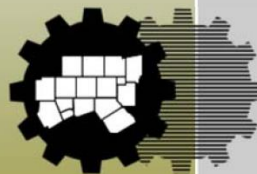




# Comprehensive Annual Financial Report

**Fiscal Year Ended  
September 30, 2017**



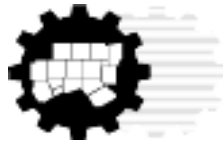
**North Central Texas Council of Governments**



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Executive Director**

Mike Eastland

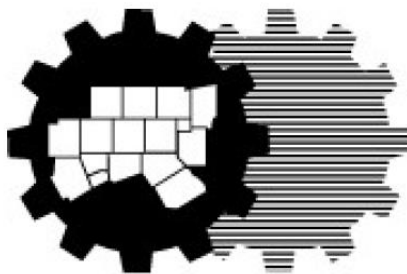


**Deputy Executive Director**

Monte Mercer, CPA

***PREPARED BY  
DEPARTMENT OF ADMINISTRATION***

Molly Rendon, Assistant Director of Finance  
Maggie Lira, CPA – Accounting Manager  
Richard Michael, Budget / Financial Reporting Manager  
Randy Richardson, CPA - Workforce Fiscal Manager



**North Central Texas  
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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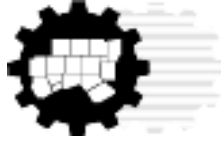
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## **Introductory Section**







## North Central Texas Council of Governments

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

February 16, 2018

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, 2017, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 236 member governments and the Executive Board, which is composed of 17 local officials elected by the General Assembly, and one ex-officio non-voting member of the legislature.

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 7 million, which is larger than 30 states, and an area of 12,800 square miles, which is larger than nine states. NCTCOG's 236 member governments are comprised of 16 counties, 168 municipalities, 23 independent school districts, and 29 special purpose districts.

The Council's functional activities include responsibilities in the following areas – Transportation, Workforce Development, Area Agency on Aging, 9-1-1 Planning, Emergency Preparedness, Environment & Development, a Research and Information Services Center and Community Services; comprised of Criminal Justice Planning the Training & Development Institute (TDI) and Regional Law Enforcement Training.

### **Economic Condition and Outlook**

NCTCOG's regional population increased by approximately 123,180 persons during 2017 for a January 1, 2017 total estimated population of 7.2 million.

The September 2017 unadjusted unemployment rate for the 16 county NCTCOG region was 3.4%, which was below the Texas rate of 4.0% and well below the comparable national figure of 4.1%.

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 Fiscal Year 2017, NCTCOG initiated three High-Speed Rail Station Area Planning Studies with consultant assistance. Two studies focused on identifying a preferred location for a future high-speed rail station (Arlington and Fort Worth). These efforts were concluded in Fiscal Year 2017 with final reports submitted by the consultants. The third study focused on coordination efforts with the City of Dallas and Texas Central Partners regarding a previously identified station location. Consultant work for this study is ongoing.

NCTCOG began a Traffic Count and Classification Program initiative to supplement planning activities with an increase in data availability. Consultants are in the process of collecting traffic counts and vehicle classifications in 1,000 locations across the region. A main focus area of the initiative is data sources around Freight-Oriented-Developments that will contribute to greater planning and modeling capabilities for more efficient movement of goods and people.

NCTCOG received \$1.5 million in Surface Transportation Program – Metropolitan Mobility funds to begin work on the Collin County Strategic Transportation Initiative. The project goal is to identify and study potential projects to improve regional access and relieve anticipated congestion within Collin County and between Collin and Hunt Counties. This effort includes developing a multimodal Collin County plan with emphasis on north-south capacity and east-west connections to Hunt County, identifying recommended changes to the Hunt County Transportation Plan regarding access to Collin County, and identifying potential improvements to the IH 30, US 380, and SH 66 corridors.'

NCTCOG was awarded over \$2 million in Surface Transportation Block Grant Program (STBG) funds to develop and implement a 511DFW traveler information system in the region. These funds will be utilized to implement enhancements and operate the 511DFW traveler information system, incorporating needs of local partners in the Dallas-Fort Worth region. 511DFW provides a system to facilitate improved coordination between regional agencies and disseminate traveler information to the public, thereby reducing congestion, improving air quality and increasing mobility. The system includes an interactive

voice response system, 511-branded website, personalized website options, and an application for mobile devices.

