



# Federal Financial Assistance Reports

Fiscal Year Ended  
September 30, 2007

North Central Texas  
Council of Governments

**NORTH CENTRAL TEXAS  
COUNCIL OF GOVERNMENTS**

**FEDERAL FINANCIAL  
AND  
COMPLIANCE INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2007**

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**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of North Central Texas Council of Governments as of and for the year ended September 30, 2007, which collectively comprise North Central Texas Council of Governments' basic financial statements and have issued our report thereon dated February 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Compliance and Other Matters**

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

#### **Internal Control Over Financial Reporting**

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

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

*Weaver and Tidwell, L.L.P.*

**WEAVER AND TIDWELL, L.L.P.**

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Dallas, Texas  
February 19, 2008



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND  
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

## Compliance

We have audited the compliance of the North Central Texas Council of Governments (the Council) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

## Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

#### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the North Central Texas Council of Governments as of and for the year ended September 30, 2007, and have issued our report thereon dated February 19, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Weaver and Tidwell, L.L.P.*

**WEAVER AND TIDWELL, L.L.P.**

Dallas, Texas  
February 19, 2008

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

**Section I-Summary of Auditors' Results**

**BASIC FINANCIAL STATEMENTS:**

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes      X  No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? \_\_\_ Yes      X  None reported

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

**FEDERAL AWARDS:**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes      X  No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? \_\_\_ Yes      X  None reported

An unqualified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  X  Yes     \_\_\_ No

Identification of major programs:

CFDA Number(s)	Name of Federal Programs or Cluster
93.575; 93.596	Child Care Services
93.043	Title III-Part D
93.044	Title III-Part B
93.045	Title III-Part C
93.052	Title III-Part E
93.667	Social Services Block Grant – Hurricane Katrina
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish Between type A and type B programs:  \$2,126,955

Auditee qualified as low-risk auditee?  X  Yes     \_\_\_ No

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

**Section II-Financial Statement Findings**

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

There were no findings for the year ended September 30, 2007.

**Section III-Federal Awards Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by *Circular A-133 Compliance Supplement*, section .510. Where practical, findings should be organized by federal agency or pass-through entity.

FINDINGS #07-1

**Criteria or Specific Requirement:**

A sub-recipient contracted with a third party that failed to provide adequate backup for the use of Hurricane Katrina related funds

**Condition:**

(X) Compliance Finding ( ) Significant Deficiency ( ) Material Weakness

**Effect:**

Questioned costs of \$192,450

**Recommendation**

North Central Texas Council of Governments should continue to seek backup for the questioned costs and review procedures in place for monitoring sub-recipient's use of federal funds.

**Management's Response:**

Management concurs with recommendation. NCTCOG will continue to seek backup for questioned costs and review procedures for monitoring sub-recipient's use of federal funds.



NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

NCTCOG received a report of misuse of Katrina funds by a sub-recipient. A site visit was performed to determine the legitimacy of the allegations and the sub-recipients contract was suspended pending our findings. Documentation initially submitted to support the monthly requests for reimbursements was not adequate to determine proper use of funds. The books and records of the sub-recipient were incomplete and did not adequately support reported transactions. NCTCOG drafted their findings in a written report to give the sub-recipient an opportunity to provide missing documentation. When our requests were not complied with, NCTCOG contacted the funding agency and the Office of Inspector General (OIG) to inform them of our findings. The allegations are now being reviewed by the OIG.

Staff continues to perform site visits on sub-recipients of Katrina funds on a random basis. In addition, there is a dual review performed on all requests for reimbursements from sub-recipients to ensure compliance with grant guidelines.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

