



Comprehensive Annual Financial Report

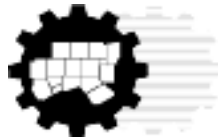
Fiscal Year Ending
September 30, 2009

North Central Texas
Council of Governments

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Executive Director

Mike Eastland

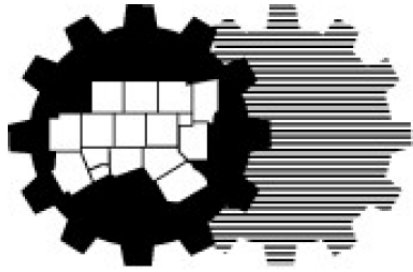


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**North Central Texas
Council of Governments**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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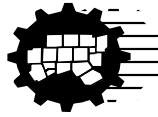
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Introductory
Section



North Central Texas Council of Governments

February 18, 2010

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

Members of the Executive Board:

The Comprehensive Annual Financial Report of the North Central Texas Council of Governments (NCTCOG, 'the Council' or 'the Agency') for the fiscal year ended September 30, 2009, is hereby submitted. This report was prepared for the Agency by NCTCOG's Department of Administration. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. To the best of our knowledge and belief the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of NCTCOG as measured by the financial activity of its various funds. We believe that all disclosures necessary to enable the reader to gain the maximum understanding of the Council's financial affairs have been included.

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

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

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

Organizational Profile

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

The Agency is an organization of, by, and for local governments. Its purpose is to strengthen both the individual and collective power of local governments – and to help them recognize regional opportunities, resolve regional problems, eliminate unnecessary duplication, and make joint regional decisions – as well as to develop the means to assist in the implementation of those decisions.

The NCTCOG is governed by a general assembly composed of one voting representative from each of the 237 member governments and the Executive Board, which is composed of 13 local officials elected by the General Assembly. The reporting entity includes only the funds and the Council's functions and activities.

North Central Texas is a 16-county metropolitan region centered around Dallas and Fort Worth. It has a population of over 6.6 million, which is larger than 30 states, and an area of 12,800 square miles, which is larger than nine states. NCTCOG's 237 member governments are comprised of 16 counties, 169 municipalities, 23 independent school districts, and 29 special purpose districts.

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

Economic Condition and Outlook

NCTCOG's regional population increased by approximately 92,000 persons during 2008 for a January 1, 2009 total estimated population of 6.6 million.

The December 2009 unadjusted unemployment rate for both the NCTCOG region and the State was 8.0%, which was better than the comparable national figure of 9.7%.

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

New Initiatives

Transportation (TR) - In early 2009, Congress enacted the American Recovery and Reinvestment Act (ARRA) that included funding for roadway and transit infrastructure and capital projects. Staff worked in partnership with the Texas Department of Transportation (TxDOT) to select and refine the list of ARRA roadway and transit projects for the North Central Texas Council of Governments (NCTCOG) region, and encouraged consideration of the region's top priorities. NCTCOG Transportation Department personnel, as the Metropolitan Planning Organization (MPO), also developed and submitted multiple applications to the Transportation Investment Generating Economic Recovery (TIGER) program that was authorized through ARRA. In addition, MPO staff worked with personnel from other NCTCOG departments to create a Web site that serves as a clearing house for all transportation-related ARRA funding, projects, and reports. Implementation and refinement, as well as reporting the status of ARRA projects will continue in FY2010.

NCTCOG also received ARRA funding for clean vehicle and infrastructure projects: \$13.2 million from the Department of Energy (DOE) and \$3.7 million from the Environmental Protection Agency (EPA). The DOE award will help the region fund 382 fuel-efficient vehicles and 11 refueling stations, two of which include more than one alternative fuel. Funds from EPA will be used to replace or repower 27 diesel vehicles, provide 92 auxiliary power units to reduce diesel idling, and install verified SmartWay emission reducing technologies on a number of long-haul trucks operating in and through North Texas. An open

Call for Partners was held prior to requesting funds from the federal agencies. As such, projects have been identified and timely implementation will occur throughout FY2010 in accordance with ARRA goals. Funds provided by the federal grantors will also support training and outreach efforts related to the fuels and technologies being implemented to increase public awareness.

Through the Diesel Idling Reduction Program Call for Projects, which included Congestion Mitigation and Air Quality Improvement Program and EPA funds, NCTCOG supported implementation of 80 electrification units at one truck stop and 22 on-board idle reduction activities. The replacement of 21 school buses was partially funded with EPA and Texas Commission on Environmental Quality (TCEQ) Supplemental Environmental Project grants through the North Central Texas Clean School Bus Program 2009 Call for Projects. The North Texas Green & Go Clean Taxi Partnership, supported by RTC Local funds and an award from The Sue Pope Fund, provided assistance towards the purchase of 8 hybrid-electric vehicles for the regional taxicab fleet. Awards made through these three projects summed to \$1.6 million. In addition, the Heavy-Duty Vehicle and Equipment Grant Program (HDVEGP) opened in FY2009 and is supported by \$11.4 million in TCEQ Texas Emissions Reduction Plan and EPA funds. The HDVEGP, which is available for idle reduction, construction equipment, and local government projects, is ongoing and will continue into FY2010.

NCTCOG Transportation staff worked with Environmental Systems Products, Inc. to develop a six-month Enhanced Remote Sensing Performance Based Pilot Program designed to utilize current technology to identify on-road high-emitting and/or smoking gas and diesel vehicles. NCTCOG received Local Initiative Project dollars from Collin, Dallas, Ellis, Parker and Tarrant Counties to offset the contract cost for the Pilot Program. The goals include the following: identify high-emitting vehicles; provide evidence a vehicle is in violation of Texas Transportation Code § 547.605 (picture of vehicle smoking); educate the public at various outreach events; provide data to support emissions testing for light-duty diesel vehicles and the need to strengthen the emissions tests in order to capture a greater number of high emitters.

The Dallas-Fort Worth (DFW) Clean Cities Coalition received additional support in FY2009 from both the U.S. Department of Energy (DOE) and the Texas State Energy Conservation Office (SECO). DOE gave \$15,000 to the DFW Clean Cities Coalition for education and outreach related to alternative fuels and advanced technology vehicles. Performance measures included hosting workshops and meetings, attending outreach events, keeping DOE apprised of new station openings and closings, reporting alternative fuel prices as requested, implementing and completing an annual survey on alternative fuel and advanced technology vehicle use in North Texas, and developing an Annual Operating Plan. Additionally, the DFW Clean Cities Coalition received an extra \$5,000 to continue work on updating the Web site and sending out a monthly newsletter, the DFW Clean Cities Newsflash and \$5,000 for work on the Clean Cities Coordinator Council. SECO also continued its support of the DFW Clean Cities Coalition by providing \$50,000 to help fund general coalition activities including education programs on alternative fuel and advanced technology vehicles, attending outreach events, providing technical outreach and support for clean vehicle projects, and coordinating projects with other Texas Clean Cities Coalitions.

The DFW Clean Cities Coalition also held its annual Advancing the Choice event in conjunction with the Sustainable Communities Training Conference, which was jointly hosted by the U.S. Environmental Protection Agency, the City of Dallas, and NCTCOG. The theme of this event was "Sustainability through Clean Vehicles" and featured a number of speakers on the topics of propane lawn equipment, idling restrictions, funding programs, and other clean vehicle topics.

The North Central Texas Council of Governments staff spent several months working with the region's public transportation providers to select projects for funding through the Federal Transit Administration's (FTA) Capital Investment Program. Staff added the projects to the Transportation Improvement Program (TIP) and Statewide Transportation Improvement Program (STIP), ensured all grants were executed by September 1, 2009, and submitted necessary reports. In addition, NCTCOG executed a \$5.4 million grant with FTA on behalf of five sub grantees for vehicles, technology and other investments to support public transportation services in the Dallas-Fort Worth-Arlington Urbanized Area. The projects will be implemented starting in 2010.

During FY2009, NCTCOG and the United States Army Corps of Engineers (USACE) signed an agreement that authorized the USACE to hire staff to expedite the Section 404 permitting process for regional transportation priority projects. Throughout FY2009, USACE staff worked to coordinate with transportation partners and NCTCOG staff to advance or complete required permits for transportation projects. NCTCOG and USACE staff held quarterly meetings, updated project listings, and coordinated with regional partners. During FY2009, under this agreement, the USACE made ten final permit decisions.

NCTCOG staff began work on a Regional Freight System Plan using Surface Transportation Program – Metropolitan Mobility (STP-MM) funds. In addition, the Regional Railroad Crossing Banking Program was developed to provide a marketplace to collect credits for railroad grade crossings that are closed within the region and allow local governments to exchange credits for at-grade crossings when negotiating railroad crossing projects with the railroads. This program was conducted with Transportation Planning Funds (TPF). Additionally, a truck-lane restriction expansion study was conducted for the implementation of additional truck-lane restrictions along IH 20, IH 30, IH 45, and IH 820. This study was submitted to TxDOT in July 2009. In accordance with TxDOT policy, public hearings regarding this expansion study were conducted in August 2009 in Dallas, Ellis, and Tarrant Counties. Work on both freight planning initiatives and truck-lane restriction planning initiatives are expected to continue through the next several years.

A continuing aviation initiative was the Regional General Aviation and Heliport System Plan, a project funded by the Federal Aviation Administration (FAA) and local funds from 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 study received additional funding from the FAA for its third year of planning. The annual highlights include ongoing development of an Activity and Demand Forecasting Model, various reports documenting trends and aviation activity characteristics in the region, as well as a vertical flight and general aviation system strategies. This project is expected to continue in FY2010 and FY2011.

NCTCOG staff secured local funds from the Regional Transportation Council to conduct the “North Texas Aviation Education Initiative: Development and Implementation.” The goal of this study is to coordinate with regional industry and academic partners to form a complete and thorough aviation academic program in the region. The study addresses the needs at the university, community college, trade school, high school, and junior high levels.

Work completed in FY2009 included consultant procurement, creation of a Project Review Committee, numerous stakeholder events, and documentation efforts including data collection needed to support the study. This initial study phase will be completed in FY2010. Implementation work is scheduled to take place in FY2010 and beyond.

NCTCOG staff continued work on the implementation of Joint Land-Use Study recommendations surrounding the Naval Air Station Joint Reserve Base in Fort Worth. This work is funded through a combination grant fund from the Department of Defense’s (DOD) work Office of Economic Adjustment and local in-kind contributions from the participating local governments. In addition Regional Transportation Council Sustainable Development funds were identified to continue this work when the DOD grant expires. Work includes coordination of changes to zoning ordinances and future land-use plans, community outreach, and general support for military coordination issues in Tarrant County. This work will continue in FY2010.

With regard to transit studies, NCTCOG staff continued to develop new partnerships and enhance exiting partnerships with all of the transportation implementing agencies in developing methods and processes to expedite the delivery of the region’s legacy projects. One key example of the initiation in FY2009 of Corridor Engineering and Funding Studies for four initial corridors within the Rail North Texas plan

included the Cotton Belt Corridor, the Frisco/BNSF Corridor, the McKinney Corridor, and the Waxahachie Corridor. In collaboration with DART, FWTA, and all the cities and counties impacted by each of the these four corridors, NCTCOG staff initiated further evaluation including data collection, alternative technology assessment, ridership analysis, and evaluation of alternative station locations. Draft reports of the Corridor Engineering and Funding Studies for the four initial corridors will be finalized during FY2010.

With regard to project delivery, staff continued to develop enhanced partnerships and support all the region's transportation implementing agencies in expediting the delivery of key regional projects, including developing innovative financial partnerships to expedite critical transportation projects in the Dallas-Fort Worth region. One key example was the effort in supporting the Fort Worth Transportation Authority in identifying an appropriate project for the Southwest-to-Northeast Commuter Rail Project, meeting the FYA requirements for cost effectiveness and federal funding through the New Starts program. NCTCOG staff, in partnership with FWTA staff, reviewed construction costs estimates, analyzed multiple minimum operable segments, developed alternative financial scenarios, and analyzed multiple ridership results to identify the most cost-effective alignment solution. At the end of FY2009, NCTCOG and FWTA staff had identified the most affordable solution and began development of an FTA New Starts application for the locally preferred alternative. Progress on the implementation of designated Regional Toll Revenue projects is expected to continue during FY2010.

In October 2005, the North Central Texas Council of Governments Regional Transportation Council announced the 2005 Sustainable Development call for Projects. On April 13, 2006 the RTC selected projects and awarded approximately \$40 million in funds to infrastructure, planning, and land banking projects. Projects selected include the Eastside Pedestrian District Project sponsored by the City of Richardson. RTC funded \$1.9 million of the project which was completed in FY2009. Additionally, the Museum Place Development Projects sponsored by the City of Fort Worth obtained funding in December 2007. This project provided public right of way and pedestrian amenities such as on street parking and defined intersections and crossings. This project was completed in FY2009 with RTC funding \$2.4 million of the project. In July 2006, the RTC approved Local Air Quality Projects for the Dallas-Fort Worth Metropolitan Area Projects which included a Dallas Area Rapid Transit park and ride facility expansion. RTC provided funding of approximately \$600,000 to the project. In October 2007, the RTC approved local funds in the amount of \$6.4 million for the Lake Highlands Town Center Transit-Oriented Development Project sponsored by the City of Dallas. This project will provide pedestrian amenities, traffic signals improvements, as well as overall median improvements and street expansion. This project is expected to continue during FY2010.

Community Services (CS) - The North Central Texas Area Agency on Aging (NCTAAA) continued to expand its scope of services, with a modest increase in funding from the Texas Department of Aging and Disability Services (DADS) for its existing services, and small grants for new services. It also continued to expand its target population, reaching beyond traditional consumer bases (i.e., older adults and their family caregivers) to serve younger persons with disabilities and their family caregivers.

During Fiscal Year 2009, the NCTAAA was awarded a special grant from DADS to develop the North Central Texas Aging and Disability Resource Center. This inter-agency collaboration is designed to provide persons with disabilities and family caregiver's greater access to in-home services and supports. During the first year of this three-year grant, the NCTAAA provided training for professionals on federal, state, and local programs for persons with disabilities; provided community education; and provided direct assistance to consumers. In addition, it made plans for the opening of a resource center in Granbury, hosted by Pecan Valley MHMR, and staffed by employees from the NCTAAA, DADS, and Pecan Valley MHMR.