NCTCOG was awarded \$2 million in Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds to implement technology to detect auto occupancy verification. These funds will be utilized to implement technology to accurately detect and report vehicle occupancy for the purpose of applying financial discounts for High Occupancy Vehicle (HOV) customers traveling on priced lanes. The solution will eliminate the need for an 'honor system' approach used in many HOV discount programs where customer 'self declares' without any verification.

NCTCOG received \$1.6 million in Regional Toll Revenue to fund the Wetlands/Tree Mitigation Project. The project will fund engineering studies for restored and constructed wetlands that will filter storm water runoff. The project also will fund the planting of trees in urban areas to help mitigate the urban heat island effect; the growth of some of these trees will be tracked online. Stakeholder outreach was conducted to identify environmental priorities and mitigation needs during a roadway feasibility study. A workshop was held to educate developers, engineers, and consultants on methods to reduce their impacts on wetlands and streams. NCTCOG staff will conduct a webinar to inform stream mitigation bankers about the potential demand for mitigation generated by projects in the region's long-range transportation plan. Staff also will develop a database of potential permittee-responsible mitigation opportunities.

NCTCOG received \$3.9 million in CMAQ funds to establish a Clean Technology Revolving Loan Program to fund technology and equipment improvements. Loan recipients will use the funds to offset the cost of technology and equipment improvements and repay funds received over a period of time plus interest and/or financing fees. The repaid funds will be deposited into a dedicated account to be used to fund new loans for additional air quality improvements. NCTCOG will develop program procedures and select recipients eligible for loans. NCTCOG may collaborate with a financial institution selected through a solicitation for partner process. The financial institution will process the loans for the program.

NCTCOG received \$700,000 in Surface Transportation Block Grant Program funds to conduct a survey of toll and non-toll users in several corridors related to the socio-economic characteristics of the travelers and to their trip behavior and willingness to pay for use of the tolled facilities. This study will also be used in an evaluation of environmental justice related to building the tolled facilities.

NCTCOG received \$525,000 in CMAQ funds to initiate an Oversize/Overweight Heavy Duty Vehicles (HDV) Project to study the contribution of HDV emissions as they operate with varying loads on a day-to-day basis traveling in/through the DFW nonattainment area. NCTCOG will utilize the resources of a partnering agency for the development of data sets, investigation activities, and data analyses for the completion of a study. A final report will document the work performed and summarize methodologies, outcomes, and next steps.

NCTCOG received \$500,000 in CMAQ funds to implement an Idle Free School Zones project. The purpose of the project is to evaluate whether a campus-wide anti-idling campaign is an effective way to reduce emissions at school campuses, with focus on parent pickup/drop-off lanes. The project will include before and after emissions calculations to assess effectiveness. During fiscal year 2017, staff outlined the structure of the project and began developing a project schedule to ensure timely completion. Several opportunities to collaborate with other regional school-oriented air quality analyses were also identified and staff participated in various conversations to assess how multiple initiatives will be leveraged.

NCTCOG received \$500,000 in CMAQ funds to administer an Alternative Fuel Vehicle Deployment project. The purpose of the project is to make alternative fuel vehicles available to fleets on a short-term basis through a loaner program or other short-term trial to improve familiarity and increase likelihood of future alternative fuel vehicle purchases. During FY2017 staff began outlining major tasks and milestones of the project.

NCTCOG received \$2.5 million in CMAQ funds for a Clean Fleet Technologies project, under which staff will continue carrying out existing efforts to promote funding opportunities, administer funding for

technology improvements through Calls for Projects, and monitor performance of previously administered technology improvement projects to ensure grant objectives are met.

NCTCOG received an agreement totaling \$1 million for a three-year project on emissions reduction strategies for ozone precursors including volatile organic compounds (VOC) controls and other designated pollutants. Through this project, NCTCOG will administer, implement, and promote strategies that reduce VOC emissions, including both vehicle technology improvements and congestion management/traffic flow improvements. During FY2017, a structure for a light-duty zero-emission vehicle rebate was approved.

NCTCOG received approximately \$4.5 million in Surface Transportation Block Grant funds to continue to provide support of air quality management and operations activities to help the region work toward meeting federal ozone standards. This effort includes administration and implementation of various air quality initiatives including planning and control strategy development, evaluation of new technologies and fuels, data and feasibility analyses, development and dissemination of policies and best practices, and collaboration with stakeholders. The funding will support air quality efforts through Fiscal Year 2019.

