>	<u>130,689,940</u>
-	40,196,906	83	181	161	234,915	4,061	8,859	(12,702)	25,259	343	34,460	40,506,939
-	26,924	-	-	-	13,438	4	31	19,879	-	-	47,987	118,584
-	(46,707)	(83)	(181)	(161)	(14,063)	(4,065)	(8,890)	(7,177)	(25,259)	(343)	(82,447)	(214,110)
-	(19,783)	(83)	(181)	(161)	(625)	(4,061)	(8,859)	12,702	(25,259)	(343)	(34,460)	(95,526)
-	40,177,123	-	-	-	234,290	-	-	-	-	-	-	40,411,413
-	(46,180)	-	-	-	202,931	-	-	-	-	-	-	156,751
<u>\$ -</u>	<u>\$ 40,130,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,568,164</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Actual</u>	<u>Budget</u>
Salaries	\$ 1,048,485	\$ 1,050,729
Benefits	<u>439,104</u>	<u>448,661</u>
Indirect personnel	1,487,589	1,499,390
Legal	7,075	16,000
Audit	67,465	68,250
Contract services	317,796	321,062
In-region travel	1,927	4,850
Out-of-region travel	12,369	12,500
Equipment use fee	196,141	125,000
Consumable supplies	88,901	90,300
Insurance & bonding	19,242	21,875
Rent	329,293	333,806
Printing & publications	53,290	53,800
Equipment rental	219,223	222,810
Advertising	1,870	2,200
Maintenance & repairs	82,404	86,200
Employee recruitment	9,375	13,000
Communications	20,756	23,869
Postage	9,859	19,350
Subscriptions & dues	66,973	69,160
Other	<u>243,999</u>	<u>320,236</u>
 TOTAL	 3,235,547	 3,303,658
 Less: Contributions to Indirect costs	 <u>(363,526)</u>	 <u>(350,920)</u>
 NET INDIRECT COSTS	 <u>\$ 2,872,021</u>	 <u>\$ 2,952,738</u>
 Indirect costs rate computations:		
Net indirect costs	\$ <u>2,872,021</u>	\$ <u>2,952,738</u>
Direct salaries & benefits - all funds	\$ 15,985,739 = 17.97%	\$ 15,378,797 = 19.20%

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS ALL FUNDS
YEAR ENDED SEPTEMBER 30, 2007**

Full Time Benefits Programs	<u>Actual</u>	<u>Projected</u>
Medicare insurance	\$ 184,920	\$ 190,013
Medical insurance	1,460,039	1,431,721
Worker's compensation	61,834	60,280
Flexible benefit plan	5,380	5,941
Life & disability insurance	106,522	103,160
Other benefits	52,996	60,000
Unemployment insurance	4,620	62,910
Retirement	1,552,620	1,399,565
Vacation	662,434	641,608
Sick leave	448,510	412,591
Holidays	527,747	501,095
Other leave	<u>36,306</u>	<u>43,644</u>
TOTAL	<u><u>\$ 5,103,928</u></u>	<u><u>\$ 4,912,528</u></u>

Employee benefits rate computations:

Total full-time benefits	<u>\$ 5,103,928</u>		<u>\$ 4,912,528</u>
Total regular salaries	\$ 12,159,242 = 41.98%		\$ 11,505,139 = 42.70%

Total personnel costs recap:

Salaries	\$ 12,159,242	\$ 11,505,139
Benefits	<u>5,103,928</u>	<u>4,912,528</u>
Personnel - NCTCOG	<u><u>\$ 17,263,170</u></u>	<u><u>\$ 16,417,667</u></u>

**TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST
 FISCAL YEAR 2007 ACTUAL
 OCTOBER 1, 2006 - SEPTEMBER 30, 2007**

Total Indirect Costs	\$	2,872,021	
Expenditures:			
General Fund		4,237,156	
Special Revenue Fund		130,689,940	
Internal Service Fund		860,817	
Enterprise Fund		4,484,126	
		<u>4,484,126</u>	
Total Expenditures	\$	140,272,039	= 2.0%
Less:			
Pass-Through Funds (1)		(54,384,594)	
Match/In-Kind Expenditures		(21,978,819)	
Contract Services		(30,956,230)	
Capital Expenditures		(374,854)	
Interdepartmental Transfers for Direct Charges and Indirect Costs		<u>(3,685,977)</u>	
Adjusted Expenditures	\$	<u>28,891,565</u>	= 9.9%

