Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2011

North Central Texas
Council of Governments

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2011

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North Central Texas Council of Governments

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

February 14, 2012

Members of the Executive Board:

The Comprehensive Annual Financial Report of the North Central Texas Council of Governments (NCTCOG, 'the Council' or 'the Agency') for the fiscal year ended September 30, 2011, is hereby submitted. This report was prepared for the Agency by NCTCOG's Department of Administration. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. To the best of our knowledge and belief the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of NCTCOG as measured by the financial activity of its various funds. We believe that all disclosures necessary to enable the reader to gain the maximum understanding of the Council's financial affairs have been included.

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

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

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

Organizational Profile

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

The Agency is an organization of, by, and for local governments. Its purpose is to strengthen both the individual and collective power of local governments – and to help them recognize regional opportunities, resolve regional problems, eliminate unnecessary duplication, and make joint regional decisions – as well as to develop the means to assist in the implementation of those decisions.
The NCTCOG is governed by a general assembly composed of one voting representative from each of the 242 member governments and the Executive Board, which is composed of 13 local officials elected by the General Assembly. The reporting entity includes only the funds and the Council's functions and activities.

North Central Texas consists of a 16-county metropolitan region centered around the cities of Dallas and Fort Worth. It has a population of over 6.6 million, which is larger than 30 states, and an area of 12,800 square miles, which is larger than nine states. NCTCOG's 242 member governments are comprised of 16 counties, 170 municipalities, 24 independent school districts, and 32 special purpose districts.

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

Economic Condition and Outlook

NCTCOG's regional population increased by approximately 41,950 persons during 2010 for a January 1, 2011 total estimated population of 6.6 million.

The December 2011 unadjusted unemployment rate for the NCTCOG region was 7.7%, which was slightly above the Texas rate of 7.2% and below the comparable national figure of 8.3%.

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

New Initiatives

Transportation (TR)

During FY2011, the North Central Texas Council of Governments (NCTCOG) Transportation Department worked on a number of new initiatives. NCTCOG was awarded $735,376 from the Federal Highway Administration Value Pricing Program to implement a project along the IH 30 corridor between Arlington and the Dallas Central Business District. The project focus is on influencing travel behavior, sensitivity to environmental justice, and use of innovative technology. NCTCOG staff coordinated with the Texas Department of Transportation to begin the agreement process to gain access to these funds.

In 2011, a new initiative began to incorporate and migrate the Transportation Improvement Program (TIP) database into the region's new Revenue and Project Tracking System (RAPTS) that was primarily designed to track Regional Toll Revenue (RTR) funds. RAPTS is a robust, interactive web-based reporting system that users across the region can utilize to track RTR account balances and interest earned by county, expenses incurred (at both the fund and project levels), project status, etc. This system will now be expanded to incorporate all data that is tracked in the Transportation Improvement Program (TIP) database into the new SQL Server-based environment. This initiative will provide more data integrity, accessibility, reliability, security, availability, and manageability for funded projects in the region.

Coordination work was performed to prepare for an aerial photography data collection effort. This project will produce high-resolution color digital orthophotography for portions of Ellis, Hood, Hunt, Johnson, Kaufman, Parker, and Wise Counties. The resulting photos will be used for a wide variety of planning purposes, including improvements to travel demand modeling, corridor alignment planning, and population/employment change tracking. The work performed during FY2011 involved such activities as creating a scope of work, discussing options for funding and timing, obtaining State and Federal approvals, and developing an interdepartmental agreement with the NCTCOG Regional Information Services department. The actual data collection will be performed by an outside consultant (The Sanborn Map Company, Inc.) in early 2012, with photo processing and delivery to follow.

NCTCOG received $486,767 in grant funding from the Environmental Protection Agency (EPA) under the EPA Climate Showcase Communities grant program. Through this grant, NCTCOG will sub-grant funds to be used as seed money to establish a Freight Efficiency Outreach Center in the North Central Texas area. This facility will provide a variety of services to the freight industry, specifically the trucking sector, including outreach and education regarding fuel-efficient practices and technologies; education regarding local regulations and grant opportunities; and financial assistance in procuring vehicles/technologies that will reduce emissions, such as newer, lower-emitting trucks/engines, EPA-verified SmartWay^{SM} technologies, and emission-reducing devices. Through an open, competitive Call for Proposals, NCTCOG selected Cascade Sierra Solutions as the sub-recipient organization which will be responsible for building, staffing, operating, and maintaining ownership of the Freight Efficiency Outreach Center.

Another project initiated in FY2011 was the Dallas Streetcar project. Working in partnership with the City of Dallas and Dallas Area Rapid Transit (DART), NCTCOG secured a Transportation Investment Generating Economic Recovery (TIGER) grant of $23 million for an initial starter line of streetcar passenger rail service from downtown Dallas to Oak Cliff. This 1.5 mile starter segment will travel from Union Station along Houston Street, across the Trinity River along the Houston Street Viaduct, and terminate near Methodist Hospital. NCTCOG staff will serve as the Federal Transit Administration (FTA) grantee providing management and oversight of the TIGER federal funds. The City of Dallas serves as project "Owner" and DART serves as the "Owner's Technical Representative" responsible for design, environmental clearance, construction, and operations. NCTCOG staff, working in close collaboration with DART and City of Dallas staff, completed two major efforts in FY2011: (1) developed the approved alignment captured in the 10% preliminary engineering documents, and (2) secured environmental approval with a Finding of No Significant Impact (FONSI) for the Environmental Assessment (EA) document for the 1.6-mile streetcar starter project. As part of this effort, NCTCOG staff led many and supported other efforts including stakeholder committee meetings, public meetings, FTA coordination, Project Management Oversight Committee coordination, federal TIGER reporting, development of a funding plan, and development of multiple Memorandum of Understanding and Interlocal Agreement documents. FY2012 efforts will focus on procurement activities of Design/Build contract and streetcar vehicles.

The Cotton Belt Corridor Innovative Finance Initiative (IFI) is a regional rail project covering two rail corridors that are being combined together to best generate solutions to address the common mobility needs for the region. Encompassing 15 cities in two counties, the study area includes many employment centers, diverse neighborhoods, and the Dallas/Fort Worth International Airport, a regional employer to over 32,000. The western segment of the study area serves various portions of the cities of Fort Worth, Richland Hills, North Richland Hills, Hurst, Colleyville and Grapevine. The eastern segment of the study area would pass through or be adjacent to the cities of Coppell, Irving, Carrollton, Addison, Dallas, Richardson, and Plano. At the request of DART and the Fort Worth Transportation Authority, NCTCOG developed an innovative financial plan for the 62-mile Cotton Belt Corridor. In FY2011, NCTCOG staff worked closely with transit agency partners and Cotton Belt Corridor stakeholders on the Cotton Belt Corridor Innovative Finance Initiative. Tasks completed in FY2011 include developing a list of over 125 potential funding sources; refining the potential funding sources list; developing a viable list of potential funding options; analyzing capital, operation, and maintenance cost estimates; analyzing land-use development potential at 27 potential station locations and creating a draft report. Coordination efforts included three rounds of individual meetings with each of 15 cities, three counties and various large land holders in the corridor. General partner and stakeholder group meetings were also conducted. This work was done in concert with a consultant team. FY2012 will focus on the Phase 2 of the Innovative Finance Initiative, using consultant assistance, in developing actual policies, districts, and institutional mechanisms allowing the creation of the identified revenue sources.

While not a new project or program, the development and completion of the most recent Metropolitan Transportation Plan (MTP), Mobility 2035, represented a major initiative regarding the understanding of the transportation funding crisis. As part of the MTP development, staff spent significant time outlining for the Regional Transportation Council (RTC) various revenue scenarios and their potential impacts on MTP recommendations. Through the process, the RTC discussed trade-offs with the result being a well rounded MTP that recognizes that the region cannot afford to build its way out of the congestion and mobility problems. The MTP focuses on utilizing the existing transportation system to make it more efficient, investing in strategies to improve the land use-transportation relationship, and strategic funding of major roadway projects to relieve bottlenecks and provide needed capacity in areas that would benefit most from the investment.

Staff began work developing a Regional Complete Streets Policy for North Central Texas. Policy language was developed in coordination with the Bicycle and Pedestrian Advisory Committee (BPAC) and the Surface Transportation Technical Committee (STTC). The Complete Streets Policy came about by request from members of BPAC, STTC, and the RTC. The Policy is intended to encourage local governments to consider the needs of all roadway users in the design, construction, operations, and maintenance of their roadways. RTC adoption of the Policy will be sought.

Numerous planning projects were awarded funds in the 2009-2010 Sustainable Development Call for Projects. Staff coordinated with the local governments on scope development, the procurement and selection process for consultant services to conduct various studies. Technical analysis is underway for corridor revitalization, Transit Oriented Development and other land use analysis. It is envisioned that the results of these efforts will be tools other jurisdictions within the region can utilize as resources for similar projects.

As a pilot project, NCTCOG Transportation Department staff coordinated with the City of McKinney and McKinney Independent School District (ISD) on school location choice and related transportation planning issues. NCTCOG staff conducted interviews with the City of McKinney and McKinney ISD staff and identified various problems and possible strategies related to growth projections, land acquisition, and coordination on traffic access, safety, and enforcement that are being identified in a White Paper that is being developed for the City and School District.

The travel survey and data collection project is a multi-year endeavor that includes an inventory of travel patterns, travel behavior, and trip data from the users and the system. The components of this project could change annually while the purpose and focus remain the same. The reason for the change is that multiple agencies may collect similar data for different purposes. The overlap in data collection was utilized by NCTCOG to forge partnerships that will help to reduce costs and develop consistency in future data collection efforts. In FY2011, NCTCOG entered into a coordinated effort with TxDOT for three major surveys: Commercial Trips, Workplace, and Special Generators. Instead of duplicating similar efforts by TxDOT and NCTCOG, the agencies came together to successfully develop common methodologies and scopes that were appropriate for both agencies. The planning and design of these surveys were completed in FY2011 and the data collection will begin in FY2012. Following the same philosophy, NCTCOG is changing its plan for conducting a regional household survey by using data collected in 2009 by the Department of Transportation for its National Household Travel Survey.

During FY2011, Transportation Department staff had the opportunity to coordinate the transportation element for Super Bowl XLV, bringing to a close four years of plan development. This was a regional effort among many partners, crossed technical disciplines, and included important policy support. The Transportation Action Team approached 150 professionals and included representation from the National Football League; Super Bowl XLV Host Committee; Dallas Cowboys; Texas Rangers; Texas Department of Transportation Dallas and Fort Worth Districts; Dallas Area Rapid Transit; Denton County Transportation Authority; Fort Worth Transportation Authority; North Texas Tollway Authority; Cities of Arlington, Dallas, Fort Worth, and Irving; Trinity Railway Express, Oncor; AT&T; Atmos Energy; and the North Central Texas Council of Governments. The Transportation Action Team was organized to address a wide range of challenges related to surface transportation including road closures, parking, traffic routing (including team movements), traffic control, safety and security, snow/ice removal, signage, transit operations, and public information. Staff also coordinated with event promoters and local agencies to determine appropriate dates and times for enhanced Managed Lane operations outside the normal hours of operation to accommodate anticipated event attendance thresholds. The transportation plan needed to provide options to the over 200,000 visitors to the Dallas-Fort Worth area, as well as continue to serve its residents. NCTCOG staff also worked, as part of the Aviation Action Team, with the Super Bowl XLV Host Committee, the Dallas-Fort Worth International Airport, Love Field, general aviation airports, and private aviation and helicopter companies to address and coordinate aviation needs related to hosting of the Super Bowl within the region.

<u>Community Services (CS)</u>

Interoperable Communications

Projects addressed by NCTCOG during FY 2011 include, but are not limited to, completing the installation of the four-county Overlay (Collin, Dallas, Denton, Tarrant counties), and receiving Executive Board endorsement of the Regional Interoperable Communications Plan, which includes a model for use as a Communications Authority. In addition, an instructor lesson plan was drafted as *train the trainer* material for interoperable communications 101 classes to be provided to public safety personnel. Local public safety personnel and elected officials were notified about the narrow-banding deadline of January 1, 2013 and encouraged to make their equipment ready before the deadline. State Homeland Security Grant Program funds and the Urban Area Securities Initiative funds were used to support the planning and coordination assistance to the region's agencies.

In addition, upon Overlay installation and testing, the assignments of ID numbers had to be made to accommodate talk groups in the four-county Overlay area. Full operation of the Overlay began early January 2011 and was used during the Super Bowl game February 2011. Public Safety Interoperable Communication (PSIC) funds of $3,596,246 ($2,922,274 in grant funds, plus $673, 972 in matching funds from local jurisdictions), were expended on the Overlay and Overlay-related projects. Projects encompassed the development of the Regional Interoperability Communications Plan, including the Communications Authority, and, as an integral part of the Overlay, the purchase, installation, testing, and effective operation of the Inter-RF Subsystem Interface (ISSI); the first non-test use of this technology to connect different manufacturers' radio systems.

The Interoperable Communications Governance Committee met to review the progress on the Overlay, and to monitor / approve other related communications projects. New members were appointed to the Committee after some members' three-year terms had run their course. The Committee will continue to provide oversight to communications matters as the Overlay is planned to expand to other parts of the region if additional funds are provided.

NCTCOG provided first responder training by hosting Communications Unit Leaders Courses (COML) classes, as well as a Communications Technician class.

NCTCOG provided more than 30 technical assistance responses to requests from local public safety agencies. Subjects covered such matters as the collection of data for Communications Asset Survey and Mapping Program (CASM), trouble-shooting systems' problems, communications gap analysis, developing ID schema for use by the Overlay agencies, and other topics. Updating the Regional Communications Plan for use in the Statewide Communications Interoperability Plan (SCIP) was completed on time.

Criminal Justice Planning

In fiscal year 2011 the Criminal Justice Program focused its efforts on meeting the "Contract for Services" requirements with the Criminal Justice Division (CJD), Office of the Governor. As a result, technical and operational assistance was provided to more than 225 public and private agencies for the development and implementation of community plans, new and continuation of criminal justice programs, grant application workshops, preparation of grant applications, grant management workshops and to meet the administrative requirements of the CJD. Staff assisted county focus groups in updating community plans for the FY2012 grant cycle.

