

# Comprehensive Annual Financial Report



Fiscal Year Ended September 30, 2006

North Central Texas Council of Governments



NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED

**September 30, 2006**

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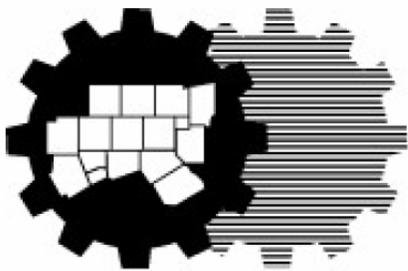
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**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
TABLE OF CONTENTS**

<b>I. INTRODUCTORY SECTION</b>	<b><u>PAGE</u></b>
Transmittal Letter	i
GFOA Certificate of Achievement	x
Principal Officials	xi
Organizational Chart	xii
Mission Statement	xiii
Map of the North Central Texas Region	xiv
Member Governments	xv
<b>II. FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Assets - Proprietary Funds	16
Statement of Revenues, Expenses and Changes in	
Fund Net Assets - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Notes to the Basic Financial Statements	19
Required Supplemental Information	
Budgetary Comparison - General Fund	34
Notes to Required Supplemental Financials	35
Other Supplemental Information	
Combining and Individual Fund Schedules:	
Combining Schedule of Revenues, Expenditures, and Changes in	
Fund Balances - State and Locally Administered Grants	37
Schedule of Indirect Costs - General Fund	39
Schedule of Employee Benefits - All Funds	40
Texas Local Government Code Chapter 291 Indirect Cost Limitations Test	41
Capital Assets	
Capital Assets by Source	42
Capital Assets by Function and Activity	43
Changes in Capital Assets by Function and Activity	44

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
TABLE OF CONTENTS**

<b>III. STATISTICAL SECTION</b>	<b><u>PAGE</u></b>
Net Assets by Component	Table 1    45
Changes in Net Assets	Table 2    46
Fund Balances, Governmental Funds	Table 3    47
Changes in Fund Balances, Governmental Funds	Table 4    49
Demographic and Economic Statistics	Table 5    51
Principal Employers	Table 6    52
Full-Time Equivalent Council Employees by Function/Program	Table 7    54
Capital Assets Statistics by Function/Program	Table 8    55
Presentation of Pay Structure	Table 9    57

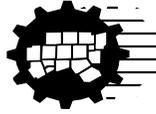


**North Central Texas  
Council of Governments**

The background features a vertical rectangular area on the right side of the page. It contains a blurred image of a computer keyboard at the bottom, transitioning into a red-tinted area with several interlocking gears of various sizes and colors (red, white, and grey) in the upper portion. A solid blue rectangular box is overlaid on the left side of this graphic, containing the text 'Introductory Section' in white serif font.

# Introductory Section





North Central Texas Council of Governments

February 22, 2007

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

Members of the Executive Board:

The Comprehensive Annual Financial Report of the North Central Texas Council of Governments (NCTCOG) for the fiscal year ended September 30, 2006, 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 and account groups. 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) is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials, and the Agency's organizational chart. The financial section includes the independent auditor's report on the basic financial statements, the Management Discussion and Analysis (MD&A), basic financial statements and notes to the financial statements, and supplemental information. 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's MD&A can be found immediately following the independent auditor's report. The supplemental information includes schedules that are related to budget, fringe and indirect cost and related ratios as well as capital asset information. The statistical section includes selected financial and regional demographic information.

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

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

## **ORGANIZATIONAL PROFILE**

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

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

The Council is governed by a general assembly composed of one voting representative from each of the 233 member governments and the Executive Board, which is composed of thirteen local officials elected by the General Assembly. The reporting entity includes only the funds of the Council's functions and activities.

North Central Texas is a sixteen-county metropolitan region centered around Dallas and Fort Worth. It has a population of over 6.0 million, which is larger than 30 states, and an area of 12,800 square miles, which is larger than nine states. NCTCOG currently has 233 member governments. The membership includes 16 counties, 165 municipalities, 23 independent school districts, and 29 special purpose districts.

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

## **ECONOMIC CONDITION AND OUTLOOK**

NCTCOG's regional population grew by 168,000 in 2005, to a January 1, 2006 estimate of 6,074,800. Single family home construction continues to boom due to the migration of people to the region, land affordability and relatively low interest rates.

Through November 2006, the unemployment rate for the NCTCOG region was 4.5 percent, which is .1 percent less than the state's overall unemployment rate. Furthermore, November's unemployment rate reached its lowest point since May 2001.

Despite the economic concerns and the uneasy political climate of the last few years, the NCTCOG 2030 Forecast projects 9.1 million people and 4.6 million jobs by 2020. The NCTCOG region's low cost of living, business climate, favorable weather and quality schools make it a competitive area nationally for business relocations. Migration, both from within the U.S. and internationally, will continue to drive this ongoing, unprecedented growth in our region well into the future.

## **NEW INITIATIVES**

**Community Services** - Law Enforcement Analysis Portal (LEAP) is a project to assist law enforcement agencies in sharing information across jurisdictional boundaries, thus improving crime and link analysis and improving case closure. Its advisory committee of eleven chief law enforcement executives assists with the planning, develops future functionality, and provides oversight of the information sharing platform.

LEAP is a collaborative effort between NCTCOG and private companies providing a Crime and Link Analysis tool for mapping information, as well as providing link charts between persons, vehicles, and property for criminal investigators.

LEAP's objectives are four-fold:

- Officer Safety – provide a mechanism for patrol officers to query multiple agency databases cached in a secure LEAP data center, to receive focused information in table form prior to making contact about a vehicle, plate, or location, when those elements have been involved in weapons, assault, drug, or gang activity.
- Crime and Link Analysis – queries against the LEAP data cache will provide responses in summary table format, report format, or geospatially on a road map across jurisdictional boundaries.

- De-Confliction Analysis- will enhance the safety of law enforcement officers involved in tactical operations, by notifying involved parties prior to the incident.
- LEAP Records Management System (RMS) – Will allow agencies access to an advanced hosted RMS service at an affordable price by subscription, instead of through capital expenditures.

Federal and private grant funds are being sought to supplement the contributions of local units of government to offset the subscription cost.

The NCTCOG region contains a major subset of the approximately 80,000 sworn police officers in approximately 2,000 law enforcement agencies within the border of Texas. These initiatives described here allow local intelligence gathering, integration and aggregation and subsequent training in the use of the protocols and analytic tools for enhanced security, safety, and officer efficiency through out the state.

NCTCOG's 9-1-1 Program is working towards the Next Generation of 9-1-1. This includes implementing a Next Generation network that will connect all 43 of the service area's Public Safety Answering Points (PSAPs), and offer additional redundancy and contingency planning. The program was awarded \$1,000,282 of contingency funding for the implementation of the proposed network. Implementation services for the Next Generation network will include developing an RFP and awarding network service and project management agreement for the implementation of the network. Services will also include staff training so that NCTCOG's Network Specialist can maintain the network and make enhancements over the next several years. Next Generation 9-1-1 is a phased process and NCTCOG will be adding components through each budget cycle. NCTCOG is one of two COG 9-1-1 programs selected as a pilot for the implementation of Next Generation 9-1-1 in the state 9-1-1 program.

**Emergency Preparedness** - The 2006 Social Service Block Grant (SSBG) provided approximately \$8.4 million dollars in the North Central Texas region. All of the funds were used to reimburse organizations and jurisdictions that provided services to people affected by Hurricane Katrina.

The Center for Disease Control (CDC), the Texas Department of State Health Services (DSHS) and the North Central Texas Council of Governments (NCTCOG) are working with local jurisdictions to make full and effective use of the Strategic National Stockpile in the event of a possible biological terrorist attack. This is accomplished through the Cities Readiness Initiative (CRI). Special funding, training, and equipment are being provided to twelve counties in our region. They include: Collin, Dallas, Delta, Denton, Ellis, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant and Wise. These jurisdictions develop plans and infrastructure so that they are prepared to provide medications within 48 hours of an event to their entire population.

The core cities of Arlington, Dallas, and Fort Worth (ADFW) have combined their efforts into one "super" Urban Area Security Initiative (UASI) area in order to foster cooperation and coordination with one unified regional strategy which is aligned with state and national homeland security strategies. The ADFW UASI has administered over \$60 million dollars in regional projects since 2003.

Due to tragic events throughout the nation affecting school safety, Texas' Regional Education Service Centers (ESCs) Region 10 and 11, The North Central Texas Council of Governments (NCTCOG), and local jurisdictions are working together in a systematic and unified effort to adapt and implement a comprehensive approach to safer and more secure schools. The goal of the initiative is to create the safest learning environment possible for schools so teaching and learning can occur keeping in mind at all times that the welfare of the children is of utmost importance.

**Environment & Development** – Sustainable Environmental Excellence – or SEE – is the overall theme for NCTCOG's environmental resources and development initiatives. SEE was first used as the title of a regional conference hosted in the fall of 2001. SEE is intended to guide NCTCOG's efforts, and ultimately the region's, in regards to planning for the future of this growing and changing area in a collaborative and cost-effective way for the benefit of all North Central Texas. The SEE initiatives for FY06 were grouped into three strategic categories: SEE Less Trash, SEE Safe Clean & Green Regional Environmental Corridors, and SEE Development Excellence.

The SEE Less Trash initiative focuses on promoting recycling and waste minimization, stopping illegal dumping and assuring adequate landfill capacity. Support of the Resource Conservation Council and its subcommittees, Time To Recycle, Stop Illegal Dumping and Assuring Capacity for Trash, continued; and a new funding biennium commenced, with the approval of 49 local implementation projects. Final approval of the regional plan by the state is still pending. Four set-aside projects were initiated: *Phase III C&D Debris Recycling; Establishing a Baseline and Method to Benchmark Recycling in the Region; Assisting the Construction of County Convenience Stations; and the Assisting Counties in Developing Solid Waste Facility Siting Ordinances* project was recently completed.

NCTCOG has adopted the SEE Safe Clean & Green vision and strategic plan with specific objectives to help the region achieve safe corridors where flooding is reduced, clean corridors where water quality meets or exceeds state standards, and green corridors where ribbons of greenways are tied together for ecological benefits and recreational & mobility opportunities. To promote this initiative, the Department of Environment and Development supported digital mapping as a FEMA Cooperative Technical Partner; assisted FEMA consultants; sought and gained local support for Bear Creek ultimate hydrology study; and received USEPA Stream Team funding. E&D Staff continued the well-recognized watershed partnership with USACE and others towards a Trinity River COMMON VISION; managed the Corridor Development Certificate process; and continued Fort Worth Uptown, Dallas Floodway, and Big Fossil Creek cooperative projects. An annual amendment to the SEE Clean Plan was adopted.

The Regional Storm Water Program assisted cost-share participants and continued to provide Regionally Developed Initiatives to aide locals with their permit requirements. Phase I (Large) entities are in the process of permit renewal while smaller Phase II communities still await state general permit issuance. The Regional Storm Water Monitoring Program resumed in August, with consultant assistance. Entities have begun to adopt the *iSWM Design Manual for Site Development*; Fort Worth and Grand Prairie have executed formal licensing agreements and others are on the horizon.

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

Phase 2 of Vision North Texas was initiated with a cost-shared program involving our member local governments and the private sector. Guidance is provided by a Management Committee with input from more than 60 advisors representing a cross-section of elected officials, business and development leaders, universities and the community at large. A very successful Vision North Texas Leadership Summit was held in September. Staff continued to expand outreach for development excellence; and hosted the 2006 Spring Tour in May, featuring past CLIDE (Celebrating Leadership in Development Excellence) Award winners.

*Research and Information Services* - The implementation of the Lawson ERP was successfully completed as of March of 2006. With the original three cities in a maintenance status RIS began the process of identifying and pursuing new members for the Shared Services Center.

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

The iCommunities program of hosted GIS websites was expanded through the addition of Lancaster and DeSoto to the program and the addition of additional layer for existing customers of Dallas, Lewisville, and Rowlett. Additionally, support for Dallas County Elections was continued.

RIS continued tracking major development and added to the data set that includes over 4,200 points. The 2006 population estimates were completed in July. While the program to implement an isdCommunities program to provide demographic information to school districts was delayed due to staffing constraints, attendance zone maps were created for the Mansfield ISD. RIS continued to refine the forecasting methodology used for demographic forecasts. Alternate models used in the process were evaluated but the decision was made to continue using the existing model for the 2040 Demographic Forecast.

