

Uniform Grants Management Standards Reports



Fiscal Year Ended September 30, 2006

North Central Texas Council of Governments

**NORTH CENTRAL TEXAS
COUNCIL OF GOVERNMENTS**

**UNIFORM GRANTS MANAGEMENT
STANDARDS REPORTS**

YEAR ENDED SEPTEMBER 30, 2006

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**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

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

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

We have audited the basic financial statements of the North Central Texas Council of Governments (the Council) as of and for the year ended September 30, 2006, and have issued our report thereon dated January 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.
Dallas, Texas
January 19, 2007

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

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

Compliance

We have audited the compliance of the North Central Texas Council of Governments (the Council) with the types of compliance requirements described in the Uniform Grants Management Standards issued by the Governor's Office of Budget and Planning that are applicable to each of its major state programs for the year ended September 30, 2006. The Council's major state programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the North Central Texas Council of Governments as of and for the year ended September 30, 2006, and have issued our report thereon dated January 19, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of State Awards is presented for purposes of additional analysis as required by Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 19, 2007

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section I-Summary of Auditors' Results

BASIC FINANCIAL STATEMENTS:

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Reportable condition(s) identified that is (are) not considered to be material weakness(es)? ___ Yes X None reported

Noncompliance which is material to the basic financial statements noted? ___ Yes X No

STATE AWARDS:

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Reportable condition(s) identified that is (are) not considered to be material weakness(es)? ___ Yes X None reported

An unqualified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported under the Uniform Grants Management Standards? ___ Yes X No

Identification of state major programs:

State Grant Number(s)	Name of State Grant or Program
N/A 582-2-55082 582-6-78041	9-1-1 Grant Program Aircheck Texas Solid Waste Coordination

Dollar threshold used to distinguish Between type A and type B programs: \$450,247

Auditee qualified as low-risk auditee? X Yes ___ No

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Section II-Financial Statement Findings

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

There were no findings for the year ended September 30, 2006.

Section III-State Awards Findings and Questioned Costs

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

There were no findings for the year ended September 30, 2006.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
SEPTEMBER 30, 2006

State Grantor / Program Title	NCTCOG Grant Number	State Contract Number	State Expenditures
<u>Texas Department of Aging and Disability Services:</u>			
State General Revenue	568.06	2006-SGR-18	\$ 270,296
State General Revenue - Hurricane Katrina	576.06	2006-HK-18	16,823
State General Revenue-House Bond RR	579.06	2006-SGRHB-18	<u>20,440</u>
Total Texas Department of Aging and Disability Services			<u>307,559</u>
<u>Texas Commission on Environmental Quality:</u>			
Solid Waste Coordination Grant	587.06	582-6-78041	<u>1,372,507</u>
Emission Inventory	711.05	582-3-58887	<u>146,572</u>
<i>Pass-through</i> Collin County			
Aircheck Texas	725.04	582-2-55082-04	(29,535)
Aircheck Texas	725.05	582-2-55082-04	78,458
Aircheck Texas	725.07		13,539
<i>Pass-through</i> Dallas County			
Aircheck Texas	725.04	582-2-55082-02	(105,699)
Aircheck Texas	725.05	582-2-55082-02	425,920
Aircheck Texas	725.07		59,779
<i>Pass-through</i> Denton County			
Aircheck Texas	725.04	582-2-55082-05	(20,762)
Aircheck Texas	725.05	582-2-55082-05	90,178
Aircheck Texas	725.07		14,267
<i>Pass-through</i> Ellis County			
Aircheck Texas	725.05	582-2-55082-06	93,211
Aircheck Texas	725.07		5,048
<i>Pass-through</i> Johnson County			
Aircheck Texas	725.05	582-2-55082-07	137,583
Aircheck Texas	725.07		14,787
<i>Pass-through</i> Kaufman County			
Aircheck Texas	725.05	582-2-55082-08	44,261
Aircheck Texas	725.07		3,091
<i>Pass-through</i> Parker County			
Aircheck Texas	725.05	582-2-55082-09	80,573
Aircheck Texas	725.07		4,853
<i>Pass-through</i> Rockwall County			
Aircheck Texas	725.04	582-2-55082-10	(1,303)
Aircheck Texas	725.05	582-2-55082-10	36,485
Aircheck Texas	725.07		4,114
<i>Pass-through</i> Tarrant County			
Aircheck Texas	725.04	582-2-55082-03	(70,877)
Aircheck Texas	725.05	582-2-55082-03	411,225
Aircheck Texas	725.07		<u>55,495</u>
<i>Total Aircheck Texas</i>			<u>1,344,691</u>
Texas Emmissions Reduction Plan	887.06		<u>50,514</u>
Total Texas Commission on Environmental Quality			<u>2,914,284</u>