The NCTAAA was also awarded a small grant from Catholic Charities to provide outreach and education about Medicaid long-term care. Through this grant the agency developed educational materials, hosted a number of workshops for professionals and consumers, and helped consumers complete applications as needed.

In addition, the NCTAAA intensified its outreach to Medicare beneficiaries through a special grant from the Centers for Medicare and Medicaid services. The NCTAAA expanded its services to nursing home residents who are funded by Medicaid and wish to return to the community. As a complement to its nursing home relocation grant with DADS, it became a provider of Transition Assistance Services. In that capacity, it will purchase essential goods and items to establish a community-based residence.

Despite the complex and demanding aspects of the nursing home relocation program, the NCTAAA produced favorable outcomes with 100% compliance in its program and fiscal monitoring. In addition, NCTAAA's audit of Title III programs had no fiscal findings.

The 9-1-1 program continues to administer the regional 9-1-1 system by managing existing projects and planning for the future of 9-1-1. Some of the main components of this program are: PSAP equipment and software upgrades, Database Management and Maintenance, Wireless Phase I & II, VoIP (Voice over Internet Protocol), GIS and mapping, PSAP monitoring and state reporting, Network and Contingency Planning, Call taker and TECLEOSE Telecommunicator training courses, Public Education program delivery, Maintenance and Monitoring 9-1-1 system components and networks, Integration of systems and agencies, network interconnectivity, and implementation of new Next Generation 9-1-1 features.

Amending the 9-1-1 strategic plan will continue to provide system enhancements to local governments' communications centers based on state allocation of funding. The 9-1-1 Program is currently focusing on Next Generation 9-1-1 and the implementation of new 9-1-1 IP equipment and an IP network. After this backbone is complete, NCTCOG will begin working on Next Generation 9-1-1 features and functionalities as well as interoperability, interconnection, and integration.

During fiscal year 2009 the Criminal Justice Program focused its efforts on meeting the "Contract for Services" requirements with the Criminal Justice Division (CJD), Office of the Governor. As a result, technical and operational assistance was provided to more than 225 public and private agencies for the development and implementation of community plans, new and continuation of criminal justice programs, grant application workshops, preparation of grant applications, and to meet the administrative requirements of the Criminal Justice Division. Staff assisted county focus groups in updating community plans for FY2010.

The Law Enforcement Analysis Portal (LEAP) project continues to progress in fiscal year 2009. The LEAP project design is being expanded to connect 511 law enforcement agencies along drug and human trafficking corridors, as well as the auto theft corridor to El Paso, Houston, San Antonio, Austin and Corpus Christi. Cooperative agreements have been developed with Tarleton State University to provide LEAP services to their rural law enforcement service area in 30 counties; High Intensity Drug Trafficking Area's in Houston and Dallas will be connected via Automatic License Plate Recognition systems to identify vehicles of interest. In addition, discussions are continuing with neighboring states to implement LEAP's Analysis tools within their jurisdictions.

In fiscal year 2009, NCTCOG was awarded \$479,627 in State Planning Assistance Grant funds distributed through the Governor's Criminal Justice Division (CJD). The funds allowed the Agency to pursue local economic development initiatives and foster intergovernmental cooperation and planning

In fiscal year 2009 the Regional Training Program conducted more than 150 law enforcement training courses at the Regional Police Academy. An Off-Site Training Program was extended to local sites throughout the region allowing officers in the outlying areas to also receive that training.

NCTCOG's Interoperable Communications staff worked with public safety agencies throughout the region on numerous projects to improve radio communications capabilities within the region. Staff worked with the State Homeland Security Grant Program and the Urban Area Securities Initiative to provide planning and coordination assistance; to assist the Public Safety Communications Governance Committee in

overseeing regional communications projects; and to assist agencies in procuring equipment to improve public safety radio communications that is in line with local, regional and state goals.

Staff also began work on the Public Safety Interoperable Communications Grant. This grant of \$2.9 million dollars funded three projects 1) a regional communications plan to improve radio communications interoperability 2) a plan to provide a framework for a regional communications authority and (3) to fund a regional communications overlay radio system. All three projects must be completed in 2010. Funding for the initial communications overlay will cover only a small part of the North Central Texas region; however, subsequent funding will build off of this initial framework until public safety personnel throughout North Central Texas can communicate effectively. The Public Safety Communication Governance Committee will continue to oversee work on the Public Safety Interoperable Communications projects, and the Operations Working Group and the Technical Working Group will continue to meet and advise NCTCOG on the project progress.

NCTCOG staff also worked extensively with agencies to gather, compile, and input data into the Department of Homeland Security Communications Asset Survey and Mapping (CASM) tool. Data entry into the CASM tool will include all jurisdictions' radio communications data and must be entered by December 15, 2009. Once complete, CASM will allow for the identification and location of communications assets throughout the region and state in the event a jurisdiction needs to supplement its assets with those of neighboring jurisdictions.

Finally, NCTCOG staff worked extensively with the Public Safety Communication Governance Committee to complete a Regional Interoperable Communications Plan (RICP). This plan is a high-level overview of our agencies in the region and will accomplish interoperability during a time of need. It provides a regional standard operating procedure as well as regional guidelines for use by agencies. Once completed, the plan will be submitted to the Texas Division of Emergency Management's State Administrative Agency for review and approval.

Emergency Preparedness (EP) - In fiscal year 2009, the North Central Texas Council of Governments region received over \$26 million in Homeland Security Grant Program (HSGP) funding from the Department of Homeland Security (DHS) through the State of Texas. These funds were appropriated to enhance and sustain the region's capacity to prevent, protect against, respond to, and recover from acts of terrorism and other natural disasters.

Needs identified in the region include planning, organization, equipment, training, and exercise. Fiscal year 2009 brought a focused approach to address specific capabilities including; sustaining and enhancing Chemical, Biological, Radiological, Nuclear, Explosive, and Weapons of Mass +Destruction(CBRNE-WMD) response; enhancing regional and local emergency operations centers, enhancing intelligence and information sharing; enhancing citizen preparedness and protection, enhancing interoperable communications, and protecting critical infrastructure and key resources. These funds were in two major program areas, Urban Area Security Initiative (UASI) at over \$20 million in funding, and State Homeland Security Program (SHSP) which includes Citizen Corps Programs (CCP), Law Enforcement Activities Program (LEAP) and Metropolitan Medical Response System (MMRS) at over \$5.5 million to the region.

The SHSP grant also allowed the opportunity for EP staff to provide hands on technical assistance to jurisdictions for over 125 projects on the statewide grant management system, State Preparedness and Reporting System (SPARS). This included projects from the SHSP, UASI, MMRS, Buffer Zone Protection Program (BZPP), and Transit Security Grant Program (TSGP). This technical assistance provided the coordination between various programs thus reducing redundancy and improving effectiveness for both the jurisdictions and the state administrators.

Additionally, EP organized a call for projects for the DHS Non-Profit Security Grant Program (NSGP). This program provides target hardening equipment and training to approved and qualified non-profit organizations that have proven they are at high risk for a potential terrorist attack. Staff currently provides technical assistance to these non-profits as they work to implement their projects.

Through the Cities Readiness Initiative (CRI) and Public Health Preparedness Program (PHP), EP staff contracted with the Department of State Health Services (DSHS) to provide special funding for training and equipment to 16 counties. EP was contracted to focus a majority of the effort on the rural counties. Total allocation to the region in CRI was over \$1.7 million. The CRI program goal is to actively prepare to treat the entire population of a metropolitan statistical area within 48 hours of a bioterrorist attack. This is accomplished primarily through volunteer recruitment and training.

In a new initiative this year, the North Central Texas Trauma Regional Advisory Council (NCTTRAC) contracted with EP to develop and host a training program for their Mobile Medical Units (MMU). This project included material development, as well as eight two-day training courses held throughout the region. The MMU's are designed to be used for response in several different ways including but not limited to medical triage, treatment, and rehabilitation.

The Regional Mitigation Strategy project reached two milestones in fiscal year 2009 with the completion of the Dallas Local Mitigation Strategy (DaLMS) and the Tarrant County Local Mitigation Strategy (TaLMS). The completion of these plans has met mitigation funding eligibility for these jurisdictions. FEMA plan approval and local adoption has allowed jurisdictions to apply for mitigation grant funding and implement the projects identified in the LMS thus reducing or eliminating their vulnerability to natural hazards. Potential projects include but are not limited to: developing individual shelter programs, acquiring property in flood plains, and hardening infrastructure.

In planning, training, and exercising, EP staff supported local jurisdictions and partner agencies in various ways resulting in over 80% coverage of the region with at least an intermediate emergency operations plan and one-third of the region at an advanced level. Staff also updated the Regional Training and Exercise Plan (RTEP). The RTEP is a federally mandated document to coordinate training and exercises across grant streams, within the Homeland Security Exercise and Evaluation Program (HSEEP).

Environment & Development (E&D) - Sustainable Environmental Excellence (SEE) continues to be the overall theme for NCTCOG's environmental resource and development initiatives. SEE is intended to guide NCTCOG's efforts, and ultimately the region's, in regards to planning for the future of this growing and changing area in a collaborative and cost-effective way for the benefit of all North Central Texas.

Additionally, E&D supported the Resource Conservation Council and its subcommittees, Time To Recycle, Stop Illegal Dumping and Assuring Capacity for Trash. Also, another two-year solid waste planning cycle was concluded. The landowner notification process for the Closed Landfill Inventory was fulfilled for the counties of Parker, Palo Pinto, Wise, and Navarro, and four set-aside projects: the Recycling Contract Negotiation Guidebook, the Recycling Ordinance & Building Design Guidance Document, the Tire Remediation/Recycling Pilot Project, and a series of targeted workshops on illegal dumping were completed. The RCC subcommittees have updated their respective sections of the SEE Less Trash Regional Solid Waste Management Plan.

Support of digital mapping as a FEMA Cooperative Technical Partner continued and an Upper Trinity Mapping Needs Assessment was completed. We have continued our 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 cooperative project.

The Regional Storm Water Program provided assistance to cost-share participants in obtaining TPDES (Texas Pollutant Discharge Elimination System) permits. It also assisted them with cooperative initiatives that they can use to implement their permit requirements. Permit terms are five years. "Small" entities are beginning their third year of their first state storm water permit and the innovative Regional Storm Water Monitoring Program completed its final year of in-stream sampling for Phase I entities who are well into their second permit term. The iSWM Design Manual for Site Development is in the process of being updated and continues to be adopted by entities in the region.

The SEE Development Excellence objective was to support the Center of Development Excellence and the 10 Principles of Development Excellence; continue the third phase of Vision North Texas through an expanded public-private partnership; and provide outreach to communities to raise awareness about anticipated growth in the region.

Support continued for Phase 3 of Vision North Texas, North Texas 2050, an innovative regional direction developed and endorsed by a diverse group of stakeholders and leaders in North Texas. A very successful VNT workshop was held in September for regional leaders. Nine local projects were honored with Celebrating Leadership in Development Excellence (CLIDE) Awards for exemplifying the Ten Principles of Development Excellence. Under the purview of the Public Works Council, the Sustainable Public Right of Way Committee continues to provide public works professionals with resources and suggestions to create context sensitive rights of way for all users and needs.

Research and Information Services (RIS) - RIS continued creating and maintaining partnerships with local state and federal governments to provide geographic information system (GIS) products and services.

RIS has started the process of implementing the Microsoft Dynamics CRM platform to assist in the management and tracking of interaction and communication with member agencies and program participants. The CRM platform has already been applied to several data request projects and is currently being implemented in support of regional workforce efforts.

The 2009 population and housing estimates were released on schedule despite some data challenges. RIS served as the primary participant in the Census Bureau's PSAP program by coordinating local efforts to allow city input in the delineation of census geographies. Progress continued on the 2040 Demographic Forecast including an external review of 2015 figures.

Other forecasting-related efforts included a Peer Review conducted jointly by RIS and the Transportation Department in July. This gathering brought in experts in the field of land use modeling and provided COG staff with valuable information about the current and emerging practices in the field.

The RIS Computer Operations Group responded to over 6,400 officially posted Agency and Workforce support requests. Computer Operations also worked with various departments throughout the year to relocate approximately 175 PC's and deploy 130 PC's across the geographically dispersed 16 county regions. RIS also upgraded the Agency's EMC Storage Area Network to meet the growing data storage needs of the NCTCOG and Workforce, implemented a Microsoft Enterprise Agreement for the NCTCOG and Workforce to standardize our Microsoft Office software environment across the enterprise.

RIS has completed the implementation of VoIP in the 16 Workforce Centers, Workforce Contractor Administrative Offices and NCTCOG Arlington Campus. All sites now have the capability to four digit dial a staff person in any facility connected to the NCTCOG network. IPCelerate was also implemented to allow paging at each of the Workforce Centers.

RIS has implemented the Agency's information security policy with an emphasis on safeguarding network access through password complexity requirements, account lockout thresholds, and desktop locking mechanisms.

RIS adopted a management forum, where changes to our systems are logged and can be reviewed by members of the operations and application development teams. In addition, procedures are now in place for documenting the creation of service and test accounts within Active Directory and the creation of rules within our firewalls. Security awareness training was provided on our Arlington campus for internal employees and at each of our Workforce Centers for contractor and Texas Workforce Commission employees.

RIS installed Varonis, a file server management system, and have begun using it to monitor and audit access to data stored on the network. In addition, we completed the first phase of our layered firewall architecture by replacing a single, externally-facing, Checkpoint firewall with a new state-of-the-art, redundant, pair of firewalls. We are also well into the second phase of the architecture, wherein, we will install a recently purchased Cisco firewall. This firewall will provide an added layer of protection for critical components of our network. A third security initiative - Web security and content filtering - is also well on its way to completion. We completed the requirements phase for this initiative and have begun the installation and configuration of a Websense secure gateway to meet our needs in this area. Both the Cisco firewall and Websense gateway will be in place and working to protect our network in the first quarter of fiscal year 2010.