RIS responded to over 4,600 posted Agency and Workforce support requests. The computer replacement program continues on schedule to provide Agency employees with adequate desktop computing equipment. Server and network infrastructure upgrades were completed to provide the Agency with the computing environment required. Additionally, a new Help Desk software was implemented to provide users the ability to enter support requests via their desktop browser. RIS continues to provide technical and database support for a number of Agency applications and programs, including the accounting software the Public Employee Benefits Cooperative program, Aircheck Texas Emergency Preparedness and the Intelligent Transportation System.

**Transportation** - During FY 2006, the Transportation Department launched a number of new initiatives. Truck lane restrictions were implemented on the innermost left through-lanes of a section on I.H. 30 in Tarrant County and I.H. 20 in Dallas County from August 2005 to January 2006. An element of the overall analysis was to report the impact of ozone precursor emissions, including nitrogen oxide (NO<sub>x</sub>) and volatile organic carbons (VOC), based on the observed data collected.

In addition, a Commuter Travel Emission Study was conducted to increase the accuracy of estimating emissions in the North Central Texas (NCT) Inspection/Maintenance (I/M) counties by applying appropriate emission factors for vehicles traveling in from non-I/M counties. The study estimated unaccounted vehicular emissions for years 2005, 2009, and 2012. This was an effort contracted through the Texas Commission on Environmental Quality (TCEQ). Another effort contracted through TCEQ was a Reasonable Further Progress emissions inventory to support TCEQ efforts on developing a component of the State Implementation Plan (SIP) for the Dallas-Fort Worth (DFW) nine-county non-attainment area. The nine non-attainment counties included Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, and Tarrant. This analysis documented on-road mobile emission results of volatile organic compounds (VOCs), carbon monoxide (CO<sub>2</sub>), and oxides of nitrogen (NO<sub>x</sub>) for analysis years 2002, 2008, 2009, 2011, and 2012. NCTCOG staff also worked closely with the Texas Commission on Environmental Quality on acquiring inspection and emissions data. Staff developed a web-based information system that contains over 18 million inspection records for Collin, Denton, Dallas, Ellis, Johnson, Kaufman, Parker, Rockwall, and Tarrant Counties. The database is used in daily operations with the AirCheck Texas Program, the Dallas Emissions Enforcement Pilot Program, and for other research purposes. The database is also being designed so that all law enforcement officials in North Texas may be able to access and utilize the information for increased enforcement.

The SmartWay Transport Partnership (SmartWay), established by the Environmental Protection Agency (EPA) in 2004, is a voluntary, public-private partnership with the freight industry that promotes a variety of strategies designed to reduce energy consumption and vehicle emissions that also lead to a reduction in costs for truck and rail freight operators. In 2006, staff submitted a grant application to the EPA to conduct a demonstration project to implement and demonstrate SmartWay Upgrade Kits (highly fuel-efficient technologies bundled with emission control devices). EPA awarded the grant to COG, and staff began preparation for administering the Call for Projects in January 2007, including the development of Call for Projects guidelines and a Quality Assurance Project Protocol. Work will continue in 2007 and into 2008.

NCTCOG staff also assisted with various local and statewide committees, work groups, research centers, and other organizations on gathering data and information in preparation for the 80<sup>th</sup> Texas Legislature. Staff provided statistics, data, input, and recommendations for the Houston Advanced Research Center's Project H72 A and B, an analysis of Texas Emission Reduction Plan (TERP) Program and Low Income

Repair and Replacement Assistance Program (LIRAP), respectively. Staff also assisted in preparing resolutions and supporting documentation for the North Texas Clean Air Steering Committee and the Texas Clean Air Work Group. The North Texas Clean Air Coalition funded a project developed by NCTCOG staff to provide vehicle maintenance kits at various outreach events, including city organized environmental and/or health fairs, heritage day events sponsored by local communities and non-profit organizations, and local school health fairs. The AirCheck Texas Program continued efforts at reaching potential participants in the North Texas area through various community outreach events. While attending these events, staff provided information about the AirCheck Texas program and promoted proper vehicle maintenance through distribution of the AirCheck Texas Car Care Kits.

NCTCOG staff released a Request for Proposals (RFP) to conduct a study to develop an Emergency Responders Uniform Communication System (ERUCS). The study will investigate the incorporation of Regional Data and Video Communication System and the Center-to-Center Software to create the ERUCS. The RFP was released in January 2006, and Southwest Research Institute (SwRI) was selected to conduct the study. The full Notice to Proceed was released in August 2006. The ERUCS study is expected to be complete by February 2007.

NCTCOG staff also released a Request for Proposals in September 2005 to develop an internet-based commuter registration and participation tracking application for the Employer Trip Reduction Program. The application will measure the benefits of employee trip reductions from using alternatives to single occupant vehicle transportation and/or trip elimination strategies. The application will also be used to enhance the existing planning and evaluation tools, query the data collected, and calculate mobility and air quality benefits within the region. The application will also provide a web interface for employees in the Dallas-Fort Worth region to log alternate commutes made for work purposes. The Notice to Proceed on the development of the application was released in February 2006. The application was completed in September 2006 and named NCTCOG Try Parking It. The website was activated on October 1, 2006. The next phase for FY 2006-2007 is to implement a marketing plan and to add a rideshare component to the website.

As federal and State transportation funding remains stagnant, new ways are being developed to fund needed transportation improvements. One method is through comprehensive development agreements (CDA). A CDA is an agreement between the Texas Department of Transportation (TxDOT) and a private entity which allows for a single firm to design, construct, and operate a roadway. Typically the private developer pays an up-front amount to TxDOT for the rights to develop and operate the roadway for an agreed upon number of years and under specific conditions. The private developer's investment will be recovered through user fees, and some portion of the revenue above what's necessary to recover the investment will also be shared with TxDOT. Both the up-front payments and excess revenue payments will allow TxDOT to construct additional roadways.

The Regional Transportation Council also worked to develop regional policies related to innovating toll financing. The RTC, through a regional consensus building process, developed an Excess Toll Revenue Sharing Policy to outline how excess toll revenue will be shared regionally and identify a cooperative project selection process. The principles of this policy were embodied in a revenue sharing agreement between the RTC and the Texas Transportation Commission (TTC) for \$3.5 billion in excess toll revenues and concession fees from comprehensive development agreement (CDA) projects, including local project selection authority for these revenues. At the request of the TTC, the RTC developed Business Terms for Toll Roads on State Highways including parameters for toll rates, time-of-day toll pricing, and toll escalation policies for inclusion in CDA proposals. The RTC also developed a similar toll policy for managed lanes. The RTC and NCTCOG staff also worked to develop consensus on an institutional framework for determining the lead agency for toll facilities in the region.

NCTCOG partnered with the United Way of Tarrant County and the Tarrant County Workforce Board to implement a new transit pilot project in Hurst, Euless, and Bedford. This pilot project serves transportation-disadvantaged individuals in Hurst, Euless, and Bedford by providing free monthly transit passes on the demand-response service. Utilizing federal Job Access/Reverse Commute (JARC) funds awarded to NCTCOG, the project provides a unique opportunity to coordinate federal funding sources

and charitable donations among the three participating agencies. Service was implemented in August 2006, and since that time more than 200 individual trips have been provided.

Three additional projects received funding in FY 2005-2006 and are scheduled to begin in FY 2006-2007. The first of these is the Joint Land Use Study, a project funded by the Department of Defense's Office of Economic Adjustment and a group of local governments surrounding the Fort Worth Joint Reserve Base. The goal of the Joint Land Use Study is to develop strategies to prevent or mitigate land use encroachment around the base. The second of these is the Regional General Aviation and Heliport System Plan, a project funded by the Federal Aviation Administration and local funds of the Regional Transportation Council. The goal of this project is to start a multi-year effort to develop new strategies for improving both general aviation and heliport facilities in the region. The third of these is the Transit Oriented Development Implementation Program, a project fully funded by the Regional Transportation Council with local funds. The goal of this Transit Oriented Development (TOD) project is provide market and financial analysis to specific potential TOD sites in combination with sketch-level 3-D renderings of potential buildings and streetscapes in order to facilitate local decision-making on TODs.

**Workforce Development** - The North Central Texas Workforce Board was recognized by the Texas Workforce Commission (TWC) for the Overall Performance Award for Large Boards. This distinction honors boards that are actively engaged with the local workforce and have made a positive impact on employers, workers and the community. North Central Texas Workforce consistently outperformed other Boards by maintaining top ratings in Unemployment Claimants placed, jobs filled, job retention of those placed in employment and various other contracted measures set by TWC. The Board earned a \$100,000 for its achievements as the Contract Year 2006 Overall Top Performer among Large Workforce Boards that include Dallas, Tarrant, Austin and others.

The North Central Texas (NCT) Workforce Board in partnership with the North Central Texas Logistics Cluster, the Texas Manufacturer's Assistance Center (TMAC), the Manufacturing Skills Standards Council (MSSC), area community colleges, and various employers, formed a consortium to meet the local training needs in advanced manufacturing.

Surveys of the North Central Texas Logistics Cluster in early 2006 found that 73.9% of employers had difficulty in recruiting qualified employees to fulfill current needs. In July 2006, interviews with employers found that there is a shortage of qualified logistics workers at both the entry-level and more technical intermediate level.

The North Central Texas Workforce Board applied for the Presidents High Growth Job Training Initiative and was one of 11 entities from across the country that was funded. The Board was awarded a \$1.5 million federal grant from the U.S. Department of Labor, Employment & Training Administration. The goals of the project (over three years) include curriculum design for 665 training courses, the certification of 25 instructors to teach the courses, and the training of 500 new and incumbent workers.

The Board continues to successfully operate the North Central Texas Employee Development Fund Grant. This initiative partners community/technical colleges and/or 4-year colleges/universities with local employers to submit a proposal outlining their need for training new and incumbent employees and the benefits such training would provide to the community. During the Program Year, we funded nine projects totaling \$819,301 and trained 731 employees. Training was provided in the areas of lean manufacturing, robotics, and healthcare.

## **FACTORS AFFECTING FINANCIAL CONDITION**

In developing and evaluating the Council's accounting system, consideration is given to the adequacy of internal control. Internal control is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All

internal control evaluations occur within the above framework. It is believed that NCTCOG's internal controls adequately safeguard assets and provides reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state, and local government financial assistance, NCTCOG is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management.

As part of NCTCOG's single audit, described earlier, 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, 2006, provided no instance of material weaknesses in internal control or significant violations of applicable laws and regulations.

NCTCOG's annual budget is a management tool that assists in analyzing financial activities during the fiscal year. The annual budget is reviewed and formally adopted by the Executive Board prior to the beginning of the fiscal year. The approved annual budget is used as a control device for the General Fund. Individual grant budgets are used as the control device within the Special Revenue Funds. However, NCTCOG's budget is approximately 90% grant funding and funding opportunities arise throughout the year and are presented to the Board for approval.

**Cash Management** *Cash temporarily idle during the year was invested in demand deposits, Texpool Investment Fund, Local Government Investment Cooperative and Texstar. Investments for 2006 yielded income of \$321,998 for all funds – an increase of 10% as a result of advanced funding for local programs in 2006.*

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

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

## **OTHER INFORMATION**

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

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

**Certificate of Achievement** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Central Texas Council of Governments for its comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the eighth consecutive year that NCTCOG has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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



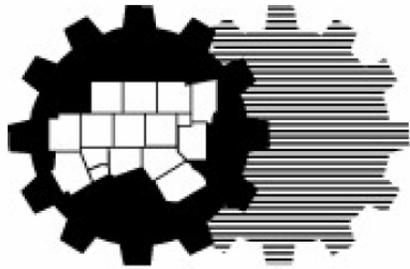
Mike Eastland,  
Executive Director



Monte Mercer, CPA  
Director of Administration



Shannan Ramirez  
Controller



**North Central Texas  
Council of Governments**

# Certificate of Achievement for Excellence in Financial Reporting

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North Central Texas  
Council of Governments  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2005