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
SEPTEMBER 30, 2006

State Grantor / Program Title	NCTCOG Grant Number	State Contract Number	State Expenditures
<u>Office of the Governor, Criminal Justice Division:</u>			
Regional Juvenile Inform System	649.06	JB-04-J20-18096-01	99,855
Regional Police Training	655.06	SF-06-A10-14604-07	459,006
Criminal Justice Planning Fund	650.06	SF-06-197-14372-07	302,362
Criminal Justice Planning Fund	650.07	SF-07-197-14372-08	28,725
Total Office of the Governor, Criminal Justice Division			<u>889,948</u>
<u>Office of the Governor, Emergency Management Division:</u>			
Dallas Love Field Wireless	325.05	GDEM-04-ITEP-1	<u>210,258</u>
<u>Commission on State Emergency Communications:</u>			
9-1-1 Programs	539.04	N/A	43,630
9-1-1 Programs	539.05	N/A	668,140
9-1-1 Programs	539.06	N/A	3,637,362
9-1-1 Programs	539.07	N/A	250,103
Total Commission on State Emergency Communications			<u>4,599,235</u>
<u>Texas Department of Transportation:</u>			
<i>Texas Auto Theft Prevention Authority:</i>			
Reduce Auto Theft	663.06	SA-T05-10061-06	194,595
Reduce Auto Theft	663.07	SA-T05-10061-07	16,738
<i>Auto Theft Prevention Authority, subtotal</i>			<u>211,333</u>
<i>Texas Turnpike Authority</i>			
<i>Pass-Through North Texas Tollway Authority:</i>			
NTTA Feasibility Studies	873.05	None	<u>12,050</u>
<i>Pass-Through Texas Workforce Commission:</i>			
TWC Transport Contract	633.06		<u>77,496</u>
Regional Coordinated Public Trans Plan	885.06		<u>68,162</u>
Total Texas Department of Transportation			<u>369,041</u>
<u>State General Revenue</u>			
<i>Pass-Through Texas Workforce Commission</i>			
Project RIO - FY2006	629.06		179,827
Project RIO - FY2007	629.07		302
Resource Administration Grant	631.06		1,492
Food Stamps 2006	605.06		49,488
Child Care, CCF 2005	601.05		40,008
Child Care, CCF 2006	601.06		3,725,541
Child Care, CCP 2006	636.06		1,081,805
Child Care, Local 2005	637.05		18,837
Child Care, Local 2006	637.06		12,914
Veterans Resource Administration	640.06		67,527
Total State General Revenue			<u>5,177,741</u>

(continued)

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 SEPTEMBER 30, 2006

State Grantor / Program Title	NCTCOG Grant Number	State Contract Number	State Expenditures
<u>Department of State Health Services:</u>			
Strategic National Stockpile	863.05		2,000
Cities Readiness Initiative FY06	864.06		237,908
Cities Readiness Initiative FY07	864.07		4,079
Total Department of State Health Services			<u>243,987</u>
<u>State Energy Conservation Office:</u>			
Clean Cities Coordinator	558.03	CM303	<u>17,722</u>
Texas State Soil & Water Board	680.06	01-19-NCTCOG-2006	<u>278,464</u>
Total Expenditures of State Awards			\$ <u>15,008,238</u>

(concluded)

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
SEPTEMBER 30, 2006

(1) General

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

(2) Basis of Accounting

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

(3) Relationship to State Financial Reports

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

4) Relationship to the Basic Financial Statements

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

Total revenue from federal and state administered grants	\$ 74,173,627
Less: Federally funded grant awards	<u>(59,165,389)</u>
Per Schedule of Expenditures of Federal Awards	<u><u>\$ 15,008,238</u></u>

5) Negative Amounts

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