### **Area Agency on Aging**

The primary funding source for the Aging program was Title III of the Older Americans Act, with allocations that have been flat for several years despite dramatic increases in the number of persons eligible for its services. To keep pace with growing demand, Aging secured a number of discretionary grants that allowed it to serve greater numbers of older adults, as well as younger adults with disabilities who were not eligible for Title III services.

Discretionary grants, by funding source and amount, included:

- Nursing home relocation funding, awarded by Texas Health and Human Services (HHS), in the amount of \$1,054,906.42
- Aging and Disability Resource Center funding, awarded by HHS in the amount of \$362,167.10
- Chronic disease self-management funding, awarded by the Community Council of Greater Dallas in the amount of \$30,782.09
- Fall prevention funding, awarded by the United Way of Tarrant County in the amount of \$28,450.00
- Benefits Enrollment Center funding, awarded by the National Council on Aging, in the amount of \$50,000
- Senior Medicare Patrol funding, awarded by the Better Business Bureau, in the amount of \$20,000
- Diabetes self-management funding, awarded by Texas Medical Foundation, in the amount of \$3,450.00

Funding through the Older Americans Act and State General Revenue provided primary support for the Department's traditional services, including nutrition, transportation, information and referral, benefits counseling, case management, caregiver support, caregiver respite, and long-term care ombudsman programs. Collectively, Aging programs served nearly 8,000 North Central Texans.

### **9-1-1 Planning**

The NCTCOG 9-1-1 Program fosters opportunities for improving the quality of emergency communications in North Central Texas through innovation, collaboration, and initiative. The 9-1-1 Program began a transition to Next Generation 9-1-1 in 2008 and continues to enhance 9-1-1 service throughout the region by providing vision, leadership, technology and operational assistance.

9-1-1 Call-taking equipment is planned for replacement this year, with added capabilities and features. It is a huge undertaking to replace equipment in two commercial data centers and 43 Public Safety Answering Points (PSAPs). The implementation will require work from the majority of staff, along with the new vendor Solacom and consultants. The implementation is projected to take almost the complete fiscal year 2018. The new equipment is designed to be a purpose-built, flexible, NG9-1-1 call management

system for PSAPs. It was engineered to provide the PSAP with complete, multimedia call control in the changing 9-1-1 environment.

Phase 1 of an alternate network project is almost complete. As the last microwave towers are built, Phase II of the project will commence this year. Not only will the newly implemented services provide a more robust network with a greater diversity of routes and transport medium, but it will also provide the ability to route calls dynamically based on the best route. This project has enhanced membership services to our local governments with the building of towers that they are able to use for other public safety applications.

The 9-1-1 data and GIS teams will be working on a migration of data from a tabular database to a geospatial database utilizing Geographic Information System (GIS) or. This transition involves not only the two internal teams, but county coordinators as well.

The GIS team provisions high-quality spatial data into the Public Safety applications used for geospatially routing live 9-1-1 calls and call potting at the Public Safety Answering Points. Their primary role is ensuring accurate and precise GIS data is used throughout the NCTCOG 9-1-1 region. The focus this year will be on location accuracy so that 9-1-1 telecommunicators are able to send first responders to the correct location.

NCTCOG 9-1-1 will continue to enhance the Regional Telecommunicator Academy this year. The mission is to provide Regional Public Safety Answering Points a four-week academy to educate, prepare and train new career telecommunicators in accordance with the Texas Commission on Law Enforcement's (TCOLE) licensing and training mandates. Public education will be a focus area as well, as we move to a more digital world of communications.

### **Community Services**

#### ***Criminal Justice Planning***

In fiscal year 2017 the Criminal Justice Program focused its efforts on meeting the *Interlocal Cooperation Agreement* requirements with the Office of the Governor's Criminal Justice Division. As a result, technical and operational assistance was provided to more than 100 agencies for 163 new and continuation criminal justice projects, grant application workshops, preparation of grant applications, strategic planning efforts, and to meet the administrative requirements of the Criminal Justice Division.

#### ***Training & Development Institute (TDI)***

TDI facilitated 52 courses for the region; coordinating 9 courses for NCTCOG staff, and 1 off-site course in the region serving over 1,000 participants. In addition to facilitating training courses, the TDI underwent a thorough evaluation of program offerings and introduced our new academy approach and registration site to the region. During this time the TDI also worked to develop the framework for the continuing year's marketing strategy, focusing on promoting online courses/curriculums and off-site course offerings available through our department in new social media platforms and rejuvenating the department's print/email marketing to have a united brand and look across all platforms.