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President

Executive Director

# NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS PRINCIPAL OFFICIALS

## 2006-2007 EXECUTIVE BOARD

### T. OSCAR TREVINO - PRESIDENT

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## ADMINISTRATIVE STAFF

Director of Administration  
**Monte Mercer**

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

Interim Director of Workforce Development  
**Tom Smith**

Director of Emergency Preparedness  
**Gregg Dawson**

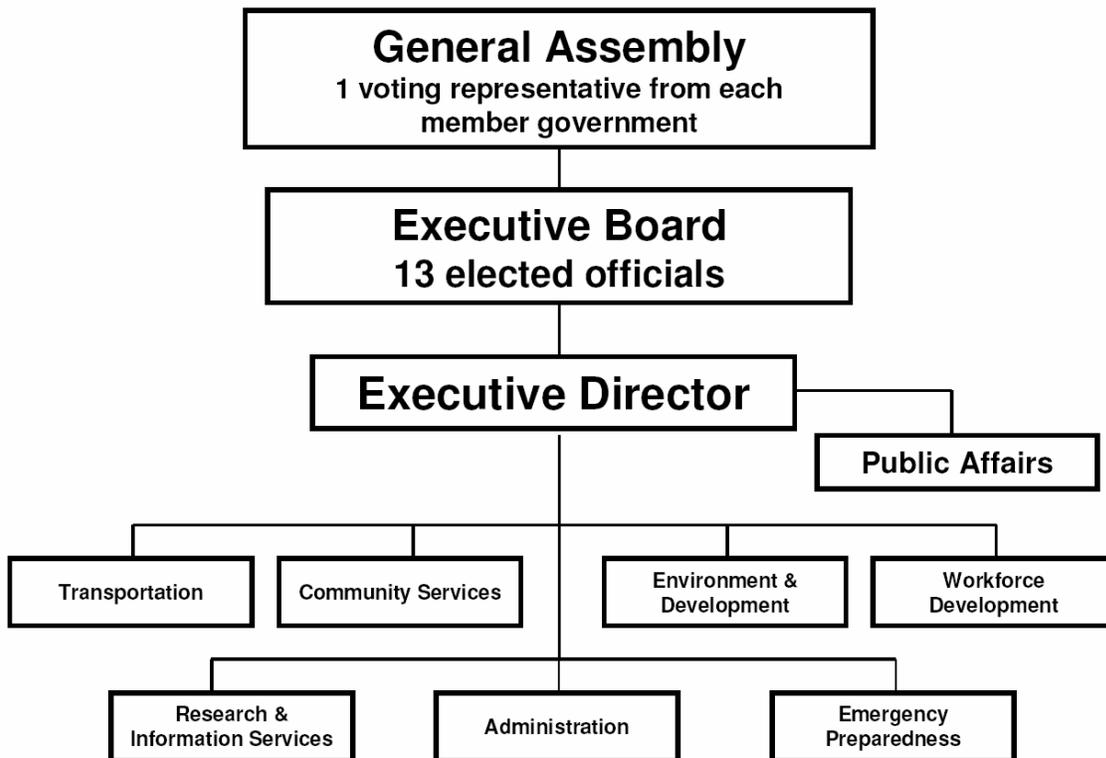
Director of Transportation  
**Michael R. Morris**

Director of Environmental  
& Development  
**John Promise**

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

# Organizational Chart

## North Central Texas Council of Governments



## Mission Statement

**W**e are an association of, by, and for local governments. We assist our members in planning for common needs, cooperating for mutual benefit, and recognizing regional opportunities for improving the quality of life in North Central Texas.

North Central Texas Council of Governments



## Values:

REGIONALISM

**We believe** regionalism is the cornerstone of our existence, and that our unique regional perspective provides us the vantage point to address issues that extend beyond traditional boundaries. It is our goal to be the catalyst for building consensus from diverse viewpoints and maximizing regional unity.

GOVERNANCE

**We feel** that policy decisions are best made by the level of government closest to the people. Therefore, we directly involve local governments in our decision-making process, which is made up of an executive board of local elected officials and regional citizens with support from numerous study, technical, and policy committees.

SERVICE

**We seek** to provide high quality service to our members. Our charge is to work with our local governments and other service providers to identify the most useful and beneficial plans, services, and products to satisfy their needs, and, then, to provide them in a courteous and timely manner.

EMPLOYEES

**We value** our employees and respect both individual excellence and dedicated teamwork. We support the principles of professional development, fair and consistent personnel practices, and competitive compensation.

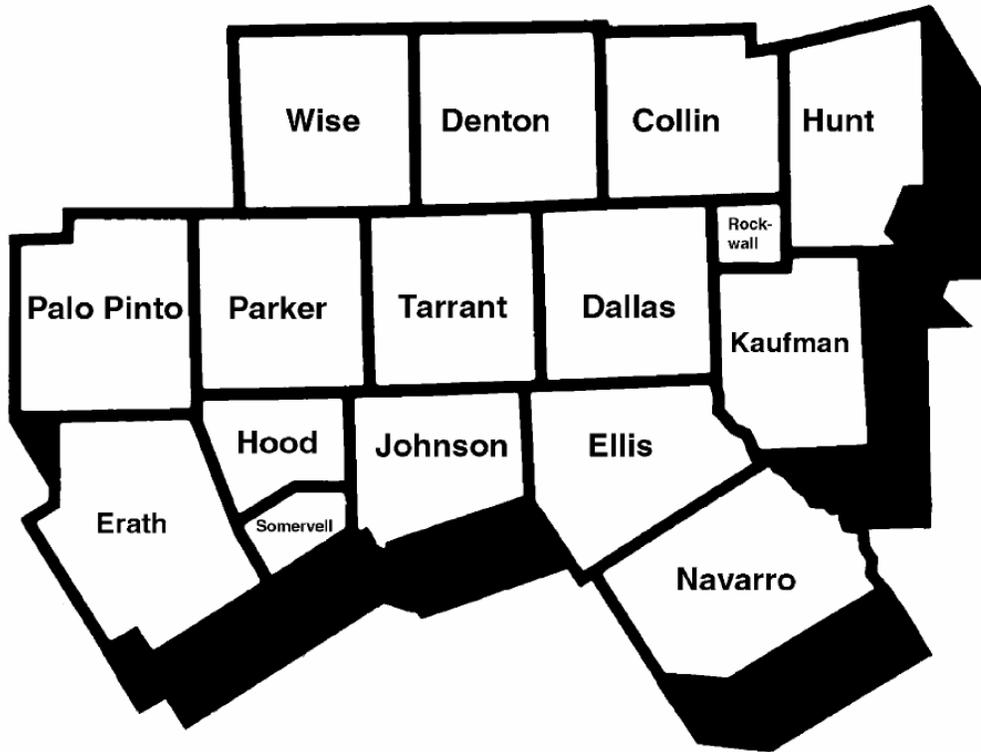
ETHICS

**We maintain** the highest standards of professional integrity in providing competent, technically sound products and services. Honesty and impartiality are minimum standards for all our dealings with our members, the general public, other agencies, and each other.

INNOVATION

**We recognize** that our members are best served by our ability to anticipate the consequences of dynamic change. We, therefore, will help local governments find innovative solutions to both existing and future challenges facing North Central Texas.

# MAP OF REGION



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (233)**

**Counties (16)**

Collin  
Dallas  
Denton  
Ellis  
Erath  
Hood

Hunt  
Johnson  
Kaufman  
Navarro  
Palo Pinto  
Parker

Rockwall  
Somervell  
Tarrant  
Wise

**Cities (165)**

Addison  
Aledo  
Allen  
Alvarado  
Alvord  
Angus  
Anna  
Argyle  
Arlington  
Aubrey  
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  
Crowley  
Dallas  
Dalworthington Gardens  
Decatur  
Denton

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

Joshua  
Justin  
Kaufman  
Keene  
Keller  
Kemp  
Kennedale  
Kerens  
Krum  
Lake Bridgeport  
Lake Dallas  
Lake Worth  
Lakewood Village  
Lancaster  
Lavon  
Lewisville  
Little Elm  
Lucas  
Mabank  
Mansfield  
McKinney  
McLendon-Chisholm  
Melissa  
Mesquite  
Midlothian  
Milford  
Millsap  
Mineral Wells  
Murphy  
New Fairview  
New Hope  
Newark  
North Richland Hills  
Northlake  
Oak Point  
Ovilla  
Palmer  
Pantego  
Paradise  
Parker

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (233)**

**Cities (165) - continued**

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

Rowlett  
Royce City  
Runaway Bay  
Sachse  
Saginaw  
Sanger  
Sansom Park  
Scurry  
Seagoville  
Southlake  
Springtown  
Stephenville  
Sunnyvale  
Talty  
Terrell  
The Colony

Trophy Club  
University Park  
Venus  
Watauga  
Waxahachie  
Weatherford  
West Tawakoni  
Westworth Village  
White Settlement  
Willow Park  
Wilmer  
Wolfe City  
Wylie

**School Districts (23)**

Arlington ISD  
Birdville ISD  
Carrollton-Farmers  
Branch ISD  
Cedar Hill ISD  
Cleburne ISD  
Denton ISD  
Duncanville ISD

Farmersville ISD  
Fort Worth ISD  
Garland ISD  
Grand Prairie ISD  
Greenville ISD  
Hurst-Euless-Bedford ISD  
Irving ISD  
Kaufman ISD

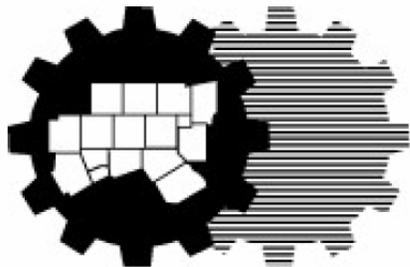
Lewisville ISD  
Mansfield ISD  
Mesquite ISD  
Plano ISD  
Richardson ISD  
Rockwall ISD  
Terrell ISD  
Weatherford ISD

**Special Districts (29)**

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

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

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



**North Central Texas  
Council of Governments**

The background features a vertical rectangular area on the right side. The top portion shows several interlocking gears in shades of red and orange, set against a dark red background. The bottom portion shows a blurred image of a computer keyboard with orange and red lighting.

# Financial Section





**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of North Central Texas Council of Governments (the "Council") as of and for the year ended September 30, 2006, 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, 2006, 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 January 19, 2007, 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.

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AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

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.

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  
January 19, 2007

## **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2006**

---

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, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-ix of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets of the NCTCOG exceeded its liabilities at the close of the most recent fiscal year by \$10,236,982 (*net assets*). Of this amount, \$3,008,683 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to creditors and for service implementation as directed by our funding agencies.
- The government's total net assets increased by \$6,816,712, which represents a 199% change. This was mainly the result of the NCTCOG's shared services center, evolving from a work in progress during FY 2005 to a fully operational project in FY 2006.
- As of the close of the current fiscal year, the NCTCOG's governmental funds reported combined ending fund balances of \$3,911,590 an increase of \$288,796 in comparison with the prior year. Approximately 90% of this total amount, \$3,514,704, is available for spending at the government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,612,646, or 4% percent 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 the NCTCOG's finances, in a manner similar to a private-sector business.

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

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

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2006**

---

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

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

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

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

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

The NCTCOG maintains two (2) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund, both of which are considered to be major funds. Individual fund data for the major special revenue governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

The enterprise fund is to account for charges to outside customers for full costs of the services provided. This fund provides information about the activities the Agency operates like a business. Currently the enterprise fund is comprised of the City Net project. City Net is a shared services project with NCTCOG servicing and hosting participating city's common software systems.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2006**

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

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on pages 34-36 of this report.

The combining schedule referred to earlier in connection with the major special revenue fund is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 37-38 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the NCTCOG, assets exceeded liabilities by \$10,236,982 at the close of the most recent fiscal year.

The largest portion of the NCTCOG's net assets (69%) 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, consequently, these assets are not available for future spending. The largest change in net assets is the portion invested in business-type activities capital assets. The increase of \$6,527,148 is due to the completion and acceptance of the shared services infrastructure. Unrestricted net assets makes up 30% of total net assets.

**NCTCOG'S Government-Wide Net Assets**

	2006			2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
Current and other assets	\$ 60,839,964	\$ 280,046	\$ 61,120,010	\$ 22,043,544	\$ 443,437	\$ 22,486,981
Capital assets	498,220	6,527,148	7,025,368	546,788	5,027,618	5,574,406
Total assets	61,338,184	6,807,194	68,145,378	22,590,332	5,471,055	28,061,387
<b>Liabilities</b>						
Long-term Liabilities outstanding	795,115	-	795,115	742,007	-	742,007
Other Liabilities	56,941,543	171,738	57,113,281	18,428,055	5,471,055	23,899,110
Total Liabilities	57,736,658	171,738	57,908,396	19,170,062	5,471,055	24,641,117
<b>Net Assets</b>						
Invested in capital assets, net of related debt	498,220	6,527,148	7,025,368	546,788	-	546,788
Restricted for grants	202,931	-	202,931	144,383	-	144,383
Unrestricted	2,900,375	108,308	3,008,683	2,729,099	-	2,729,099
Total net assets	\$ 3,601,526	\$ 6,635,456	\$ 10,236,982	\$ 3,420,270	\$ -	\$ 3,420,270

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2006**

The balance of *unrestricted net assets* \$3,008,683 may be used to meet the government's ongoing obligations to creditors and for service implementation. *Restricted net assets* are funds that have limitations for use as specified by the funding agencies.

At the end of the current fiscal year, the NCTCOG is able to report positive balances in all three categories of net assets for the government as a whole. The same situation held true for the prior fiscal year.