Federal Grantor / Pass-Through Grantor / Program Title	NCTCOG Grant Number	Federal CFDA Number	Federal Expenditures
<b><u>U.S. Department of Transportation:</u></b>			
<i>Pass-Through Texas Department of Transportation:</i>			
Congestion Mitigation/Air Quality Program Awareness	513.06	20.205	\$ 256,731
Land Use Joint Venture Program	696.02	20.205	2,930
Land Use & Outreach Program	696.06	20.205	119,545
Highway Planning & Construction	700.06	20.205	(13,716)
Highway Planning & Construction	700.07	20.205	8,009,971
TRANSIMS Project	709.03	20.205	38,178
Bicycle Pedestrian Education Information	803.02	20.219	39,372
Clean Vehicle Tech Program	804.03	20.205	1,273,554
Ozone Season Fare Reduction	805.02	20.205	17,317
Enhanced Employee Trip Reduc	806.05	20.205	259,455
Regional Vanpool DART	807.06	20.205	609,318
DFW Int'l Airport -ITS MAS	811.02	20.205	51,447
Regional ITS Communication Program	812.02	20.205	212,231
High Emitting Vehicle Trade Program	814.02	20.205	(15,506)
Feasibility Corridor Study-Freight Bottleneck	817.03	20.205	55,894
West Thoroughfare Program - 80	820.04	20.205	383,768
West Thoroughfare Program - 100	820.04	20.205	582,688
East Thoroughfare Program - 80	821.04	20.205	890,750
East Thoroughfare Program - 100	821.04	20.205	498,910
Pay As You Drive	875.05	20.205	225,554
Traffic Signal Replace	876.05	20.205	5,456
Park Cash Out	878.06	20.205	4,161
Diesel Idling Reduction	879.05	20.205	12,684
Truck Lane Study	880.05	20.205	59,399
Clean Veh Fleet Procure	881.05	20.205	33,523
Regional Stormwater Mgmt Program	884.06	None	75,651
Tower 55 Rail Study	891.07	20.205	168,342
<i>Total Texas Department of Transportation:</i>			<u>13,857,607</u>
<i>Pass-Through Federal Transit Administration:</i>			
NE Tarrant County Job Access Reverse Commute	697.02	20.516	95,050
Regional JA / RC	698.02	20.516	129,440
FTA-Grantee Administration	822.05	20.505	538,613
<i>Total Federal Transit Administration:</i>			<u>763,103</u>
<i>Pass-Through Federal Aviation Administration:</i>			
Federal Aviation Administration	895.07	20.106	778,674
<b>Total U.S. Department of Transportation</b>			<b><u>15,399,384</u></b>
<b><u>U. S. Department of Labor:</u></b>			
<i>Pass-Through Texas Workforce Commission:</i>			
Workforce Investment Act, Youth Program	602.06	17.258	19,600
Workforce Investment Act, Youth Program	602.06	17.259	19,600
Workforce Investment Act, Youth Program	602.06	17.260	19,600

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Federal Grantor / Pass-Through Grantor / Program Title	NCTCOG Grant Number	Federal CFDA Number	Federal Expenditures
Workforce Investment Act, Adult Program	603.06	17.258	154,346
Workforce Investment Act, Adult Program	603.06	17.259	154,346
Workforce Investment Act, Adult Program	603.06	17.260	154,346
Workforce Investment Act, Dislocated Worker	604.06	17.258	100,565
Workforce Investment Act, Dislocated Worker	604.06	17.259	100,565
Workforce Investment Act, Dislocated Worker	604.06	17.260	100,565
Workforce Investment Act, Youth Program	602.07	17.258	1,111,826
Workforce Investment Act, Youth Program	602.07	17.259	1,111,826
Workforce Investment Act, Youth Program	602.07	17.260	1,111,826
Workforce Investment Act, Adult Program	603.07	17.258	1,175,561
Workforce Investment Act, Adult Program	603.07	17.259	1,175,561
Workforce Investment Act, Adult Program	603.07	17.260	1,175,561
Workforce Investment Act, Dislocated Worker	604.07	17.258	2,443,872
Workforce Investment Act, Dislocated Worker	604.07	17.259	2,443,872
Workforce Investment Act, Dislocated Worker	604.07	17.260	2,443,872
Workforce Investment Act, Adult Logistic Skills Training and Certification	619.07	17.268	75,119
<i>Workforce Investment Act, subtotal</i>			<u>15,092,429</u>
Food Stamp Employment and Training	626.05	10.561	<u>71,605</u>
Child Care Waiver	626.05	93,596	<u>43,205</u>
National Emergency Grant	626.05	17.260	<u>886,462</u>
First Generation College Student Initiative-Adult Program	635.06	17.258	48,057
First Generation College Student Initiative-Youth Program	635.06	17.259	48,057
First Generation College Student Initiative-Dislocated Worker	635.06	17.260	<u>48,057</u>
<i>First Generation College Student Initiative, subtotal</i>			<u>144,171</u>
Skills Development-Workforce Investment Act-Adult Program	634.07	17.258	114,615
Skills Development-Workforce Investment Act-Youth Program	634.07	17.259	114,615
Skills Development-Workforce Investment Act-Dislocated Worker	634.07	17.260	114,615
<i>Skills Development, subtotal</i>			<u>343,845</u>
Trade Adjustment Assistance	638.07	17.245	<u>171,545</u>
Reintegration Counselor	639.06	17.261	<u>364</u>
H-1B Job Training	641.06	17.261	<u>51,235</u>
Reemployment Initiatives Project	630.06	17.225	<u>66,140</u>
Wagner Peyser Employment Services	628.06	17.207	128,986
Wagner Peyser Employment Services	628.07	17.207	435,873
<i>Wagner Peyser Employment Services, subtotal</i>			<u>564,859</u>
Disability Program-Navigator Grant	642.07	17.266	<u>54,134</u>