The Law Enforcement Analysis Portal (LEAP) project continued to progress in fiscal year 2011. The LEAP project design is being expanded to connect law enforcement agencies along drug and human trafficking corridors, as well as the auto theft corridor to El Paso, Houston, San Antonio, Austin and Corpus Christi. Cooperative agreements have been developed with Tarleton State University to provide LEAP services to their rural law enforcement service area in 30 counties. Designated High Intensity Drug Trafficking Area's in Houston and Dallas will be connected via Automatic License Plate Recognition systems to identify vehicles of interest. In addition, discussions are continuing with neighboring states to implement LEAP's analysis tools within their jurisdictions.

Aging Services

NCTCOG's Aging program was fortunate to avoid significant budget cuts during Fiscal Year 2011. Although legislators reduced state funding for social service programs, Aging was able to diversify its funding sources—and maintain its financial base—by securing competitive grants. In addition, it realized an increase in carry-over funds as a performance bonus, in recognition of its timely reporting and effective program and financial management systems.

Aging was awarded two grants under the federal Money Follows the Person (MFP) initiative to expand support for nursing home residents who are interested in returning to the community. Under its MFP contract to serve as a local contact agency, Aging counseled residents of facilities in a 19-county area about community-based services. Under its MFP housing navigation contract, it conducted an inventory of affordable, accessible housing for persons with disabilities and advocated for the expansion of low-income housing.

Aging continued its work under performance based contracts with the Texas Department of Aging and Disability Services to conduct outreach for Medicare special help and low-income subsidies. It contracted with a number of local social service organizations to help identify Medicare beneficiaries with low incomes and connect them with program benefits that assist with premiums, deductibles, and copayments.

In addition, Aging continued to subcontract with Catholic Charities to educate professionals and consumers about Medicaid long-term care.

Despite a marked reduction in state funding, Aging continued to sponsor the North Central Texas Aging and Disability Resource Center (ADRC) in Collin, Denton, Hood, and Somervell counties. It offered training for professionals on community-based services for persons with disabilities and helped persons with disabilities connect with providers of long-term services and supports.

Through its MFP and ADRC activities, Aging continued to expand its target population and serve people of all ages with disabilities.

Regional Training Center
The Regional Training Center (RTC) hosted over 234 classes/activities for more than 2,914 attendees during 2011. In addition, there were 228 classes conducted for 1,029 students by the RTC's American Heart Association sites.

New offsite classes held during the fiscal year included a Customer Service class of 76 attendees at Wise County, a Storm Water class held at the City of University Park, a Totally Grammar class conducted for Parkland Health & Hospital System, an Advanced Legal Overview/Legislative Update Code Enforcement Officers class conducted at the Frisco Fire Station #4, and a Unit V: Water Distribution class held in the City of Granbury. A total of 139 enrollees registered and attended the off-site classes.

An agreement was signed between Texas Certified Public Managers (CPM) program and the RTC for use of Classroom A as the location for holding their CPM classes. Twelve classes were held in Classroom A during the 2011 fiscal year. ESRI continued the use of RTC's Technology Training Center for conducting GIS classes. Fourteen (14) classes were held over twenty-nine (29) days during fiscal year 2011.

Regional Law Enforcement Training
During fiscal year 2011, the Regional Police Academy (RPA) conducted five Basic Peace Officer Courses and graduated 115 new law enforcement officers from throughout the NCTCOG region. An off-site training program allowed law enforcement officers in the sixteen county region to attend classes that otherwise would not be available to them. The RPA conducted more than 105 in-service training courses, with over 1,969 law enforcement officers participating.

9-1-1
The NCTCOG 9-1-1 Program spent 2011 focusing on the quality of service provided through the 9-1-1 system. Research and development was a priority in determining a way to mitigate system outages and stabilize the regional 9-1-1 system. A Multi Node solution was planned and the four system hosts were duplicated; all eight new hosts were moved to data centers to alleviate power issues at the PSAPs. The Multi Node solution will add to the diversity and redundancy of the system and should prevent system-wide outages. In addition to the technical solutions to increase quality of service, NCTCOG worked with the University of North Texas to assess customer service. The results of this evaluation were very positive, confirming that the move from a vendor to an in-house technical team for 9-1-1 maintenance is a success.

NCTCOG's 9-1-1 program released an RFP and awarded a contract for Next Generation services in the form of Emergency Services IP network features. This is a progression of the Next Generation 9-1-1 Migration plan and will be implemented in 2012.

Emergency Preparedness (EP)
In fiscal year 2011, the North Central Texas Council of Governments region received approximately $28 million in Homeland Security Grant Program (HSGP) funding from the Department of Homeland Security (DHS) through the State of Texas. These funds were in four areas which include the Urban Area Security Initiative (UASI) at over $24 million in funding and the State Homeland Security Program (SHSP) at under $2 million, the Citizen Corp Program at under $80 thousand, and the Metropolitan Medical Response System (MMRS) at over $1 million to the region. These funds were appropriated to enhance and sustain the region's capacity to prevent, protect against, respond to, and recover from acts of terrorism.

Fiscal year 2011 brought a focused approach to address specific capabilities that included; sustaining and enhancing Chemical, Biological, Radiological, Nuclear, Explosive, and Weapons of Mass Destruction(CBRNE-WMD) response; enhancing regional and local emergency operations centers, enhancing intelligence and information sharing; enhancing citizen preparedness and protection, enhancing interoperable communications, and protecting critical infrastructure and key resources.

The HSGP grants also allowed the opportunity for Emergency Preparedness staff to provide hands on technical assistance to jurisdictions for over 149 projects on the statewide grant management system, State Preparedness and Reporting System (SPARS). This technical assistance provided the coordination between various programs thus reducing redundancy and improving effectiveness for both the jurisdictions and the state administrators. Also, phase 1 of the Regional Asset Tracking Tool (RATT) was completed.

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

The Department of State Health Services (DSHS) contracted with Emergency Preparedness for the continued implementation of the Cities Readiness Initiative (CRI). The fiscal year 2011 allocation of $636,939 provided project management support, special funding, training, and equipment to eight rural counties.

The Collin County Local Mitigation Strategy and Denton County Local Mitigation Strategy were approved by FEMA Region VI and adopted by all participating jurisdictions. The approved and adopted local mitigation strategies (Multijurisdictional Hazard Mitigation Action Plans) will allow participating jurisdictions to be eligible for future mitigation funding.

The Emergency Preparedness Department Member Program expanded in 2011 to include two new categories: Special Districts and jurisdictions with populations 1-4,999. The new member categories will help the Department engage more regional resources, identify more diverse needs, and provide services to a greater number of regional jurisdictions.

The department entered into a Memorandum of Understanding (MOU) with the Center for Collaborative Adaptive Sensing of the Atmosphere (CASA) as represented by the University of Massachusetts / Amherst to commit to exploring the financial and administrative means by which it could support the relocation of the CASA test bed to the Dallas/Fort Worth area (DFW demonstration network). CASA's focus is new weather observation system paradigm based on low power, low cost networks of radars.

Environment & Development (E&D)

The overall theme for NCTCOG's environmental resource and development initiatives continues to be Sustainable Environmental Excellence or SEE. 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 Department of Environment and Development (E&D) addresses SEE through three different program areas – SEE Less Trash-Solid Waste, SEE Safe Clean and Green-Watershed Management, and SEE Development Excellence.

In the SEE Less Trash program area, 47 local government projects were administered totaling approximately $3.1 million. The Resource Conservation Council's three solid waste goal subcommittees (Time To Recycle, Stop Illegal Dumping and Assuring Capacity for Trash) administered their portions of the Regional Solid Waste Plan document. Seventeen educational/training workshops were offered in fiscal year 2011 and 91 technical assistance requests to local governments were recorded.

In the SEE Safe, Clean and Green Watershed Management arena, meetings with committees, stakeholders and interest groups in the region's watersheds continued; building on the watershed roundtable meetings hosted previously across the North Central Texas Metropolitan Planning Area. Detailed monthly progress reports were prepared and submitted to TCEQ, and the Greenprinting analyses for the Lake Arlington and Lake Lewisville pilot watersheds was completed, evaluating digital map layers to identify strategic land resources targeting water quality protection. NCTCOG staff prepared the final project deliverable in the form of a draft Water Supply Reservoir Protection Strategy for North Central Texas. The Trinity River COMMON VISION program continued with the development of a proposal to update mapping and modeling for the upper Trinity area.

The Regional Storm Water Management Program continued to support over 60 local participants and provided a variety of products including training workshops, support for four seasonal campaigns, an annual storm water monitoring report, cooperative purchase opportunities, and an Illicit Discharge Detection & Elimination (IDDE) Field Guidance Manual. The 2011 Water Quality Management Plan for North Central Texas was submitted as the annual amended plan for state and federal agency review and comment.

In SEE Development Excellence, support for the Center of Development Excellence and the 10 Principles of Development Excellence continued. In the fall, a well-attended Regional Summit was held at the University of Texas at Arlington, where the progress report on North Texas 2050 was released. The SPROW (Sustainable Public Right of Way) interactive website was maintained and expanded. The integrated Storm Water Management (iSWM) Criteria Manual adoption process continued and several new communities are utilizing the materials. Partnering with FEMA and TFMA (Texas Floodplain Managers Association), Environment and Development again held a *Managing Floodplains through the National Flood Insurance Program* four-day course and hosted the TFMA Certified Floodplain Manager (CFM) Exam.

Research and Information Services (RIS)

The RIS Research Team provides data and analytical support to both internal and external customers. A variety of datasets that are valuable for regional and local planning are developed and maintained. In 2011, these include:

- The major developments table, which tracts significant commercial structures and other features and now has over 16,000 records;
- Development of a 2010 land use layer is well underway;
- Development of the most recent demographic forecast in conjunction with the Transportation Department, which included a local review that suggested modifications were necessary to produce final numbers;
- Small-area forecast and estimate information; and
- Annual population and employment estimates.

Additionally, this group has developed a plan to extend the annual estimates program to include small-areas estimates of both population and employment. This group also provides technical assistance related to the data they collect and maintain and continue to focus efforts on making data dissemination more efficient and effective through development of tools and application.

The RIS Information Technology Team responded to 7,583 officially posted Agency and Workforce support requests.

The IT Team has continued to assist with the management and operations of several critical enterprise computer environments that support and serve data used throughout the region. One such system is the Data Management System for the Public Employees Benefit Cooperative where benefit information from 5 agencies is combined to leverage volume to receive discounted health care benefit services for over 14,000 people.

The IT Team completed several major program efforts to benefit the agency and region. An Agency information technology disaster recovery plan was created that identifies critical information technology resources and services and includes a plan of action to facilitate the recovery of those resources quickly. The IT team also supported the implementation and rollout of a Mobile Workforce Unit that allows a mobile computing environment to be set up anywhere in the region to support job seekers at major layoff or hiring events. In addition, over 500 PCs were replaced network wide to bring the desktop environment up to date for the Agency. Prior to this rollout, several agency computers were unable to support up to date virus protection and functionality required by newer programs. Beyond these efforts to benefit the agency and the region directly, the IT Team also began working with The OneStar Foundation based in Austin to create a statewide web based tool to be used to identify gaps in service and funding statewide to ensure Texans have access to the services they need. Finally, the IT Team has undertaken several major implementation and enhancement projects. IT Team has implemented advanced communication and collaboration tools that allow for enhanced communication across the region.

The RIS Information Security (IS) team examines changes and additions to enterprise systems in order to identify risks to the confidentiality, integrity, and availability of those systems. The IS team also increased visibility into security events occurring on the network by implementing a Security Information and Event Management (SIEM) solution. In addition to technological improvements to the Agency's security posture, IS has continued to educate employees on the importance of adhering to security policies and has continued to inform employees about current threats and safe computing practices. This is achieved through new employee orientation sessions, e-mail alerts, and monthly newsletters.

Workforce Development (WF)

Board staff is actively engaged in a number of projects and initiatives beyond the scope of our Workforce Investment Act (WIA) activities and contract management.

WF's commitment to developing the workforce expands beyond our region. Today, individuals in the logistics industry across the country are being trained in two programs developed through a grant awarded in 2006. The Certified Logistics Associate (CLA) and Certified Logistics Technician (CLT) programs are the first industry recognized nationally portable logistic certifications for front-line workers. As of September 2011, this program had expanded into 65 training entities in 25 states.

In 2010, a $2.8 million grant was awarded by the U.S. Department of Labor to conduct training through the CLA and CLT programs in the Dallas/Fort Worth and Houston regions. In 2011, 314 individuals were trained through the grant. By the end of the grant in 2013, 879 individuals will be certified through these programs. This initiative to meet the workforce challenges of the logistics industry has received many accolades and awards.

The Theodore Small Workforce Partnership Award presented by the National Association of Workforce Boards, honors innovative, business-led community partnerships that address the strategic workforce needs of the community. The Award has become a hallmark for excellence in workforce partnerships. In February 2011, WF was recognized for having built highly successful partnerships that took the lead in engaging workforce investment boards, business, economic development, education, labor and other entities in building a highly skilled workforce for the logistics industry.

WF received two additional awards this year - one for excellence in procurement and one for performance excellence.

Earlier this year, in partnership with NCTCOG, we received the Achievement of Excellence in Procurement® (AEP) award from the National Procurement Institute, Inc. (NPI). The Workforce Department was also recognized by the Quality Texas Foundation for having applied at the Engagement Level of the Texas Award for Performance Excellence in February, 2011.

WF has continued to focus on serving businesses throughout the region. We continue to operate the Texas Back to Work (TBTW) initiative, a wage subsidy program offered to employers for hiring unemployed workers under a two-year program promoted by Lieutenant Governor, David Dewhurst, and funded by the Texas Legislature. TBTW has paid to employers under the initiative $1,844,686.09 to 650 different employers. The initiative has served 1,100 job seekers, who have earned an average of $18/hour.

Since the inception of our Child Care Quality Initiative program in February 2009, using $2.3 million in American Recovery and Reinvestment Act (ARRA) funds, WF has trained over 2,000 child care professionals in early learning and child development. Additionally, we provided Child Development Associate (CDA) classes, a 20 week/240 hour course, for over 200 graduates.

Child Care Professionals also attended the Early Childhood Management Institute to receive their Child Care Director's credential. This is one of very few programs recognized by the Texas Department of Family and Protective Services (TDFPS) Child Care Licensing Division for meeting Director's requirements.

WF provided 326 awards to Child Care Providers to purchase equipment and materials to enhance or expand their child care program which focused primarily on early learning and literacy in the classroom for children from birth through age five.