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

**NCTCOG's Change in Net Assets**

	2006			2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program Revenues						
Federal Grant	\$ 695,214	\$ -	\$ 695,214	\$ 311,125	\$ -	\$ 311,125
State Administered grants	73,478,413	-	73,478,413	72,269,883	-	72,269,883
Local revenue & In-kind	9,393,181	8,729,994	18,123,175	9,871,427	114,631	9,986,058
<b>Total Program Revenues</b>	<b>83,566,808</b>	<b>8,729,994</b>	<b>92,296,802</b>	<b>82,452,435</b>	<b>114,631</b>	<b>82,567,066</b>
General Revenues:						
Membership Fees	595,578	-	595,578	579,019	-	579,019
Interest Income	321,998	-	321,998	294,684	-	294,684
<b>Total General Revenue</b>	<b>917,576</b>	<b>-</b>	<b>917,576</b>	<b>873,703</b>	<b>-</b>	<b>873,703</b>
<b>Total Revenue</b>	<b>84,484,384</b>	<b>8,729,994</b>	<b>93,214,378</b>	<b>83,326,138</b>	<b>114,631</b>	<b>83,440,769</b>
<b>Expenses:</b>						
Agency management and administration	4,266,318	-	4,266,318	3,856,824	-	3,856,824
Community Services	15,019,016	-	15,019,016	13,912,338	-	13,912,338
Emergency Preparedness	1,129,860	-	1,129,860	1,090,853	-	1,090,853
Environment and development	2,960,701	-	2,960,701	5,607,103	-	5,607,103
RIS local assistance	2,279,069	2,094,538	4,373,607	2,987,476	114,631	3,102,107
Transportation planning	14,443,094	-	14,443,094	12,346,155	-	12,346,155
Workforce development	44,205,070	-	44,205,070	43,430,365	-	43,430,365
<b>Total expenses</b>	<b>84,303,128</b>	<b>2,094,538</b>	<b>86,397,666</b>	<b>83,231,114</b>	<b>114,631</b>	<b>83,345,745</b>
<b>Change in Net Assets</b>	<b>181,256</b>	<b>6,635,456</b>	<b>6,816,712</b>	<b>95,024</b>	<b>-</b>	<b>95,024</b>
<b>Net Assets - October 1</b>	<b>3,420,270</b>	<b>-</b>	<b>3,420,270</b>	<b>3,325,246</b>	<b>-</b>	<b>3,325,246</b>
<b>Net Assets - September 30</b>	<b>\$ 3,601,526</b>	<b>\$ 6,635,456</b>	<b>\$ 10,236,982</b>	<b>\$ 3,420,270</b>	<b>\$ -</b>	<b>\$ 3,420,270</b>

## **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED SEPTEMBER 30, 2006**

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Significant components of the net asset activity is as follows:

- Governmental activities total revenues increased by \$1,158,246 or 1.4% and conversely, governmental activities total expenses increased \$1,072,014 or 1.3% in the current year. The most significant changes were as follows:
  - Community services expenditures increased by \$1,106,678 or 8.0% in the current year. In fiscal year 2006, the Aging program in-kind match expenditures increased approximately \$500,000 due to the contractor's efforts in identifying program match services. In addition, the 9-1-1 program expenditures increased by \$1,139,317 related primarily to upgrades of the area 9-1-1 network infrastructure.
  - Environmental and development expenditures decreased \$2,646,402 or 47.2% from fiscal year 2005. Fiscal year 2006 was the first year of a two-year contract for the Solid Waste program. Typically expenditures are greater during the second year of the program due to the timing of allocation of sub-grants and reimbursement requests being submitted. In addition, the local Trinity program received less from participants in 2006 than in 2005.
  - Transportation expenses increased \$2,096,939 or 17.0% in fiscal year 2006 primarily due to the increase in staff and office space primarily related to the implementation of new air quality initiatives.

### **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 \$3,911,590 a increase of \$288,796 in comparison with the prior year. Approximately 90% of this total amount (\$3,514,704) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for use because it has already been committed to liquidate contracts and purchase orders of the prior period. The general fund is the chief operating fund of the NCTCOG. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,612,646, while total general fund balance reached \$3,754,839. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Both unreserved fund balance and total fund balance represent approximately 4.2% and 4.7% of total governmental fund expenditures respectively.

**General Fund.** The fund balance of NCTCOG's general fund increased by \$276,428 during the current fiscal year. This increase was primarily due to the recovery of costs from other funds that general fund covered in the prior year.

**Special Revenue Fund.** The fund balance of NCTCOG's special revenue fund increased by \$12,368 during the current fiscal year. This amount does not represent a significant change in fund balance.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2006**

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**General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget. Due to the nature of the agency's operations discretionary funding is limited.

**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, 2006, amounts to \$498,220 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

**NCTCOG's Capital Assets  
(net of depreciation)**

	<u>2006</u>	<u>2005</u>
<u>Governmental Activities</u>		
Equipment	\$ 330,479	\$ 301,445
Furniture	11,404	19,017
Leasehold Improvements	<u>156,337</u>	<u>226,326</u>
Total government activities capital assets	<u>\$ 498,220</u>	<u>\$ 546,788</u>
<u>Business- Type Activities</u>		
Construction in progress	\$ -	\$ 4,588,677
Equipment	<u>6,527,148</u>	<u>438,941</u>
Total business-type activities capital assets	<u>\$ 6,527,148</u>	<u>\$ 5,027,618</u>

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

**Long-term liabilities.** At the end of the current fiscal year, the NCTCOG had total long-term liabilities outstanding of \$795,115. This debt is related to accrued vacation that is payable to employees at the time of their departure from NCTCOG.

**NCTCOG's Long-Term Liability**

<u>Balance September 30, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2006</u>	<u>Due Within One Year</u>
<u>\$ 742,007</u>	<u>\$ 152,431</u>	<u>\$ 99,323</u>	<u>\$ 795,115</u>	<u>\$ 99,684</u>

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2006**

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

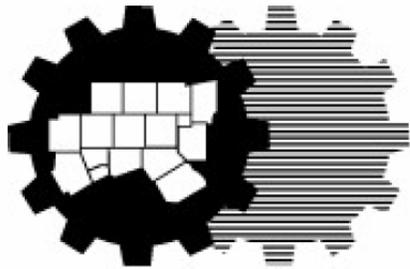
- In accordance with the Texas Administrative Code Title 1, Part 1, Chapter 5, Rule 5.85 (g), NCTCOG remains exempt from the other requirements of Rule 5.85 in that its most populous county (Dallas) has an actual weekly wage that exceeds the state actual weekly wage by 20% or more for the previous year 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 2006 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the NCTCOG's finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, North Central Texas Council of Government, P.O. Box 5888, Arlington, Texas, 76005-5888.

This report is also available on the NCTCOG website, [www.nctcog.org](http://www.nctcog.org).



**North Central Texas  
Council of Governments**

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental Funds
  - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006**

<b>ASSETS</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash and cash equivalents	\$ 13,619,503	\$ -	\$ 13,619,503
Investments	32,579,437	-	32,579,437
Receivables	11,989,534	305,404	12,294,938
Internal balances	25,358	(25,358)	-
Prepays and other assets	2,626,132	-	2,626,132
Capital assets, net of accumulated depreciation	498,220	6,527,148	7,025,368
<b>Total Assets</b>	<b>61,338,184</b>	<b>6,807,194</b>	<b>68,145,378</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	8,119,812	171,738	8,291,550
Unearned Revenue	48,821,731	-	48,821,731
Long-term liabilities			
Due within one year	99,684	-	99,684
Due in more than one year	695,431	-	695,431
<b>Total liabilities</b>	<b>57,736,658</b>	<b>171,738</b>	<b>57,908,396</b>
<b>NET ASSETS</b>			
Invested in capital assets	498,220	6,527,148	7,025,368
Restricted for grants	202,931	-	202,931
Unrestricted	2,900,375	108,308	3,008,683
<b>Total Net Assets</b>	<b>\$ 3,601,526</b>	<b>\$ 6,635,456</b>	<b>\$ 10,236,982</b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2006**

Functions/Programs	Expenses	Operating Grants and Contributions			Net (Expenses) Revenue and Changes in Net Assets		
		Federal Funding	State/ Admin Funding	Local Contracts and Inkind Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Agency administration	\$ 3,655,700	\$ 1,105	\$ 610,214	\$ 1,205,103	\$ (1,839,278)	\$ -	\$ (1,839,278)
Agency management	610,618	158,727	-	75,575	(376,316)	-	(376,316)
Community services	15,019,016	-	10,341,041	4,911,777	233,802	-	233,802
Emergency preparedness	1,129,860	-	1,140,891	24,812	35,843	-	35,843
Environment and development	2,960,701	65,518	1,854,903	999,717	(40,563)	-	(40,563)
RIS local assistance	2,279,069	75,000	1,330,433	665,006	(208,630)	-	(208,630)
Transportation planning	14,443,094	394,864	12,778,661	1,499,800	230,231	-	230,231
Workforce development	44,205,070	-	45,422,270	11,391	1,228,591	-	1,228,591
<b>Total governmental activities</b>	<b>84,303,128</b>	<b>695,214</b>	<b>73,478,413</b>	<b>9,393,181</b>	<b>(736,320)</b>	<b>-</b>	<b>(736,320)</b>
Business-type activities:							
Shared service center	2,094,538	-	-	8,729,994	-	6,635,456	6,635,456
<b>Total primary government</b>	<b>\$ 86,397,666</b>	<b>\$ 695,214</b>	<b>\$ 73,478,413</b>	<b>\$ 18,123,175</b>	<b>\$ (736,320)</b>	<b>\$ 6,635,456</b>	<b>\$ 5,899,136</b>
General Revenues:							
Membership fees					595,578	-	595,578
Interest income					321,998	-	321,998
<b>Total general revenues</b>					<b>917,576</b>	<b>-</b>	<b>917,576</b>
Change in Net Assets					181,256	6,635,456	6,816,712
Net Assets-beginning					3,420,270	-	3,420,270
<b>Net Assets-ending</b>					<b>\$ 3,601,526</b>	<b>\$ 6,635,456</b>	<b>\$ 10,236,982</b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2006**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 13,619,503	\$ -	\$ 13,619,503
Investments	1,136,417	31,443,020	32,579,437
Accounts Receivable:			
Federal grants	-	107,603	107,603
State administered grants	-	10,270,478	10,270,478
Local grants	-	926,141	926,141
Other	700,617	1,141	701,758
Due from other funds	-	5,876,565	5,876,565
Prepays	142,193	51,762	193,955
Other assets	22,556	2,393,175	2,415,731
<b>TOTAL ASSETS</b>	<b><u>\$ 15,621,286</u></b>	<b><u>\$ 51,069,885</u></b>	<b><u>\$ 66,691,171</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 5,350,692	\$ -	\$ 5,350,692
Accrued liabilities	-	2,208,620	2,208,620
Accrued payroll and employee benefits	545,960	-	545,960
Due to other funds	5,852,578	-	5,852,578
Unearned revenue	117,217	48,704,514	48,821,731
<b>TOTAL LIABILITIES</b>	<b><u>11,866,447</u></b>	<b><u>50,913,134</u></b>	<b><u>62,779,581</u></b>
<b>FUND BALANCES</b>			
RESERVED FOR:			
Fund balance reserved for prepaids	142,193	51,762	193,955
Fund balance reserved for grants	-	202,931	202,931
UNRESERVED AND UNDESIGNATED	<u>3,612,646</u>	<u>(97,942)</u>	<u>3,514,704</u>
<b>TOTAL FUND BALANCES</b>	<b><u>3,754,839</u></b>	<b><u>156,751</u></b>	<b><u>3,911,590</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 15,621,286</u></b>	<b><u>\$ 51,069,885</u></b>	<b><u>\$ 66,691,171</u></b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2006**