(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, 2007**

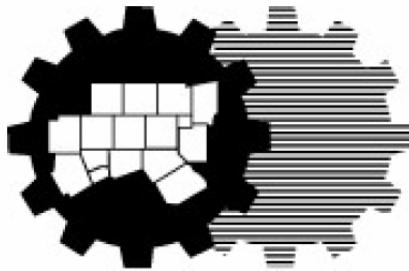
	<u>Totals</u>
CAPITAL ASSETS	
Equipment	\$ 14,749,295
Furniture	471,317
Leasehold Improvements	1,245,791
Less: Write off of assets prior to 1997	<u>(3,967,800)</u>
Total Capital Assets	<u>\$ 12,498,603</u>
 SOURCES	
NCTCOG	
Equipment	\$ 10,385,316
Furniture	94,148
Leasehold Improvements	<u>535,525</u>
	11,014,989
GRANT FUNDED	
Equipment	4,355,815
Furniture	377,170
Leasehold Improvements	<u>718,429</u>
	5,451,414
Less: Write off of assets prior to 1997	3,967,800
Less: Internal Service Fund Assets	282,637
Less: Enterprise Fund	<u>8,080,514</u>
Total Capital Assets by Source	<u>\$ 4,135,452</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2007**

	<u>Totals</u>
CAPITAL ASSETS	
Local Assistance	\$ 772,363
Transportation Planning-TxDOT	414,588
Regional Information Services	837,499
Environmental Resources	99,054
Emergency Preparedness	67,451
Workforce Development	2,076,129
Community Services	151,005
Enterprise Fund	8,080,514
Balance prior to September 30, 1997	<u>-</u>
Total Capital Assets	12,498,603
Less: Internal Service Fund	282,637
Less: Enterprise Fund	<u>8,080,514</u>
Total Capital Assets By Function	<u><u>\$ 4,135,452</u></u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2007**

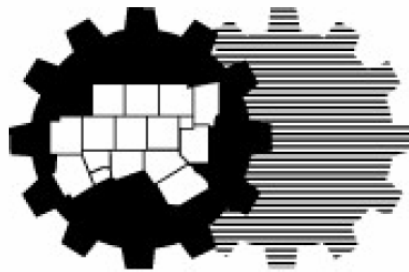
	<u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>2007</u>
CAPITAL ASSETS				
Local assistance	\$ 583,680	\$ 188,683	\$ -	\$ 772,363
Transportation planning-TxDOT	344,444	70,144	-	414,588
Regional information services	800,347	37,152	-	837,499
Environmental resources	99,054	-	-	99,054
Emergency preparedness	59,186	8,265	-	67,451
Workforce development	2,026,134	49,995	-	2,076,129
Community services	130,390	20,615	-	151,005
Enterprise fund	8,080,514	-	-	8,080,514
Balance prior to September 30, 1997	<u>3,967,800</u>	<u>-</u>	<u>3,967,800</u>	<u>-</u>
Total capital assets	16,091,549	374,854	3,967,800	12,498,603
Less: Internal service fund	282,637	-	-	282,637
Less: Enterprise fund	<u>8,080,514</u>	<u>-</u>	<u>-</u>	<u>8,080,514</u>
Total Capital Assets By Function	<u>\$ 7,728,398</u>	<u>\$ 374,854</u>	<u>\$ 3,967,800</u>	<u>\$ 4,135,452</u>



**North Central Texas
Council of Governments**



**Statistical
Section**



**North Central Texas
Council of Governments**

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.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	1, 2, 3 & 4
Revenue Capacity These tables are to contain information to help the reader assess the Council's most significant local revenue sources, however the Council has no such sources as a result no schedules have been presented.	N/A
Debt Capacity These tables are to present information to help the reader assess the affordability of the Council's current levels of outstanding debt and the Council's ability to issue additional debt in the future. The Council has no debt outstanding as a result these schedules have not been presented.	N/A
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the Council's financial activities take place.	5 & 6
Operating Information 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.	7, 8 & 9

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 FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

TABLE 1

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 342,148	\$ 498,220	\$ 546,788	\$ 778,657	\$ 1,170,815
Restricted	40,585,864	202,931	144,383	127,788	78,233
Unrestricted	3,377,914	2,900,375	2,729,099	2,418,801	2,231,218
Total governmental activities net assets	<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	\$ 3,759,091	\$ 6,527,148	\$ -	\$ -	\$ -
Unrestricted	(94,171)	108,308	-	-	-
Total business-type activities net assets	<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	\$ 4,101,239	\$ 7,025,368	\$ 546,788	\$ 778,657	\$ 1,170,815
Restricted	40,585,864	202,931	144,383	127,788	78,233
Unrestricted	3,283,743	3,008,683	2,729,099	2,418,801	2,231,218
Total primary governmental net assets	<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 NCTCOG as a whole is only available back to 2003, the year GASB Statement 34 was implemented.