In March 2011, a Mobile Workforce Unit was received. The Unit is a 38-foot vehicle outfitted with 13 computer stations and a professional presentation system. With a satellite internet system, clients can search for jobs, improve their resumes and receive training wherever needed. The Mobile Workforce Unit will allow services to be provided on-site to employers and communities throughout the region

In September 2011, the Mobile Workforce Unit was dispatched to Bastrop, Texas to aid those affected by the wildfires. The Mobile Workforce Unit was set up outside the Disaster Recovery Center set up by FEMA. The vast amount of damage caused the loss of thousands of homes and many businesses. The Mobile Workforce Unit was in Bastrop for a total of eight days. Over 180 individuals were assisted through the three workforce units that were present in the area.

Factors Affecting Financial Condition

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

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

As part of NCTCOG's single audit, tests are made to determine the adequacy of internal control including that portion related to federal financial assistance programs, as well as to determine that NCTCOG has complied with applicable laws and regulations. The results of the single audit for the fiscal year ended September 30, 2011, provided no instance of material weaknesses in internal control or significant violations of applicable laws and regulations.

NCTCOG's annual budget is a management tool that assists in analyzing financial activities during the fiscal year. The annual budget is reviewed and formally adopted by the Executive Board prior to the beginning of the fiscal year. The approved annual budget is used as a control device for the General Fund while individual grant contracts are used as the control device within the Special Revenue Funds. NCTCOG's fiscal year 2012 budget is approximately 71% grant funding and as new funding opportunities arise throughout the year, they are presented to the Executive Board for approval.

Other Information

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

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

Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Central Texas Council of Governments for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the thirteenth consecutive year that NCTCOG has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Mike Eastland
Executive Director

Monte Mercer, CPA
Deputy Executive Director

Shannan Ramirez
Assistant Director of Finance

North Central Texas
Council of Governments

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Central Texas Council of Governments

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

2011- 2012 EXECUTIVE BOARD

President
Linda Koop
Councilmember
City of Dallas

Vice President
Bobbie Mitchell
County Commissioner
Denton County

Secretary-Treasurer
Steve Terrell
Mayor
City of Allen

Past President
B. Glen Whitley
County Judge
Tarrant County

Director
Ron Jensen
Councilmember
City of Grand Prairie

Director
Bill McElhaney
County Judge
Wise County

Director
Daniel Scarth
Councilmember
City of Fort Worth

Director
Cory Spillman
Councilmember
City of Cedar Hill

Director
C. Shane Wilbanks
Mayor Pro Tem
City of Grapevine

Director
Clay Jenkins
County Judge
Dallas County

Director
Kathryn Wilemon
Councilmember
City of Arlington

Director
Holly Gray-McPherson
Mayor Pro Tem
City of Roanoke

Director
Andy Nguyen
Commissioner
Tarrant County

Executive Director
R. Michael Eastland

General Counsel
Jerry C. Gilmore

ADMINISTRATIVE STAFF

Deputy Executive Director
Monte Mercer

Director of Transportation
Michael R. Morris

Director of Community Services
Frederic W. Keithley

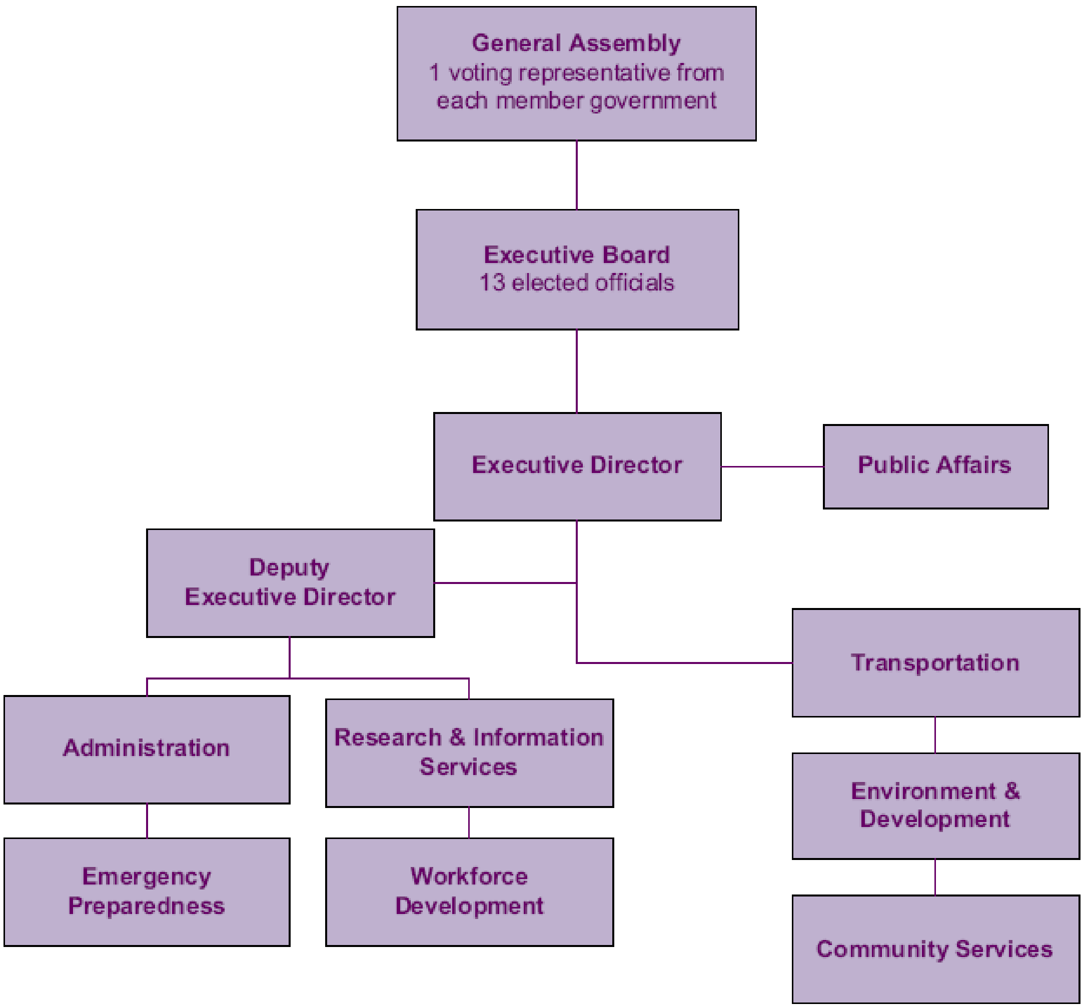
Director of Emergency Preparedness
Molly Thoerner

Director of Research and Information Services
Tim Barbee

Director of Environment and Development
Vacant

Director of Workforce Development
David Setzer

Organizational Chart
North Central Texas Council of Governments



Mission Statement

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

North Central Texas Council of Governments

Values:

REGIONALISM

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

GOVERNANCE

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

SERVICE

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

EMPLOYEES

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

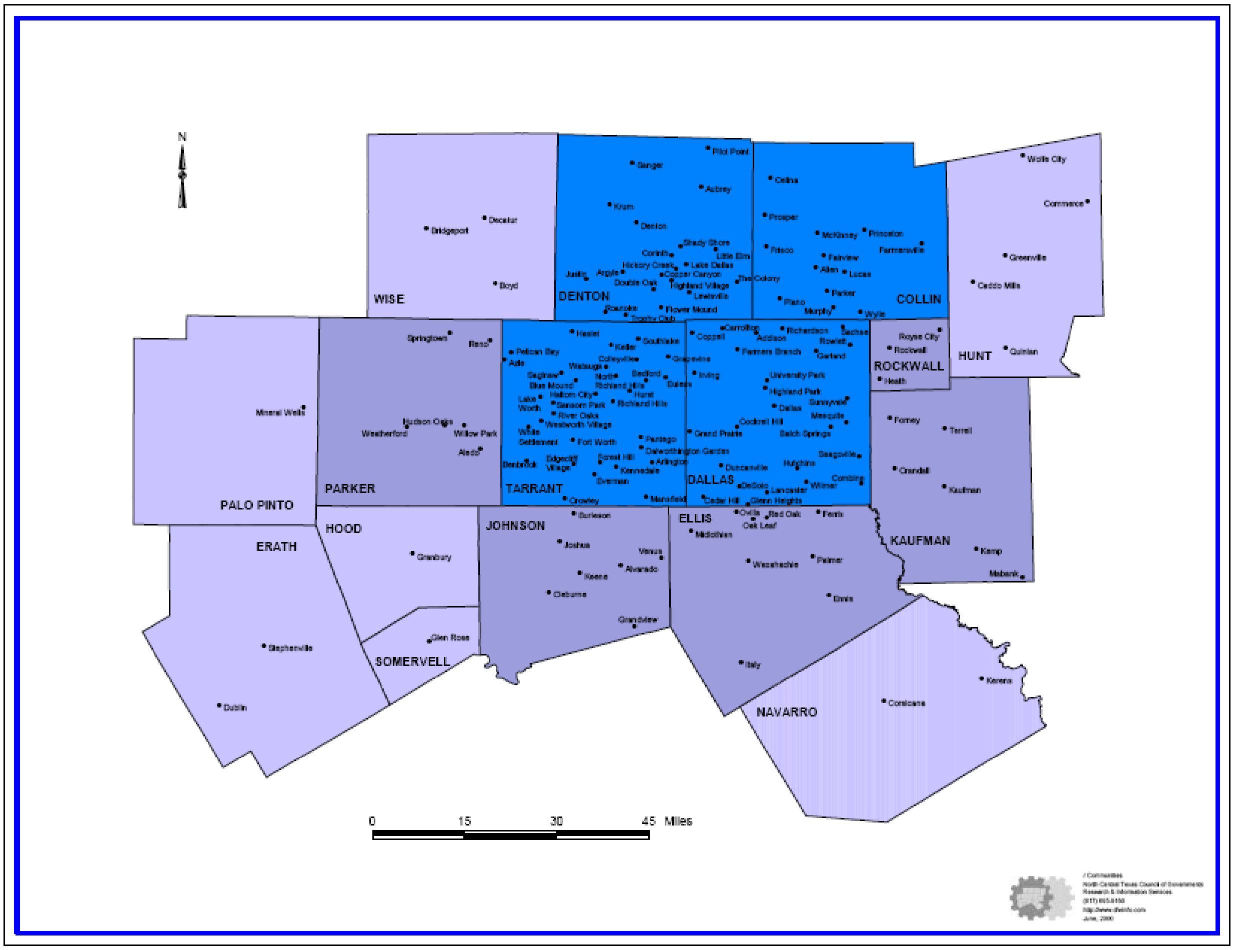
ETHICS

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

INNOVATION

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

MAP OF REGION



NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MEMBER GOVERNMENTS (242)

Counties (16)

Collin
Dallas
Denton
Ellis
Erath
Hood
Hunt
Johnson
Kaufman
Navarro
Palo Pinto
Parker
Rockwall
Somervell
Tarrant
Wise

Cities (170)

Addison
Aledo
Allen
Alvarado
Alvord
Angus
Anna
Annetta
Argyle
Arlington
Aubrey
Aurora
Azle
Balch Springs
Bartonville
Bedford
Benbrook
Blooming Grove
Blue Mound
Blue Ridge
Bridgeport
Burleson
Caddo Mills
Carrollton
Cedar Hill
Celeste
Celina
Cleburne
Cockrell Hill
Colleyville
Combine
Commerce
Coppell
Copper Canyon
Corinth
Corsicana
Crandall
Cross Timbers
Crowley
Dallas
Dalworthington Gardens
Decatur
Denton
DeSoto
Dish
Double Oak
Dublin
Duncanville
Edgecliff Village
Ennis
Euless
Everman
Fairview (Collin)
Farmers Branch
Farmersville
Ferris
Flower Mound
Forest Hill
Forney
Fort Worth
Frisco
Garland
Glenn Heights
Glen Rose
Gordon
Graford
Granbury
Grand Prairie
Grandview
Grapevine
Greenville
Hackberry
Haltom City
Haslet
Heath
Hickory Creek
Highland Park
Highland Village
Hudson Oaks
Hurst
Hutchins
Irving
Italy
Josephine
Joshua
Justin
Kaufman
Keene
Keller
Kemp
Kennedale
Kerens
Krum
Lake Bridgeport
Lake Dallas
Lake Worth
Lakewood Village
Lancaster
Lavon
Lewisville
Little Elm
Lucas
Mabank
Mansfield
McKinney
McLendon-Chisholm
Melissa
Mesquite
Midlothian
Milford
Millsap
Mineral Wells
Murphy
Newark
New Fairview
New Hope
Northlake
North Richland Hills
Oak Point
Oak Ridge
Ovilla
Palmer
Pantego
Paradise
Parker
Pecan Hill

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
MEMBER GOVERNMENTS (242)

Cities (170) - continued

Pilot Point
Plano
Ponder
Princeton
Prosper
Quinlan
Red Oak
Reno
Rhome
Richardson
Richland Hills
Rio Vista
River Oaks
Roanoke
Rockwall
Rowlett
Royse 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 (24)

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
Midlothian ISD
Plano ISD
Richardson ISD
Rockwall ISD
Terrell ISD
Weatherford ISD

Special Districts (32)

Acton Municipal Utility District
Area Metropolitan Ambulance Authority
Benbrook Water and Sewer Authority
Central Appraisal District Of Johnson County
Collin County Central Appraisal District
Collin County Soil & Water Conservation District #535
Dallas Area Rapid Transit
Dallas County Community College District
Dallas County Flood Control District #1
Dallas County Park Cities Municipal Utility District
Dallas County Schools
Dallas County Utility & Reclamation DistrictDallas County Water Control & Improvement District #6
Dalworth Soil & Water Conservation District
Denton County Fresh Water Supply District #1A
Denton County Fresh Water Supply District #6/7
Denton County Transportation Authority
Fort Worth Transportation Authority
Hunt Memorial Hospital District
Johnson County Special Utility District
Lake Cities Municipal Utility Authority
Northeast Texas Rural Rail District
North Texas Municipal Water District
North Texas Tollway Authority
Providence Village Water Control & Improvement District of Denton County
Tarrant County Regional Water District
Trinity River Authority
Trinity River Vision Authority
Trophy Club Municipal Utility District #1
Valwood Improvement Authority
Weatherford College
Wise County Water Control & Improvements District

North Central Texas
Council of Governments

Financial Section

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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report dated February 14, 2012, on our consideration of the Council's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 35 through 37, 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
February 14, 2012

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, 2011. 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-xiii of this report.