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

Total Fund Balance - total governmental funds	\$ 3,911,590
Add: Capital assets net of accumulated depreciation as of September 30, 2006 used in governmental activities were not current financial resources and therefore not reported in the governmental funds balance sheet (excluding Internal Service Fund).	483,928
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>(795,115)</u>
Net assets of governmental activities (page 10)	<u><u>\$ 3,601,526</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, 2006**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Federal Grants	\$ -	\$ 695,214	\$ 695,214
State administered grants	-	73,478,413	73,478,413
Membership dues	595,578	-	595,578
Local contributed cash	373,320	3,969,679	4,342,999
Interest income	81,607	240,391	321,998
Program income	-	484,339	484,339
In-Kind	-	4,565,843	4,565,843
<b>TOTAL REVENUES</b>	<u>1,050,505</u>	<u>83,433,879</u>	<u>84,484,384</u>
<b>EXPENDITURES</b>			
Current:			
Agency administration	2,157,773	1,524,025	3,681,798
Agency management	454,839	181,306	636,145
Community services	225,040	15,217,346	15,442,386
Emergency preparedness	-	1,144,842	1,144,842
Environment & development	55,096	2,965,794	3,020,890
Research & information services	324,544	1,999,242	2,323,786
Transportation	10,007	14,751,360	14,761,367
Workforce development	-	45,410,697	45,410,697
Capital outlay	95,721	106,238	201,959
	<u>3,323,020</u>	<u>83,300,850</u>	<u>86,623,870</u>
Indirect Cost Allocation	(2,160,816)	-	(2,160,816)
Contributions to Indirect Costs	(352,543)	-	(352,543)
<b>TOTAL EXPENDITURES</b>	<u>809,661</u>	<u>83,300,850</u>	<u>84,110,511</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>240,844</u>	<u>133,029</u>	<u>373,873</u>
<b>OTHER FINANCING SOURCES AND USES</b>			
Transfers In	143,443	75,450	218,893
Transfers Out	(107,859)	(196,111)	(303,970)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>35,584</u>	<u>(120,661)</u>	<u>(85,077)</u>
<b>NET CHANGE IN FUND BALANCES</b>	276,428	12,368	288,796
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>3,478,411</u>	<u>144,383</u>	<u>3,622,794</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,754,839</u>	<u>\$ 156,751</u>	<u>\$ 3,911,590</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, 2006**

---

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)	\$ 288,796
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.	201,959
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.	(53,108)
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>(256,391)</u>
Change in net assets of governmental activities (page 11)	<u><u>\$ 181,256</u></u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2006**

	Business Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
<b>ASSETS</b>		
Accounts receivable	\$ 305,404	\$ -
Due from other funds	-	1,371
Total current assets	<u>305,404</u>	<u>1,371</u>
Capital assets, net of accumulated depreciation	<u>6,527,148</u>	<u>14,292</u>
<b>TOTAL ASSETS</b>	<u>6,832,552</u>	<u>15,663</u>
<b>CURRENT LIABILITIES</b>		
Accrued liabilities	171,738	14,540
Due to other funds	<u>25,358</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	197,096	14,540
<b>NET ASSETS</b>		
Investment in capital assets	6,527,148	14,292
Unrestricted	<u>108,308</u>	<u>(13,169)</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 6,635,456</u>	<u>\$ 1,123</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2006**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Service Charges	\$ 8,729,994	\$ 523,715
<b>TOTAL OPERATING REVENUES</b>	<u>8,729,994</u>	<u>523,715</u>
<b>OPERATING EXPENSES</b>		
Personnel	91,483	254,156
Indirect	14,875	41,269
Contract Services	118,956	55,642
Travel	-	410
Depreciation	1,438,974	7,899
Other Costs	430,250	249,416
<b>TOTAL OPERATING EXPENSES</b>	<u>2,094,538</u>	<u>608,792</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	6,635,456	(85,077)
Transfers In	-	85,077
<b>CHANGE IN NET ASSETS</b>	6,635,456	-
<b>NET ASSETS - BEGINNING OF YEAR</b>	-	1,123
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,635,456</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  
YEAR ENDED SEPTEMBER 30, 2006**

	Business Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from service charges	\$ 3,568,710	\$ 522,344
Payments to other funds for indirect and other costs	-	(242,591)
Payments to suppliers for goods and services	(549,206)	(96,911)
Payments to employees	(91,483)	(254,156)
Payments for other operating costs	10,483	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,938,504</b>	<b>(71,314)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer from General Fund	-	85,077
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Additions to capital assets	(2,938,504)	(13,763)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating Income (Loss)	\$ 6,635,456	\$ (85,077)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,438,974	7,899
Increase in prepaid expenses	-	1,747
Increase in accounts receivable	(305,404)	-
Increase in due from	443,437	(1,371)
Increase in accrued liabilities	(69,839)	-
Increase in accounts payable	-	14,012
Increase in advances	(5,229,478)	-
Increase in due to	25,358	(8,524)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 2,938,504</b>	<b>\$ (71,314)</b>

See accompanying notes to the basic financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

### INDEX

**NOTE A:** General Statement and Summary of Significant Accounting Policies

1	Reporting Entity	19
2	Basis of Presentation	19-20
3	Measurement Focus and Basis of Accounting	21-22
4	Leave Policies	22-23
5	Investments	23
6	Encumbrances	23
7	State Administered Grants	23
8	Transfers	23
9	Allocation of Employee Benefits and Indirect Costs	23
10	Transactions Between Funds	23-24
11	Capital Assets	24
12	Risk Management	24
13	Cash and Cash Equivalents	24
14	Nature and Purpose of Reservations and Designations of Fund Equity	24

**NOTE B:** Cash and Investments

1	Legal and Contractual Provisions Governing Deposits and Investments	25
2	Disclosures Relating to Interest Rate Risk	26
3	Disclosures Relating to Credit Rate Risk	26
4	Concentration of Credit Risk	26
5	Custodial Credit Risk	27
6	Investment in Local Government Investment Pools	27-28

**NOTE C:** Federal and State Administered Grant Receivables 28

**NOTE D:** Changes in Long Term Liabilities 28

**NOTE E:** Deferred Compensation Plan 28

**NOTE F:** Transactions and Transfers 28-29

**NOTE G:** Capital Assets and Depreciation 30-31

**NOTE H:** Retirement Plan 32

**NOTE I:** Commitments 32

**NOTE J:** Contingencies 32-33

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

---

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

**General Statement**

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

**Summary of Significant Accounting Policies**

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

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

**1. Reporting Entity**

***Primary Government***

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

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

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

**2. Basis of Presentation**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Council. Historically, governmental activities are supported by grant funding, indirect cost reimbursements from within the agency and membership dues, are reportedly 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, 2006**

---

**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 activity for the Shared Service Center (SSC). This fund currently accounts for the costs of software and technology to implement the initial phase of the SSC.

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

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

---

**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, 2006**

---

**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 (\$795,115 at September 30, 2006) for governmental fund types, which represents normal

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

---

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

accumulations, has been recorded. The current portion of accrued vacation pay, which would be liquidated with expendable available resources, is not material.

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

**5. Investments**

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

**6. Encumbrances**

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

**7. State Administered Grants**

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

**8. Transfers**

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

**9. Allocation of Employee Benefits and Indirect Costs**

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

**10. Transactions Between Funds**

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

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

and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services and reimbursements, are recorded as transfers.

**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 2006, the Council contributed \$72,594 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, 2006 or any of the three preceding years ending September 30<sup>th</sup>.

**13. Cash and Cash Equivalents**

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

**14. Nature and Purpose of Reservations and Designations of Fund Equity**

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets; restricted net assets; and unrestricted net assets. Net assets invested in capital assets represent capital assets less accumulated depreciation. Restricted net assets represent net assets restricted by parties outside of the Council. All other net assets are considered unrestricted.

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006**

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**NOTE B - CASH AND INVESTMENTS**

GASB 40 requires the following disclosure for investments:

**1. Legal and contractual provisions governing deposits and investments**

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
US Treasury Obligations	less than 2 years	none	none
U.S. Obligations	less than 2 years	none	none
U.S. Agencies Obligations	less than 2 years	none	none
State of Texas Obligations	less than 2 years	none	none
State of Texas Agencies Obligations	less than 2 years	none	none
Certificates of Deposit	less than 2 years	none	none
Money Market Mutual Funds	less than 2 years	none	none
Local Government Investment Pools	none	none	none

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

Cash and investments as of September 30, 2006 are classified in the accompanying financial statements as follows:

**Statement of net assets:**

Primary Government	
Total cash and investments	<u>\$ 46,198,940</u>

Cash and investments as of September 30, 2006 consist of the following:

Deposits with financial institutions	\$ 13,618,853
Cash on hand	650
Investments	<u>32,579,437</u>
Total cash and investments	<u>\$ 46,198,940</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

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**NOTE B - CASH AND INVESTMENTS (continued)**

**2. Disclosures relating to interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the NCTCOG manages its exposure to risk is to invest in local government investment pools because all invested funds are intended to cover expenditures that are expected to occur within the next twelve months.

As of September 30, 2006, NCTCOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity(1)</u>
TexPool	\$ 7,044,192	18 days
Logic	394	27 days
TexStar	<u>25,534,851</u>	24 days
	<u><u>\$ 32,579,437</u></u>	

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

As of September 30, 2006 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	\$ 7,044,192	AAA	AAAm
Logic	394	AAA	AAA
TexStar	<u>25,534,851</u>	AAA	AAAm
Total Primary Government	<u><u>\$ 32,579,437</u></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, 2006 other than external investment pools, NCTCOG did not have 5% or more of its investments with any one issuer.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

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**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, 2006, the Council's deposits had a carrying amount of \$13,619,754 and a bank ledger balance of \$14,202,517 and a balance of \$129,003 available for demand with the remainder not yet finally paid. Pledged collateral of \$2,061,248 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, 2006**

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**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, 2006, 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.

<u>Balance</u> <u>September 30, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30, 2006</u>	<u>Due Within</u> <u>One Year</u>
\$ 742,007	\$ 152,431	\$ 99,323	\$ 795,115	\$ 99,684

**NOTE E - DEFERRED COMPENSATION PLAN**

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The International City Management Association Retirement Corporation (ICMARC) administers the plan. The plan, available to all Council employees, permits them to defer a portion of their salary until future years. As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property rights of NCTCOG subject only to the claims of NCTCOG's general creditors. As a result, the deferred compensation investments are no longer reported in NCTCOG's financial statements.

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 \$14,784 during 2006, equal to 3.75% of gross salaries. The Council contributed a matching \$14,784 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).

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006**

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**NOTE F – TRANSACTIONS AND TRANSFERS (continued)**

The following is a summary of interfund transfers at September 30, 2006:

Transfers in/out other funds:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue Fund	\$ 143,443	Recovery of depreciation
Internal Service Fund	Special Revenue Fund-Local	52,668	Cover current year operating loss
Internal Service Fund	General Fund	32,409	Cover current year operations
Special Revenue Fund	General Fund	<u>75,450</u>	Local match dollars
<b>Total</b>		<u><u>\$ 303,970</u></u>	

Due to/from other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 5,852,578
Special Revenue Fund	5,876,565	-
Enterprise Fund	-	25,358
Internal Service Fund	<u>1,371</u>	<u>-</u>
Total	<u><u>\$ 5,877,936</u></u>	<u><u>\$ 5,877,936</u></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, 2006**

**NOTE G – CAPITAL ASSETS**

**Governmental activities:**

A summary of changes in the governmental activities capital assets for the year ended September 30, 2006, follows:

	Balance at October 1, 2005	Increases	Decreases	Balance at September 30, 2006
Governmental Activities				
<u>General Capital Assets</u>				
Capital Assets being depreciated:				
Equipment	\$ 6,059,381	\$ 199,957	\$ (239,665)	\$ 6,019,673
Furniture	470,662	-	(350)	470,312
Leasehold Improvements	1,236,411	2,002	-	1,238,413
Total capital assets being depreciated	<u>7,766,454</u>	<u>201,959</u>	<u>(240,015)</u>	<u>7,728,398</u>
Accumulated depreciation				
Equipment	5,766,180	176,971	(239,665)	5,703,486
Furniture	451,829	7,429	(350)	458,908
Leasehold Improvements	1,010,085	71,991	-	1,082,076
Total accumulated depreciation	<u>7,228,094</u>	<u>256,391</u>	<u>(240,015)</u>	<u>7,244,470</u>
Total governmental funds capital assets, net	<u>538,360</u>	<u>(54,432)</u>	<u>-</u>	<u>483,928</u>
<u>Internal Service Fund Capital Assets</u>				
Capital assets being depreciated:				
Equipment	282,104	13,763	(21,613)	274,254
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total capital assets being depreciated	<u>290,487</u>	<u>13,763</u>	<u>(21,613)</u>	<u>282,637</u>
Accumulated depreciation				
Equipment	273,860	7,715	(21,613)	259,962
Furniture	821	184	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total accumulated depreciation	<u>282,059</u>	<u>7,899</u>	<u>(21,613)</u>	<u>268,345</u>
Total internal service funds capital assets, net	<u>8,428</u>	<u>5,864</u>	<u>-</u>	<u>14,292</u>
Governmental activities capital assets, net	<u>\$ 546,788</u>	<u>\$ (48,568)</u>	<u>\$ -</u>	<u>\$ 498,220</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

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

	Balance at October 1, 2005	Increases	Decreases/ Transfers	Balance at September 30, 2006
Business Type Activities:				
Capital Assets not being depreciated:				
Construction in progress	4,588,677	-	(4,588,677)	-
Total capital assets not being depreciated	<u>4,588,677</u>	<u>-</u>	<u>(4,588,677)</u>	<u>-</u>
Capital assets being depreciated				
Equipment	553,333	2,938,504	4,588,677	8,080,514
Total capital assets being depreciated	<u>553,333</u>	<u>2,938,504</u>	<u>4,588,677</u>	<u>8,080,514</u>
Accumulated Depreciation				
Equipment	114,392	1,438,974	-	1,553,366
Total accumulated depreciation	<u>114,392</u>	<u>1,438,974</u>	<u>-</u>	<u>1,553,366</u>
Total Business-type activities capital assets, net	<u>5,027,618</u>	<u>1,499,530</u>	<u>-</u>	<u>6,527,148</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	\$ 18,671
Agency Management	2,181
Community Services	33,004
Emergency Preparedness	11,039
Environment & Development	27,057
RIS Local Assistance	21,155
Transportation Planning	113,340
Workforce Development	29,944
Internal Service Fund	<u>7,899</u>
Total Depreciation expense-governmental activities	<u>\$ 264,290</u>

Business-type activities

Shared Service Center	<u>\$ 1,438,974</u>
Total depreciation expense-business type activities	<u>\$ 1,438,974</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

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**NOTE H - RETIREMENT PLAN**

ICMARC administers the Council's 401(a) retirement plan. It is a defined contribution retirement plan, which provides retirement benefits for all full-time permanent employees. The Council contributed an amount (\$1,350,808) during fiscal year 2006 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of \$675,404 during 2006 equal to six percent (6%) of gross salaries. Total Council payroll for the year was \$11,755,076 including \$11,475,474 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 \$2,694,036 for 2006.