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

TABLE 2

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
Agency administration	\$ 4,802,438	\$ 3,655,700	\$ 2,909,373	\$ 2,861,274	\$ 2,487,596
Agency management	558,360	610,618	947,451	497,792	916,839
Community services	14,732,789	15,019,016	13,912,338	12,957,865	15,282,979
Emergency preparedness	6,766,770	1,129,860	1,090,853	643,622	619,612
Environment and development	5,520,315	2,960,701	5,607,103	2,819,256	5,936,010
RIS local assistance	2,227,484	2,279,069	2,987,476	2,368,924	2,088,881
Transportation planning	47,265,285	14,443,094	12,346,155	11,292,631	9,988,282
Workforce development	49,917,806	44,205,070	43,430,365	37,823,520	36,598,887
Total governmental activities expenses	<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	4,484,126	2,094,538	114,631	-	-
Total business-type activities expenses	<u>4,484,126</u>	<u>2,094,538</u>	<u>114,631</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<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>
Program Revenues					
Governmental activities:					
Charges for Services:					
Agency administration	\$ 772,068	\$ 610,214	\$ 237	\$ 35	\$ -
Community services	10,043,056	10,341,041	9,827,308	8,816,107	8,869,611
Emergency preparedness	6,846,840	1,140,891	1,157,462	737,276	573,179
Environment and development	2,391,425	1,854,903	3,909,351	1,606,462	4,393,831
RIS local assistance	1,102,696	1,330,433	13,906	10,896	782,422
Transportation planning	28,046,481	12,778,661	12,894,929	11,741,371	9,860,481
Workforce development	51,073,519	45,422,270	44,466,690	38,655,946	36,637,729
Operating grants and contributions	68,371,879	10,088,395	10,182,552	8,865,853	8,801,417
Total governmental activities program revenues	<u>168,647,964</u>	<u>83,566,808</u>	<u>82,452,435</u>	<u>70,433,946</u>	<u>69,918,670</u>
Business-type activities:					
RIS local assistance	1,513,590	8,729,994	114,631	-	-
Total business-type activities program revenues	<u>1,513,590</u>	<u>8,729,994</u>	<u>114,631</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 170,161,554</u>	<u>\$ 92,296,802</u>	<u>\$ 82,567,066</u>	<u>\$ 70,433,946</u>	<u>\$ 69,918,670</u>
Net (Expenses) Revenue					
Governmental activities	\$ 36,856,717	\$ (736,320)	\$ (778,679)	\$ (830,938)	\$ (4,000,416)
Business-type activities	(2,970,536)	6,635,456	-	-	-
Total primary government net expenses	<u>\$ 33,886,181</u>	<u>\$ 5,899,136</u>	<u>\$ (778,679)</u>	<u>\$ (830,938)</u>	<u>\$ (4,000,416)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Membership fees	617,503	595,578	579,019	567,314	553,086
Interest on investments	3,230,180	321,998	294,684	108,604	84,930
State financial assistance	-	-	-	-	516,765
Total governmental activities	<u>3,847,683</u>	<u>917,576</u>	<u>873,703</u>	<u>675,918</u>	<u>1,154,781</u>
Business-type activities:					
Interest on investments	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,847,683</u>	<u>\$ 917,576</u>	<u>\$ 873,703</u>	<u>\$ 675,918</u>	<u>\$ 1,154,781</u>
Change in Net Assets					
Governmental activities	\$ 40,704,400	\$ 181,256	\$ 95,024	\$ (155,020)	\$ (2,845,635)
Business-type activities	(2,970,536)	6,635,456	-	-	-
Total primary government	<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.