Financial Highlights

- NCTCOG's assets exceeded liabilities at the close of the most recent fiscal year by $19,630,204 (*net assets*). Of this amount $4,178,527 (unrestricted net assets) may be used to meet the government's ongoing obligations to creditors and service implementation.
- The total net assets decreased by $13,381,462 or a 41% drop in the current year. The decrease was mainly due to ongoing Regional Transportation Council (RTC) Sustainable Development projects which expended $16,468,223 in FY 2011. The planned spend down will continue through fiscal year 2012.
- NCTCOG's governmental funds reported combined ending fund balances of $19,299,959, a decrease of $13,722,825, in comparison with the prior year. Of the total fund balance, approximately 72% is restricted for local transportation projects, 2% is reserved for grants and prepaids and 26% is available for spending at the government's discretion (*unassigned*).
- Due to a decrease in interest rates, interest income decreased $188,195, or 46%, totaling $218,421 for the year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $4,918,968, or 3% of total governmental fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds. Fiduciary Funds previously held in trust were returned to the North Texas Tollway Authority (NTTA) on April 27, 2011. NTTA has since made the prescribed concession payment to go forward with the SH 161 construction project.

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 19-34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on page 35 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 on pages 38-41 of this report.

Government-wide Financial Analysis

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the NCTCOG, assets exceeded liabilities by $19,630,204 at the close of the most recent fiscal year. Following is a summary of the government-wide Statement of Net Assets:

NCTCOG'S Government-Wide Net Assets

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other assets	$ 98,457,921	$ 55,950	$ 98,513,871	$ 119,526,171	$ 91,047	$ 119,617,218
Capital assets	1,368,144	22,100	1,390,244	1,161,862	-	1,161,862
Total assets	99,826,065	78,050	99,904,115	120,688,033	91,047	120,779,080
Liabilities						
Long-term Liabilities outstanding	1,181,287	-	1,181,287	1,148,386	-	1,148,386
Other Liabilities	79,092,320	304	79,092,624	86,618,122	906	86,619,028
Total Liabilities	80,273,607	304	80,273,911	87,766,508	906	87,767,414
Net Assets						
Invested in capital assets, net of related debt	1,368,144	22,100	1,390,244	1,161,862	-	1,161,862
Restricted for grants	184,646	-	184,646	221,448	-	221,448
Restricted for local transportation projects	13,876,787	-	13,876,787	27,721,514	-	27,721,514
Unrestricted	4,122,881	55,646	4,178,527	3,816,701	90,141	3,906,842
Total net assets	$ 19,552,458	$ 77,746	$ 19,630,204	$ 32,921,525	$ 90,141	$ 33,011,666

- The largest portion of NCTCOG's net assets, $13,876,787, (71%) is restricted for local projects related to transportation funded initiatives. In October 2005, NCTCOGs' Regional Transportation Council (RTC) announced the 2005 Sustainable Development Call for Projects. In April 2006, the RTC selected projects and awarded approximately $40 million in funds to infrastructure, planning, and land banking projects which began funding at the end fiscal year 2007 continuing throughout fiscal year 2012. Current year expenses for these projects totaled $16,468,223 and cumulative expenses through fiscal year 2011 amount to $55,855,191. NCTCOG continues to receive additional local funds for future RTC Sustainable Development projects as scheduled. Awarded funding includes RTC local funds and anticipated local contributions from project sponsors in addition to local match funding.
- An additional portion of NCTCOG's net assets, $1,390,244, (7%) reflects its investment in capital assets (e.g., equipment) less any debt used to acquire those assets that is still outstanding. NCTCOG uses these assets to provide grant related services, they are restricted for specific use related to grant services; consequently, these assets are not available for future spending.

- Net assets restricted for grants, $184,646, (1%) are funds that have limitations for use as specified by the funding agencies.
- The remaining balance of net assets totaling $4,178,527, (21%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation.

Change in Net Assets. For the year ended September 30, 2011, the Agency's net assets decreased by $13,381,462. Following is a summary of the government-wide Statement of Activities:

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues						
Federal Grant	$ 12,979,109	$ -	$ 12,979,109	$ 12,842,963	$ -	$ 12,842,963
State Administered grants	119,138,426	-	119,138,426	123,357,424	-	123,357,424
Local revenue & In-kind	29,264,855	1,939,738	31,204,593	22,639,979	2,010,262	24,650,241
Total Program Revenues	161,382,390	1,939,738	163,322,128	158,840,366	2,010,262	160,850,628
General Revenues:						
Membership Fees	663,091	-	663,091	654,835	-	654,835
Interest Income	218,421	-	218,421	406,616	-	406,616
Total General Revenue	881,512	-	881,512	1,061,451	-	1,061,451
Total Revenue	162,263,902	1,939,738	164,203,640	159,901,817	2,010,262	161,912,079
Expenses:						
Agency management and administration	6,050,266	-	6,050,266	6,004,082	-	6,004,082
Community Services	22,909,179	-	22,909,179	20,488,403	-	20,488,403
Emergency Preparedness	3,539,299	-	3,539,299	2,781,337	-	2,781,337
Environment and development	4,587,918	-	4,587,918	4,614,671	-	4,614,671
RIS local assistance	3,446,598	1,947,896	5,394,494	2,487,667	1,987,466	4,475,133
Transportation	76,151,018	-	76,151,018	75,614,317	-	75,614,317
Workforce development	58,952,928	-	58,952,928	59,043,491	-	59,043,491
Total expenses	175,637,206	1,947,896	177,585,102	171,033,968	1,987,466	173,021,434
Change in Net Assets before Transfers	(13,373,304)	(8,158)	(13,381,462)	(11,132,151)	22,796	(11,109,355)
Transfers in (out)	4,237	(4,237)	-	-	-	-
Change in Net Assets	(13,369,067)	(12,395)	(13,381,462)	(11,132,151)	22,796	(11,109,355)
Net Assets - October 1	32,921,525	90,141	33,011,666	44,053,676	67,345	44,121,021
Net Assets - September 30	$ 19,552,458	$ 77,746	$ 19,630,204	$ 32,921,525	$ 90,141	$ 33,011,666

Significant components of the net asset activity are as follows:

- Governmental activities total revenues increased by $2,362,085 or 1% in the current year. This increase was driven by funds received from the American Reinvestment & Recovery Act of 2009.

- Governmental activities total expenses increased $4,603,238 or 3% in the current year. Key elements of the changes are as follows:

  - Community services expenses increased $2,420,776 or 12% compared to 2010. The main components of this increase were the 911 implementation of a multi-node system, the purchase of Public Safety Interoperable Communication (PSIC) equipment and increased activity in the aging program.

- Emergency preparedness expenses increased by 757,962 or 24% when compared to 2010. This increase was driven by the Cities Readiness Initiative, the procurement of Digital Sandbox managed risk and event analysis software used for storing critical infrastructure and key resource data, and increased local expenditures for a Regional Hazard Assessment (RHAT) tool.
- Research and Information Services expenditures increased $958,931 or 39% when compared to 2010. Three factors contributed to this increase. The primary contributor was a full regional flight in our orthophotography program with 85 entities participating. Secondly, the RHAT tool was developed for emergency preparedness to be used throughout the region. Finally, the SIEMS (Security Information and Event Management System) was implemented to improve the information systems security posture of the Agency and meet standards established by NIST (National Institute of Standards and Technology).
- Transportation planning expenses increased by $536,701 or 1% when compared to 2010. This was due to a reduction of Aircheck expenditures that was offset by Air Quality grants and vehicle purchases under the American Reinvestment & Recovery Act of 2009.

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, *unassigned 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 $19,299,959 a decrease of $13,722,825 in comparison with the prior year. Approximately 27% of this total amount ($5,121,544) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for use because it has already been committed to liquidate contracts and purchase orders of the prior period along with future project obligations. The general fund is the chief operating fund of the NCTCOG. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,918,968 while total general fund balance reached $4,999,611. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 3% of total governmental fund expenditures.

General Fund. The fund balance of NCTCOG's general fund decreased by $330 during the current fiscal year.

Special Revenue Fund. The fund balance of NCTCOG's special revenue fund decreased by $13,722,495 during the current fiscal year. The majority of the decrease was net use of prior year fund balance for transportation related RTC Sustainable Development projects.

General Fund Budgetary Highlights

There were administrative adjustments made among departments that resulted in no net change in fund balance between the original and final budget. The net change in fund balance between the final budget and actual results was $4,330, less than 1% of budgeted total expenditures.

Capital Asset and Long Term Liability Administration

Capital assets. The NCTCOG's investment in capital assets for its governmental activities as of September 30, 2011, amounts to $1,368,144 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

	2011	2010
Governmental Activities		
Equipment	$ 689,177	$ 612,695
Furniture	-	3,845
Leasehold Improvements	678,967	545,322
Total government activities capital assets	$ 1,368,144	$ 1,161,862

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

Long-term liabilities. At the end of the current fiscal year, the NCTCOG had total long-term liabilities outstanding of $1,181,287. This debt is related to accrued vacation that is payable to employees at the time of their departure from NCTCOG.

	Balance September 30, 2010	Increases	Decreases	Balance September 30, 2011	Due Within One Year
Accrued vacation	$ 1,148,386	$ 157,211	$ 124,310	$ 1,181,287	$ 100,362
Total	$ 1,148,386	$ 157,211	$ 124,310	$ 1,181,287	$ 100,362

Detailed information on the long-term debt can be found in Note D on page 29 of this report.

Economic Factors and Next Year's Budgets and Rates

NCTCOG membership dues are calculated based on current population of governmental units as certified annually by NCTCOG. Per capita membership dues for fiscal year 2012 is estimated at $648,000.

NCTCOG total estimated revenues and program expenses for fiscal year 2012 decreased $53.1 million from fiscal year 2011. Community Services programs projected reduced funding of $1.7 million for 9-1-1 projects and $2.0 million for public safety radio communication equipment. Transportation programs projected funding decreases of $40.4 million primarily from Texas Commission on Environmental Quality (TCEQ) of $19.0 million, Texas Department of Transportation (TXDOT) of $11.5 million and the Federal Transit Authority (FTA) of $7.8 million. Workforce programs estimated reduced funding of $8.1 million mainly from the Texas Workforce Commission. These projected funding changes are inclusive of $8.3 million reduction in American Recovery and Reinvestment Act funds.

All of these factors were considered in preparing the NCTCOG's budget for the 2012 fiscal year.

Requests for Information

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

North Central Texas Council of Governments

BASIC FINANCIAL STATEMENTS

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

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

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, 2011

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 650	$ -	$ 650
Investments	76,829,953	-	76,829,953
Receivables	21,555,393	10,893	21,566,286
Internal balances	(45,057)	45,057	-
Prepaids and other assets	116,982	-	116,982
Capital assets, net of accumulated depreciation	1,368,144	22,100	1,390,244
Total Assets	**99,826,065**	**78,050**	**99,904,115**
LIABILITIES			
Accounts payable and accrued expenses	23,302,367	-	23,302,367
Unearned revenue	55,789,953	304	55,790,257
Long-term liabilities			
Due within one year	100,362	-	100,362
Due in more than one year	1,080,925	-	1,080,925
Total Liabilities	**80,273,607**	**304**	**80,273,911**
NET ASSETS			
Invested in capital assets, net of related debt	1,368,144	22,100	1,390,244
Restricted for grants	184,646	-	184,646
Restricted for local transportation projects	13,876,787	-	13,876,787
Unrestricted	4,122,881	55,646	4,178,527
Total Net Assets	**$ 19,552,458**	**$ 77,746**	**$ 19,630,204**

See accompanying notes to the basic financial statements.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

		Operating Grants and Contributions			Net (Expenses) Revenue and Changes in Net Assets — Primary Government		
Functions/Programs	**Expenses**	**Federal Funding**	**State/ State Admin Funding**	**Local Contracts and In-kind Contributions**	**Governmental Activities**	**Business Type Activities**	**Total**
Primary Government:							
Governmental Activities:							
Agency administration	$ 5,201,324	$ -	$ 238,845	$ 1,327,307	$ (3,635,172)	$ -	$ (3,635,172)
Agency management	848,942	-	-	20,734	(828,208)	-	(828,208)
Community services	22,909,179	260,532	16,869,405	5,469,991	(309,251)	-	(309,251)
Emergency preparedness	3,539,299	-	3,378,498	1,204,179	1,043,378	-	1,043,378
Environment and development	4,587,918	-	3,799,786	800,006	11,874	-	11,874
RIS local assistance	3,446,598	-	37,938	1,259,666	(2,148,994)	-	(2,148,994)
Transportation	76,151,018	11,983,595	36,353,214	16,654,905	(11,159,304)	-	(11,159,304)
Workforce development	58,952,928	734,982	58,460,740	2,528,067	2,770,861	-	2,770,861
Total governmental activities	**175,637,206**	**12,979,109**	**119,138,426**	**29,264,855**	**(14,254,816)**	-	**(14,254,816)**
Business-type activities:							
Shared services	1,947,896	-	-	1,939,738	-	(8,158)	(8,158)
Total primary government	**$ 177,585,102**	**$ 12,979,109**	**$ 119,138,426**	**$ 31,204,593**	**$ (14,254,816)**	**$ (8,158)**	**$ (14,262,974)**
General Revenues:							
Membership fees					663,091	-	663,091
Interest Income					218,421	-	218,421
Transfers in (out)					4,237	(4,237)	-
Total general revenues					**885,749**	**(4,237)**	**881,512**
Change in net assets					(13,369,067)	(12,395)	(13,381,462)
Net Assets-beginning					32,921,525	90,141	33,011,666
Net Assets-ending					**$ 19,552,458**	**$ 77,746**	**$ 19,630,204**