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, 2006, are as follows:

<u>Year Ending September 30</u>	
2007	\$ 2,990,646
2008	3,147,587
2009	3,104,647
2010	2,883,158
2011	2,558,241
Thereafter (2012-2022)	<u>22,833,003</u>
	<u>\$ 37,517,282</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, 2006, 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.

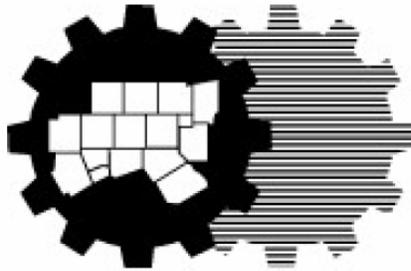
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006**

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**NOTE J – CONTINGENCIES (continued)**

Additionally, grantor agencies reserve the right to perform certain audit work in addition to the work performed by the Council's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be absorbed by the Council. Management does not believe that the Council will incur any significant costs if such additional work should occur.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**



**North Central Texas  
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Budgeted Amounts		Budget Basis Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Member Dues	\$ 595,578	\$ 595,578	\$ 595,578	\$ -
Local Contributed Cash	328,889	328,889	373,320	44,431
Interest Income	50,000	50,000	81,607	31,607
<b>Total Revenues</b>	<b>974,467</b>	<b>974,467</b>	<b>1,050,505</b>	<b>76,038</b>
<b>EXPENDITURES</b>				
Agency Administration	1,965,131	1,965,131	1,841,293	123,838
Agency Management	592,286	592,262	455,514	136,748
Public Affairs	358,379	358,379	316,568	41,811
RIS Local Assistance	352,010	352,010	327,296	24,714
Community Services	328,889	328,889	225,666	103,223
Environmental & Development	130,000	130,000	55,444	74,556
Transportation Planning	10,000	10,024	10,024	-
Capital Outlay	140,803	140,803	95,721	45,082
	<b>3,877,498</b>	<b>3,877,498</b>	<b>3,327,526</b>	<b>549,972</b>
Indirect Cost Allocation	(2,524,441)	(2,524,441)	(2,160,816)	(363,625)
Contributions to Indirect Costs	(323,590)	(323,590)	(352,543)	28,953
<b>Total Expenditures</b>	<b>1,029,467</b>	<b>1,029,467</b>	<b>814,167</b>	<b>215,300</b>
Excess (Deficiencies) of Revenues Over/(Under) Expenditures	<b>(55,000)</b>	<b>(55,000)</b>	<b>236,338</b>	<b>291,338</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers	55,000	55,000	35,584	(19,416)
Charge for Use of Assets	229,980	229,980	143,443	(86,537)
Indirect Allocation to Special Revenue Fund	-	-	(138,937)	(138,937)
<b>Total Other Financing Sources</b>	<b>284,980</b>	<b>284,980</b>	<b>40,090</b>	<b>(244,890)</b>
<b>Net Changes in Fund Balances</b>	<b>229,980</b>	<b>229,980</b>	<b>276,428</b>	<b>46,448</b>
Fund Balances - Beginning	3,478,411	3,478,411	3,478,411	-
Fund Balances - Ending	<b>\$ 3,708,391</b>	<b>\$ 3,708,391</b>	<b>\$ 3,754,839</b>	<b>\$ 46,448</b>

See accompanying notes to the required supplemental information.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2006**

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**NOTE A: FINANCIAL STATEMENT PRESENTATION - BUDGET BASIS**

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

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

<u>General Fund</u>	
Total Net Expenditures (GAAP Basis)	\$ 809,661
Plus Charge for use of assets	143,443
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(138,937)</u>
Total Expenditures (Budget Basis)	<u>\$ 814,167</u>
Total Net Transfers (GAAP Basis)	\$ 35,584
Plus Charge for use of assets	143,443
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(138,937)</u>
Total Transfers (Budget Basis)	<u>\$ 40,090</u>

**NOTE B: BUDGETARY CONTROLS**

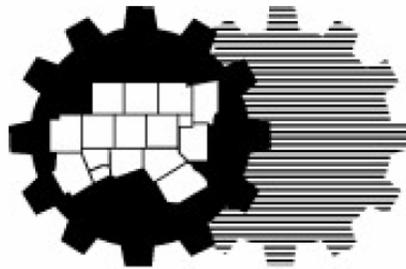
NCTCOG follows these procedures in establishing the General Fund budgetary data reflected in the basic financial statements:

- 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, 2006**

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



**North Central Texas  
Council of Governments**

**OTHER  
SUPPLEMENTAL  
INFORMATION**

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

Such schedules include:

- Combining Schedules- Federal, State and Locally Administered Grant Funds
- Schedule of Indirect Cost (Budget Basis)
- Schedule of Employee Benefits
- 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, 2006**

	DOE	EPA	FTA	FEMA	HUD	ATPA	CJD	CSEC	DOI	LOCAL
<b>REVENUES</b>										
Federal Grants	\$ (1,343)	\$ 54,592	\$ 385,911	\$ 22,327	\$ 158,727	\$ -	\$ -	\$ -	\$ 75,000	\$ -
State Administered Grants	-	-	-	-	-	211,333	889,938	4,599,235	-	-
Local Contributed Cash	1,308	1,212	15,995	-	22,000	849	467,013	29,015	-	2,518,166
In-Kind	-	-	352,111	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	20,199	-	-
<b>TOTAL REVENUES</b>	<b>(35)</b>	<b>55,804</b>	<b>754,017</b>	<b>22,327</b>	<b>180,727</b>	<b>212,182</b>	<b>1,356,951</b>	<b>4,648,449</b>	<b>75,000</b>	<b>2,518,166</b>
<b>EXPENDITURES</b>										
Current:										
Agency administration	-	252	1,753	-	-	1,880	8,771	72,729	-	808,182
Agency management	-	-	-	-	180,396	-	-	-	-	910
Community services	-	-	-	-	-	208,736	1,341,244	4,564,412	-	14,615
Emergency preparedness	-	-	-	-	-	-	-	-	-	23,480
Environment & development	-	52,520	-	22,143	-	-	-	-	-	914,395
Research & information services	-	-	-	-	-	-	-	4,695	75,000	554,971
Transportation	(35)	13,611	751,925	-	-	-	-	-	-	55,664
Workforce development	-	-	-	-	-	-	-	-	-	10,780
Capital Outlay	-	-	-	-	-	-	-	-	-	53,728
<b>TOTAL EXPENDITURES</b>	<b>(35)</b>	<b>66,383</b>	<b>753,678</b>	<b>22,143</b>	<b>180,396</b>	<b>210,616</b>	<b>1,350,015</b>	<b>4,641,836</b>	<b>75,000</b>	<b>2,436,725</b>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>-</b>	<b>(10,579)</b>	<b>339</b>	<b>184</b>	<b>331</b>	<b>1,566</b>	<b>6,936</b>	<b>6,613</b>	<b>-</b>	<b>81,441</b>
<b>OTHER FINANCING SOURCES</b>										
Operating Transfers In	-	11,099	-	-	-	-	-	-	-	-
Operating Transfers Out	-	(520)	(339)	(184)	(331)	(1,566)	(6,936)	(6,613)	-	(69,073)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>10,579</b>	<b>(339)</b>	<b>(184)</b>	<b>(331)</b>	<b>(1,566)</b>	<b>(6,936)</b>	<b>(6,613)</b>	<b>-</b>	<b>(69,073)</b>
<b>EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,368</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,548)</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (46,180)</b>

State, Local, and State Administered Funds											
NTTA	ORCA	SECO	TCEQ	TDH	DADS	DSHS	GDEM	TWC	TSSW	TXDOT	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695,214
12,048	24,371	17,722	2,929,002	253,015	4,441,348	2,000	1,249,118	46,509,376	278,464	12,061,443	73,478,413
-	-	-	11,345	-	95,414	-	-	-	-	807,362	3,969,679
-	-	-	4,964	-	3,874,896	-	-	-	-	333,872	4,565,843
-	-	-	-	-	484,339	-	-	-	-	-	484,339
-	-	-	220,192	-	-	-	-	-	-	-	240,391
<u>12,048</u>	<u>24,371</u>	<u>17,722</u>	<u>3,165,503</u>	<u>253,015</u>	<u>8,895,997</u>	<u>2,000</u>	<u>1,249,118</u>	<u>46,509,376</u>	<u>278,464</u>	<u>13,202,677</u>	<u>83,433,879</u>
-	581	-	60,350	2,204	165,596	-	24,414	217,635	130	159,548	1,524,025
-	-	-	-	-	-	-	-	-	-	-	181,306
-	-	-	-	-	8,722,821	-	301,145	-	-	64,373	15,217,346
-	-	-	-	250,092	-	2,000	869,270	-	-	-	1,144,842
-	25,200	-	1,458,992	-	-	-	-	-	278,157	214,387	2,965,794
-	-	-	(2,747)	-	575	-	27,823	868,935	-	469,990	1,999,242
11,934	-	17,600	1,633,750	-	-	-	-	-	-	12,266,911	14,751,360
-	-	-	-	-	-	-	-	45,399,917	-	-	45,410,697
-	-	-	3,000	-	-	-	19,879	2,002	-	27,629	106,238
<u>11,934</u>	<u>25,781</u>	<u>17,600</u>	<u>3,153,345</u>	<u>252,296</u>	<u>8,888,992</u>	<u>2,000</u>	<u>1,242,531</u>	<u>46,488,489</u>	<u>278,287</u>	<u>13,202,838</u>	<u>83,300,850</u>
114	(1,410)	122	12,158	719	7,005	-	6,587	20,887	177	(161)	133,029
-	1,589	-	-	-	5	-	-	-	-	62,757	75,450
(114)	(179)	(122)	(12,158)	(719)	(7,010)	-	(6,587)	(20,887)	(177)	(62,596)	(196,111)
<u>(114)</u>	<u>1,410</u>	<u>(122)</u>	<u>(12,158)</u>	<u>(719)</u>	<u>(7,005)</u>	<u>-</u>	<u>(6,587)</u>	<u>(20,887)</u>	<u>(177)</u>	<u>161</u>	<u>(120,661)</u>
-	-	-	-	-	-	-	-	-	-	-	12,368
-	-	-	202,931	-	-	-	-	-	-	-	144,383
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,751</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2006**

	<u>Actual</u>	<u>Budget</u>
Salaries	\$ 912,780	\$ 1,049,938
Benefits	<u>388,907</u>	<u>448,324</u>
Indirect Personnel	1,301,687	1,498,262
Legal	26,700	21,000
Audit	65,000	64,250
Contract Services	110,150	112,980
In-Region Travel	3,697	3,878
Out-of-Region Travel	6,665	10,400
Equipment Use Fee	143,443	229,980
Consumable Supplies	82,933	83,930
Insurance & Bonding	25,793	27,500
Rent	263,054	285,785
Printing & Publications	49,975	55,100
Equipment Rental	141,569	164,045
Advertising	5,233	2,640
Maintenance & Repairs	67,002	19,826
Employee Recruitment	32,176	1,000
Communications	48,904	43,896
Postage	12,786	17,525
Subscriptions & Dues	73,013	68,301
Other	<u>53,579</u>	<u>137,733</u>
 TOTAL	 2,513,359	 2,848,031
 Less: Contributions to Indirect Costs	 <u>(352,543)</u>	 <u>(323,590)</u>
 NET INDIRECT COSTS	 <u>\$ 2,160,816</u>	 <u>\$ 2,524,441</u>