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

	Fiscal Year			
	2007	2006	2005	2004
General Fund				
Reserved ^a	\$ 15,555	\$ 142,193	\$ 169,310	\$ -
Unreserved	4,256,017	3,612,647	3,309,101	3,126,462
Total general fund	<u>\$ 4,271,572</u>	<u>\$ 3,754,840</u>	<u>\$ 3,478,411</u>	<u>\$ 3,126,462</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 48,359	\$ 51,762	\$ 42,122	\$ -
Grants	437,221	104,684	102,261	127,788
Local transportation projects	40,148,643			
Unreserved, reported in:				
Special revenue funds	(66,059)	-	-	-
Total all other governmental funds	<u>\$ 40,568,164</u>	<u>\$ 156,446</u>	<u>\$ 144,383</u>	<u>\$ 127,788</u>

Source: Comprehensive Annual Financial Report

Notes: ^aIncludes encumbrances and prepaid items.

TABLE 3

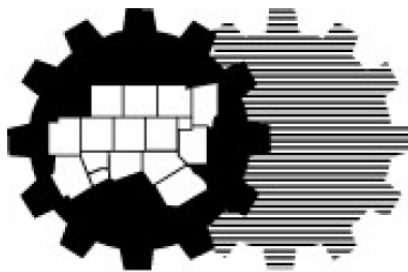
Fiscal Year					
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ -	\$ 134,585	\$ 30,804	\$ 31,299	\$ 41,540	\$ 40,521
<u>2,937,911</u>	<u>2,738,289</u>	<u>3,014,330</u>	<u>2,983,031</u>	<u>2,948,470</u>	<u>2,796,550</u>
<u><u>\$ 2,937,911</u></u>	<u><u>\$ 2,872,874</u></u>	<u><u>\$ 3,045,134</u></u>	<u><u>\$ 3,014,330</u></u>	<u><u>\$ 2,990,010</u></u>	<u><u>\$ 2,837,071</u></u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
78,233	2,823,466	3,264,377	4,181,258	3,691,141	2,230,554
-	-	-	-	-	-
<u><u>\$ 78,233</u></u>	<u><u>\$ 2,823,466</u></u>	<u><u>\$ 3,264,377</u></u>	<u><u>\$ 4,181,258</u></u>	<u><u>\$ 3,691,141</u></u>	<u><u>\$ 2,230,554</u></u>

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

	FISCAL YEAR			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
REVENUES				
Federal grants	\$ 2,130,761	\$ 695,214	\$ 311,125	\$ 232,407
State administered grants	100,276,085	73,478,413	72,269,883	61,568,093
State financial assistance	-	-	-	-
Membership dues	617,503	595,578	579,019	567,314
Local contributed cash	44,262,299	4,342,999	5,383,009	4,824,658
Interest income	3,230,180	321,998	294,684	108,604
Other Income				
Program income	463,927	484,339	554,216	557,649
In-Kind	21,514,892	4,565,843	3,934,202	3,251,139
TOTAL REVENUES	<u>172,495,647</u>	<u>84,484,384</u>	<u>83,326,138</u>	<u>71,109,864</u>
EXPENDITURES				
Current:				
Agency administration	4,780,155	3,681,798	3,301,741	2,586,675
Agency management	569,182	636,145	959,325	1,399,249
Community services	15,051,041	15,442,386	14,097,463	13,070,752
Emergency preparedness	6,892,294	1,144,842	1,144,296	687,678
Environment & development	5,612,603	3,020,890	5,774,954	3,024,371
Research & information services	2,215,495	2,323,786	3,119,094	2,525,289
Transportation	48,098,352	14,761,367	12,949,745	11,831,488
Workforce development	51,333,120	45,410,697	43,633,788	37,847,555
Capital outlay	374,854	201,959	348,945	237,546
	<u>134,927,096</u>	<u>86,623,870</u>	<u>85,329,351</u>	<u>73,210,603</u>
Indirect cost allocation	(2,872,021)	(2,160,816)	(2,186,536)	(2,118,195)
Contributions to indirect costs	(363,526)	(352,543)	(279,397)	(250,015)
TOTAL EXPENDITURES	<u>131,691,549</u>	<u>84,110,511</u>	<u>82,863,418</u>	<u>70,842,393</u>
EXCESS OF REVENUES OVER EXPENDITURES	40,804,098	373,873	462,720	267,471
OTHER FINANCING SOURCES AND USES				
Capital-related debt issued (note payable)	149,887	-	-	-
Transfers In	306,855	218,893	330,534	295,458
Transfers out	(332,694)	(303,970)	(424,710)	(324,823)
Total other financing sources (uses)	<u>124,048</u>	<u>(85,077)</u>	<u>(94,176)</u>	<u>(29,365)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 40,928,146</u>	<u>\$ 288,796</u>	<u>\$ 368,544</u>	<u>\$ 238,106</u>