See accompanying notes to the basic financial statements.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	$ 650	$ -	$ 650
Investments	6,905,482	69,924,471	76,829,953
Accounts Receivable:			
Federal grants	-	6,588,724	6,588,724
State administered grants	-	13,583,775	13,583,775
Local grants	-	558,043	558,043
Other	824,727	124	824,851
Due from other funds	11,698,112	-	11,698,112
Prepaids	40,915	-	40,915
Other assets	39,728	36,339	76,067
TOTAL ASSETS	**$ 19,509,614**	**$ 90,691,476**	**$ 110,201,090**
LIABILITIES:			
Accounts payable	$ 13,903,551	$ -	$ 13,903,551
Accrued liabilities	114,865	8,897,432	9,012,297
Accrued payroll and employee benefits	371,819	-	371,819
Due to other funds	-	11,823,511	11,823,511
Unearned revenue	119,768	55,670,185	55,789,953
TOTAL LIABILITIES	**14,510,003**	**76,391,128**	**90,901,131**
FUND BALANCES			
Nonspendable	80,643	36,339	116,982
Restricted for grants	-	184,646	184,646
Restricted for local transportation	-	13,876,787	13,876,787
Unassigned	4,918,968	202,576	5,121,544
TOTAL FUND BALANCES	4,999,611	14,300,348	19,299,959
TOTAL LIABILITIES AND FUND BALANCES	**$ 19,509,614**	**$ 90,691,476**	**$ 110,201,090**

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, 2011

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

Total Fund Balance - total governmental funds	$ 19,299,959
Add: Capital assets net of accumulated depreciation as of September 30, 2011 used in governmental activities were not current financial resources and therefore not reported in the governmental funds balance sheet (excluding Internal Service Fund).	1,305,287
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.	128,499
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.	(1,181,287)
Net assets of governmental activities (page 10)	$ 19,552,458

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, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal grants	$ -	$ 12,979,109	$ 12,979,109
State administered grants	-	119,138,426	119,138,426
Membership dues	663,091	-	663,091
Local contributions	396,949	7,321,301	7,718,250
Interest income	8,501	209,920	218,421
Program income	-	318,323	318,323
In-Kind	-	21,228,282	21,228,282
TOTAL REVENUES	1,068,541	161,195,361	162,263,902
EXPENDITURES			
Current:			
Agency administration	3,596,152	2,441,689	6,037,841
Agency management	602,541	-	602,541
Community services	331,786	23,037,096	23,368,882
Emergency preparedness	-	3,703,670	3,703,670
Environment & development	112,757	4,702,023	4,814,780
Research & information services	469,047	3,222,182	3,691,229
Transportation	26,204	77,727,253	77,753,457
Workforce development	-	59,235,482	59,235,482
Capital outlay	47,303	746,016	793,319
	5,185,790	174,815,411	180,001,201
Indirect Cost Allocation	(3,718,074)	-	(3,718,074)
Contributions to Indirect Costs	(292,163)	-	(292,163)
TOTAL EXPENDITURES	1,175,553	174,815,411	175,990,964
EXCESS OF REVENUES OVER EXPENDITURES	(107,012)	(13,620,050)	(13,727,062)
OTHER FINANCING SOURCES AND USES			
Transfers In	273,869	960,542	1,234,411
Transfers Out	(167,187)	(1,062,987)	(1,230,174)
TOTAL OTHER FINANCING SOURCES AND USES	106,682	(102,445)	4,237
NET CHANGE IN FUND BALANCES	(330)	(13,722,495)	(13,722,825)
FUND BALANCES - BEGINNING OF YEAR	4,999,941	28,022,843	33,022,784
FUND BALANCES - END OF YEAR	$ 4,999,611	$ 14,300,348	$ 19,299,959

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, 2011

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)	$ (13,722,825)
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.	793,319
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. This is the net change in fund balances for Internal Service Funds.	80,590
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.	(32,901)
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.	(487,250)
Change in net assets of governmental activities (page 11)	$ (13,369,067)

See accompanying notes to the basic financial statements.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
ASSETS		
Accounts receivable	$ 10,893	$ -
Due from other funds	45,057	80,342
Total current assets	55,950	80,342
Capital assets, net of accumulated depreciation	22,100	62,857
TOTAL ASSETS	78,050	143,199
CURRENT LIABILITIES		
Accrued liabilities	-	14,700
Unearned revenue	304	-
TOTAL LIABILITIES	304	14,700
NET ASSETS		
Investment in capital assets, net of related debt	22,100	62,857
Unrestricted	55,646	65,642
TOTAL NET ASSETS	$ 77,746	$ 128,499

See accompanying notes to the basic financial statements.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR YEAR ENDED SEPTEMBER 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Service charges	$ 1,939,738	$ 1,610,651
TOTAL OPERATING REVENUES	1,939,738	1,610,651
OPERATING EXPENSES		
Personnel	25,896	643,211
Indirect	4,519	112,231
Contract services	1,481,334	75,023
Travel	79	1,520
Depreciation	4,420	108,503
Other costs	431,648	589,573
TOTAL OPERATING EXPENSES	1,947,896	1,530,061
OPERATING INCOME	(8,158)	80,590
Transfers in	55,763	-
Transfers out	(60,000)	-
CHANGE IN NET ASSETS	(12,395)	80,590
NET ASSETS - BEGINNING OF YEAR	90,141	47,909
NET ASSETS - END OF YEAR	$ 77,746	$ 128,499

See accompanying notes to the basic financial statements.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOW PROPRIETARY FUNDS
FOR YEAR ENDED SEPTEMBER 30, 2011

	Business Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from service charges	$ 1,974,233	$ 1,610,651
Payments to other funds for indirect and other costs	(4,519)	(973,424)
Payments to suppliers for goods and services	(1,913,061)	14,700
Payments to employees	(25,896)	(643,211)
NET CASH PROVIDED BY OPERATING ACTIVITIES	30,757	8,716
CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES:		
Transfer out	(4,237)	-
Purchase of capital assets	(26,520)	(8,716)
NET CASH USED IN INVESTING ACTIVITIES	(30,757)	(8,716)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ -
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	$ (8,158)	$ 80,590
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	4,420	108,503
Decrease (increase) in prepaid expenses	-	9
Decrease (increase) in accounts receivable	(8,893)	-
Decrease (increase) in due from other funds	43,990	(80,342)
Increase (decrease) in due to other funds	-	(114,744)
Increase (decrease) in unearned revenue	(602)	-
Increase in accrued liabilities	-	14,700
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 30,757	$ 8,716

See accompanying notes to the basic financial statements.

**North Central Texas
Council of Governments**

NOTES TO BASIC FINANCIAL STATEMENTS

INDEX

NOTE A - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

Summary of Significant Accounting Policies

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

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

1. Reporting Entity

Primary Government

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

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

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

2. Basis of Presentation

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

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

to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Council segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements. There are no non-major fund categories in the Council's presentation.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The Council has presented the following major governmental funds:

General Fund–

The General Fund is the main operating fund of the Council. This fund is used to account for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds–

The Special Revenue Fund accounts for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified in the grant agreements. These funds include Federal, State, State Administered, and Locally funded grants.

Proprietary Fund Type –

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Council has presented the following proprietary funds:

Enterprise Fund – accounts for charges to outside customers for full costs of services provided, including job recruitment services, law enforcement and court analysis portals.

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

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

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

Fiduciary Fund Type –

Fiduciary funds are used to account for and report on assets held by a government in a trustee or agency capacity for individuals, private organizations, other governments, or other funds. These funds, known as the trust and agency fund types, include expendable trust, nonexpendable trust, pension trust, and agency funds. The Council has presented the following fiduciary fund:

Agency Fund – accounts for funds held in temporary investments on behalf of the North Texas Tollway Authority (NTTA). Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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:

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

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.

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

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

of days, which the employee would accumulate in three (3) years at their current accrual rate. Upon termination of employment from the Council, an employee will be paid for unused vacation leave not to exceed the maximum amount normally accrued based on hire date. Specific information related to vacation accrual is available for review in the personnel manual. The liability for accumulated vacations ($1,181,287 at September 30, 2011) for governmental fund types, which represents normal accumulations, has been recorded. The current portion of accrued vacation pay, which would be liquidated with expendable available resources, is not material.

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

5. Investments

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

6. Encumbrances

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

7. State Administered Grants

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

8. Transfers

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

9. Allocation of Employee Benefits and Indirect Costs

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

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

10. Transactions Between Funds

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

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 2011, the Council contributed $95,018 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, 2011 or any of the three preceding years ending September 30th.

13. Cash and Cash Equivalents

Cash of all funds is pooled into a common bank account in order to maximize investment opportunities. The external investment pools satisfy the definition of cash equivalents, however, it is the Council’s policy to treat these as investments rather than cash equivalents. NCTCOG elects to exclude investments with an original maturity of one year or less from the date of purchase from fair value reporting. These investments are reported at amortized cost.

14. Nature and Purpose of Restrictions and Assignment 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 accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the NCTCOG classifies governmental fund balances as follows.

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

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers (grantors) either through laws and regulations, constitutionally or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by the Executive Board. Commitments may be changed or lifted only by the Executive Board.

Assigned fund balance – comprises amounts intended to be used by the Council for specific purposes. Intent can be expressed by the Executive Board or by the Executive Director or body to which the Executive Board delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned fund balance – residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Unrestricted fund balance - total of committed fund balance, assigned fund balance, and unassigned fund balance.

In an effort to ensure the continuance of sound financial management of public resources, the Council's unrestricted fund balance will be maintained in the General Fund. This will provide the Council with sufficient funds to address emergencies, sudden loss of revenue or operating needs, and unexpected downturns without borrowing.

This policy establishes the amounts the Council will strive to maintain in its General Fund balance, the conditions under which fund balance may be spent, and the method by which fund balances will be restored. These amounts are expressed as goals, recognizing that fund balance levels can fluctuate from year to year in the normal course of operations for any government.

Minimum Unassigned/Unrestricted Fund Balance - It is the intent of the Council to limit use of unassigned/unrestricted fund balances to address unanticipated, non-recurring needs or known and planned future obligations. Fund balances shall not normally be applied to recurring annual operating expenditures. Unassigned/unreserved fund balances may, however, be used to allow time for the Council to restructure its operations in a deliberate manner, but such use will only take place in the context of long-term financial planning.

The Council's unassigned/unreserved fund balance in the general fund should represent no less than two months of operating expenditures. The Council considers a fund balance of less than two months of operating expenditures to be cause for concern, barring unusual or deliberate circumstances.

If unassigned fund balance falls below the targeted minimum level or has a deficiency, the Council will request increased local funding over the subsequent fiscal years.

It is the policy of the Council that expenditures for which more than one category of fund balance could be used, that the order of use is: Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. A schedule of NCTCOG fund balances is provided in Note K.

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:

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

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

Cash and investments as of September 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Primary Government	
Total cash and investments	$ 76,830,603

Cash and investments as of September 30, 2011 consist of the following:

Deposits with financial institutions	$ -
Cash on hand	650
Investments	76,829,953
Total cash and investments	$ 76,830,603

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, 2011, NCTCOG had the following investments:

Investment Type	Amount	Weighted Average Maturity(1)
TexPool	$ 26,452,932	48 days
Logic	437	42 days
TexStar	50,376,584	40 days
	$ 76,829,953	

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

As of September 30, 2011 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.

Investment Type	Amount	Minimum Rating Required	Rating as of Year End
Primary Government			
TexPool	$ 26,452,932	A	AAAm
Logic	437	A	AAAm
TexStar	50,376,584	A	AAAm
Total Primary Government	$ 76,829,953		

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, 2011 other than external investment pools, NCTCOG did not have 5% or more of its investments with any one issuer.

NOTE B - CASH AND INVESTMENTS (continued)

5. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and NCTCOG's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits or investment other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. At September 30, 2011, the Council's deposits had a carrying amount of $0 and a bank ledger balance of $1,912,036. Pledged collateral of $3,793,755 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 Federated Investors, Inc. ("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 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.

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.

Each investment pool the NCTCOG participates and operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940 to the extent such rule is applicable to its operations. Accordingly, the investment pools use the amortized cost method permitted by SEC Rule 2a-7 to report net assets and share prices since that amount approximates fair value. A Board of Directors comprised of local government officers, including participants of the investment pools, performs regulatory oversight in the external investment pools.

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, 2011, is presented below. Due to the nature of the obligation for accrued vacation, annual requirements to amortize such obligations are not determinable and have not been presented. Compensated absences are liquidated by all governmental funds by allocating amounts based on labor hours charged to those funds.

	Balance September 30, 2010	Increases	Decreases	Balance September 30, 2011	Due Within One Year
Accrued vacation	$ 1,148,386	$ 157,211	$ 124,310	$ 1,181,287	$ 100,362
Total	$ 1,148,386	$ 157,211	$ 124,310	$ 1,181,287	$ 100,362

NOTE E - DEFERRED COMPENSATION PLAN

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

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 $31,181 during 2011. The Council contributed a matching $11,851 as the employers match, 3.75% of gross salaries. Part-time employees are 100% vested in the plan from the first contribution.

NOTE F - TRANSACTIONS AND TRANSFERS

Internal transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions are recorded as transfers (See Note A).

The following is a summary of interfund transfers at September 30, 2011:

Transfers in/out other funds:

Transfer In	Transfer Out		Amount	Purpose
General Fund	Special Revenue	$	35,024	Recovery of depreciation
Special Revenue Fund	General Fund		167,187	Local match dollars
Special Revenue Fund	Special Revenue Fund		733,355	State funded projects/Local match
General Fund	Special Revenue Fund		238,845	State funded projects
Special Revenue	Enterprise Fund		60,000	Local match dollars
Enterprise Fund	Special Revenue		55,763	Local funded projects
	Total	$	1,290,174	

Due to/from other funds:

		Due From		Due To
General Fund	$	11,698,112	$	-
Special Revenue Fund		-		11,823,511
Enterprise Fund		45,057		-
Internal Service Fund		80,342		-
Total	$	11,823,511	$	11,823,511

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.