Workforce Development (WF) - The North Central Texas Workforce Board staff is actively engaged in a number of projects and initiatives beyond the scope of our regular Workforce Investment Act (WIA) activities and contract management.

The Board received ARRA funds to initiate a Summer Youth Employment program. The contract required that the Board provided meaningful work experience opportunities for eligible youth participants. The Board's contracted goal was to serve 927 participants and to spend 70% of its allocation by September 30th, 2009 which we achieved. We had more than 1,200 youth participants enrolled in work experience and more than 400 employers participating in this initiative.

The Board partnered with HCA - North Texas Division on two customized training projects in 2009. HCA - North Texas Division has four hospitals within the Board's service area. These projects were supported and funded by the Board to help address the nursing shortage in the North Texas region.

The second project allowed for the McKinney Medical Center and Lewisville Medical Center (two of HCA's regional hospitals) to provide an externship program for current employees to complete the necessary training to further their careers in nursing. Four individuals participated and completed the externship program at Lewisville, while five completed the program at McKinney.

Child Care Workflow is a Business Process Management (BPM) program and document imaging software tightly integrated with the Child Care Services (CCS) database system. Workflow allows a completely new way of working in which the case folder and the activities for that case are virtualized. This virtualization allows work to be easily moved around in order to balance workloads (even to offsite staff). Workers benefit from the virtualized case folder (no more searching for the folder or other missing documents), built-in case checking, CCS data summary and consolidation, and allows for automatic forms to be generated since they are pre-populated from the CCS database.

The Board received a \$240,000 Industry Skills grant from the Texas Workforce Commission. This grant was to conduct a regional assessment sample of the frontline production worker using the Manufacturing Skills Standards Council (MSSC) assessment for the Certified Production Technician (CPT) curriculum and to hosts the 1st Annual Manufacturing and Logistics Summit.

The Board is working to implement a new Customer Relationship Management (CRM) program for utilization by the center and Board staff. The CRM program will allow center staff to track their activity with businesses within their assigned territory. The tracking software will give all users a permanent log of activity within each centers assigned area and allow the board to build reports on business development activity within the North Central service area. This will also be a management tool for our contractor to evaluate staff productivity.

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 or assets. The concept of reasonable assurance recognized that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. It is believed that NCTCOG's internal controls adequately safeguard assets and 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 establishing a baseline and enhancing the existing internal control structure, in FY 2008 NCTCOG contracted with an accounting firm to conduct an internal control review and risk assessment. NCTCOG staff continues to evaluate internal controls and implement recommendations to strengthen controls and minimize risk.

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, 2009, provided no instance of material weaknesses in internal control or significant violations of applicable laws and regulations.

NCTCOG's annual budget is a management tool that assists in analyzing financial activities during the fiscal year. The annual budget is reviewed and formally adopted by the Executive Board prior to the beginning of the fiscal year. The approved annual budget is used as a control device for the General Fund while individual grant contracts are used as the control device within the Special Revenue Funds. NCTCOG's budget is approximately 57% grant funding and as new funding opportunities arise throughout the year, they are presented to the Executive Board for approval.

Cash Management - Cash temporarily idle during the year was invested in demand deposits, Texpool, Local Government Investment Cooperative, and Texstar. Investments for fiscal year 2009 yielded income of \$582,748 for all funds mainly as a result of funding for local transportation programs.

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

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

Other Information

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

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

Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Central Texas Council of Governments for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the eleventh consecutive year that NCTCOG has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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



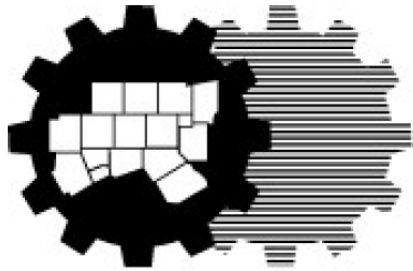
Mike Eastland
Executive Director



Monte Mercer, CPA
Deputy Executive Director



Shannan Ramirez
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, 2008

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.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
2009- 2010 EXECUTIVE BOARD

President
Bobby Waddle
 Mayor
 City of Desoto

Vice President
B. Glen Whitley
 County Judge
 Tarrant County

Secretary-Treasurer
Linda Koop
 Councilmember
 City of Dallas

Past President
John Murphy
 Councilmember
 City of Richardson

Director
Mike Cantrell
 County Commissioner
 Dallas County

Director
Bobby Mitchell
 County Commissioner
 Denton County

Director
John Horn
 County Judge
 Hunt County

Director
John Matthews
 County Commissioner
 Johnson County

Director
Carter Burdette
 Councilmember
 City of Fort Worth

Director
Allen Harris
 Councilmember
 City of The Colony

Director
Sheri Capehart
 Councilmember
 City of Arlington

Director
Kelly Walker
 Mayor Pro Tem
 City of University Park

Director
Steve Terrell
 Mayor
 City of Allen

Executive Director
R. Michael Eastland

General Counsel
Jerry C. Gilmore

ADMINISTRATIVE STAFF

Deputy Executive Director
Monte Mercer

Director of Transportation
Michael R. Morris

Director of Community Services
Frederic W. Keithley

Director of Emergency Preparedness
Gregg Dawson

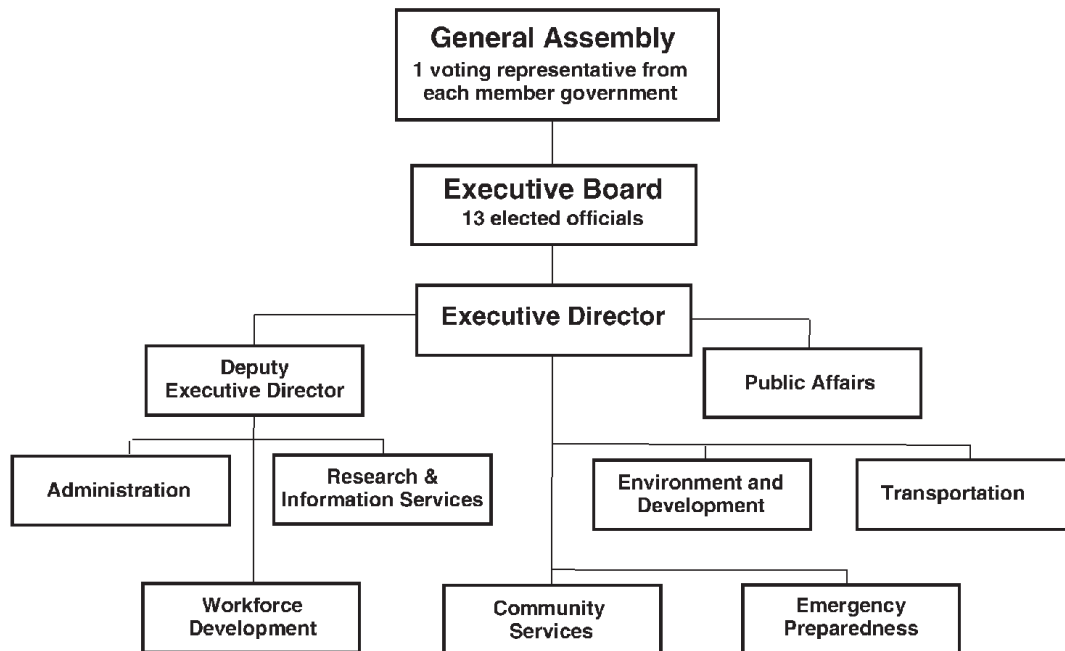
Director of Research and Information Services
Tim Barbee

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.

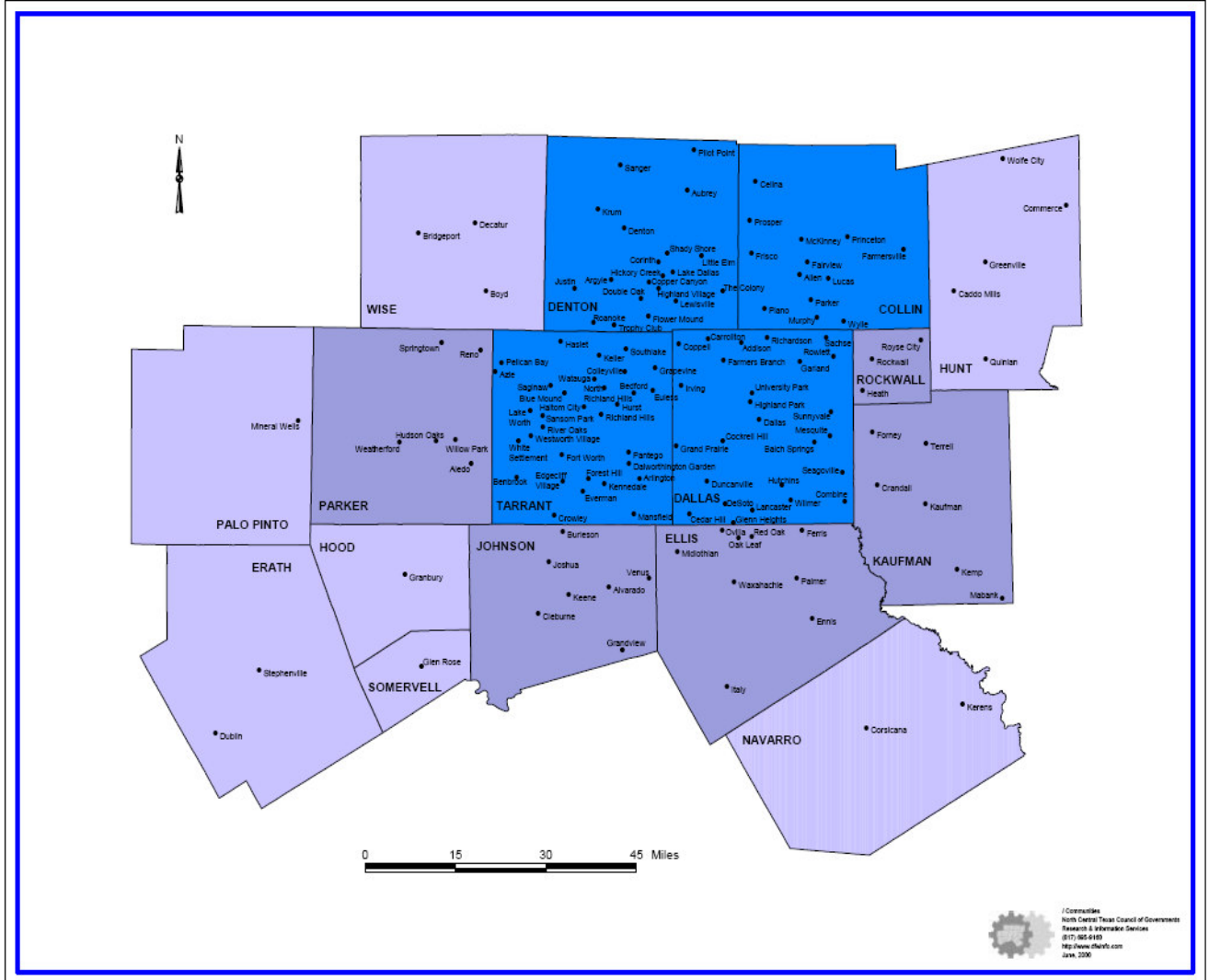
ETHICS

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 (237)**

Counties (16)

Collin
Dallas
Denton
Ellis
Erath
Hood

Hunt
Johnson
Kaufman
Navarro
Palo Pinto
Parker

Rockwall
Somervell
Tarrant
Wise

Cities (169)

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

Joshua
Justin
Kaufman
Keene
Keller
Kemp
Kennedale
Kerens
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
Pecan Hill
Pilot Point

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MEMBER GOVERNMENTS (237)**

Cities (169) - continued

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

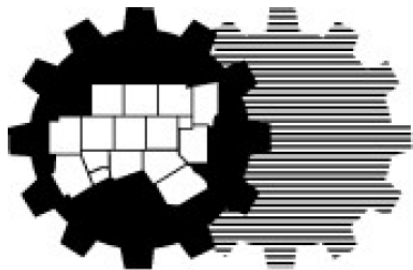
Lewisville ISD
Mansfield ISD
Mesquite ISD
Plano ISD
Richardson ISD
Rockwall ISD
Terrell ISD
Weatherford ISD

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
Municipal Utility District
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 Special
Utility District
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 #1



**North Central Texas
Council of Governments**



**Financial
Section**



INDEPENDENT AUDITOR'S REPORT

To the Members of the Executive Board
**NORTH CENTRAL TEXAS
COUNCIL OF GOVERNMENTS**

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of North Central Texas Council of Governments (the Council) as of and for the year ended September 30, 2009, 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, 2009, 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 22, 2010, 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.

North Central Texas
Council of Governments
February 22, 2010

Page 2

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 22, 2010

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xiv of this report.

Financial Highlights

- NCTCOG's assets exceeded liabilities at the close of the most recent fiscal year by \$44,121,021 (*net assets*). Of this amount \$3,713,655 (unrestricted net assets) may be used to meet the government's ongoing obligations to creditors and service implementation.
- The total net assets decreased by \$15,777,050 or a 26% drop in current year. The decrease was mainly due to ongoing Regional Transportation Council (RTC) Sustainable Development projects which expended \$17,316,872 in FY 2009. The planned spend down will continue through FY 2012.
- NCTCOG's governmental funds reported combined ending fund balances of \$43,852,234, a decrease of \$14,436,574, in comparison with the prior year. Of the total fund balance, approximately 87% is restricted for local transportation projects, 2% is reserved for grants and prepaids and 11% is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- Due to a decrease in interest rates, interest income decreased \$ 1,726,107, or 75%, totaling \$582,748 for the year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,884,409, or 3% of total governmental fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2009**

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The NCTCOG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the NCTCOG can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The NCTCOG maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund, both of which are considered to be major funds. Individual fund data for the major special revenue governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-33 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on page 34 of this report.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2009**

The combining schedule referred to earlier in connection with the major special revenue fund is presented immediately following the required supplementary information on pages 37-40 of this report.