Indirect Costs Rate Computations:

Net Indirect Costs	\$ <u>2,160,816</u>	\$ <u>2,524,441</u>
Direct Salaries & Benefits - All Funds	\$ 13,307,566 = 16.24%	\$ 12,622,322 = 20.00%

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EMPLOYEE BENEFITS ALL FUNDS  
YEAR ENDED SEPTEMBER 30, 2006**

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<b>Benefits Programs</b>	<u><b>Actual</b></u>	<u><b>Budget</b></u>
Medicare Insurance	\$ 151,731	\$ 156,564
Medical Insurance	1,216,331	1,163,184
Worker's Compensation	52,796	45,211
Flexible Benefit Plan	4,212	1,600
Life & Disability Insurance	89,710	111,494
Other Benefits	27,638	60,488
Unemployment Insurance	72,650	5,616
Retirement	1,297,296	1,197,111
Vacation	566,377	564,946
Sick Leave	344,420	299,008
Holidays	435,989	415,289
Other Leave	<u>42,410</u>	<u>30,897</u>
<b>TOTAL BENEFITS</b>	<u><u>\$ 4,301,559</u></u>	<u><u>\$ 4,051,408</u></u>

Employee Benefits Rate Computations:

Total Benefits	<u>\$ 4,301,559</u>		<u>\$ 4,051,408</u>
Total Salaries	\$ 10,095,915	= 42.61%	\$ 9,487,363 = 42.70%

Total Personnel Costs Recap:

Salaries	\$ 10,095,915	\$ 9,487,363
Benefits	<u>4,301,559</u>	<u>4,051,408</u>
<b>Personnel - NCTCOG</b>	<u><u>\$ 14,397,474</u></u>	<u><u>\$ 13,538,771</u></u>

**TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST  
 FISCAL YEAR 2005 ACTUAL  
 OCTOBER 1, 2005 - SEPTEMBER 30, 2006**

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<b>Total Indirect Costs</b>	\$	2,160,816	
<b>Expenditures:</b>			
General Fund		3,323,020	
Special Revenue Fund		83,300,850	
Internal Service Fund		608,792	
Enterprise Fund		<u>2,094,538</u>	
<b>Total Expenditures</b>	\$	89,327,200	= 2.4%
<b>Less:</b>			
Pass-Through Funds		(52,930,289)	
In-Kind Expenditures		(5,050,182)	
Contract Services		(9,631,277)	
Capital Expenditures		(211,368)	
Interdepartmental Transfers for Direct Charges and Indirect Costs		<u>(2,729,320)</u>	
<b>Adjusted Expenditures</b>	\$	<u>18,774,765</u>	= 11.5%

Texas Statutes §391.0115 (e). "A commission may not spend an amount more than 15 percent of the commission's total expenditures on the commission's indirect costs. For the purpose of this subsection, the commission's capital expenditures and any subcontracts, pass-throughs, or subgrants may not be considered in determining the commission's total direct costs. In this subsection, "pass-through funds" means funds, including subgrants or subcontracts, that are received by a commission from the federal or state government or other grantor for which the commission serves merely as a cash conduit and has no administrative or financial involvement in the program, such as contractor selection, contract provisions, contract methodology payment, or contractor oversight and monitoring."

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CAPITAL ASSETS BY SOURCE  
AS OF SEPTEMBER 30, 2006**

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	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Equipment	\$ 14,366,277
Furniture	471,318
Leasehold Improvements	<u>1,253,954</u>
Total Capital Assets	<u>\$ 16,091,549</u>
<b>SOURCES</b>	
NCTCOG	
Equipment	\$ 10,196,633
Furniture	94,148
Leasehold Improvements	<u>535,525</u>
	10,826,306
GRANT FUNDED	
Equipment	4,169,644
Furniture	377,170
Leasehold Improvements	<u>718,429</u>
	5,265,243
Less: Internal Service Fund Assets	282,637
Less: Enterprise Fund	<u>8,080,514</u>
Total Capital Assets by Source	<u>\$ 7,728,398</u>

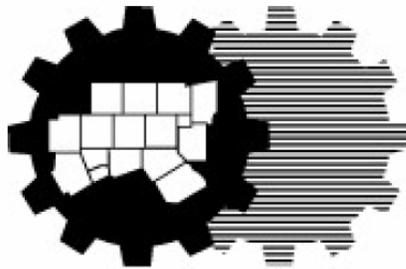
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2006**

---

	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Local Assistance	\$ 583,680
Transportation Planning-TxDOT	344,444
Regional Information Services	800,347
Environmental Resources	99,054
Emergency Preparedness	59,186
Workforce Development	2,026,134
Community Services	130,390
Enterprise Fund	8,080,514
Balance prior to September 30, 1997	<u>3,967,800</u>
 Total Capital Assets	 16,091,549
 Less: Internal Service Fund	 282,637
Less: Enterprise Fund	<u>8,080,514</u>
 Total Capital Assets By Function	 <u><u>\$ 7,728,398</u></u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2006**

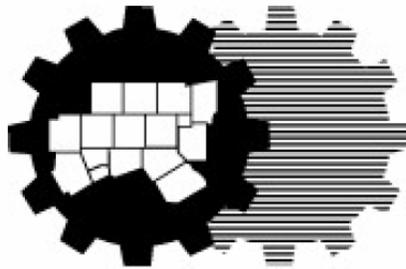
	<u>2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>2006</u>
<b>CAPITAL ASSETS</b>				
Local assistance	\$ 580,468	\$ 69,742	\$ 66,530	\$ 583,680
Transportation planning-TxDOT	334,216	27,629	17,401	344,444
Regional information services	753,631	92,046	45,330	800,347
Environmental resources	135,912	4,424	41,282	99,054
Emergency preparedness	39,307	19,879	-	59,186
Workforce development	2,081,390	2,002	57,258	2,026,134
Community services	164,217	-	33,827	130,390
Enterprise fund	553,333	7,527,181	-	8,080,514
Balance prior to September 30, 1997	<u>3,967,800</u>	<u>-</u>	<u>-</u>	<u>3,967,800</u>
 Total capital assets	 8,610,274	 7,742,903	 261,628	 16,091,549
 Less: Internal service fund	 290,487	 13,763	 21,613	 282,637
Less: Enterprise fund	<u>553,333</u>	<u>7,527,181</u>	<u>-</u>	<u>8,080,514</u>
 Total Capital Assets By Function	 <u>\$ 7,766,454</u>	 <u>\$ 201,959</u>	 <u>\$ 240,015</u>	 <u>\$ 7,728,398</u>



**North Central Texas  
Council of Governments**

The graphic features a vertical rectangular area on the right side of the page. It is divided into two main color sections: a top section in shades of red and orange, and a bottom section in shades of orange and yellow. The top section contains several interlocking gears of varying sizes and colors (red, white, and grey). The bottom section shows a blurred image of a computer keyboard. A solid blue rectangular box is overlaid on the left side of the red/orange section, containing the text 'Statistical Section' in white serif font.

Statistical  
Section



**North Central Texas  
Council of Governments**

## STATISTICAL SECTION

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

### **Contents**

### **Table #s**

#### **Financial Trends**

**1, 2, 3 & 4**

These tables contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.

#### **Revenue Capacity**

**N/A**

These tables are to contain information to help the reader assess the Council's most significant local revenue sources, however the Council has no such sources as a result no schedules have been presented.

#### **Debt Capacity**

**N/A**

These tables are to present information to help the reader assess the affordability of the Council's current levels of outstanding debt and the Council's ability to issue additional debt in the future. The Council has no debt outstanding as a result these schedules have not been presented.

#### **Economic and Demographic Information**

**5 & 6**

These tables offer economic and demographic indicators to help the reader understand the environment within which the Council's financial activities take place.

#### **Operating Information**

**7, 8 & 9**

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.

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

**TABLE 1**

	Fiscal Year			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 498,220	\$ 546,788	\$ 778,657	\$ 1,170,815
Restricted	202,931	144,383	12,788	78,233
Unrestricted	2,900,375	2,729,099	2,418,801	2,231,218
Total governmental activities net assets	<u>\$ 3,601,526</u>	<u>\$ 3,420,270</u>	<u>\$ 3,210,246</u>	<u>\$ 3,480,266</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 6,527,148	\$ -	\$ -	\$ -
Unrestricted	108,308	-	-	-
Total business-type activities net assets	<u>\$ 6,635,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Invested in capital assets, net of related debt	\$ 7,025,368	\$ 546,788	\$ 778,657	\$ 1,170,815
Restricted	202,931	144,383	127,788	78,233
Unrestricted	3,008,683	2,729,099	2,418,801	2,231,218
Total primary governmental net assets	<u>\$ 10,236,982</u>	<u>\$ 3,420,270</u>	<u>\$ 3,325,246</u>	<u>\$ 3,480,266</u>

**Source:** Comprehensive Annual Financial Report

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

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

**TABLE 2**

	Fiscal Year			
	2006	2005	2004	2003
<b>Expenses</b>				
Governmental activities:				
Agency administration	\$ 3,655,700	\$ 2,909,373	\$ 2,861,274	\$ 2,487,596
Agency management	610,618	947,451	497,792	916,839
Community services	15,019,016	13,912,338	12,957,865	15,282,979
Emergency preparedness	1,129,860	1,090,853	643,622	619,612
Environment and development	2,960,701	5,607,103	2,819,256	5,936,010
RIS local assistance	2,279,069	2,987,476	2,368,924	2,088,881
Transportation planning	14,443,094	12,346,155	11,292,631	9,988,282
Workforce development	44,205,070	43,430,365	37,823,520	36,598,887
Total governmental activities expenses	<u>84,303,128</u>	<u>83,231,114</u>	<u>71,264,884</u>	<u>73,919,086</u>
Business-type activities:				
Shared service center	2,094,538	114,631	-	-
Total business-type activities expenses	<u>2,094,538</u>	<u>114,631</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>\$ 86,397,666</u>	<u>\$ 83,345,745</u>	<u>\$ 71,264,884</u>	<u>\$ 73,919,086</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
Agency administration	\$ 610,214	\$ 237	\$ 35	\$ -
Community services	10,341,041	9,827,308	8,816,107	8,869,611
Emergency preparedness	1,140,891	1,157,462	737,276	573,179
Environment and development	1,854,903	3,909,351	1,606,462	4,393,831
RIS local assistance	1,330,433	13,906	10,896	782,422
Transportation planning	12,778,661	12,894,929	11,741,371	9,860,481
Workforce development	45,422,270	44,466,690	38,655,946	36,637,729
Operating grants and contributions	10,088,395	10,182,552	8,865,853	8,801,417
Total governmental activities program revenues	<u>83,566,808</u>	<u>82,452,435</u>	<u>70,433,946</u>	<u>69,918,670</u>
Business-type activities:				
RIS local assistance	8,729,994	114,631	-	-
Operating grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>8,729,994</u>	<u>114,631</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 92,296,802</u>	<u>\$ 82,567,066</u>	<u>\$ 70,433,946</u>	<u>\$ 69,918,670</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (736,320)	\$ (778,679)	\$ (830,938)	\$ (4,000,416)
Business-type activities	6,635,456	-	-	-
Total primary government net expenses	<u>\$ 5,899,136</u>	<u>\$ (778,679)</u>	<u>\$ (830,938)</u>	<u>\$ (4,000,416)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Membership fees	595,578	579,019	567,314	553,086
Interest on investments	321,998	294,684	108,604	84,930
State financial assistance	-	-	-	516,765
Total governmental activities	<u>917,576</u>	<u>873,703</u>	<u>675,918</u>	<u>1,154,781</u>
Business-type activities:				
Interest on investments	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 917,576</u>	<u>\$ 873,703</u>	<u>\$ 675,918</u>	<u>\$ 1,154,781</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 181,256	\$ 95,024	\$ (155,020)	\$ (2,845,635)
Business-type activities	6,635,456	-	-	-
Total primary government	<u>\$ 6,816,712</u>	<u>\$ 95,024</u>	<u>\$ (155,020)</u>	<u>\$ (2,845,635)</u>