NOTE G - CAPITAL ASSETS

Governmental activities:

A summary of changes in the governmental activities capital assets for the year ended September 30, 2011, follows:

	Balance at October 1, 2010	Increases	Decreases	Balance at September 30, 2011
Governmental Activities				
General Capital Assets				
Capital Assets being depreciated:				
Equipment	$ 3,694,277	$ 549,271	$ (6,514)	$ 4,237,034
Furniture	466,680	-	-	466,680
Leasehold Improvements	1,927,797	244,048	-	2,171,845
Total capital assets being depreciated	6,088,754	793,319	(6,514)	6,875,559
Accumulated depreciation				
Equipment	3,244,226	373,002	(6,514)	3,610,714
Furniture	462,835	3,845	-	466,680
Leasehold Improvements	1,382,475	110,403	-	1,492,878
Total accumulated depreciation	5,089,536	487,250	(6,514)	5,570,272
Total governmental funds capital assets, net	999,218	306,069	-	1,305,287
Internal Service Fund Capital Assets				
Capital assets being depreciated:				
Equipment	547,797	8,716	(17,140)	539,373
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total capital assets being depreciated	556,180	8,716	(17,140)	547,756
Accumulated depreciation				
Equipment	385,153	108,503	(17,140)	476,516
Furniture	1,005	-	-	1,005
Leasehold Improvements	7,378	-	-	7,378
Total accumulated depreciation	393,536	108,503	(17,140)	484,899
Total internal service funds capital assets, net	162,644	(99,787)	-	62,857
Governmental activities capital assets, net	$ 1,161,862	$ 206,282	$ -	$ 1,368,144

NOTE G - CAPITAL ASSETS (continued)

	Balance at October 1, 2010	Increases	Decreases/ Transfers	Balance at September 30, 2011
Business Type Activities:				
Capital assets being depreciated:				
Equipment	$ 7,335,034	$ 26,520	$ -	$ 7,361,554
Total capital assets being depreciated	7,335,034	26,520	-	7,361,554
Accumulated Depreciation:				
Equipment	7,335,034	4,420	-	7,339,454
Total accumulated depreciation	7,335,034	4,420	-	7,339,454
Total Business-type activities capital assets, net	$ -	$ 22,100	$ -	$ 22,100

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	$ 37,390
Agency Management	2,389
Community Services	69,355
Emergency Preparedness	24,782
Environment & Development	34,186
RIS Local Assistance	34,624
Transportation	241,529
Workforce Development	42,995
Internal Service Fund	108,503
Total Depreciation expense-governmental activities	$ 595,753

NOTE H - RETIREMENT PLAN

ICMARC administers the Council's 401(a) retirement plan. It is a defined contribution retirement plan, which provides retirement benefits for all full-time permanent employees. The Council contributed an amount ($2,340,677) during fiscal year 2011 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of $1,170,339 during 2011 equal to six percent (6%) of gross salaries. Total Council payroll for the year was $20,081,952 including $19,603,849 payroll covered by the plan. Employees become 40 percent (40%) vested in the Council's contributions after three full years of employment. An additional 15 percent (15%) is vested for each additional full year of employment. An employee becomes fully vested after seven years of employment. The Council's retirement plan was formed under the authority of the Council Executive Board and the Executive Board has the authority to amend/or terminate the retirement plan and/or contribution requirements at any time.

NOTE I - COMMITMENTS

The Council entered into non-cancellable operating leases primarily for office space and equipment. Rental expenditures under all NCTCOG operating lease agreements were $3,723,622 for 2011.

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, 2011, are as follows:

Year Ending September 30		
2012	$	3,921,640
2013		3,691,788
2014		3,478,089
2015		3,264,940
2016		3,014,297
Thereafter (2017-2022)		15,852,308
	$	33,223,062

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, 2011, 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.

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.

NOTE K – FUND BALANCES

In accordance with GASB 54 the NCTCOG classifies governmental fund balances as follows:

DETAILED FUND BALANCE DISCLOSURE

	General Fund	Major Special Revenue				
	Fund	CJD	Local	TCEQ	TXDOT	TOTAL
FUND BALANCES:						
Non Spendable:						
Prepaids	$ 40,915	-	$ 36,339	-	-	$ 77,254
Inventory	39,728	-	-	-	-	39,728
Restricted:						
Grants	-	92,334	-	56,731	35,581	184,646
Local Transportation	-	-	13,876,787	-	-	13,876,787
Unassigned	4,918,968	-	202,576	-	-	5,121,544
TOTAL FUND BALANCES:	**$ 4,999,611**	**$ 92,334**	**$ 14,115,702**	**$ 56,731**	**$ 35,581**	**19,299,959**

NOTE L – SUBSEQUENT EVENTS

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through February 14, 2012, the date the financial statements were available to be issued.

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, 2011

	Budgeted Amounts			Variance with Final
	Original	**Final**	**Budget Basis Actual**	**Budget (Negative)**
REVENUES				
Member dues	$ 663,655	$ 663,655	$ 663,091	$ (564)
Local contributed cash	365,990	365,990	396,949	30,959
Interest income	10,000	10,000	8,501	(1,499)
Total revenues	1,039,645	1,039,645	1,068,541	28,896
EXPENDITURES				
Current:				
Agency administration	3,318,031	3,318,031	3,273,440	44,591
Agency management	597,962	602,962	602,720	242
Public affairs	400,792	400,792	322,753	78,039
RIS local assistance	643,240	587,240	469,976	117,264
Community services	343,490	343,490	331,976	11,514
Environmental & development	110,000	113,000	112,895	105
Transportation	55,000	55,000	26,204	28,796
Capital outlay	-	48,000	47,303	697
Total current expenditures	5,468,515	5,468,515	5,187,267	281,248
Indirect cost allocation	(3,856,633)	(3,856,633)	(3,718,074)	(138,559)
Contributions to indirect costs	(393,800)	(393,800)	(292,163)	(101,637)
Total expenditures	1,218,082	1,218,082	1,177,030	41,052
Excess (deficiencies) of revenues Over/(under) expenditures	(178,437)	(178,437)	(108,489)	69,948
OTHER FINANCING SOURCES				
Transfers in	178,437	178,437	273,869	95,432
Transfers out	-	-	(167,187)	(167,187)
Charge for use of assets	100,000	100,000	36,498	(63,502)
Indirect allocation to Special Revenue Fund	(96,000)	(96,000)	(35,021)	60,979
Total other financing sources	182,437	182,437	108,159	(74,278)
Net changes in fund balances	4,000	4,000	(330)	(4,330)
Fund balances - beginning	4,999,941	4,999,941	4,999,941	-
Fund balances - ending	$ 5,003,941	$ 5,003,941	$ 4,999,611	$ (4,330)

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2011

NOTE A: FINANCIAL STATEMENT PRESENTATION - BUDGET BASIS

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

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

	General Fund
Total Net Expenditures (GAAP Basis)	$ 1,175,553
Plus Charge for use of assets	36,498
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	(35,021)
Total Expenditures (Budget Basis)	$ 1,177,030
Total Other Sources (GAAP Basis)	$ 106,682
Plus Charge for use of assets	36,498
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	(35,021)
Total Other Sources (Budget Basis)	$ 108,159

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.

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
- Statement of Changes in Assets and Liabilities – Agency Fund
- Schedule of Indirect Cost (Budget Basis)
- Schedule of Employee Benefits
- Texas Local Government Code Chapter 391 Indirect Cost Limitations Test
- Capital Assets:

  By Source
  By Function and Activity
  Changes by Function and Activity

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

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FEDERAL, STATE AND LOCALLY ADMINISTERED GRANTS
YEAR ENDED SEPTEMBER 30, 2011

	Federal Funds Total	State and Locally Administered Total	Combined Total
REVENUES			
Federal grants	$ 12,979,109	$ -	$ 12,979,109
State administered grants	-	119,138,426	119,138,426
Local contributions	214,321	7,106,980	7,321,301
In-Kind	9,377,122	11,851,160	21,228,282
Program income	-	318,323	318,323
Interest income	-	209,920	209,920
TOTAL REVENUES	22,570,552	138,624,809	161,195,361
EXPENDITURES			
Current:			
Agency administration	152,812	2,288,877	2,441,689
Community services	254,888	22,782,208	23,037,096
Emergency preparedness	-	3,703,670	3,703,670
Environment & development	17,649	4,684,374	4,702,023
Research & information services	3,684	3,218,498	3,222,182
Transportation	21,513,843	56,213,410	77,727,253
Workforce development	723,148	58,512,334	59,235,482
Capital Outlay	-	746,016	746,016
TOTAL EXPENDITURES	22,666,024	152,149,387	174,815,411
DEFICIENCIES OF REVENUES UNDER EXPENDITURES	(95,472)	(13,524,578)	(13,620,050)
OTHER FINANCING SOURCES			
Transfers In	96,836	863,706	960,542
Transfers Out	(1,364)	(1,061,623)	(1,062,987)
TOTAL OTHER FINANCING SOURCES	95,472	(197,917)	(102,445)
DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	-	(13,722,495)	(13,722,495)
FUND BALANCE - BEGINNING OF YEAR	-	28,022,843	28,022,843
FUND BALANCE - END OF YEAR	$ -	$ 14,300,348	$ 14,300,348

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FEDERAL GRANTS
YEAR ENDED SEPTEMBER 30, 2011

	Federal Funds								
	DOE	EPA	FTA	FAA	HUD	DOL	FHA	DOJ	TOTAL
REVENUES									
Federal grants	$4,015,344	$1,155,301	$6,121,787	$625,528	$56,079	$734,982	$ 9,556	$260,532	$12,979,109
Local contributions	-	3,050	211,271	-	-	-	-	-	214,321
In-Kind	7,753,055	126,894	1,497,173	-	-	-	-	-	9,377,122
TOTAL REVENUES	11,768,399	1,285,245	7,830,231	625,528	56,079	734,982	9,556	260,532	22,570,552
EXPENDITURES									
Current:									
Agency administration	3,078	8,161	110,067	15,038	1,544	8,696	599	5,629	152,812
Community services	-	-	-	-	-	-	-	254,888	254,888
Environment & development	-	3,050	-	-	-	-	14,599	-	17,649
Research & information services	-	-	-	776	-	2,908	-	-	3,684
Transportation	11,765,199	1,273,907	7,760,003	642,370	68,471	-	3,893	-	21,513,843
Workforce development	-	-	-	-	-	723,148	-	-	723,148
Capital Outlay	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	11,768,277	1,285,118	7,870,070	658,184	70,015	734,752	19,091	260,517	22,666,024
EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES	122	127	(39,839)	(32,656)	(13,936)	230	(9,535)	15	(95,472)
OTHER FINANCING SOURCES									
Transfers in	-	-	40,337	32,923	14,020	-	9,556	-	96,836
Transfers out	(122)	(127)	(498)	(267)	(84)	(230)	(21)	(15)	(1,364)
TOTAL OTHER FINANCING SOURCES	(122)	(127)	39,839	32,656	13,936	(230)	9,535	(15)	95,472
EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-	-	-	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-	-	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
STATE AND LOCALLY ADMINISTERED FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	State and Locally Administered Funds					
	CJD	CSEC	LOCAL		TDRA	SECO
			Transportation	Other		
REVENUES						
State administered grants	$ 1,747,575	$ 7,221,094	$ -	$ -	$ 19,908	$ 860,100
Local contributions	290,160	-	2,601,739	3,665,349	-	-
In-Kind	-	-	1,319,580	-	-	2,165,490
Program income	-	-	-	-	-	-
Interest income	-	1,355	64,695	53	-	-
TOTAL REVENUES	2,037,735	7,222,449	3,986,014	3,665,402	19,908	3,025,590
EXPENDITURES						
Current:						
Agency administration	22,428	78,021	89,293	931,448	1,228	-
Community services	1,530,719	7,142,038	-	161,373	-	-
Emergency preparedness	-	-	833	322,508	-	-
Environment & development	-	-	73,186	970,569	18,682	-
Research & information services	394	361	1,853	1,368,718	-	-
Transportation	-	-	17,169,145	-	-	3,025,590
Workforce development	-	-	-	50,752	-	-
Capital Outlay	-	-	-	36,313	-	-
TOTAL EXPENDITURES	1,553,541	7,220,420	17,334,310	3,841,681	19,910	3,025,590
EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES	484,194	2,029	(13,348,296)	(176,279)	(2)	-
OTHER FINANCING SOURCES						
Transfers in	-	1	-	352,295	29	-
Transfers out	(464,976)	(2,030)	(496,431)	(71,879)	(27)	-
TOTAL OTHER FINANCING SOURCES	(464,976)	(2,029)	(496,431)	280,416	2	-
EXCESS/DEFICIENCIES OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER FINANCING USES	19,218	-	(13,844,727)	104,137	-	-
FUND BALANCE - BEGINNING OF YEAR	73,116	-	27,721,514	134,778	-	-
FUND BALANCE - END OF YEAR	$ 92,334	$ -	$ 13,876,787	$ 238,915	$ -	$ -

State and Locally Administered Funds								
TCEQ		TDH	DADS	TDPS	TWC	TVC	TXDOT	Total
Transportation	Other							
$ 18,978,149	$ 3,599,950	$ 679,109	$ 6,717,031	$ 4,346,926	$ 58,299,315	$ 161,425	$ 16,507,844	$ 119,138,426
-	-	-	116,793	13,500	-	-	419,439	7,106,980
-	-	74,298	4,583,342	673,973	2,477,263	-	557,214	11,851,160
-	-	-	318,323	-	-	-	-	318,323
127,651	1,641	-	-	-	-	-	14,525	209,920
19,105,800	3,601,591	753,407	11,735,489	5,034,399	60,776,578	161,425	17,499,022	138,624,809
98,865	14,647	17,214	147,527	86,067	489,936	-	312,203	2,288,877
-	-	-	11,584,904	2,299,378	-	-	63,796	22,782,208
-	2,253	735,764	-	2,642,312	-	-	-	3,703,670
-	3,621,862	-	-	75	-	-	-	4,684,374
-	(32)	412	1,174	27,036	1,407,299	-	411,283	3,218,498
19,040,362	-	-	-	-	-	-	16,978,313	56,213,410
-	-	-	-	-	58,300,157	161,425	-	58,512,334
-	-	-	-	25,816	574,969	-	108,918	746,016
19,139,227	3,638,730	753,390	11,733,605	5,080,684	60,772,361	161,425	17,874,513	152,149,387
(33,427)	(37,139)	17	1,884	(46,285)	4,217	-	(375,491)	(13,524,578)
18,032	40,195	198	-	47,987	-	-	404,969	863,706
(1,894)	(1,415)	(215)	(1,884)	(1,702)	(4,217)	-	(14,953)	(1,061,623)
16,138	38,780	(17)	(1,884)	46,285	(4,217)	-	390,016	(197,917)
(17,289)	1,641	-	-	-	-	-	14,525	(13,722,495)
69,884	2,495	-	-	-	-	-	21,056	28,022,843
$ 52,595	$ 4,136	$ -	$ -	$ -	$ -	$ -	$ 35,581	$ 14,300,348

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – AGENCY FUND
SEPTEMBER 30, 2011

	Balance September 30, 2010	Additions	Deductions	Balance September 30, 2011
Assets				
Temporary investments	$ 200,110,812	$ 168,575	$ (200,279,387)	$ -
Total assets	$ 200,110,812	$ 168,575	$ (200,279,387)	$ -
Liabilities				
Accounts payable	$ 200,110,812	$ 168,575	$ (200,279,387)	$ -
Total liabilities	$ 200,110,812	$ 168,575	$ (200,279,387)	$ -