Government-wide Financial Analysis

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the NCTCOG, assets exceeded liabilities by \$44,121,021 at the close of the most recent fiscal year. Following is a summary of the government-wide Statement of Net Assets:

	NCTCOG'S Government-Wide Net Assets					
	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other assets	\$ 122,602,706	\$ 68,251	\$ 122,670,957	\$ 87,202,208	\$ 128,819	\$ 87,331,027
Capital assets	1,558,710	-	1,558,710	1,359,341	1,217,307	2,576,648
Total assets	124,161,416	68,251	124,229,667	88,561,549	1,346,126	89,907,675
Liabilities						
Long-term Liabilities outstanding	1,094,673	-	1,094,673	999,611	-	999,611
Other Liabilities	79,013,067	906	79,013,973	29,009,689	304	29,009,993
Total Liabilities	80,107,740	906	80,108,646	30,009,300	304	30,009,604
Net Assets						
Invested in capital assets, net of related debt	1,497,753	-	1,497,753	1,255,488	1,217,307	2,472,795
Restricted for grants	796,364	-	796,364	645,283	-	645,283
Restricted for local transportation projects	38,113,249	-	38,113,249	52,874,512	-	52,874,512
Unrestricted	3,646,310	67,345	3,713,655	3,776,966	128,515	3,905,481
Total net assets	\$ 44,053,676	\$ 67,345	\$ 44,121,021	\$ 58,552,249	\$ 1,345,822	\$ 59,898,071

- The largest portion of NCTCOG's net assets, \$38,113,249, (86%) is restricted for local projects related to transportation funded initiatives. In October 2005, NCTCOGs' Regional Transportation Council (RTC) announced the 2005 Sustainable Development Call for Projects. In April 2006, the RTC selected projects and awarded approximately \$40 million in funds to infrastructure, planning, and land banking projects which began funding at the end FY 2007 continuing throughout FY 2009. Current year expenses for these projects totaled \$17,316,872 and cumulative expenses through FY2009 amount to \$27,833,748. NCTCOG continues to receive additional local funds for future RTC Sustainable Development projects as scheduled. Awarded funding includes RTC local funds and anticipated local contributions from the project sponsors.
- An additional portion of NCTCOG's net assets, \$1,497,753, (3%) reflects its investment in capital assets (e.g., equipment) less any debt used to acquire those assets that is still outstanding. NCTCOG uses these assets to provide grant related services, they are restricted for specific use related to grant services; consequently, these assets are not available for future spending.
- Net assets restricted for grants, \$796,364, (2%) are funds that have limitations for use as specified by the funding agencies.
- The remaining balance of net assets totaling \$3,713,655, (9%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2009**

Change in Net Assets. For the year ended September 30, 2009, the Agency's net assets decreased by \$15,777,050. Following is a summary of the government-wide Statement of Activities:

	2009			2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues						
Federal Grant	\$ 3,391,827	\$ -	\$ 3,391,827	\$ 4,796,333	\$ -	\$ 4,796,333
State Administered grants	115,989,167	-	115,989,167	113,731,520	-	113,731,520
Local revenue & In-kind	21,644,684	1,583,339	23,228,023	38,238,325	1,704,745	39,943,070
Total Program Revenues	141,025,678	1,583,339	142,609,017	156,766,178	1,704,745	158,470,923
General Revenues:						
Membership Fees	645,519	-	645,519	632,215	-	632,215
Interest Income	582,748	-	582,748	2,308,855	-	2,308,855
Total General Revenue	1,228,267	-	1,228,267	2,941,070	-	2,941,070
Total Revenue	142,253,945	1,583,339	143,837,284	159,707,248	1,704,745	161,411,993
Expenses:						
Agency management and administration	6,123,311	-	6,123,311	5,926,654	-	5,926,654
Community Services	22,490,067	-	22,490,067	19,668,658	-	19,668,658
Emergency Preparedness	2,435,347	-	2,435,347	4,461,768	-	4,461,768
Environment and development	5,709,613	-	5,709,613	4,343,873	-	4,343,873
RIS local assistance	3,486,236	2,861,816	6,348,052	2,979,893	4,023,843	7,003,736
Transportation	63,238,757	-	63,238,757	59,886,873	-	59,886,873
Workforce development	53,269,187	-	53,269,187	48,193,206	-	48,193,206
Total expenses	156,752,518	2,861,816	159,614,334	145,460,925	4,023,843	149,484,768
Change in Net Assets	(14,498,573)	(1,278,477)	(15,777,050)	14,246,323	(2,319,098)	11,927,225
Net Assets - October 1	58,552,249	1,345,822	59,898,071	44,305,926	3,664,920	47,970,846
Net Assets - September 30	\$ 44,053,676	\$ 67,345	\$ 44,121,021	\$ 58,552,249	\$ 1,345,822	\$ 59,898,071

Significant components of the net asset activity are as follows:

- Governmental activities total program revenues decreased by \$17,453,303 or 11% in the current year due to the planned spend down of receipts for RTC Sustainable Development projects.
- Governmental activities total expenses increased \$11,291,593 or 8% in the current year. Key elements of the changes are as follows:
 - Agency management and administration expenses increased by \$196,657 or 3% when compared to 2008. An increase of \$108,262 related to contract services on the Availability and Disparity Study. NCTCOG had been asked to facilitate the study for several entities back in 2008. NCTCOG has been reimbursed costs associated with the study by its participating entities. The balance relates to increased administrative staff to manage reporting for RTC activities.
 - Community services expenses increased \$2,821,409 or 14% when compared to 2008. This was primarily due to the completion of the installation of 911 Customer Premise Equipment as well as the beginning implementation costs for Next Generation 9-1-1.
 - Emergency preparedness expenses decreased by \$2,026,421 or 45% when compared to 2008. This was due to the end of the social services block grant for aid to Hurricane Katrina victims.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2009**

- Environment and development expenses increased by \$1,365,740 or 31% when compared to 2008. FY 2009 was the second year of a two-year contract for the Solid Waste program, in which, expenses were higher due to the timing of allocation of sub-grants and reimbursement requests being submitted.
- Research and information services expenses increased by \$506,343 or 17% when compared to 2008. Increased cost of \$243,967 related to costs generated by local activity, mainly on GIS products and services. The remaining increases were driven by special projects such as the implementation of VoIP and Microsoft Dynamics CRM.
- Transportation expenses increased by \$3,351,884 or 6% when compared to 2008. This variance was made up of the following:
 - RTC Sustainable Development costs increased \$9.2M due to increased funding for new projects;
 - Aircheck decreased \$3.6M due to recomputation of allowable administrative allocation;
 - FTA expenses decreased \$2M due to a decrease in subgrantee operational costs and capital expenses;
 - TXDOT funding decreased \$.5M due to timing constraints, new projects not funded and other projects closing out in FY 2009;
- Workforce development expenses increased by \$5,075,981 or 11% when compared to 2008. This was largely due to monies received relating to the American Reinvestment & Recovery Act of 2009 along with increased funding for Child Care 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 \$43,852,234, a decrease of \$14,436,574 in comparison with the prior year. Approximately 11% of this total amount (\$4,884,409) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for use because it has already been committed to liquidate contracts and purchase orders of the prior period along with future project obligations. The general fund is the chief operating fund of the NCTCOG. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,884,409, while total general fund balance reached \$4,887,567.

General Fund. The fund balance of NCTCOG's general fund increased by \$166,142 during the current fiscal year. This increase was attributable to excess revenue from the Regional Training Center, and recovery of costs from other funds that the general fund covered in prior periods.

Special Revenue Fund. The fund balance of NCTCOG's special revenue fund decreased by \$14,602,716 during the current fiscal year. The majority of the decrease was the use of fund balance for transportation related RTC Sustainable Development projects.

General Fund Budgetary Highlights

The difference between the original budget and final budget were minor adjustments between functions with no impact to the total budget. The difference between the final budget and actual results was \$162,142. This difference, (3.1% of budgeted total current expenditures) was primarily comprised of salary savings and service costs not incurred.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2009**

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, 2009, amounts to \$1,558,710 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

	<u>2009</u>	<u>2008</u>
<u>Governmental Activities</u>		
Equipment	\$ 1,008,407	\$ 895,708
Furniture	4,625	4,804
Leasehold Improvements	<u>545,678</u>	<u>458,829</u>
Total government activities capital assets	<u>\$ 1,558,710</u>	<u>\$ 1,359,341</u>
<u>Business- Type Activities</u>		
Equipment	<u>\$ -</u>	<u>\$ 1,217,307</u>
Total business-type activities capital assets	<u>\$ -</u>	<u>\$ 1,217,307</u>

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

Long-term liabilities. At the end of the current fiscal year, the NCTCOG had total long-term liabilities outstanding of \$ 1,094,673. 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.

	<u>Balance September 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2009</u>	<u>Due Within One Year</u>
Accrued vacation	\$ 895,758	\$ 229,411	\$ 91,453	\$ 1,033,716	\$ 123,202
Note payable	103,853		42,896	60,957	60,957
Total	<u>\$ 999,611</u>	<u>\$ 229,411</u>	<u>\$ 134,349</u>	<u>\$ 1,094,673</u>	<u>\$ 184,159</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

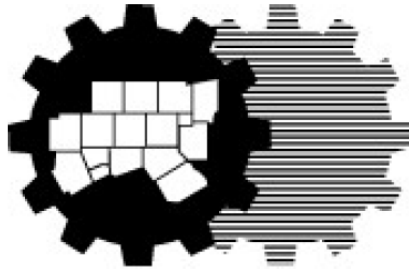
- In accordance with the Texas Administrative Code Title 1, Part 1, Chapter 5, Rule 5.85 (g), NCTCOG remains exempt from the other requirements of Rule 5.85 in that its most populous county (Dallas) has an actual weekly wage that exceeds the state actual weekly wage by 20% or more for the previous year 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 2009 fiscal year.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED SEPTEMBER 30, 2009**

Requests for Information

This financial report is designed to provide a general overview of the NCTCOG'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/aa/fiscal.asp.



**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, 2009**

ASSETS	Primary Government		Total
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 1,080,546	\$ -	\$ 1,080,546
Investments	107,717,568	-	107,717,568
Receivables	13,700,467	1,499	13,701,966
Internal balances	(58,104)	58,104	-
Prepays and other assets	162,229	8,648	170,877
Capital assets, net of accumulated depreciation	1,558,710	-	1,558,710
Total Assets	124,161,416	68,251	124,229,667
LIABILITIES			
Accounts payable and accrued expenses	16,331,632		16,331,632
Unearned revenue	62,681,435	906	62,682,341
Long-term liabilities			
Due within one year	184,159	-	184,159
Due in more than one year	910,514	-	910,514
Total Liabilities	80,107,740	906	80,108,646
NET ASSETS			
Invested in capital assets, net of related debt	1,497,753	-	1,497,753
Restricted for grants	796,364	-	796,364
Restricted for local transportation projects	38,113,249	-	38,113,249
Unrestricted	3,646,310	67,345	3,713,655
Total Net Assets	\$ 44,053,676	\$ 67,345	\$ 44,121,021

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, 2009**

Functions/Programs	Operating Grants and Contributions				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	State/State Admin Funding		Local Contracts and Inkind Contributions	Primary Government	
		Federal Funding	State Admin Funding		Governmental Activities	Business Type Activities
Primary Government:						
Governmental Activities:						
Agency administration	\$ 5,269,854	\$ -	\$ 87,299	\$ 1,588,480	\$ (3,594,075)	\$ (3,594,075)
Agency management	853,457	-	13,327	26,408	(813,722)	(813,722)
Community services	22,490,067	-	17,634,359	5,361,128	505,420	505,420
Emergency preparedness	2,435,347	-	2,262,037	530,133	356,823	356,823
Environment and development	5,709,613	2,750	4,350,982	1,329,119	(26,762)	(26,762)
RIS local assistance	3,486,236	-	200,903	1,852,550	(1,432,783)	(1,432,783)
Transportation	63,238,757	2,886,028	39,996,358	7,984,406	(12,371,965)	(12,371,965)
Workforce development	53,269,187	503,049	51,443,902	2,972,460	1,650,224	1,650,224
Total governmental activities	156,752,518	3,391,827	115,989,167	21,644,684	(15,726,840)	(15,726,840)
Business-type activities:						
Shared services	2,861,816	-	-	1,583,339	(1,278,477)	(1,278,477)
Total primary government	\$ 159,614,334	\$ 3,391,827	\$ 115,989,167	\$ 23,228,023	\$ (15,726,840)	\$ (17,005,317)
General Revenues:						
Membership fees					645,519	645,519
Interest income					582,748	582,748
Total general revenues					1,228,267	1,228,267
Change in net assets					(14,498,573)	(15,777,050)
Net Assets-beginning					58,552,249	59,898,071
Net Assets-ending					\$ 44,053,676	\$ 44,121,021

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 1,080,546	\$ -	\$ 1,080,546
Investments	20,232,020	87,485,548	107,717,568
Accounts Receivable:			
Federal grants	-	1,785,877	1,785,877
State administered grants	-	11,254,275	11,254,275
Local grants	-	645,378	645,378
Other	12,715	2,222	14,937
Due from other funds	-	6,156,728	6,156,728
Prepays	3,158	55,054	58,212
Other assets	36,295	67,722	104,017
TOTAL ASSETS	<u>\$ 21,364,734</u>	<u>\$ 107,452,804</u>	<u>\$ 128,817,538</u>
LIABILITIES:			
Accounts payable	\$ 9,465,032	\$ -	\$ 9,465,032
Accrued liabilities	66,604	5,912,330	5,978,934
Accrued payroll and employee benefits	877,029	-	877,029
Due to other funds	5,962,874	-	5,962,874
Unearned revenue	105,628	62,575,807	62,681,435
TOTAL LIABILITIES	<u>16,477,167</u>	<u>68,488,137</u>	<u>84,965,304</u>
FUND BALANCES			
RESERVED FOR:			
Prepays	3,158	55,054	58,212
Grants	-	796,364	796,364
Local transportation projects	-	38,113,249	38,113,249
UNRESERVED AND UNDESIGNATED	4,884,409	-	4,884,409
TOTAL FUND BALANCES	<u>4,887,567</u>	<u>38,964,667</u>	<u>43,852,234</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,364,734</u>	<u>\$ 107,452,804</u>	<u>\$ 128,817,538</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, 2009**