Of the courses offered this fiscal year, 14 were TCEQ-sanctioned water and wastewater courses. These courses are completed by individuals pursuing or renewing Texas Commission on Environmental Quality operator licenses. We had 214 participants successfully complete these 20 hour courses.

Through a partnership with the University of North Texas' Center for Public Management, the TDI hosted 15 Public Funds Investment Act training dates which are required for all public finance and investment officers in the State of Texas. Approximately 243 participants received their certificates of completion for this training course during the 2017 fiscal year.

In cooperation with NCTCOG's Transportation Department, the TDI hosted 5 Traffic Incident Management courses for First Responders & Managers that consisted of 110 participants from a variety of agencies.

In addition to the courses outline above, the TDI facilitated courses in the areas of Code Enforcement, Planning & Zoning, Records Management, and Leadership & Management Best Practices, as well as special requests by NCTCOG departmental staff including providing implementation and facilitation support to internal departments implementing the Cornerstone program for learning and registration purposes.

### ***Regional Law Enforcement Training***

During 2016/2017, the Regional Police Academy conducted five Basic Peace Officer Courses and graduated 152 new law enforcement officers from throughout the NCTCOG region. The Regional Police Academy conducted 110 In-Service law enforcement-training courses for 1,860 in service officers providing a total of 127,680 contact hours for Basic Peace Officers training, and a total of 16,627 contact hours for In-Service training.

### **Emergency Preparedness (EP)**

**Regional Emergency Preparedness Member Program:** In 2017, the North Central Texas Regional Emergency Preparedness Program, managed by the Emergency Preparedness Department, collected \$411,000 in membership dues. Membership funds were used to meet stakeholder needs through advocacy, planning, training and exercise assistance, meeting coordination, regional program/project implementation and management, and multiple other support services. Specialized programs and events were possible through the program, including the Regional Response Summit, providing information about regional response teams, capabilities, and contact information. Program funds additionally supported: the Regional Emergency Preparedness Planning Council (EPPC), the Department's oversight council composed of regional elected officials; the Regional Emergency Preparedness Advisory Committee (REPAC), composed of emergency management and response leaders guiding Homeland Security Grant priorities and advising EPPC; and regional Working Groups, which work to create regional approaches to training, exercise, and education.

**Homeland Security Program:** The Homeland Security Grant Program (HSGP) consists of both the State Homeland Security Grant Program (SHSP) as well as the Urban Area Security Initiative (UASI) Grant Program. HSGP funds support core capabilities across the five mission areas of prevention, protection, mitigation, response, and recovery based on allowable costs. Expenditures close capability gaps identified throughout the region, and that have been captured in documents such as the Threat and Hazard Identification and Risk Assessment (THIRA), State Preparedness Report (SPR), and Regional Implementation Plan (RIP). Homeland Security funds have helped our region increase response capabilities by improving response plans, equipping special response teams, training first responders, and exercising emergency management and response teams. In 2017, the region received \$1,841,970 in SHSP grant funds, and \$14,802,000 in UASI grant funds. These monies funded many projects throughout the region with a terrorism nexus, including those involving training and exercises, hazardous materials, law enforcement, search and rescue, explosive ordnance disposal, incident management software, interoperable communications, public works, and others.

**Citizen Corps Program:** Citizen preparedness, training, and education continued to be supported by \$50,000 in HSGP funds allocated to north central Texas (NCT) Citizen Corps programs in 2016. The funds helped sustain citizen volunteer programs, most notably Community Emergency Response Teams (CERT), and supported a regional Citizen Corps Coordinator to facilitate and coordinate regional CERT meetings, trainings, exercises, and other efforts. In 2017 CERT program members served NCT in shelter operations during Hurricane Harvey response and other skilled emergency support roles such as wide area search, damage assessment, triage, and first responder rehab.

**Mitigation Program-Hazardous Mitigation Grant Program (HMGP) and Pre-Disaster Mitigation (PDM) Planning Projects:** The Emergency Preparedness Department was awarded \$264,007 in federal PDM grant funds in 2017, supporting hazard mitigation planning for 34 North Central Texas jurisdictions in Tarrant County. Carryover HMGP grant funding supported the completion of one additional North Central Texas hazard mitigation plan in May 2017. Mitigation plans for the 34 jurisdictions in Tarrant County remain in the initial planning process. Mitigation planning helps communities identify hazards and develop mitigation actions to reduce or eliminate vulnerability to those hazards. Once a hazard mitigation

plan is approved and adopted, participating jurisdictions become eligible to apply for future mitigation grant funds.