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2011

	Actual		Budget	
Salaries	$ 1,635,138		$ 1,737,833	
Benefits	682,906		703,013	
Indirect personnel	2,318,044		2,440,846	
Legal	28,002		12,200	
Audit	87,000		92,400	
Contract services	317,659		258,072	
In-region travel	1,742		4,894	
Out-of-region travel	18,235		15,150	
Equipment use fee	36,498		100,000	
Consumable supplies	129,745		161,536	
Insurance & bonding	33,411		40,000	
Rent	414,029		431,378	
Printing & publications	28,648		60,249	
Equipment rental	207,409		230,000	
Advertising	3,129		2,000	
Maintenance & repairs	116,436		133,850	
Employee recruitment	1,509		5,016	
Communications	21,002		12,062	
Postage	12,228		11,174	
Subscriptions & dues	97,232		109,974	
Other	138,279		129,632	
TOTAL	4,010,237		4,250,433	
Less: Contributions to Indirect costs	(292,163)		(393,800)	
NET INDIRECT COSTS	$ 3,718,074		$ 3,856,633	
Indirect costs rate computations:				
Net indirect costs	$ 3,718,074		$ 3,856,633	
Direct salaries & benefits - all funds	$ 21,308,711	= 17.45%	$ 21,782,735	= 17.70%

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EMPLOYEE BENEFITS ALL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

Full Time Benefits Programs	**Actual**		**Projected**	
Medicare insurance	$ 258,936		$ 269,235	
Medical insurance	1,977,748		2,017,617	
Worker's compensation	48,025		44,563	
Flexible benefit plan	7,311		7,094	
Life & disability insurance	134,662		139,047	
Other benefits	228,514		89,000	
Unemployment insurance	25,673		57,456	
Retirement	1,938,312		1,845,082	
Vacation	953,799		928,880	
Sick leave	537,118		585,554	
Holiday leave	739,031		718,949	
Other leave	115,765		42,525	
TOTAL	$ 6,964,894		$ 6,745,002	
Employee benefits rate computations:				
Total full-time benefits	$ 6,964,894		$ 6,745,002	
Total regular salaries	$ 16,607,801	= 41.94%	$ 16,292,007	= 41.40%
Total personnel costs recap:				
Salaries	$ 16,607,801		$ 16,292,007	
Benefits	6,964,894		6,745,002	
Personnel - NCTCOG	$ 23,572,695		$ 23,037,009	

TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST
FISCAL YEAR 2011 ACTUAL
OCTOBER 1, 2010 - SEPTEMBER 30, 2011

Total Indirect Costs	**$ 3,718,074**		
Expenditures:			
General Fund	5,185,790		
Special Revenue Fund	174,815,411		
Proprietary Fund	1,947,896		
Enterprise Fund	1,530,061		
Interdepartmental Transfers for Direct Charges and Indirect Costs	(5,328,725)		
Total Expenditures	178,150,433	=	**2.1%**
Less:			
Pass-Through Funds [1]	(78,489,714)		
In-Kind Expenditures	(21,465,392)		
Contract Services	(28,346,004)		
Capital Expenditures	(793,319)		
Adjusted Expenditures	49,056,004	=	**7.6%**

[1] Includes Subgrants & Subcontracts

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

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CAPITAL ASSETS BY SOURCE
AS OF SEPTEMBER 30, 2011

		Totals
CAPITAL ASSETS		
Equipment	$	12,137,961
Furniture		467,685
Leasehold Improvements		2,179,223
Total Capital Assets	$	14,784,869
SOURCES		
NCTCOG		
Equipment	$	9,933,013
Furniture		94,147
Leasehold Improvements		600,898
		10,628,058
GRANT FUNDED		
Equipment		2,204,948
Furniture		373,538
Leasehold Improvements		1,578,325
		4,156,811
Less: Internal Service Fund Assets		547,756
Less: Enterprise Fund		7,361,554
Total General Capital Assets	$	6,875,559

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2011

CAPITAL ASSETS		Totals
Local Assistance	$	1,220,485
Transportation Planning-TxDOT		726,435
Regional Information Services		1,301,023
Environmental Resources		99,054
Emergency Preparedness		241,709
Workforce Development		3,234,064
Community Services		600,545
Enterprise Fund		7,361,554
Total Capital Assets		14,784,869
Less: Internal Service Fund		547,756
Less: Enterprise Fund		7,361,554
Total General Capital Assets	$	6,875,559

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2011

	2010	Additions	Deletions	2011
CAPITAL ASSETS				
Local assistance	$ 1,188,120	$ 56,019	23,654	$ 1,220,485
Transportation planning-TxDOT	617,517	108,918		726,435
Regional information services	1,264,710	36,313		1,301,023
Environmental resources	99,054	-		99,054
Emergency preparedness	215,893	25,816		241,709
Workforce development	2,659,095	574,969		3,234,064
Community services	600,545	-		600,545
Enterprise fund	7,335,034	26,520	-	7,361,554
Total capital assets	13,979,968	828,555	23,654	14,784,869
Less: Internal service fund	556,180	8,716	17,140	547,756
Less: Enterprise fund	7,335,034	26,520	-	7,361,554
Total General Capital Assets	$ 6,088,754	$ 793,319	$ 6,514	$ 6,875,559

North Central Texas
Council of Governments

Statistical Section

STATISTICAL SECTION

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

Contents

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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year		
	2011	2010	2009
Governmental activities			
Invested in capital assets, net of related debt	$ 1,368,144	$ 1,161,862	$ 1,497,753
Restricted	14,061,433	27,942,962	38,909,613
Unrestricted	4,122,881	3,816,701	3,646,310
Total governmental activities net assets	$ 19,552,458	$ 32,921,525	$ 44,053,676
Business-type activities			
Invested in capital assets, net of related debt	$ 22,100	$ -	$ -
Unrestricted	55,646	90,141	67,345
Total business-type activities net assets	$ 77,746	$ 90,141	$ 67,345
Primary government			
Invested in capital assets, net of related debt	$ 1,390,244	$ 1,161,862	$ 1,497,753
Restricted	14,061,433	27,942,962	38,909,613
Unrestricted	4,178,527	3,906,842	3,713,655
Total primary governmental net assets	$ 19,630,204	$ 33,011,666	$ 44,121,021

Source: Comprehensive Annual Financial Report

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

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TABLE 1

Fiscal Year					
2008	2007	2006	2005	2004	2003
$ 1,255,488	$ 484,470	$ 498,220	$ 546,788	$ 778,657	$ 1,170,815
53,519,795	40,565,985	202,931	144,383	127,788	78,233
3,776,966	3,254,971	2,900,375	2,729,099	2,418,801	2,231,218
$ 58,552,249	$ 44,305,426	$ 3,601,526	$ 3,420,270	$ 3,325,246	$ 3,480,266
$ 1,217,307	$ 3,759,091	$ 6,527,148	$ -	$ -	$ -
128,515	(94,171)	108,308	-	-	-
$ 1,345,822	$ 3,664,920	$ 6,635,456	$ -	$ -	$ -
$ 2,472,795	$ 4,243,561	$ 7,025,368	$ 546,788	$ 778,657	$ 1,170,815
53,519,795	40,565,985	202,931	144,383	127,788	78,233
3,905,481	3,160,800	3,008,683	2,729,099	2,418,801	2,231,218
$ 59,898,071	$ 47,970,346	$ 10,236,982	$ 3,420,270	$ 3,325,246	$ 3,480,266

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

	Fiscal Year			
	2011	2010	2009	2008
Expenses				
Governmental activities:				
Agency administration	$ 5,201,324	$ 5,227,937	$ 5,269,854	$ 5,355,259
Agency management	848,942	776,145	853,457	571,395
Community services	22,909,179	20,488,403	22,490,067	19,668,658
Emergency preparedness	3,539,299	2,781,337	2,435,347	4,461,768
Environment and development	4,587,918	4,614,671	5,709,613	4,343,873
RIS local assistance	3,446,598	2,487,667	3,486,236	2,979,893
Transportation	76,151,018	75,614,317	63,238,757	59,886,873
Workforce development	58,952,928	59,043,491	53,269,187	48,193,206
Total governmental activities expenses	175,637,206	171,033,968	156,752,518	145,460,925
Business-type activities:				
Shared service center	1,947,896	1,987,466	2,861,816	4,023,843
Total business-type activities expenses	1,947,896	1,987,466	2,861,816	4,023,843
Total primary government expenses	$ 177,585,102	$ 173,021,434	$ 159,614,334	$ 149,484,768
Program Revenues				
Governmental activities:				
Operating grants:				
Agency administration	$ 238,845	$ 123,814	$ 100,626	$ 78,732
Community services	17,129,937	15,802,837	17,634,359	14,759,657
Emergency preparedness	3,378,498	3,087,356	2,262,037	4,547,830
Environment and development	3,799,786	1,795,328	4,353,732	1,943,294
RIS local assistance	37,938	158,382	200,903	159,905
Transportation	48,336,809	56,793,123	42,882,386	46,223,986
Workforce development	59,195,722	58,439,547	51,946,951	50,814,449
Local grants and contributions	29,264,855	22,639,979	21,644,684	38,238,325
Total governmental activities program revenues	161,382,390	158,840,366	141,025,678	156,766,178
Business-type activities:				
Charges for services:				
Shared services	1,939,738	2,010,262	1,583,339	1,704,745
Total business-type activities program revenues	1,939,738	2,010,262	1,583,339	1,704,745
Total primary government program revenues	$ 163,322,128	$ 160,850,628	$ 142,609,017	$ 158,470,923
Net (Expenses) Revenue				
Governmental activities	$ (14,254,816)	$ (12,193,602)	$ (15,726,840)	$ 11,305,253
Business-type activities	(8,158)	22,796	(1,278,477)	(2,319,098)
Total primary government net expenses	$ (14,262,974)	$ (12,170,806)	$ (17,005,317)	$ 8,986,155
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Membership fees	$ 663,091	$ 654,835	$ 645,519	$ 632,215
Interest on investments	218,421	406,616	582,748	2,308,855
Transfers in (out)	4,237	-	-	-
Total governmental activities	885,749	1,061,451	1,228,267	2,941,070
Business-type activities:				
Transfers in (out)	(4,237)			
Total business-type activities	(4,237)	-	-	-
Total primary government	$ 881,512	$ 1,061,451	$ 1,228,267	$ 2,941,070
Change in Net Assets				
Governmental activities	$ (13,369,067)	$ (11,132,151)	$ (14,498,573)	$ 14,246,323
Business-type activities	(12,395)	22,796	(1,278,477)	(2,319,098)
Total primary government	$ (13,381,462)	$ (11,109,355)	$ (15,777,050)	$ 11,927,225

Source: Comprehensive Annual Financial Report
Note: Accrual-basis financial information for the NCTCOG as a whole is only available back to 2003, the year GASB Statement 34 was implemented.
The Governmental activities revenues have been restated for the years presented to reflect revenues generated from operating grants as opposed to local grants and contributions.

TABLE 2

	Fiscal Year				
	2007	2006	2005	2004	2003
	$ 4,802,438	$ 3,655,700	$ 2,909,373	$ 2,861,274	$ 2,487,596
	558,360	610,618	947,451	497,792	916,839
	14,732,789	15,019,016	13,912,338	12,957,865	15,282,979
	6,766,770	1,129,860	1,090,853	643,622	619,612
	5,520,315	2,960,701	5,607,103	2,819,256	5,936,010
	2,227,484	2,279,069	2,987,476	2,368,924	2,088,881
	47,265,285	14,443,094	12,346,155	11,292,631	9,988,282
	49,917,806	44,205,070	43,430,365	37,823,520	36,598,887
	131,791,247	84,303,128	83,231,114	71,264,884	73,919,086
	4,484,126	2,094,538	114,631	-	-
	4,484,126	2,094,538	114,631	-	-
	$ 136,275,373	$ 86,397,666	$ 83,345,745	$ 71,264,884	$ 73,919,086
	$ 829,212	$ 770,046	$ 133,036	$ 65,024	$ 112,698
	10,043,056	10,341,041	9,827,308	8,816,107	9,386,376
	6,846,840	1,140,891	1,157,462	737,276	573,179
	2,430,434	1,920,421	3,942,280	1,615,441	4,398,181
	1,115,696	1,405,433	13,906	10,896	782,422
	29,793,889	13,173,525	13,040,326	11,838,046	9,984,918
	51,347,719	45,422,270	44,466,690	38,717,710	36,774,830
	66,241,118	9,393,181	9,871,427	8,633,446	8,422,831
	168,647,964	83,566,808	82,452,435	70,433,946	70,435,435
	1,513,590	8,729,994	114,631	-	-
	1,513,590	8,729,994	114,631	-	-
	$ 170,161,554	$ 92,296,802	$ 82,567,066	$ 70,433,946	$ 70,435,435
	$ 36,856,717	$ (736,320)	$ (778,679)	$ (830,938)	$ (3,483,651)
	(2,970,536)	6,635,456	-	-	-
	$ 33,886,181	$ 5,899,136	$ (778,679)	$ (830,938)	$ (3,483,651)
	$ 617,503	$ 595,578	$ 579,019	$ 567,314	$ 553,086
	3,230,180	321,998	294,684	108,604	84,930
	-	-	-	-	-
	3,847,683	917,576	873,703	675,918	638,016
	-	-	-	-	-
	-	-	-	-	-
	$ 3,847,683	$ 917,576	$ 873,703	$ 675,918	$ 638,016
	$ 40,704,400	$ 181,256	$ 95,024	$ (155,020)	$ (2,845,635)
	(2,970,536)	6,635,456	-	-	-
	$ 37,733,864	$ 6,816,712	$ 95,024	$ (155,020)	$ (2,845,635)

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

	Fiscal Year - Pre GASB 54			
	2010	2009	2008	2007
General Fund				
Reserved (a)	$ 10,946	$ 3,158	$ 13,322	$ 15,555
Unreserved	4,988,995	4,884,409	4,708,103	4,256,017
Total general fund	$ 4,999,941	$ 4,887,567	$ 4,721,425	$ 4,271,572
All Other Governmental Funds				
Reserved for:				
Prepaid items	$ 79,881	$ 55,054	$ 47,588	$ 48,359
Grants	221,448	796,364	645,283	437,221
Local transportation projects	27,721,514	38,113,249	52,874,512	40,148,643
Unreserved, reported in:				
Special revenue funds			-	(66,059)
Capital projects funds			-	-
Total all other governmental funds	$ 28,022,843	$ 38,964,667	$ 53,567,383	$ 40,568,164

	Fiscal Year - Post GASB 54	
General Fund	2011(b)	2010(c)
Non Spendable:		
Non Spendable	$ 80,643	$ 47,704
Spendable:		
Unassigned	4,918,968	4,952,237
Total General Fund	$ 4,999,611	$ 4,999,941
All Other Governmental Funds		
Non Spendable:		
Non Spendble	$ 36,339	$ 79,881
Spendable:		
Restricted for grants	184,646	166,551
Restricted for local transportation	13,876,787	27,721,514
Unassigned	202,576	54,897
Total all other governmental funds	$ 14,300,348	$ 28,022,843

Source: Comprehensive Annual Financial Report

Notes: (a) Includes encumbrances and prepaid items.