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

Total Fund Balance - total governmental funds	\$ 43,852,234
Add: Capital assets net of accumulated depreciation as of September 30, 2009 used in governmental activities were not current financial resources and therefore not reported in the governmental funds balance sheet (excluding Internal Service Fund).	1,294,992
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>(1,094,673)</u>
Net assets of governmental activities (page 10)	<u><u>\$ 44,053,676</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, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Federal grants	\$ -	\$ 3,391,827	\$ 3,391,827
State administered grants	-	115,989,167	115,989,167
Membership dues	645,519	-	645,519
Local contributions	410,116	9,283,941	9,694,057
Interest income	52,236	530,512	582,748
Program income	-	445,038	445,038
In-Kind	-	11,505,589	11,505,589
TOTAL REVENUES	<u>1,107,871</u>	<u>141,146,074</u>	<u>142,253,945</u>
EXPENDITURES			
Current:			
Agency administration	3,314,536	2,925,217	6,239,753
Agency management	615,346	2,110	617,456
Community services	308,980	22,501,901	22,810,881
Emergency preparedness	-	2,555,857	2,555,857
Environment & development	59,460	5,847,218	5,906,678
Research & information services	533,463	3,127,283	3,660,746
Transportation	16,757	64,520,543	64,537,300
Workforce development	-	53,457,071	53,457,071
Capital outlay	76,776	537,802	614,578
	4,925,318	155,475,002	160,400,320
Indirect Cost Allocation	(3,359,333)	-	(3,359,333)
Contributions to Indirect Costs	(378,949)	-	(378,949)
TOTAL EXPENDITURES	<u>1,187,036</u>	<u>155,475,002</u>	<u>156,662,038</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(79,165)</u>	<u>(14,328,928)</u>	<u>(14,408,093)</u>
OTHER FINANCING SOURCES AND USES			
Transfers In	426,037	632,269	1,058,306
Transfers Out	(180,730)	(906,057)	(1,086,787)
TOTAL OTHER FINANCING SOURCES AND USES	<u>245,307</u>	<u>(273,788)</u>	<u>(28,481)</u>
NET CHANGE IN FUND BALANCES	166,142	(14,602,716)	(14,436,574)
FUND BALANCES - BEGINNING OF YEAR	<u>4,721,425</u>	<u>53,567,383</u>	<u>58,288,808</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,887,567</u>	<u>\$ 38,964,667</u>	<u>\$ 43,852,234</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, 2009**

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)	\$ (14,436,574)
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.	614,578
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.	(137,958)
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.	42,896
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>(581,515)</u>
Change in net assets of governmental activities (page 11)	<u><u>\$ (14,498,573)</u></u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
ASSETS		
Accounts receivable	\$ 1,499	\$ -
Prepays and other assets	8,648	-
Due from other funds	58,104	-
Total current assets	<u>68,251</u>	<u>-</u>
Capital assets, net of accumulated depreciation	<u>-</u>	<u>263,718</u>
TOTAL ASSETS	<u>68,251</u>	<u>263,718</u>
CURRENT LIABILITIES		
Accrued liabilities	-	10,637
Unearned revenue	906	-
Due to other funds	-	251,958
TOTAL LIABILITIES	<u>906</u>	<u>262,595</u>
NET ASSETS		
Investment in capital assets, net of related debt	-	263,718
Unrestricted	<u>67,345</u>	<u>(262,595)</u>
TOTAL NET ASSETS	<u><u>\$ 67,345</u></u>	<u><u>\$ 1,123</u></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, 2009**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
OPERATING REVENUES		
Service charges	\$ 1,583,339	\$ 1,146,281
TOTAL OPERATING REVENUES	<u>1,583,339</u>	<u>1,146,281</u>
OPERATING EXPENSES		
Personnel	15,908	551,903
Indirect	2,643	91,711
Contract services	1,119,090	16,553
Travel	623	3,841
Depreciation	1,217,307	59,645
Other costs	506,245	451,109
TOTAL OPERATING EXPENSES	<u>2,861,816</u>	<u>1,174,762</u>
OPERATING LOSS	(1,278,477)	(28,481)
Transfers in	-	28,481
CHANGE IN NET ASSETS	(1,278,477)	-
NET ASSETS - BEGINNING OF YEAR	<u>1,345,822</u>	<u>1,123</u>
NET ASSETS - END OF YEAR	<u>\$ 67,345</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, 2009**

	<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	\$ 1,695,145	\$ 1,146,281
Payments to other funds for indirect and other costs	-	(241,439)
Payments to suppliers for goods and services	(1,625,958)	(155,469)
Payments to employees	(15,908)	(551,903)
Payments for other operating costs	(53,279)	-
	<u>-</u>	<u>197,470</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM CAPITAL		
INVESTING ACTIVITIES:		
Transfer in	-	28,481
Purchase of capital assets	-	(225,951)
	<u>-</u>	<u>(197,470)</u>
NET CASH USED IN INVESTING ACTIVITIES		
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>\$ -</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating loss	\$ (1,278,477)	\$ (28,481)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	1,217,307	59,645
Decrease (increase) in prepaid expenses	(580)	200
Decrease in accounts receivable	111,806	-
Increase (decrease) in due to other funds	(50,658)	155,469
Increase in unearned revenue	602	-
Increase in accounts payable	-	10,637
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 197,470</u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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

General Statement

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

Summary of Significant Accounting Policies

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

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

1. Reporting Entity

Primary Government

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

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

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

2. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Council. Historically, governmental activities are supported by grant funding, indirect cost reimbursements from within the agency and membership dues, are 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, 2009**

**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.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

3. Measurement Focus and Basis of Accounting

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

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

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

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

The major sources of revenue are grants, membership dues, local contributed cash, and in-kind and contributed services as 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, 2009**

**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 (\$1,033,716 at September 30, 2009) for governmental fund types, which represents normal accumulations, has been recorded. The current portion of accrued vacation pay, which would be liquidated with expendable available resources, is not material.

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

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

5. Investments

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

6. Encumbrances

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

7. State Administered Grants

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

8. Transfers

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

9. Allocation of Employee Benefits and Indirect Costs

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

10. Transactions Between Funds

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

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

11. Capital Assets

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

12. Risk Management

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

As claims arise they are submitted to and paid by TML-IRP. During 2009, the Council contributed \$74,048 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, 2009 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, 2009**

NOTE B - CASH AND INVESTMENTS

GASB 40 requires the following disclosure for investments:

1. Legal and Contractual Provisions Governing Deposits and Investments

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

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

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

Cash and investments as of September 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:

Primary Government	
Total cash and investments	<u>\$ 108,798,114</u>

Cash and investments as of September 30, 2009 consist of the following:

Deposits with financial institutions	\$ 1,079,896
Cash on hand	650
Investments	<u>107,717,568</u>
Total cash and investments	<u>\$ 108,798,114</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

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, 2009, NCTCOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity(1)</u>
TexPool	\$ 44,735,680	44 days
Logic	435	50 days
TexStar	<u>62,981,453</u>	51 days
	<u>\$ 107,717,568</u>	

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

As of September 30, 2009 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	\$ 44,735,680	A	AAAm
Logic	435	A	AAAm
TexStar	<u>62,981,453</u>	A	AAAm
Total Primary Government	<u>\$ 107,717,568</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, 2009 other than external investment pools, NCTCOG did not have 5% or more of its investments with any one issuer.

NOTE B - CASH AND INVESTMENTS (continued)

5. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and NCTCOG's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits or investment other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. At September 30, 2009, the Council's deposits had a carrying amount of \$1,079,896 and a bank ledger balance of \$1,795,811. Pledged collateral of \$3,572,576 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, 2009**

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, 2009, is presented below. Due to the nature of the obligation for accrued vacation, annual requirements to amortize such obligations are not determinable and have not been presented. Compensated absences are liquidated by all governmental funds by allocating amounts based on labor hours charged to those funds. 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 \$7,073 was paid in 2009.

	Balance September 30, 2008	Increases	Decreases	Balance September 30, 2009	Due Within One Year
Accrued vacation	\$ 895,758	\$ 229,411	\$ 91,453	\$ 1,033,716	\$ 123,202
Note payable	103,853		42,896	60,957	60,957
Total	<u>\$ 999,611</u>	<u>\$ 229,411</u>	<u>\$ 134,349</u>	<u>\$ 1,094,673</u>	<u>\$ 184,159</u>

Future requirements related to the note payable are as follows:

	Principal	Interest	Total
2010	60,957	3,028	63,985
Total	<u>\$ 60,957</u>	<u>\$ 3,028</u>	<u>\$ 63,985</u>

NOTE E - DEFERRED COMPENSATION PLAN

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

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 \$23,763 during 2009. The Council contributed a matching \$18,212 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, 2009:

Transfers in/out other funds:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue	\$ 109,909	Recovery of depreciation
Internal Service	Special Revenue	28,481	Operating transfer
Special Revenue Fund	General Fund	180,730	Local match dollars
Special Revenue Fund	Special Revenue Fund	451,539	State funded projects/Local match
General Fund	Special Revenue Fund	<u>316,128</u>	State funded projects
	Total	\$ <u>1,086,787</u>	

Due to/from other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 5,962,874
Special Revenue Fund	6,156,728	-
Enterprise Fund	58,104	-
Internal Service Fund	<u>-</u>	<u>251,958</u>
Total	\$ <u>6,214,832</u>	\$ <u>6,214,832</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, 2009**

NOTE G - CAPITAL ASSETS

Governmental activities:

A summary of changes in the governmental activities capital assets for the year ended September 30, 2009, follows:

	Balance at October 1, 2008	Increases	Decreases	Balance at September 30, 2009
Governmental Activities				
<u>General Capital Assets</u>				
Capital Assets being depreciated:				
Equipment	\$ 3,348,618	\$ 482,623	\$ (271,154)	\$ 3,560,087
Furniture	470,312	-	(3,632)	466,680
Leasehold Improvements	1,740,175	131,955	-	1,872,130
Total capital assets being depreciated	<u>5,559,105</u>	<u>614,578</u>	<u>(274,786)</u>	<u>5,898,897</u>
Accumulated depreciation				
Equipment	2,550,322	536,230	(271,154)	2,815,398
Furniture	465,508	179	(3,632)	462,055
Leasehold Improvements	1,281,346	45,106	-	1,326,452
Total accumulated depreciation	<u>4,297,176</u>	<u>581,515</u>	<u>(274,786)</u>	<u>4,603,905</u>
Total governmental funds capital assets, net	<u>1,261,929</u>	<u>33,063</u>	<u>-</u>	<u>1,294,992</u>
<u>Internal Service Fund Capital Assets</u>				
Capital assets being depreciated:				
Equipment	379,367	225,951	(63,681)	541,637
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total capital assets being depreciated	<u>387,750</u>	<u>225,951</u>	<u>(63,681)</u>	<u>550,020</u>
Accumulated depreciation				
Equipment	281,955	59,645	(63,681)	277,919
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total accumulated depreciation	<u>290,338</u>	<u>59,645</u>	<u>(63,681)</u>	<u>286,302</u>
Total internal service funds capital assets, net	<u>97,412</u>	<u>166,306</u>	<u>-</u>	<u>263,718</u>
Governmental activities capital assets, net	<u>\$ 1,359,341</u>	<u>\$ 199,369</u>	<u>\$ -</u>	<u>\$ 1,558,710</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE G - CAPITAL ASSETS (continued)

	Balance at October 1, 2008	Increases	Decreases/ Transfers	Balance at September 30, 2009
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	7,335,034	-	-	7,335,034
Total capital assets being depreciated	<u>7,335,034</u>	<u>-</u>	<u>-</u>	<u>7,335,034</u>
Accumulated Depreciation				
Equipment	6,117,727	1,217,307	-	7,335,034
Total accumulated depreciation	<u>6,117,727</u>	<u>1,217,307</u>	<u>-</u>	<u>7,335,034</u>
Total Business-type activities capital assets, net	<u>\$ 1,217,307</u>	<u>\$ (1,217,307)</u>	<u>\$ -</u>	<u>\$ -</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	\$ 45,327
Agency Management	3,442
Community Services	74,294
Emergency Preparedness	27,938
Environment & Development	45,750
RIS Local Assistance	41,283
Transportation	300,046
Workforce Development	43,435
Internal Service Fund	59,645
Total Depreciation expense-governmental activities	<u>\$ 641,160</u>

Business-type activities

Shared Service Center	<u>\$ 1,217,307</u>
Total depreciation expense-business type activities	<u>\$ 1,217,307</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009**

NOTE H - RETIREMENT PLAN

ICMARC administers the Council's 401(a) retirement plan. It is a defined contribution retirement plan, which provides retirement benefits for all full-time permanent employees. The Council contributed an amount (\$2,088,473) during fiscal year 2009 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of \$1,044,023 during 2009 equal to six percent (6%) of gross salaries. Total Council payroll for the year was \$18,088,648 including \$17,645,101 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 \$3,624,984 for 2009.