Source: Comprehensive Annual Financial Report

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

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

	Fiscal Year			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund				
Reserved <sup>a</sup>	\$ 142,193	\$ 169,310	\$ -	\$ -
Unreserved	3,612,646	3,309,101	3,126,462	2,937,911
Total general fund	<u>\$ 3,754,839</u>	<u>\$ 3,478,411</u>	<u>\$ 3,126,462</u>	<u>\$ 2,937,911</u>
All Other Governmental Funds				
Reserved for:				
Prepaid items	\$ 51,762	\$ 42,122	\$ -	\$ -
Grants	202,931	102,261	127,788	78,233
Unreserved, reported in:				
Special revenue funds	(97,942)	-	-	-
Total all other governmental funds	<u>\$ 156,751</u>	<u>\$ 144,383</u>	<u>\$ 127,788</u>	<u>\$ 78,233</u>

**Source:** Comprehensive Annual Financial Report

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

**TABLE 3**

Fiscal Year					
<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 134,585	\$ 30,804	\$ 31,299	\$ 41,540	\$ 40,521	\$ 36,340
<u>2,738,289</u>	<u>3,014,330</u>	<u>2,983,031</u>	<u>2,948,470</u>	<u>2,796,550</u>	<u>2,887,305</u>
<u><u>\$ 2,872,874</u></u>	<u><u>\$ 3,045,134</u></u>	<u><u>\$ 3,014,330</u></u>	<u><u>\$ 2,990,010</u></u>	<u><u>\$ 2,837,071</u></u>	<u><u>\$ 2,923,645</u></u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,823,466	3,264,377	4,181,258	3,691,141	2,230,554	622,861
-	-	-	-	-	-
<u><u>\$ 2,823,466</u></u>	<u><u>\$ 3,264,377</u></u>	<u><u>\$ 4,181,258</u></u>	<u><u>\$ 3,691,141</u></u>	<u><u>\$ 2,230,554</u></u>	<u><u>\$ 622,861</u></u>

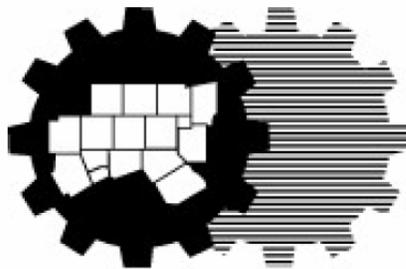
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)**

	FISCAL YEAR			
	2006	2005	2004	2003
<b>REVENUES</b>				
Federal grants	\$ 695,214	\$ 311,125	\$ 232,407	\$ 378,586
State administered grants	73,478,413	72,269,883	61,568,093	61,117,253
State financial assistance	-	-	-	516,765
Membership dues	595,578	579,019	567,314	553,086
Local contributed cash	4,342,999	5,383,009	4,824,658	4,917,753
Interest income	321,998	294,684	108,604	84,930
Program income	484,339	554,216	557,649	534,160
In-Kind	4,565,843	3,934,202	3,251,139	2,970,918
<b>TOTAL REVENUES</b>	<b>84,484,384</b>	<b>83,326,138</b>	<b>71,109,864</b>	<b>71,073,451</b>
<b>EXPENDITURES</b>				
Current:				
Agency administration	3,681,798	3,301,741	2,586,675	3,641,730
Agency management	636,145	959,325	1,399,249	-
Community services	15,442,386	14,097,463	13,070,752	15,447,933
Emergency preparedness	1,144,842	1,144,296	687,678	659,611
Environment & development	3,020,890	5,774,954	3,024,371	6,089,303
Research & information services	2,323,786	3,119,094	2,525,289	2,229,493
Transportation	14,761,367	12,949,745	11,831,488	10,518,459
Workforce development	45,410,697	43,633,788	37,847,555	36,777,116
Capital outlay	201,959	348,945	237,546	669,279
	<b>86,623,870</b>	<b>85,329,351</b>	<b>73,210,603</b>	<b>76,032,924</b>
Indirect cost allocation	(2,160,816)	(2,186,536)	(2,118,195)	(2,080,034)
Contributions to indirect costs	(352,543)	(279,397)	(250,015)	(204,381)
<b>TOTAL EXPENDITURES</b>	<b>84,110,511</b>	<b>82,863,418</b>	<b>70,842,393</b>	<b>73,748,509</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>373,873</b>	<b>462,720</b>	<b>267,471</b>	<b>(2,675,058)</b>
<b>OTHER FINANCING SOURCES AND USES</b>				
Transfers In	218,893	330,534	295,458	216,998
Transfers out	(303,970)	(424,710)	(324,823)	(222,136)
Total other financing sources (uses)	(85,077)	(94,176)	(29,365)	(5,138)
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 288,796</b>	<b>\$ 368,544</b>	<b>\$ 238,106</b>	<b>\$ (2,680,196)</b>

**Source:** Comprehensive Annual Financial Report

TABLE 4

FISCAL YEAR					
<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 1,765,186	\$ 2,199,292	\$ 262,246	\$ 169,124	\$ 118,930	\$ 91,420
50,408,221	48,535,157	25,922,513	24,447,295	19,054,414	16,567,288
464,854	442,305	442,305	442,305	442,305	442,305
539,995	508,392	496,727	479,895	465,637	454,518
5,578,536	4,910,006	2,761,881	5,673,147	5,288,701	4,499,773
101,801	324,094	247,891	211,749	346,761	271,031
693,601	542,852	564,357	621,574	543,416	523,549
3,558,333	4,385,481	1,481,136	1,380,723	1,327,437	1,132,852
<u>63,110,527</u>	<u>61,847,579</u>	<u>32,179,056</u>	<u>33,425,812</u>	<u>27,587,601</u>	<u>23,982,736</u>
3,143,333	2,236,337	1,910,423	1,873,981	1,746,701	1,625,495
-	-	-	-	-	-
12,087,518	12,073,043	8,997,588	8,124,694	7,442,182	10,349,822
37,212					
2,968,300	6,096,092	2,923,825	5,228,778	3,923,149	3,510,749
2,067,410	1,540,746	624,692	558,338	546,185	601,920
8,600,465	8,727,264	5,543,603	4,823,192	4,152,691	4,348,246
36,078,866	32,967,594	12,744,912	12,243,659	8,581,508	6,566,376
620,857	871,219	544,133	531,758	1,176,320	461,789
<u>65,603,961</u>	<u>64,512,295</u>	<u>33,289,176</u>	<u>33,384,400</u>	<u>27,568,736</u>	<u>27,464,397</u>
(1,677,193)	(1,592,186)	(1,367,654)	(1,366,767)	(1,330,273)	(1,255,055)
(212,639)	(201,521)	(260,895)	(169,543)	(195,928)	(253,394)
<u>63,714,129</u>	<u>62,718,588</u>	<u>31,660,627</u>	<u>31,848,090</u>	<u>26,042,535</u>	<u>25,955,948</u>
(603,602)	(871,009)	518,429	1,577,722	1,545,066	(1,973,212)
547,427	301,154	211,528	171,024	170,870	101,909
(556,997)	(316,222)	(215,520)	(135,220)	(194,817)	(124,149)
<u>(9,570)</u>	<u>(15,068)</u>	<u>(3,992)</u>	<u>35,804</u>	<u>(23,947)</u>	<u>(22,240)</u>
<u>\$ (613,172)</u>	<u>\$ (886,077)</u>	<u>\$ 514,437</u>	<u>\$ 1,613,526</u>	<u>\$ 1,521,119</u>	<u>\$ (1,995,452)</u>



**North Central Texas  
Council of Governments**

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

**TABLE 5**

Year	Estimated Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>b</sup>	School Enrollment <sup>c</sup>	Unemployment Rate <sup>d</sup>
1997	4,677,300	\$ 133,715,149,000	\$ 28,030	846,105	N/A
1998	4,826,217	147,590,953,000	30,010	877,348	N/A
1999	4,959,215	158,079,054,000	31,241	953,780	3.1%
2000	5,309,277	176,530,068,000	33,972	968,838	3.1%
2001	5,415,400	183,488,201,000	34,298	983,896	4.5%
2002	5,561,550	184,821,237,000	33,770	1,018,130	6.8%
2003	5,709,950	188,746,733,000	33,790	1,052,364	6.9%
2004	5,867,400	202,219,327,000	35,502	1,070,271	5.9%
2005	6,047,800	218,720,424,000 e	38,400	1,086,599	5.2%
2006	6,242,800	236,349,290,000 e	41,495	1,122,168	5.0% *

- Sources:**
- <sup>a</sup>Yearly NCTCOG Population Estimates.
  - <sup>b</sup>Income provided by TRACER, Texas Labor Market Information for the Dallas-Fort Worth-Arlington, Tx Metropolitan Statistical Area.
  - <sup>c</sup>NCTCOG RIS Historical Data.
  - <sup>d</sup>Texas Workforce Commission.
  - eEstimated based on personal income increases obtained from Dallas Federal Reserve website.
  - N/A - Data not available.
  - \*Approximation only, as all months have not been released.

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

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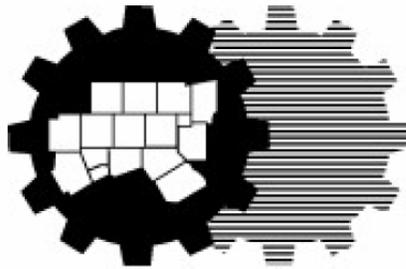
2006

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 2004 and 2007

**TABLE 6**

2003		
Employer	Employees	Percentage of Total NCTCOG Employment
AMR Corp.	28,847	1.02%
Wal-Mart Stores	20,350	0.72%
Texas Health Resources	15,324	0.54%
Lockheed Martin Aeronautics Co.	14,800	0.52%
Baylor Health Care System	14,730	0.52%
SBC Communications, Inc.	14,000	0.49%
Verizon Communications	14,000	0.49%
Brinker International	12,000	0.42%
Texas Instruments	10,191	0.36%
Kroger Food Stores	9,832	0.35%
	<u>154,074</u>	<u>5.42%</u>
 Total NCTCOG Region Employees	 2,840,820	



**North Central Texas  
Council of Governments**

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

**TABLE 7**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Agency Management	3	3	3	3	3	3	3	3	3	3
Agency Administration	27	24	22	22	17	16	14	12	11	10
Public Affairs	4	4	4	4	4	4	4	4	5	5
Research and Information Services	26	24	24	22	17	19	15	13	12	12
Community Services	32	31	35	37	39	35	30	43	46	39
Environment & Development	24	24	26	26	28	24	24	22	21	22
Transportation	108	90	82	76	73	68	66	60	52	50
Workforce Development	28	28	27	23	20	20	19	-	-	-
Emergency Preparedness	6	6	5	2	2	-	-	-	-	-
<b>Total</b>	<b>258</b>	<b>234</b>	<b>228</b>	<b>215</b>	<b>203</b>	<b>189</b>	<b>175</b>	<b>157</b>	<b>150</b>	<b>139</b>

Source: Agency Annual Fiscal Program

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

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

Function/Program	Fiscal Year			
	2006	2005	2004	2003
Local Assistance	\$ 583,680	\$ 580,468	\$ 473,849	\$ 446,430
Transportation - TxDOT	344,444	334,216	439,863	385,442
Regional Information Services	800,347	753,631	831,112	751,799
Environmental Resources	99,054	135,912	137,546	137,546
Emergency Preparedness	59,186	39,307	39,307	39,307
Workforce Development	226,134	2,081,390	1,993,449	1,917,056
Community Services	130,390	164,217	275,751	275,751
Enterprise Fund	8,080,514	553,333	-	-
Balance prior to September 30, 1997	3,967,800	3,967,800	3,967,800	3,967,800

**Source** Comprehensive Annual Financial Report

TABLE 8

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		Fiscal Year				
<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	
\$ 391,834	\$ 616,786	\$ 526,360	\$ 491,169	\$ 455,386	\$ 623,955	
259,555	361,298	283,054	184,690	50,151	368,400	
575,022	333,733	201,420	144,725	41,220	615,389	
147,173	138,240	84,629	65,297	30,614	135,703	
36,937	-	-	-	-	-	
1,900,333	1,851,125	1,219,630	820,931	588,681	2,012,301	
229,364	201,149	122,303	90,825	31,528	213,640	
-	-	-	-	-	-	
3,967,800	3,967,800	3,967,800	3,967,800	3,967,800		

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

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**TABLE 9**

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

The Commission's Covered Employment and Wages for Counties/State Publication for the third quarter of 2006 reports that the average weekly wage for the total of all work categories in the State of Texas was \$785 while in Dallas County the average weekly wage was \$960, a 22% variance. Additionally, the average weekly wage for public administrative employees in the State of Texas was \$722 and for Dallas County, it was \$1,023. Dallas County's wage rate was 42% above the state average wage rate for public sector employees.