(continued)

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Federal Grantor / Pass-Through Grantor / Program Title	NCTCOG Grant Number	Federal CFDA Number	Federal Expenditures
Performance Incentive Award Grant, WIA Adult	643.07	17.258	14,222
Performance Incentive Award Grant, WIA Youth	643.07	17.259	15,286
Performance Incentive Award Grant, WIA Dislocated Worker	643.07	17.260	20,492
Performance Incentive Award Grant	643.07	93.558	44,293
<i>Performance Incentive Award, subtotal</i>			94,293
<b>Total U.S. Department of Labor</b>			<b>17,584,287</b>
<b><u>U.S. Department of Agriculture:</u></b>			
Food Stamp Employment & Training	605.07	10.561	567,716
TWC Transport Contract	633.07	10.561	107,346
TWC Transport Contract	633.08	10.561	15,721
<b>Total U.S. Department of Agriculture</b>			<b>690,783</b>
<b><u>U. S. Department of Housing and Urban Development:</u></b>			
Community Development Work Study Program	502.04	14.512	56
Community Development Work Study Program	502.06	14.512	40,918
			<b>40,974</b>
<i>Pass-Through Organization of Rural Community Affairs:</i>			
Texas Community and Economic Development	671.07	14.228	18,982
Texas Community and Economic Development	671.08	14.228	1,813
<i>Organization of Rural Affairs, subtotal</i>			<b>20,795</b>
<b>Total U. S. Department of Housing and Urban Development</b>			<b>61,769</b>
<b><u>U. S. Environmental Protection Agency:</u></b>			
<i>Direct Programs:</i>			
Muddy Creek Watershed	669.03	66.461	1,805
Dallas Emission Enforcement Program	874.05	66.034	970
EPA EMS Workshop	668.07	66.717	11,565
Stream Team	668.06	66.461	28,425
Smartway Trans Partn	888.06	66.034	198,500
			241,265
<i>Pass-Through Texas Commission on Environmental Quality:</i>			
Water Quality Management Planning	670.07	66.454	69,905
Water Quality Management Planning	670.08	66.454	7,369
<i>Texas Commission on Environmental Quality, subtotal</i>			77,274
<b>Total U.S. Environmental Protection Agency</b>			<b>318,539</b>

(continued)

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Federal Grantor / Pass-Through Grantor / Program Title	NCTCOG Grant Number	Federal CFDA Number	Federal Expenditures
<b><u>U. S. Department of Health and Human Services:</u></b>			
<i>Pass-Through Texas Department of Aging and Disability Services:</i>			
Title VII - Prevention of Elder Abuse, Neglect & Exploitation	562.07	93.041	19,871
Title VII - Long Term Care Ombudsman Services for Older Individuals	563.07	93.042	67,049
<i>Title VII, subtotal</i>			<u>86,920</u>
Title III, Part D, Disease Prevention and Health Promotion Services	560.07	93.043	41,182
Title III, Part D, Medication Management	567.07	93.043	25,080
<i>Title III, Part D, subtotal</i>			<u>66,262</u>
Title III, Part B - Administration	505.07	93.044	19,598
Title III, Part B - Grants for Supportive Services and Senior Centers	531.07	93.044	1,133,809
<i>Title III, Part B, subtotal</i>			<u>1,153,407</u>
Title III, Part C-1 - Administration	505.07	93.045	134,250
Title III, Part C-1 Nutrition Services	537.07	93.045	331,148
Title III, Part C-2 - Administration	505.07	93.045	68,497
Title III, Part C-2 Nutrition Services	559.07	93.045	1,491,375
<i>Title III, Part C, subtotal</i>			<u>2,025,270</u>
Title III, Part E - Administration	505.07	93.052	53,594
Title III, Part E National Family Caregiver Support Program	561.07	93.052	457,478
<i>Title III, Part E, subtotal</i>			<u>511,072</u>
Nutrition Services Incentive Program	566.07	93.053	394,143
CMS-HCFA - Centers for Medicare & Medicaid Services	565.07	93.779	30,249
CMS-HCFA - Centers for Medicare & Medicaid Services	565.08	93.779	25,715
<i>CMS-HCFA - Centers for Medicare &amp; Medicaid Services, subtotal</i>			<u>55,964</u>
Social Services Block Grant-Hurricane Katrina	865.07	93.667	5,600,290
<i>Pass-Through Texas Workforce Commission:</i>			
Temporary Assistance for Needy Families	610.06	93.558	189,863
Temporary Assistance for Needy Families	610.07	93.558	3,112,880
<i>Temporary Assistance for Needy Families, subtotal</i>			<u>3,302,743</u>