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, 2009, are as follows:

Year Ending September 30	
2010	\$ 3,772,742
2011	3,776,423
2012	3,644,653
2013	3,398,933
2014	3,258,100
Thereafter (2015-2022)	21,655,958
	<u>\$ 39,506,809</u>

NOTE J - CONTINGENCIES

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

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

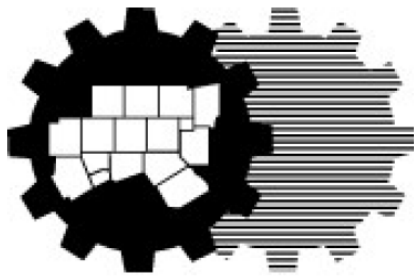
For the year ended September 30, 2009, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

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, 2009**

	Budgeted Amounts		Budget Basis Actual	Variance with Final Budget (Negative)
	Original	Final		
REVENUES				
Member dues	\$ 645,394	\$ 645,394	\$ 645,519	\$ 125
Local contributed cash	333,573	333,573	410,116	76,543
Interest income	125,000	125,000	52,236	(72,764)
Total revenues	<u>1,103,967</u>	<u>1,103,967</u>	<u>1,107,871</u>	<u>3,904</u>
EXPENDITURES				
Current:				
Agency administration	2,824,371	2,984,371	2,975,748	8,623
Agency management	912,633	745,633	616,025	129,608
Public affairs	404,784	404,784	338,932	65,852
RIS local assistance	563,491	563,491	536,726	26,765
Community services	344,132	344,132	309,501	34,631
Environmental & development	55,641	60,641	59,671	970
Transportation	15,105	17,105	16,758	347
Capital outlay	85,000	85,000	76,776	8,224
Total current expenditures	<u>5,205,157</u>	<u>5,205,157</u>	<u>4,930,137</u>	<u>275,020</u>
Indirect cost allocation	(3,467,792)	(3,467,792)	(3,359,333)	(108,459)
Contributions to indirect costs	(369,022)	(369,022)	(378,949)	9,927
Total expenditures	<u>1,368,343</u>	<u>1,368,343</u>	<u>1,191,855</u>	<u>176,488</u>
Excess (deficiencies) of revenues Over/(under) expenditures	<u>(264,376)</u>	<u>(264,376)</u>	<u>(83,984)</u>	<u>180,392</u>
OTHER FINANCING SOURCES				
Transfers in	264,376	264,376	426,037	161,661
Transfers out	-	-	(180,730)	(180,730)
Charge for use of assets	100,000	100,000	114,728	14,728
Indirect allocation to Special Revenue Fund	(96,000)	(96,000)	(109,909)	(13,909)
Total other financing sources	<u>268,376</u>	<u>268,376</u>	<u>250,126</u>	<u>(18,250)</u>
Net changes in fund balances	<u>4,000</u>	<u>4,000</u>	<u>166,142</u>	<u>162,142</u>
Fund balances - beginning	4,721,425	4,721,425	4,721,425	-
Fund balances - ending	<u>\$ 4,725,425</u>	<u>\$ 4,725,425</u>	<u>\$ 4,887,567</u>	<u>\$ 162,142</u>

See accompanying notes to the required supplemental information.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
 SEPTEMBER 30, 2009**

NOTE A: FINANCIAL STATEMENT PRESENTATION - BUDGET BASIS

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

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

<u>General Fund</u>	
Total Net Expenditures (GAAP Basis)	\$ 1,187,036
Plus Charge for use of assets	114,728
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(109,909)</u>
Total Expenditures (Budget Basis)	<u>\$ 1,191,855</u>
Total Other Sources (GAAP Basis)	\$ 245,307
Plus Charge for use of assets	114,728
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(109,909)</u>
Total Other Sources (Budget Basis)	<u>\$ 250,126</u>

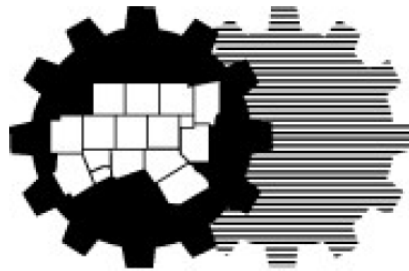
NOTE B: BUDGETARY CONTROLS

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, 2009**

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



**North Central Texas
Council of Governments**

**OTHER
SUPPLEMENTAL
INFORMATION**

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

Such schedules include:

- Combining Schedules- Federal, State and Locally Administered Grant Funds
- Schedule of Indirect Cost (Budget Basis)
- Schedule of Employee Benefits
- Texas Local Government Code Chapter 391 Indirect Cost Limitations Test
- Capital Assets:
 - By Source
 - By Function and Activity
 - Changes by Function and Activity

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FEDERAL, STATE AND LOCALLY ADMINISTERED GRANTS
 YEAR ENDED SEPTEMBER 30, 2009**

	<u>Federal Funds Total</u>	<u>State and Locally Administered Total</u>	<u>Combined Total</u>
REVENUES			
Federal grants	\$ 3,391,827	\$ -	\$ 3,391,827
State administered grants	-	115,989,167	115,989,167
Local contributions	191,117	9,092,824	9,283,941
In-Kind	1,336,866	10,168,723	11,505,589
Program income	-	445,038	445,038
Interest income	-	530,512	530,512
TOTAL REVENUES	<u>4,919,810</u>	<u>136,226,264</u>	<u>141,146,074</u>
EXPENDITURES			
Current:			
Agency administration	93,418	2,831,799	2,925,217
Agency management	-	2,110	2,110
Community services	-	22,501,901	22,501,901
Emergency preparedness	-	2,555,857	2,555,857
Environment & development	88,472	5,758,746	5,847,218
Research & information services	163	3,127,120	3,127,283
Transportation	4,293,733	60,226,810	64,520,543
Workforce development	496,153	52,960,918	53,457,071
Capital Outlay	-	537,802	537,802
TOTAL EXPENDITURES	<u>4,971,939</u>	<u>150,503,063</u>	<u>155,475,002</u>
DEFICIENCIES OF REVENUES UNDER EXPENDITURES	<u>(52,129)</u>	<u>(14,276,799)</u>	<u>(14,328,928)</u>
OTHER FINANCING SOURCES			
Transfers In	55,343	576,926	632,269
Transfers Out	(3,214)	(902,843)	(906,057)
TOTAL OTHER FINANCING SOURCES	<u>52,129</u>	<u>(325,917)</u>	<u>(273,788)</u>
DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	-	(14,602,716)	(14,602,716)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>53,567,383</u>	<u>53,567,383</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 38,964,667</u>	<u>\$ 38,964,667</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FEDERAL GRANTS
 YEAR ENDED SEPTEMBER 30, 2009**

	Federal Funds							TOTAL
	DOE	EPA	FTA	FAA	DOL	DOD	FHA	
REVENUES								
Federal grants	\$28,978	\$ 79,330	\$ 1,902,662	\$ 720,207	\$ 503,049	\$102,260	\$55,341	\$ 3,391,827
State administered grants	-	-	-	-	-	-	-	-
Local contributions	-	5,869	147,342	37,906	-	-	-	191,117
In-Kind	-	235,457	1,097,953	-	-	3,456	-	1,336,866
Program income	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
TOTAL REVENUES	28,978	320,656	3,147,957	758,113	503,049	105,716	55,341	4,919,810
EXPENDITURES								
Current:								
Agency administration	735	-	58,225	20,411	6,631	3,351	4,065	93,418
Agency management	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Emergency preparedness	-	-	-	-	-	-	-	-
Environment & development	-	5,500	-	-	-	-	82,972	88,472
Research & information services	-	-	-	-	-	-	163	163
Transportation	28,142	315,157	3,088,565	736,915	-	101,936	23,018	4,293,733
Workforce development	-	-	-	-	496,153	-	-	496,153
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	28,877	320,657	3,146,790	757,326	502,784	105,287	110,218	4,971,939
EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES	101	(1)	1,167	787	265	429	(54,877)	(52,129)
OTHER FINANCING SOURCES								
Transfers in	-	1	-	-	1	-	55,341	55,343
Transfers out	(101)	-	(1,167)	(787)	(266)	(429)	(464)	(3,214)
TOTAL OTHER FINANCING SOURCES	(101)	1	(1,167)	(787)	(265)	(429)	54,877	52,129
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
STATE AND LOCALLY ADMINISTERED FUNDS
YEAR ENDED SEPTEMBER 30, 2009**

	State and Locally Administered Funds					
	CJD	CSEC	LOCAL		ORCA	SECO
			Transportation	Other		
REVENUES						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered grants	1,559,999	10,476,621	-	-	21,238	38,351
Local contributions	475,710	-	2,162,240	5,332,913	-	13,112
In-Kind	-	-	786,197	-	-	-
Program income	-	-	-	-	-	-
Interest income	-	10,039	429,794	-	-	-
TOTAL REVENUES	2,035,709	10,486,660	3,378,231	5,332,913	21,238	51,463
EXPENDITURES						
Current:						
Agency administration	24,561	63,703	215,567	1,537,375	86	1,874
Agency management	-	-	-	2,110	-	-
Community services	1,428,057	10,232,249	-	47,921	-	-
Emergency preparedness	2	-	-	341,642	-	-
Environment & development	-	-	118,851	1,492,099	21,063	-
Research & information services	1,985	24,835	10,890	1,858,692	-	-
Transportation	-	-	17,772,671	81	-	49,338
Workforce development	-	-	-	-	-	-
Capital Outlay	-	160,414	2,652	27,633	-	-
TOTAL EXPENDITURES	1,454,605	10,481,201	18,120,631	5,307,553	21,149	51,212
EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES	581,104	5,459	(14,742,400)	25,360	89	251
OTHER FINANCING SOURCES						
Transfers in	-	-	87	251,864	-	-
Transfers out	(581,104)	(5,459)	(5,914)	(229,033)	(89)	(251)
TOTAL OTHER FINANCING SOURCES	(581,104)	(5,459)	(5,827)	22,831	(89)	(251)
EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(14,748,227)	48,191	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	52,861,476	60,624	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 38,113,249	\$ 108,815	\$ -	\$ -

State and Locally Administered Funds

TCEQ		TDH	DADS	GDEM	TWC	TVC	TXDOT	TXWD	Total
Transportation	Other								
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,359,019	3,760,944	671,694	5,950,734	1,845,499	51,292,325	151,580	15,543,644	317,519	115,989,167
-	-	-	120,001	-	-	-	988,848	-	9,092,824
-	-	-	3,897,615	-	2,972,460	-	2,512,451	-	10,168,723
-	-	-	445,038	-	-	-	-	-	445,038
76,399	12,889	-	-	-	-	-	1,391	-	530,512
<u>24,435,418</u>	<u>3,773,833</u>	<u>671,694</u>	<u>10,413,388</u>	<u>1,845,499</u>	<u>54,264,785</u>	<u>151,580</u>	<u>19,046,334</u>	<u>317,519</u>	<u>136,226,264</u>
133,307	28,175	11,718	114,640	54,539	400,258	-	245,996	-	2,831,799
-	-	-	-	-	-	-	-	-	2,110
-	-	-	10,294,158	426,044	-	-	73,472	-	22,501,901
-	-	883,188	-	1,331,025	-	-	-	-	2,555,857
-	3,735,767	-	-	2	-	-	74,005	316,959	5,758,746
(471)	1,058	-	227	7,269	869,698	-	352,679	258	3,127,120
24,218,116	-	-	-	-	-	-	18,186,604	-	60,226,810
-	-	-	-	-	52,809,338	151,580	-	-	52,960,918
-	-	-	-	99,523	173,690	-	73,890	-	537,802
<u>24,350,952</u>	<u>3,765,000</u>	<u>894,906</u>	<u>10,409,025</u>	<u>1,918,402</u>	<u>54,252,984</u>	<u>151,580</u>	<u>19,006,646</u>	<u>317,217</u>	<u>150,503,063</u>
84,466	8,833	(223,212)	4,363	(72,903)	11,801	-	39,688	302	(14,276,799)
162	14,928	224,103	-	77,888	-	-	7,894	-	576,926
(8,231)	(4,111)	(891)	(4,363)	(4,985)	(11,801)	-	(46,309)	(302)	(902,843)
<u>(8,069)</u>	<u>10,817</u>	<u>223,212</u>	<u>(4,363)</u>	<u>72,903</u>	<u>(11,801)</u>	<u>-</u>	<u>(38,415)</u>	<u>(302)</u>	<u>(325,917)</u>
76,397	19,650	-	-	-	-	-	1,273	-	(14,602,716)
<u>618,673</u>	<u>26,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,567,383</u>
<u>\$ 695,070</u>	<u>\$ 46,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ 38,964,667</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2009**

	<u>Actual</u>	<u>Budget</u>
Salaries	\$ 1,494,826	\$ 1,593,592
Benefits	<u>587,462</u>	<u>659,747</u>
Indirect personnel	2,082,288	2,253,339
Legal	19,413	8,468
Audit	79,000	79,000
Contract services	201,528	218,653
In-region travel	2,053	7,328
Out-of-region travel	14,337	14,246
Equipment use fee	114,728	100,000
Consumable supplies	96,317	92,368
Insurance & bonding	26,416	45,000
Rent	423,053	400,115
Printing & publications	47,339	55,367
Equipment rental	214,379	219,440
Advertising	2,006	2,000
Maintenance & repairs	109,054	92,295
Employee recruitment	2,925	5,016
Communications	16,347	27,993
Postage	17,330	11,074
Subscriptions & dues	70,515	77,146
Other	<u>199,254</u>	<u>127,966</u>
 TOTAL	 3,738,282	 3,836,814
 Less: Contributions to Indirect costs	 <u>(378,949)</u>	 <u>(369,022)</u>
 NET INDIRECT COSTS	 <u>\$ 3,359,333</u>	 <u>\$ 3,467,792</u>

Indirect costs rate computations:

Net indirect costs	\$ <u>3,359,333</u>	\$ <u>3,467,792</u>
Direct salaries & benefits - all funds	\$ 20,215,832 = 16.62%	\$ 19,588,733 = 17.70%

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS ALL FUNDS
YEAR ENDED SEPTEMBER 30, 2009**

Full Time Benefits Programs	<u>Actual</u>	<u>Projected</u>
Medicare insurance	\$ 242,878	\$ 233,085
Medical insurance	1,723,362	1,616,446
Worker's compensation	36,592	73,944
Flexible benefit plan	6,216	5,680
Life & disability insurance	127,561	117,378
Other benefits	88,176	83,000
Unemployment insurance	17,171	26,334
Retirement	1,969,850	1,731,700
Vacation	818,103	781,531
Sick leave	499,130	507,369
Holiday leave	692,301	621,282
Other leave	<u>42,559</u>	<u>42,801</u>
TOTAL	<u><u>\$ 6,263,899</u></u>	<u><u>\$ 5,840,550</u></u>

Employee benefits rate computations:

Total full-time benefits	<u>\$ 6,263,899</u>		<u>\$ 5,840,550</u>	
Total regular salaries	\$ 15,840,469	= 39.54%	\$ 14,108,830	= 41.40%

Total personnel costs recap:

Salaries	\$ 15,840,469	\$ 14,108,830
Benefits	<u>6,263,899</u>	<u>5,840,550</u>
Personnel - NCTCOG	<u><u>\$ 22,104,368</u></u>	<u><u>\$ 19,949,380</u></u>

**TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST
 FISCAL YEAR 2009 ACTUAL
 OCTOBER 1, 2008 - SEPTEMBER 30, 2009**

Total Indirect Costs	\$ 3,359,333		
Expenditures:			
General Fund	4,925,318		
Special Revenue Fund	155,475,002		
Proprietary Fund	1,174,765		
Enterprise Fund	<u>2,861,816</u>		
Total Expenditures	\$ 164,436,901	=	2.0%
Less:			
Pass-Through Funds ⁽¹⁾	(74,528,545)		
In-Kind Expenditures	(11,884,524)		
Contract Services	(17,212,526)		
Capital Expenditures	(614,577)		
Interdepartmental Transfers for Direct Charges and Indirect Costs	<u>(4,376,456)</u>		
Adjusted Expenditures	\$ 55,820,273	=	6.0%

⁽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 purposes of this subsection, the commission's capital expenditures and any subcontracts, pass-throughs, or subgrants may not be considered in determining the commission's total direct costs. In this subsection, "pass-through funds" means funds, including subgrants or subcontracts, that are received by a commission from the federal or state government or other grantor for which the commission serves merely as a cash conduit and has no administrative or financial involvement in the program, such as contractor selection, contract provisions, contract methodology payment, or contractor oversight and monitoring.”