**Safe Room Project:** From July 2013 to June 2017, the EP Department received \$3,425,000 in federal mitigation funds to administer the Individual Safe Room Rebate Program in north central Texas. In 2017, the program received an additional \$251,000 in federal funds, bringing the total funded to \$3,676,000. During 2017, safe room program grants resulted in 202 individual safe room installations totaling \$500,211 in federal grant rebates. This brings the program total, since inception, to 886 safe rooms installed and \$2,309,044 in rebates awarded. In 2018, remaining funds will provide additional safe to participants on the waitlist. The EP Department will continue to seek funding as opportunities arise.

**Collaborative Adaptive Sensing of the Atmosphere (CASA WX) Member Program:** The Collaborative Adaptive Sensing of the Atmosphere (CASA WX) program is a weather observation system paradigm based on a low power, low cost, overlapping network of radars capable of providing rapid, enhanced weather data. To support the weather radar system in the Dallas Fort Worth area in 2017, the EP Department continued to manage the CASA WX membership program, collecting membership dues from local jurisdictions totaling \$248,375. Membership dues go towards sustaining operational expenses of the radar network, currently consisting of seven radars. Planning for an eighth radar, including radar acquisition and host site identification, proceeded in 2017. Local jurisdictions that are members of the CASA WX program gain access to the CASA website, allowing them to see CASA WX radar data down to the neighborhood level with minute-to-minute updates. This information helps reduce uncertainty during weather events, enhances decision-making, and can potentially save lives and reduce damage to property.

#### **Environment & Development (E&D)**

The overall theme for NCTCOG's environmental resource and development initiatives continued to be Sustainable Environmental Excellence. The department's efforts continue to have a focus on 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 this growth primarily within six different program areas – Materials Management, Natural Resources, Public Works, Regional Codes, Watershed Management, and Development Excellence.

In the Materials Management program area, interlocal agreements for 14 pass-through grant projects totaling approximately \$1,300,000 were executed, grantee performance was monitored, and quarterly reports were processed, resulting in a successful administrative close out of the FY 16-17 biennial cycle with the Texas Commission on Environmental Quality (TCEQ). Following close out, preparations for the new FY 18-19 Funding Plan began with the Resource Conservation Council (RCC). Coordination included establishing sub-grant criteria, determining a grant timeline, and execution of a public meeting and grant briefing sessions. The RCC advised on the successful updates to the TimetoRecycle.com, ReportDFWDumping.org, and NCTCOG solid waste management websites. The RCC also reviewed one waste facility conformance review, and provided assistance in the development of a legislative matrix of all applicable solid waste related bills during the 2017 Texas legislative session. Nine educational/training workshops were offered in fiscal year 2017, 72 technical assistance requests to local governments and residents were recorded, a day-long Drug Take-Back workshop was held in partnership with the Product Stewardship Institute, and presentations on the Regional Solid Waste Plan were offered at the STAR Summit, the TARC Solid Waste Planners Association, and to the City of Garland. In addition, 28 responses to inquiries into the status of the Closed Landfill Inventory were handled, and 200 illegal dump site reports from ReportDFWdumping.org and the hotline were forwarded to the appropriate city or county authorities for cleanup action.

In the Natural Resources program area, the Region C Water Planning Group meetings were hosted at our offices, and our Water Resources Council was able to provide population projection comparisons in order to assist with development of materials for the 2021 Region C Plan. For energy, improvements were made to the GoSolarTexas.org website, and technical assistance was provided to six local governments in becoming SolSmart designated communities. Promotion of our Dallas 2030 District and our Fort Worth Better Buildings Challenge initiatives continue. Coordination, partnership development, and technical assistance was provided to develop a concept and strategy for a regional tree inventory tool

with Texas Trees Foundation. In a partnership with our Transportation department, site testing was completed and additional resources were added for the launch of ConserveNorthTexas.org; a regional website clearinghouse for transportation, energy-efficient, and water-efficient information.