(b) GASB 54 adopted in 2011

(c) 2010 data restated for GASB 54 comparable presentation

TABLE 3

Fiscal Year - Pre GASB 54				
2006	2005	2004	2003	2002
$ 142,193	$ 169,310	$ -	$ -	$ 134,585
3,612,647	3,309,101	3,126,462	2,937,911	2,738,289
$ 3,754,840	$ 3,478,411	$ 3,126,462	$ 2,937,911	$ 2,872,874
$ 51,762	$ 42,122	$ -	$ -	$ -
104,684	102,261	127,788	78,233	2,823,466
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 156,446	$ 144,383	$ 127,788	$ 78,233	$ 2,823,466

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

	FISCAL YEAR			
	2011	2010	2009	2008
REVENUES				
Federal grants	$ 12,979,109	$ 12,842,963	$ 3,391,827	$ 4,796,333
State administered grants	119,138,426	123,357,424	115,989,167	113,731,520
Membership dues	663,091	654,835	645,519	632,215
Local contributed cash	7,718,250	7,242,670	9,694,057	26,908,819
Interest income	218,421	406,616	582,748	2,308,855
Program income	318,323	341,782	445,038	436,305
In-Kind	21,228,282	15,055,527	11,505,589	10,893,201
TOTAL REVENUES	162,263,902	159,901,817	142,253,945	159,707,248
EXPENDITURES				
Current:				
Agency administration	6,037,841	6,149,666	6,239,753	5,380,601
Agency management	602,541	611,201	617,456	580,135
Community services	23,368,882	20,913,065	22,810,881	20,020,526
Emergency preparedness	3,703,670	2,919,321	2,555,857	4,527,038
Environment & development	4,814,780	4,842,179	5,906,678	4,380,767
Research & information services	3,691,229	2,688,156	3,660,746	3,000,855
Transportation	77,753,457	77,112,327	64,537,300	60,937,748
Workforce development	59,235,482	59,291,468	53,457,071	49,234,539
Capital outlay	793,319	198,978	614,578	1,423,653
	180,001,201	174,726,361	160,400,320	149,485,862
Indirect cost allocation	(3,718,074)	(3,614,978)	(3,359,333)	(2,860,926)
Contributions to indirect costs	(292,163)	(380,116)	(378,949)	(366,759)
TOTAL EXPENDITURES	175,990,964	170,731,267	156,662,038	146,258,177
EXCESS OF REVENUES OVER EXPENDITURES	(13,727,062)	(10,829,450)	(14,408,093)	13,449,071
OTHER FINANCING SOURCES AND USES				
Capital-related debt issued (note payable)	-	-	-	-
Transfers In	1,234,411	717,919	1,058,306	627,426
Transfers out	(1,230,174)	(717,919)	(1,086,787)	(627,426)
Total other financing sources (uses)	4,237	-	(28,481)	-
NET CHANGE IN FUND BALANCES	$ (13,722,825)	$(10,829,450)	$ (14,436,574)	$ 13,449,071

TABLE 4

FISCAL YEAR

2007	2006	2005	2004	2003	2002
$ 2,130,761	$ 695,214	$ 311,125	$ 232,407	$ 378,586	$ 1,765,186
100,276,085	73,478,413	72,269,883	61,568,093	61,634,018	50,873,075
617,503	595,578	579,019	567,314	553,086	539,995
44,262,299	4,342,999	5,383,009	4,824,658	4,917,753	5,578,536
3,230,180	321,998	294,684	108,604	84,930	101,801
463,927	484,339	554,216	557,649	534,160	693,601
21,514,892	4,565,843	3,934,202	3,251,139	2,970,918	3,558,333
172,495,647	84,484,384	83,326,138	71,109,864	71,073,451	63,110,527
4,780,155	3,681,798	3,301,741	2,586,675	3,641,730	3,143,333
569,182	636,145	959,325	1,399,249	-	-
15,051,041	15,442,386	14,097,463	13,070,752	15,447,933	12,087,518
6,892,294	1,144,842	1,144,296	687,678	659,611	37,212
5,612,603	3,020,890	5,774,954	3,024,371	6,089,303	2,968,300
2,215,495	2,323,786	3,119,094	2,525,289	2,229,493	2,067,410
48,098,352	14,761,367	12,949,745	11,831,488	10,518,459	8,600,465
51,333,120	45,410,697	43,633,788	37,847,555	36,777,116	36,078,866
374,854	201,959	348,945	237,546	669,279	620,857
134,927,096	86,623,870	85,329,351	73,210,603	76,032,924	65,603,961
(2,872,021)	(2,160,816)	(2,186,536)	(2,118,195)	(2,080,034)	(1,677,193)
(363,527)	(352,543)	(279,397)	(250,015)	(204,381)	(212,639)
131,691,548	84,110,511	82,863,418	70,842,393	73,748,509	63,714,129
40,804,099	373,873	462,720	267,471	(2,675,058)	(603,602)
149,887	-	-	-	-	-
314,725	218,893	330,534	295,458	216,998	547,427
(340,564)	(303,970)	(424,710)	(324,823)	(222,136)	(556,997)
124,048	(85,077)	(94,176)	(29,365)	(5,138)	(9,570)
$ 40,928,147	$ 288,796	$ 368,544	$ 238,106	$ (2,680,196)	$ (613,172)

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

Fiscal	LOCAL					
Year	MemberDues	Interest (1)	Contributions (1)	In-Kind	Program	TOTAL
2011	$ 663,091	$ 218,421	$ 7,718,250	$ 21,228,282	$ 318,323	$ 30,146,367
2010	654,835	406,616	7,242,670	15,055,527	341,782	23,701,430
2009	645,519	582,748	9,694,057	11,505,589	445,038	22,872,951
2008	632,215	2,308,855	26,908,819	10,893,201	436,305	41,179,395
2007	617,503	3,230,180	44,262,299	21,514,892	463,927	70,088,801
2006	595,578	321,998	4,342,999	4,565,843	484,339	10,310,757
2005	579,019	294,684	5,383,009	3,934,202	554,216	10,745,130
2004	567,314	108,604	4,824,658	3,251,139	557,649	9,309,364
2003	553,086	84,930	4,917,753	2,970,918	534,160	9,060,847
2002	539,995	101,801	5,578,536	3,558,333	693,601	10,472,266

Notes: (1) Includes General and Special Revenue

TABLE 5

GRANTS			GRAND TOTAL
State	Federal	TOTAL	
$ 119,138,426	$ 12,979,109	$ 132,117,535	$ 162,263,902
123,357,424	12,842,963	136,200,387	159,901,817
115,989,167	3,391,827	119,380,994	142,253,945
113,731,520	4,796,333	118,527,853	159,707,248
100,276,085	2,130,761	102,406,846	172,495,647
73,478,413	695,214	74,173,627	84,484,384
72,269,883	311,125	72,581,008	83,326,138
61,568,093	232,407	61,800,500	71,109,864
61,634,018	378,586	62,012,604	71,073,451
50,873,075	1,765,186	52,638,261	63,110,527

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS **TABLE 6**
OUTSTANDING DEBT-GOVERNMENTAL ACTIVITIES
LAST FIVE FISCAL YEARS
(UNAUDITED)

Fiscal Year	Outstanding Note Payable (1)	Annual Payments	Total Revenues	Payments as Percent of Total Revenues
2011	$ -	$ -	$ 162,268,139	0.0000%
2010	-	60,957	159,901,817	0.0381%
2009	60,957	42,896	142,253,945	0.0302%
2008	103,853	39,469	159,707,248	0.0247%
2007	143,322	6,565	172,495,647	0.0038%

Source: Details on outstanding debt can be found in the notes to the financial statements
Note: (1) The Note Payable is for equipment for the Agency

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS — TABLE 7
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)

Year	Estimated Population[a]		Personal Income[b]		Per Capita Personal Income[b]		School Enrollment[c]	Unemployment Rate[d]	
2011	6,581,900	*	$ 266,938,672,612	*	$ 41,665	*	1,254,779	7.7%	*
2010	6,539,950	*	221,590,955,447	*	41,400	*	1,240,827	8.2%	*
2009	6,639,630		269,279,998,000		41,764		1,216,929	8.3%	
2008	6,538,850		275,257,974,000		43,684		1,193,011	6.0%	
2007	6,406,450		255,363,081,000		39,844		1,168,405	4.3%	
2006	6,242,800		238,858,111,000		39,924		1,122,168	4.8%	
2005	6,047,800		221,192,290,000		38,089		1,086,599	5.2%	
2004	5,867,400		203,669,470,000		35,831		1,070,271	5.9%	
2003	5,709,950		190,587,779,000		34,166		1,052,364	6.9%	
2002	5,561,550		185,863,325,000		33,950		1,018,130	6.8%	

Sources: [a]Yearly NCTCOG Population Estimates.
[b]Income provided by BEA Regional Bearfacts for the Dallas-Fort Worth-Arlington, Tx Metropolitan Statistical Area
[c]Texas Education Agency
[d]Texas Workforce Commission.

Notes: N/A - Data not available.

Other: N/A - Data not available.
* - Approximation only, as information not published yet

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS — TABLE 8
PRINCIPAL EMPLOYERS
CURRENT YEAR AND PREVIOUS FIVE YEARS
(UNAUDITED)

2011

Employer [a]	Employees	Percentage of Total NCTCOG Employment
Wal-Mart*	34,700	1.11%
American Airlines	24,888	0.80%
Texas Health Resources	24,189	0.78%
Bank of America	20,000	0.64%
AT&T*	17,500	0.56%
Baylor Health Care System	17,097	0.55%
Lockheed Martin	15,000	0.48%
JP Morgan Chase	13,500	0.43%
HCA North Texas Disvision	11,400	0.37%
Verizon	10,500	0.34%
Total	188,774	6.06%

Total NCTCOG Region Employees [b] 3,115,023

Source: [a] Dallas Business Journal, Book of Lists 2012
[b] NCTCOG, RIS department

2010

Employer [a]	Employees	Percentage of Total NCTCOG Employment
Wal-Mart	34,700	1.13%
American Airlines	20,700	0.67%
Bank of America	20,000	0.65%
Baylor Health Care System	19,700	0.64%
Texas Health Resources	18,700	0.61%
AT&T	17,500	0.57%
Lockheed Martin Aeronautics	14,900	0.49%
JPMorgan Chase	13,000	0.42%
HCA North Texas Division	12,300	0.40%
Verizon Communications	11,000	0.36%
Total	182,500	5.94%

Total NCTCOG Region Employees [b] 3,072,082

Source: [a] Dallas Business Journal, Book of Lists 2011
[b] NCTCOG, RIS department

2009

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

Total NCTCOG Region Employees [b] 3,059,028

Source: [a] Dallas Business Journal, Book of Lists 2010
[b] NCTCOG, RIS department

2008

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

Total NCTCOG Region Employees [b] 3,062,897

Source: [a] Dallas Business Journal, Book of Lists 2009
[b] NCTCOG, RIS department

2007

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

Total NCTCOG Region Employees [b] 3,071,797

Source: [a] Dallas Business Journal, Book of Lists 2008
[b] NCTCOG, RIS department

2006

Employer [a]	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 [b] 3,037,489

Source: [a] Dallas Business Journal, Book of Lists 2007
[b] NCTCOG, RIS department

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

TABLE 9

	Fiscal Year									
Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Agency Management	3	3	3	3	3	3	3	3	3	3
Agency Administration	39	39	39	34	30	27	24	22	22	17
Public Affairs	4	4	4	4	4	4	4	4	4	4
Research and Information Services	30	32	32	31	27	26	24	24	22	17
Community Services	45	41	40	38	34	32	31	35	37	39
Environment & Development	23	23	24	26	24	24	24	26	26	28
Transportation	158	149	154	145	116	108	90	82	76	73
Workforce Development	25	22	22	24	23	28	28	27	23	20
Emergency Preparedness	18	18	13	11	9	6	6	5	2	2
Total	345	331	331	316	270	258	234	228	215	203

Source: Agency Annual Fiscal Program

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

	Fiscal Year			
	2011	2010	2009	2008
Function/Program				
Local assistance	$ 1,220,485	$ 1,188,120	$ 1,185,086	$ 1,208,926
Transportation - TxDOT	726,435	617,517	617,517	540,975
Regional information services	1,301,023	1,264,710	1,264,710	1,102,440
Environmental resources	99,054	99,054	99,054	99,054
Emergency preparedness	241,709	215,893	188,670	88,164
Workforce development	3,234,064	2,659,095	2,592,517	2,530,547
Community services	600,545	600,545	501,362	376,749
Enterprise Fund	7,361,554	7,335,034	7,335,034	7,335,034
Prior Year Balance	-	-	-	-

Source: Comprehensive Annual Financial Report

TABLE 10

Fiscal Year					
2007	2006	2005	2004	2003	2002
$ 772,363	$ 583,680	$ 580,468	$ 473,849	$ 446,430	$ 391,834
414,588	344,444	334,216	439,863	385,442	259,555
837,499	800,347	753,631	831,112	751,799	575,022
99,054	99,054	135,912	137,546	137,546	147,173
67,451	59,186	39,307	39,307	39,307	36,937
2,076,129	2,026,134	2,081,390	1,993,449	1,917,056	1,900,333
151,005	130,390	164,217	275,751	275,751	229,364
8,080,514	8,080,514	553,333	-	-	-
-	3,967,800	3,967,800	3,967,800	3,967,800	3,967,800