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CAPITAL ASSETS BY SOURCE
AS OF SEPTEMBER 30, 2009**

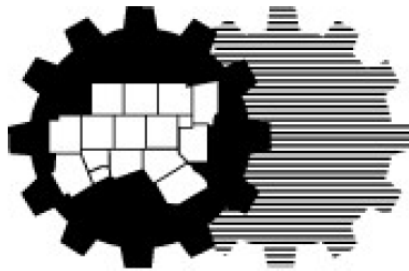
	<u>Totals</u>
CAPITAL ASSETS	
Equipment	\$ 11,436,758
Furniture	467,685
Leasehold Improvements	<u>1,879,508</u>
Total Capital Assets	<u>\$ 13,783,951</u>
SOURCES	
NCTCOG	
Equipment	\$ 9,877,089
Furniture	94,147
Leasehold Improvements	<u>600,898</u>
	10,572,134
GRANT FUNDED	
Equipment	1,559,669
Furniture	373,538
Leasehold Improvements	<u>1,278,610</u>
	3,211,817
Less: Internal Service Fund Assets	550,020
Less: Enterprise Fund	<u>7,335,034</u>
Total General Capital Assets	<u>\$ 5,898,897</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2009**

CAPITAL ASSETS	Totals
Local Assistance	\$ 1,185,086
Transportation	617,517
Regional Information Services	1,264,710
Environmental Resources	99,054
Emergency Preparedness	188,670
Workforce Development	2,592,517
Community Services	501,363
Enterprise Fund	<u>7,335,034</u>
Total Capital Assets	13,783,951
Less: Internal Service Fund	550,020
Less: Enterprise Fund	<u>7,335,034</u>
Total General Capital Assets	<u>\$ 5,898,897</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2009**

CAPITAL ASSETS	2008	Additions	Deletions	2009
Local assistance	\$ 1,208,926	\$ 102,124	\$ 125,964	\$ 1,185,086
Transportation	540,975	76,542	-	617,517
Regional information services	1,102,440	225,951	63,681	1,264,710
Environmental resources	99,054	-	-	99,054
Emergency preparedness	88,164	101,806	1,300	188,670
Workforce development	2,530,547	173,691	111,721	2,592,517
Community services	376,749	160,415	35,801	501,363
Enterprise fund	7,335,034	-	-	7,335,034
Total capital assets	13,281,889	840,529	338,467	13,783,951
Less: Internal service fund	387,750	225,951	63,681	550,020
Less: Enterprise fund	7,335,034	-	-	7,335,034
Total General Capital Assets	\$ 5,559,105	\$ 614,578	\$ 274,786	\$ 5,898,897



**North Central Texas
Council of Governments**



Statistical
Section

STATISTICAL SECTION

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

<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.	5
Debt Capacity These tables are to present information to help the reader assess the affordability of the Council's current levels of outstanding debt.	6
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.	7 & 8
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.	9, 10 & 11

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

	Fiscal Year		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities			
Invested in capital assets, net of related debt	\$ 1,497,753	\$ 1,255,488	\$ 342,148
Restricted	38,909,613	53,519,795	40,585,864
Unrestricted	<u>3,646,310</u>	<u>3,776,966</u>	<u>3,377,914</u>
Total governmental activities net assets	<u>\$ 44,053,676</u>	<u>\$ 58,552,249</u>	<u>\$ 44,305,926</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ -	\$ 1,217,307	\$ 3,759,091
Unrestricted	<u>67,345</u>	<u>128,515</u>	<u>(94,171)</u>
Total business-type activities net assets	<u>\$ 67,345</u>	<u>\$ 1,345,822</u>	<u>\$ 3,664,920</u>
Primary government			
Invested in capital assets, net of related debt	\$ 1,497,753	\$ 2,472,795	\$ 4,101,239
Restricted	38,909,613	53,519,795	40,585,864
Unrestricted	<u>3,713,655</u>	<u>3,905,481</u>	<u>3,283,743</u>
Total primary governmental net assets	<u>\$ 44,121,021</u>	<u>\$ 59,898,071</u>	<u>\$ 47,970,846</u>

Source: Comprehensive Annual Financial Report

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

TABLE 1

Fiscal Year			
<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 498,220	\$ 546,788	\$ 778,657	\$ 1,170,815
202,931	144,383	127,788	78,233
<u>2,900,375</u>	<u>2,729,099</u>	<u>2,418,801</u>	<u>2,231,218</u>
<u><u>\$ 3,601,526</u></u>	<u><u>\$ 3,420,270</u></u>	<u><u>\$ 3,325,246</u></u>	<u><u>\$ 3,480,266</u></u>
\$ 6,527,148	\$ -	\$ -	\$ -
108,308	-	-	-
<u>\$ 6,635,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,025,368	\$ 546,788	\$ 778,657	\$ 1,170,815
202,931	144,383	127,788	78,233
<u>3,008,683</u>	<u>2,729,099</u>	<u>2,418,801</u>	<u>2,231,218</u>
<u><u>\$ 10,236,982</u></u>	<u><u>\$ 3,420,270</u></u>	<u><u>\$ 3,325,246</u></u>	<u><u>\$ 3,480,266</u></u>

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

	Fiscal Year			
	2009	2008	2007	2006
Expenses				
Governmental activities:				
Agency administration	\$ 5,269,854	\$ 5,355,259	\$ 4,802,438	\$ 3,655,700
Agency management	853,457	571,395	558,360	610,618
Community services	22,490,067	19,668,658	14,732,789	15,019,016
Emergency preparedness	2,435,347	4,461,768	6,766,770	1,129,860
Environment and development	5,709,613	4,343,873	5,520,315	2,960,701
RIS local assistance	3,486,236	2,979,893	2,227,484	2,279,069
Transportation	63,238,757	59,886,873	47,265,285	14,443,094
Workforce development	53,269,187	48,193,206	49,917,806	44,205,070
Total governmental activities expenses	<u>156,752,518</u>	<u>145,460,925</u>	<u>131,791,247</u>	<u>84,303,128</u>
Business-type activities:				
Shared services	2,861,816	4,023,843	4,484,126	2,094,538
Total business-type activities expenses	<u>2,861,816</u>	<u>4,023,843</u>	<u>4,484,126</u>	<u>2,094,538</u>
Total primary government expenses	<u>\$ 159,614,334</u>	<u>\$ 149,484,768</u>	<u>\$ 136,275,373</u>	<u>\$ 86,397,666</u>
Program Revenues				
Governmental activities:				
Operating grants:				
Agency administration	\$ 100,626	\$ 78,732	\$ 829,212	\$ 770,046
Community services	17,634,359	14,759,657	10,043,056	10,341,041
Emergency preparedness	2,262,037	4,547,830	6,846,840	1,140,891
Environment and development	4,353,732	1,943,294	2,430,434	1,920,421
RIS local assistance	200,903	159,905	1,115,696	1,405,433
Transportation	42,882,386	46,223,986	29,793,889	13,173,525
Workforce development	51,946,951	50,814,449	51,347,719	45,422,270
Local grants and contributions	21,644,684	38,238,325	66,241,118	9,393,181
Total governmental activities program revenues	<u>141,025,678</u>	<u>156,766,178</u>	<u>168,647,964</u>	<u>83,566,808</u>
Business-type activities:				
Shared services	1,583,339	1,704,745	1,513,590	8,729,994
Total business-type activities program revenues	<u>1,583,339</u>	<u>1,704,745</u>	<u>1,513,590</u>	<u>8,729,994</u>
Total primary government program revenues	<u>\$ 142,609,017</u>	<u>\$ 158,470,923</u>	<u>\$ 170,161,554</u>	<u>\$ 92,296,802</u>
Net (Expenses) Revenue				
Governmental activities	\$ (15,726,840)	\$ 11,305,253	\$ 36,856,717	\$ (736,320)
Business-type activities	(1,278,477)	(2,319,098)	(2,970,536)	6,635,456
Total primary government net expenses	<u>\$ (17,005,317)</u>	<u>\$ 8,986,155</u>	<u>\$ 33,886,181</u>	<u>\$ 5,899,136</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Membership fees	645,519	632,215	617,503	595,578
Interest on investments	582,748	2,308,855	3,230,180	321,998
Total governmental activities	<u>1,228,267</u>	<u>2,941,070</u>	<u>3,847,683</u>	<u>917,576</u>
Total primary government	<u>\$ 1,228,267</u>	<u>\$ 2,941,070</u>	<u>\$ 3,847,683</u>	<u>\$ 917,576</u>
Change in Net Assets				
Governmental activities	\$ (14,498,573)	\$ 14,246,323	\$ 40,704,400	\$ 181,256
Business-type activities	(1,278,477)	(2,319,098)	(2,970,536)	6,635,456
Total primary government	<u>\$ (15,777,050)</u>	<u>\$ 11,927,225</u>	<u>\$ 37,733,864</u>	<u>\$ 6,816,712</u>

Source: Comprehensive Annual Financial Report

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

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

TABLE 2

Fiscal Year		
2005	2004	2003
\$ 2,909,373	\$ 2,861,274	\$ 2,487,596
947,451	497,792	916,839
13,912,338	12,957,865	15,282,979
1,090,853	643,622	619,612
5,607,103	2,819,256	5,936,010
2,987,476	2,368,924	2,088,881
12,346,155	11,292,631	9,988,282
<u>43,430,365</u>	<u>37,823,520</u>	<u>36,598,887</u>
<u>83,231,114</u>	<u>71,264,884</u>	<u>73,919,086</u>
114,631	-	-
<u>114,631</u>	<u>-</u>	<u>-</u>
<u>\$ 83,345,745</u>	<u>\$ 71,264,884</u>	<u>\$ 73,919,086</u>
\$ 133,036	\$ 65,024	\$ 112,698
9,827,308	8,816,107	9,386,376
1,157,462	737,276	573,179
3,942,280	1,615,441	4,398,181
13,906	10,896	782,422
13,040,326	11,838,046	9,984,918
44,466,690	38,717,710	36,774,830
9,871,427	8,633,446	8,422,831
<u>82,452,435</u>	<u>70,433,946</u>	<u>70,435,435</u>
114,631	-	-
<u>114,631</u>	<u>-</u>	<u>-</u>
<u>\$ 82,567,066</u>	<u>\$ 70,433,946</u>	<u>\$ 70,435,435</u>
\$ (778,679)	\$ (830,938)	\$ (3,483,651)
-	-	-
<u>\$ (778,679)</u>	<u>\$ (830,938)</u>	<u>\$ (3,483,651)</u>
579,019	567,314	553,086
294,684	108,604	84,930
<u>873,703</u>	<u>675,918</u>	<u>638,016</u>
<u>\$ 873,703</u>	<u>\$ 675,918</u>	<u>\$ 638,016</u>
\$ 95,024	\$ (155,020)	\$ (2,845,635)
-	-	-
<u>\$ 95,024</u>	<u>\$ (155,020)</u>	<u>\$ (2,845,635)</u>

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

	Fiscal Year			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund				
Reserved ^a	\$ 3,158	\$ 13,322	\$ 15,555	\$ 142,193
Unreserved	4,884,409	4,708,103	4,256,017	3,612,647
Total general fund	<u>\$ 4,887,567</u>	<u>\$ 4,721,425</u>	<u>\$ 4,271,572</u>	<u>\$ 3,754,840</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 55,054	\$ 47,588	\$ 48,359	\$ 51,762
Grants	796,364	645,283	437,221	104,684
Local transportation projects	38,113,249	52,874,512	40,148,643	-
Unreserved, reported in:				
Special revenue funds	-	-	(66,059)	-
Total all other governmental funds	<u>\$ 38,964,667</u>	<u>\$ 53,567,383</u>	<u>\$ 40,568,164</u>	<u>\$ 156,446</u>

Source: Comprehensive Annual Financial Report

Notes: ^aIncludes encumbrances and prepaid items.