TABLE 4

FISCAL YEAR					
2003	2002	2001	2000	1999	1998
\$ 378,586	\$ 1,765,186	\$ 2,199,292	\$ 262,246	\$ 169,124	\$ 118,930
61,117,253	50,408,221	48,535,157	25,922,513	24,447,295	19,054,414
516,765	464,854	442,305	442,305	442,305	442,305
553,086	539,995	508,392	496,727	479,895	465,637
4,917,753	5,578,536	4,910,006	2,761,881	5,673,147	5,288,701
84,930	101,801	324,094	247,891	211,749	346,761
					-
534,160	693,601	542,852	564,357	621,574	543,416
2,970,918	3,558,333	4,385,481	1,481,136	1,380,723	1,327,437
71,073,451	63,110,527	61,847,579	32,179,056	33,425,812	27,587,601
3,641,730	3,143,333	2,236,337	1,910,423	1,873,981	1,746,701
-	-	-	-	-	-
15,447,933	12,087,518	12,073,043	8,997,588	8,124,694	7,442,182
659,611	37,212				
6,089,303	2,968,300	6,096,092	2,923,825	5,228,778	3,923,149
2,229,493	2,067,410	1,540,746	624,692	558,338	546,185
10,518,459	8,600,465	8,727,264	5,543,603	4,823,192	4,152,691
36,777,116	36,078,866	32,967,594	12,744,912	12,243,659	8,581,508
669,279	620,857	871,219	544,133	531,758	1,176,320
76,032,924	65,603,961	64,512,295	33,289,176	33,384,400	27,568,736
(2,080,034)	(1,677,193)	(1,592,186)	(1,367,654)	(1,366,767)	(1,330,273)
(204,381)	(212,639)	(201,521)	(260,895)	(169,543)	(195,928)
73,748,509	63,714,129	62,718,588	31,660,627	31,848,090	26,042,535
(2,675,058)	(603,602)	(871,009)	518,429	1,577,722	1,545,066
-	-	-	-	-	-
216,998	547,427	301,154	211,528	171,024	170,870
(222,136)	(556,997)	(316,222)	(215,520)	(135,220)	(194,817)
(5,138)	(9,570)	(15,068)	(3,992)	35,804	(23,947)
\$ (2,680,196)	\$ (613,172)	\$ (886,077)	\$ 514,437	\$ 1,613,526	\$ 1,521,119



**North Central Texas
Council of Governments**

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

TABLE 5

Year	Estimated Population ^a	Personal Income ^b	Per Capita Personal Income ^b	School Enrollment ^c	Unemployment Rate ^d
1998	4,826,217	\$ 147,590,953,000	\$ 30,010	904,733	N/A
1999	4,959,215	158,079,054,000	31,241	953,780	3.1%
2000	5,309,277	176,530,068,000	33,972	968,838	3.1%
2001	5,415,400	183,488,201,000	34,298	983,896	4.5%
2002	5,561,550	184,821,237,000	33,770	1,018,130	6.8%
2003	5,709,950	188,746,733,000	33,790	1,052,364	6.9%
2004	5,867,400	202,219,327,000	35,502	1,070,271	5.9%
2005	6,047,800	218,720,424,000 e	38,400	1,086,599	5.2%
2006	6,242,800	236,349,290,000 e	41,495	1,122,168	4.8% *
2007	6,406,450	255,257,230,000 *	39,844	1,168,405	4.3%

Sources: ^aYearly NCTCOG Population Estimates.

^bIncome provided by TRACER, Texas Labor Market Information for the Dallas-Fort Worth-Arlington, Tx Metropolitan Statistical Area.

^cTexas Education Agency

Notes: N/A - Data not available.

eDallas Federal Reserve

Other: N/A - Data not available.

* - Approximation only, as all months have not been released.