(continued)

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Federal Grantor / Pass-Through Grantor / Program Title	NCTCOG Grant Number	Federal CFDA Number	Federal Expenditures
Child Care Services FY2006	601.06	93.575	587,253
Child Care Services FY2006	601.06	93.575	587,253
Child Care Services FY2006	601.06	93,596	587,253
Child Care Services FY2007	601.07	93.575	5,465,909
Child Care Services FY2007	601.07	93.575	5,465,909
Child Care Services FY2007	601.07	93,596	5,465,909
Child Care - Local Unit FY 2006	637.06	93,575	321,226
Child Care - Local Unit FY 2006	637.06	93,596	321,226
Child Care - Local Unit FY 2007	637.07	93,575	1,878,232
Child Care - Local Unit FY 2007	637.07	93,596	1,878,232
<i>Child Care Services, subtotal</i>			<u>22,558,402</u>
<i>Texas Workforce Commission, subtotal</i>			<u>25,861,145</u>
<b>Total U. S. Department of Health and Human Services</b>			<b><u>35,754,473</u></b>
<b><u>Department of Homeland Security:</u></b>			
<i>Pass-Through Texas Department of Public Safety (GDEM):</i>			
Hazard Mitigation Grant	588.03	83.548	<u>37,043</u>
Urban Area Security Initiative, 2004	858.04	97.008	63,579
Urban Area Security Initiative - 2005_ Dallas	859.05	97.008	79,471
Urban Area Security Initiative - 2005_ Fort Worth	861.05	97.008	29,366
Urban Area Security Initiative - 2005_ Arlington	862.05	97.008	19,583
Urban Area Security Initiative, 2006	859.06	97.008	<u>45,822</u>
<i>Urban Area Security Initiative, subtotal</i>			<u>237,821</u>
State Homeland Security Grant Program 2004	857.04	16.011	10,996
State Homeland Security Grant Program 2005	860.05	97.073	411,827
State Homeland Security Grant Program 2006	859.06	97.073	<u>159,972</u>
<i>State Homeland Security Grant, subtotal</i>			<u>582,795</u>
<b>Total Department of Homeland Security</b>			<b><u>857,659</u></b>
<b><u>U.S. Department of Defense:</u></b>			
Joint Land Use Study	896.07	12.610	<u>200,126</u>
<b><u>U.S. Department of Energy:</u></b>			
Clean Cities Coalition	715.07	81.119	<u>10,310</u>
<b><u>Federal Emergency Management Agency:</u></b>			
CTP Mapping Statement	586.06	97.045	<u>8,187</u>
<b><u>U.S. Department of The Interior:</u></b>			
RIS Aerial Photography	445.05	15.808	<u>13,000</u>
<b><u>Total Expenditure of Federal Awards</u></b>			<b><u>\$ 70,898,517</u></b>

(concluded)

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2007

(1) General

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

(2) Basis of Accounting

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

(3) Relationship to Federal Financial Reports

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

(4) Relationship to Basic Financial Statements

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

Total revenue from federal and state administered grants	\$ 102,406,846
Less: State funded grant awards	31,508,329
Per Schedule of Expenditures of Federal Awards	<u><u>\$ 70,898,517</u></u>