TABLE 3

Fiscal Year					
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 169,310	\$ -	\$ -	\$ 134,585	\$ 30,804	\$ 31,299
3,309,101	3,126,462	2,937,911	2,738,289	3,014,330	2,983,031
<u>\$ 3,478,411</u>	<u>\$ 3,126,462</u>	<u>\$ 2,937,911</u>	<u>\$ 2,872,874</u>	<u>\$ 3,045,134</u>	<u>\$ 3,014,330</u>
\$ 42,122	\$ -	\$ -	\$ -	\$ -	\$ -
102,261	127,788	78,233	2,823,466	3,264,377	4,181,258
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 144,383</u>	<u>\$ 127,788</u>	<u>\$ 78,233</u>	<u>\$ 2,823,466</u>	<u>\$ 3,264,377</u>	<u>\$ 4,181,258</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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
REVENUES				
Federal grants	\$ 3,391,827	\$ 4,796,333	\$ 2,130,761	\$ 695,214
State administered grants	115,989,167	113,731,520	100,276,085	73,478,413
Membership dues	645,519	632,215	617,503	595,578
Local contributions	9,694,057	26,908,819	44,262,299	4,342,999
Interest income	582,748	2,308,855	3,230,180	321,998
Program income	445,038	436,305	463,927	484,339
In-Kind	11,505,589	10,893,201	21,514,892	4,565,843
TOTAL REVENUES	<u>142,253,945</u>	<u>159,707,248</u>	<u>172,495,647</u>	<u>84,484,384</u>
EXPENDITURES				
Current:				
Agency administration	6,239,753	5,380,600	4,780,155	3,681,798
Agency management	617,456	580,135	569,182	636,145
Community services	22,810,881	20,020,526	15,051,041	15,442,386
Emergency preparedness	2,555,857	4,527,038	6,892,294	1,144,842
Environment & development	5,906,678	4,380,767	5,612,603	3,020,890
Research & information services	3,660,746	3,000,855	2,215,495	2,323,786
Transportation	64,537,300	60,937,748	48,098,352	14,761,367
Workforce development	53,457,071	49,234,539	51,333,120	45,410,697
Capital outlay	614,578	1,423,653	374,854	201,959
	<u>160,400,320</u>	<u>149,485,861</u>	<u>134,927,096</u>	<u>86,623,870</u>
Indirect cost allocation	(3,359,333)	(2,860,926)	(2,872,021)	(2,160,816)
Contributions to indirect costs	(378,949)	(366,759)	(363,526)	(352,543)
TOTAL EXPENDITURES	<u>156,662,038</u>	<u>146,258,176</u>	<u>131,691,549</u>	<u>84,110,511</u>
EXCESS OF REVENUES OVER EXPENDITURES	(14,408,093)	13,449,072	40,804,098	373,873
OTHER FINANCING SOURCES AND USES				
Capital-related debt issued (note payable)	-	-	149,887	-
Transfers In	1,058,306	627,426	314,725	218,893
Transfers out	(1,086,787)	(627,426)	(340,564)	(303,970)
Total other financing sources (uses)	<u>(28,481)</u>	<u>-</u>	<u>124,048</u>	<u>(85,077)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$(14,436,574)</u></u>	<u><u>\$13,449,072</u></u>	<u><u>\$ 40,928,146</u></u>	<u><u>\$ 288,796</u></u>

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

TABLE 4

FISCAL YEAR					
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 311,125	\$ 232,407	\$ 378,586	\$ 1,765,186	\$ 2,199,292	\$ 262,246
72,269,883	61,568,093	61,634,018	50,873,075	48,977,462	26,364,818
579,019	567,314	553,086	539,995	508,392	496,727
5,383,009	4,824,658	4,917,753	5,578,536	4,910,006	2,761,881
294,684	108,604	84,930	101,801	324,094	247,891
554,216	557,649	534,160	693,601	542,852	564,357
3,934,202	3,251,139	2,970,918	3,558,333	4,385,481	1,481,136
<u>83,326,138</u>	<u>71,109,864</u>	<u>71,073,451</u>	<u>63,110,527</u>	<u>61,847,579</u>	<u>32,179,056</u>
3,301,741	2,586,675	3,641,730	3,143,333	2,236,337	1,910,423
959,325	1,399,249	-	-	-	-
14,097,463	13,070,752	15,447,933	12,087,518	12,073,043	8,997,588
1,144,296	687,678	659,611	37,212	-	-
5,774,954	3,024,371	6,089,303	2,968,300	6,096,092	2,923,825
3,119,094	2,525,289	2,229,493	2,067,410	1,540,746	624,692
12,949,745	11,831,488	10,518,459	8,600,465	8,727,264	5,543,603
43,633,788	37,847,555	36,777,116	36,078,866	32,967,594	12,744,912
348,945	237,546	669,279	620,857	871,219	544,133
<u>85,329,351</u>	<u>73,210,603</u>	<u>76,032,924</u>	<u>65,603,961</u>	<u>64,512,295</u>	<u>33,289,176</u>
(2,186,536)	(2,118,195)	(2,080,034)	(1,677,193)	(1,592,186)	(1,367,654)
(279,397)	(250,015)	(204,381)	(212,639)	(201,521)	(260,895)
<u>82,863,418</u>	<u>70,842,393</u>	<u>73,748,509</u>	<u>63,714,129</u>	<u>62,718,588</u>	<u>31,660,627</u>
462,720	267,471	(2,675,058)	(603,602)	(871,009)	518,429
-	-	-	-	-	-
330,534	295,458	216,998	547,427	301,154	211,528
(424,710)	(324,823)	(222,136)	(556,997)	(316,222)	(215,520)
<u>(94,176)</u>	<u>(29,365)</u>	<u>(5,138)</u>	<u>(9,570)</u>	<u>(15,068)</u>	<u>(3,992)</u>
<u>\$ 368,544</u>	<u>\$ 238,106</u>	<u>\$ (2,680,196)</u>	<u>\$ (613,172)</u>	<u>\$ (886,077)</u>	<u>\$ 514,437</u>

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

<u>Fiscal Year</u>	<u>LOCAL</u>					<u>TOTAL</u>
	<u>Member Dues</u>	<u>Interest (1)</u>	<u>Contributions (1) (2)</u>	<u>In-Kind</u>	<u>Program</u>	
2009	\$ 645,519	\$ 582,748	\$ 9,694,057	\$ 11,505,589	\$ 445,038	\$ 22,872,951
2008	632,215	2,308,855	26,908,819	10,893,201	436,305	41,179,395
2007	617,503	3,230,180	44,262,299	21,514,892	463,927	70,088,801
2006	595,578	321,998	4,342,999	4,565,843	484,339	10,310,757
2005	579,019	294,684	5,383,009	3,934,202	554,216	10,745,130
2004	567,314	108,604	4,824,658	3,251,139	557,649	9,309,364
2003	553,086	84,930	4,917,753	2,970,918	534,160	9,060,847
2002	539,995	101,801	5,578,536	3,558,333	693,601	10,472,266
2001	508,392	324,094	4,910,006	4,385,481	542,852	10,670,825
2000	496,727	247,891	2,761,881	1,481,136	564,357	5,551,992

Note: (1) Includes General and Special Revenue

(2) Includes RTC local revenue for Sustainable Development projects of \$39,015,863, \$19,880,136 and \$2,138,851 for 2007, 2008 and 2009, respectively.

TABLE 5

GRANTS		TOTAL
<u>State</u>	<u>Federal</u>	
\$ 115,989,167	\$ 3,391,827	\$ 142,253,945
113,731,520	4,796,333	159,707,248
100,276,085	2,130,761	172,495,647
73,478,413	695,214	84,484,384
72,269,883	311,125	83,326,138
61,568,093	232,407	71,109,864
61,634,018	378,586	71,073,451
50,873,075	1,765,186	63,110,527
48,977,462	2,199,292	61,847,579
26,364,818	262,246	32,179,056

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

TABLE 6

<u>Fiscal Year</u>	<u>Outstanding Note Payable (1)</u>	<u>Annual Payments</u>	<u>Total Revenues</u>	<u>Payments as Percent of Total Revenues</u>
2009	\$ 60,957	\$ 42,896	\$ 142,253,945	0.03015%
2008	103,853	39,469	159,707,248	0.02471%
2007	143,322	6,565	172,495,647	0.00381%

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

Note: (1) The Note Payable is for equipment for the Agency

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

TABLE 7

Year	Estimated Population ^a	Personal Income ^b	Per Capita Personal Income ^b	School Enrollment ^c	Unemployment Rate ^d
2000	5,309,277	\$ 176,530,068,000	33,967	968,838	3.1%
2001	5,415,400	183,488,201,000	34,281	983,896	4.5%
2002	5,561,550	185,863,325,000	33,950	1,018,130	6.8%
2003	5,709,950	190,587,779,000	34,166	1,052,364	6.9%
2004	5,867,400	203,669,470,000	35,831	1,070,271	5.9%
2005	6,047,800	221,192,290,000	38,089	1,086,599	5.2%
2006	6,242,800	238,858,111,000	39,924	1,122,168	4.8%
2007	6,406,450	255,363,081,000	39,844	1,168,405	4.3%
2008	6,538,850	260,640,586,003 *	40,667 *	1,193,011	5.1%
2009	6,637,230	264,562,043,270 *	41,279 *	1,216,929	8.0% *

Sources: ^aYearly NCTCOG Population Estimates.

^bIncome provided by BEA Regional Bearfacts for the Dallas-Fort Worth-Arlington, Tx Metropolitan Statistical Area

^cTexas Education Agency

^dTexas Workforce Commission.

Notes: N/A - Data not available.

Other: N/A - Data not available.

* - Approximation only, as information not published yet

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

TABLE 8

2009		
Employer	Employees	Percentage of Total NCTCOG Employment
Wal-Mart	37,100	1.21%
American Airlines	21,935	0.72%
Baylor Health Care System	18,000	0.59%
Texas Health Resources	17,485	0.57%
AT&T	14,400	0.47%
Lockheed Martin Aeronautics	14,100	0.46%
Verizon Communication	14,000	0.46%
HCA	12,300	0.40%
JPMorgan Chase	10,000	0.33%
Citi	9,100	0.30%
Total	168,420	5.51%

Total NCTCOG Region Employees 3,059,028

Source: Dallas Business Journal, 2010 Book of Lists

2008		
Employer	Employees	Percentage of Total NCTCOG Employment
Wal-Mart	35,700	1.17%
American Airlines	25,952	0.85%
Texas Health Resources	17,203	0.56%
AT&T	16,600	0.54%
Baylor Health Care System	16,000	0.52%
Lockheed Martin Aeronautics	14,250	0.47%
Verizon Communication	14,000	0.46%
HCA	12,304	0.40%
Texas Instruments	11,000	0.36%
Kroger Foods	10,150	0.33%
Total	173,159	5.65%

Total NCTCOG Region Employees 3,062,897

Source: Dallas Business Journal, 2009 Book of Lists

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

Total NCTCOG Region Employees 3,071,797

Source: Dallas Business Journal, Book of Lists 2008

2006		
Employer	Employees	Percentage of Total NCTCOG Employment
Wal-Mart Stores Inc.	31,700	1.04%
American Airlines	22,265	0.73%
Lockheed Martin Aeronautics Co.	15,085	0.50%
Baylor Healthcare System	16,065	0.53%
Texas Health Resources	13,582	0.45%
Verizon Communications	13,500	0.44%
AT&T Inc.	13,300	0.44%
Kroger Food Stores	11,500	0.38%
Albertsons Inc.	10,715	0.35%
Texas Instruments	10,400	0.34%
Total	158,112	5.21%

Total NCTCOG Region Employees 3,037,489

Source: Dallas Business Journal, Book of Lists 2007

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

Total NCTCOG Region Employees 2,933,460

Source: Dallas Business Journal, Book of Lists 2006

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

Total NCTCOG Region Employees 2,864,475

Source: Dallas Business Journal, Book of Lists 2005

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

TABLE 9

Function/Program	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Agency Management	3	3	3	3	3	3	3	3	3	3
Agency Administration	39	34	30	27	24	22	22	17	16	14
Public Affairs	4	4	4	4	4	4	4	4	4	4
Research and Information Service	32	31	27	26	24	24	22	17	19	15
Community Services	40	38	34	32	31	35	37	39	35	30
Environment & Development	24	26	24	24	24	26	26	28	24	24
Transportation	154	145	116	108	90	82	76	73	68	66
Workforce Development	22	24	23	28	28	27	23	20	20	19
Emergency Preparedness	13	11	9	6	6	5	2	2	-	-
Total	331	316	270	258	234	228	215	203	189	175

Source: Agency Annual Fiscal Program

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

Function/Program	Fiscal Year			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Local assistance	\$ 1,185,086	\$ 1,208,926	\$ 772,363	\$ 583,680
Transportation - TxDOT	617,517	540,975	414,588	344,444
Regional information services	1,264,710	1,102,440	837,499	800,347
Environmental resources	99,054	99,054	99,054	99,054
Emergency preparedness	188,670	88,164	67,451	59,186
Workforce development	2,592,517	2,530,547	2,076,129	2,026,134
Community services	501,363	376,749	151,005	130,390
Enterprise Fund	7,335,034	7,335,034	8,080,514	8,080,514
Prior Year Balance	-	-	-	3,967,800

Source: Comprehensive Annual Financial Report

TABLE 10

Fiscal Year						
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$	580,468	\$ 473,849	\$ 446,430	\$ 391,834	\$ 616,786	\$ 526,360
	334,216	439,863	385,442	259,555	361,298	283,054
	753,631	831,112	751,799	575,022	333,733	201,420
	135,912	137,546	137,546	147,173	138,240	84,629
	39,307	39,307	39,307	36,937	-	-
	2,081,390	1,993,449	1,917,056	1,900,333	1,851,125	1,219,630
	164,217	275,751	275,751	229,364	201,149	122,303
	553,333	-	-	-	-	-
	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 11

In accordance with the Texas Administrative Code Title 1, Part 1, Chapter 3, Rule 3.9420, the North Central Texas Council of Governments is exempted from the other requirements of Rule 3.9420 in that its most populous county (Dallas) has an actual weekly wage that exceeds the state actual weekly wage by 20% or more for the previous year as determined by the Texas Workforce Commission in its County Employment and Wage Information Report.

The Commission's Covered Employment and Wages for Counties/State Publication for 2008 reports that the average weekly wage for the total of all work categories in the State of Texas was \$884. Dallas County's average weekly wage for all work categories was \$1,068. Thus, Dallas County's average weekly wage was 21% above the states average.