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

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	<u>168,530</u>	<u>5.49%</u>
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	<u>158,112</u>	<u>5.21%</u>
Total NCTCOG Region Employees	3,037,489	

Source: Dallas Business Journal, Book of Lists 2007

TABLE 6

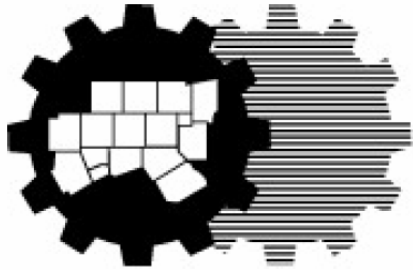
2005			2004		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total NCTCOG Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total NCTCOG Employment</u>
American Airlines	22,077	0.75%	American Airlines, Inc	22,000	0.77%
Wal-Mart	21,133	0.72%	Wal-Mart Stores Inc.	21,300	0.74%
Texas Health Resources	16,289	0.56%	Lockheed Martin Aeronautics Co.	16,700	0.58%
Lockheed Martin Aeronautics	15,900	0.54%	Baylor Healthcare System	15,000	0.52%
Baylor Health Care System	15,200	0.52%	SBC Communications	14,000	0.49%
SBC Communications	13,729	0.47%	Verizon Communications	12,500	0.44%
Verizon Communications	12,500	0.43%	Texas Health Resources	12,304	0.43%
Texas Instruments	10,600	0.36%	Brinker International	10,500	0.37%
Albertson's	10,100	0.34%	Albertsons Inc.	10,400	0.36%
Brinker International	10,000	0.34%	Texas Instruments	10,300	0.36%
Total	147,528	5.03%	Total	145,004	5.06%
Total NCTCOG Region Employees	2,933,460		Total NCTCOG Region Employees	2,864,475	

Source: Dallas Business Journal, Book of Lists 2006

Source: Dallas Business Journal, Book of Lists 2005

2003		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total NCTCOG Employment</u>
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	5.42%
Total NCTCOG Region Employees	2,840,820	

Source: Dallas Business Journal, Book of Lists 2004



**North Central Texas
Council of Governments**

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

TABLE 7

Function/Program	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Agency Management	3	3	3	3	3	3	3	3	3	3
Agency Administration	30	27	24	22	22	17	16	14	12	11
Public Affairs	4	4	4	4	4	4	4	4	4	5
Research and Information Services	27	26	24	24	22	17	19	15	13	12
Community Services	34	32	31	35	37	39	35	30	43	46
Environment & Development	24	24	24	26	26	28	24	24	22	21
Transportation	116	108	90	82	76	73	68	66	60	52
Workforce Development	23	28	28	27	23	20	20	19	-	-
Emergency Preparedness	9	6	6	5	2	2	-	-	-	-
Total	270	258	234	228	215	203	189	175	157	150

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			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local Assistance	\$ 772,363	\$ 583,680	\$ 580,468	\$ 473,849
Transportation - TxDOT	414,588	344,444	334,216	439,863
Regional Information Services	837,499	800,347	753,631	831,112
Environmental Resources	99,054	99,054	135,912	137,546
Emergency Preparedness	67,451	59,186	39,307	39,307
Workforce Development	2,076,129	2,026,134	2,081,390	1,993,449
Community Services	151,005	130,390	164,217	275,751
Enterprise Fund	8,080,514	8,080,514	553,333	-
Prior Year Balance	-	3,967,800	3,967,800	3,967,800

Source: Comprehensive Annual Financial Report

TABLE 8

		Fiscal Year									
		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>				
\$	446,430	\$	391,834	\$	616,786	\$	526,360	\$	491,169	\$	455,386
	385,442		259,555		361,298		283,054		184,690		50,151
	751,799		575,022		333,733		201,420		144,725		41,220
	137,546		147,173		138,240		84,629		65,297		30,614
	39,307		36,937		-		-		-		-
	1,917,056		1,900,333		1,851,125		1,219,630		820,931		588,681
	275,751		229,364		201,149		122,303		90,825		31,528
	-		-		-		-		-		-
	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)**

TABLE 9

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 average 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 third quarter of 2007 reports that the average weekly wage for the total of all work categories in the State of Texas was \$824 while in Dallas County the average weekly wage was \$1,000, a 21% variance. Additionally, the average weekly wage for public administrative employees in the State of Texas was \$765 and for Dallas County, it was \$1,012. Dallas County's wage rate was 32% above the state average wage rate for public sector employees.