In the Public Works program area, in a collaboration with NCTCOG's North Texas Share team; we promoted the use of our recently developed regional offering of pricing secured for selection from four vendors for the purpose of pavement analysis services throughout our membership area. We held the 18th Annual Public Works Roundup, which was attended by 140 public works professionals; hosted the Sustainable Public Rights of Way (SPROW) Education Forum; included redevelopment guidance into our integrated Stormwater Management (iSWM) manual; recruited additional member participation at Silver Level within the iSWM program area; and received and integrated over 50 public comments to finalize updates and release our region's 5<sup>th</sup> Edition, 2017 Standard Specifications for Public Works Construction, which is available electronically and in hard copy. In addition, we provided administrative and technical support for the Community Development Block Grant (TxCDBG) program through the review of scoring for over 55 grant applications.

In the Regional Codes program area, review and adoption of regional amendments to the 2017 National Electric Code and the 2015 International Pool and Spa Code was completed. A survey to determine adoption of the suite of international codes by local governments in North Central Texas, and throughout the state of Texas, was conducted; a webmap reflecting the results of the survey for public display was created and posted.

In the Watershed Management program area, meetings with committees, stakeholders and interest groups regarding the region's watersheds continued, with efforts supporting TCEQ and Texas A&M AgriLife Stephenville by hosting two Upper Trinity River Basin Coordinating Committee meetings; prioritizing implementation strategies recommended in the Greater Trinity River Bacteria Total Maximum Daily Load (TMDL) I-Plan; attending public meetings and nine partner Watershed Protection Plans (WPPs) planning meetings; hosting the North Texas Urban Feral Hog Forum; and conducting three water quality webinars related to water reuse, onsite sewage facilities, and sanitary sewer overflow initiatives. In addition, we collected data and conducted one public meeting for the amended 2017 North Central Texas Water Quality Management Plan (WQMP); updated the North Central Texas Water Resources Report; and, provided review comments and letters for nine Clean State Revolving Fund projects associated with wastewater infrastructure improvements. We hosted four Wastewater And Treatment Education Roundtable (WATER) meetings; coordinated and promoted the Holiday Grease Roundup and Non-Potable Water Sampling Field Technician Training; assisted in maintaining the Cease the Grease North Texas website; coordinated in maintaining the Defend Your Drains North Texas campaign and associated website, developed a curriculum for and hosted two Illicit Discharge Detection and Elimination (IDDE) trainings; hosted one Pollution Prevention Site Tour and Mock Inspection; revised the IDDE manual; updated the Stormwater Educator's Toolbox; conducted our annual group purchase for our Public Education Task Force, and hosted a stormwater education calendar contest. We also encouraged partnerships with the Audubon Society, the Trust for Public Lands in the Rockwall County Open Space plan effort, and encouraged support for the Denton County Greenbelt Plan. Under our Texas Smartscape brand, we promoted "March is Texas SmartScape Month" with updated marketing materials and 10 cities participating; completed the 2016 SmartScape website update; launched new Facebook and Twitter pages for further program promotion; and forged an affiliation with the Native Plant Society of Texas for support through sharing of event calendars. For additional regional tools, and in conjunction with our Transportation department, we hosted an environmental mitigation and minimization workshop with the US Army Corps of Engineers (USACE) and Texas Parks and Wildlife; and also completed, published, and marketed a new document – the North Central Texas Green Infrastructure Guidebook. The Trinity River COMMON VISION program continued with the integration of updated regulatory mapping and modeling for the Upper Trinity River Corridor into the Corridor Development Certificate (CDC) Manual and process, and 18 CDC applications were processed. Funding was established by the Federal Emergency Management Agency (FEMA) to sponsor the hydrologic and hydraulic modeling needed to move forward with the expansion of the Common Vision footprint to include the communities along the East Fork of the Trinity River upstream from the Trinity Main Stem to the Lake Ray Hubbard dam. Efforts continued towards the production of a georeferenced and consolidated CDC model, tying together the resources needed for FEMA, USACE, and CDC development applications. In Cooperation with our North Texas



SHARE program, requirements for a Regional Early Flood Warning Software were established with input from our communities, a procurement process to establish a software vendor was performed, and development for a regional contract to provide this service was initiated. As a part of our Cooperating Technical Partner (CTP) relationship with FEMA and the Texas Water Development Board (TWDB), the FY15 Irving and Lynchburg Flood Risk studies and mapping projects were finalized, as well as the Cedar and Denton watershed Discovery projects. Administration of the FEMA CTP FY16 East Fork Discovery project and the McAnear Creek and West Buffalo Creek Flood Risk Studies began. CTP Community Outreach funding was also secured to bring a Community Health and Resource Management (CHARM) tool to North Central Texas for community Comprehensive Plan development. Additionally, in partnership with FEMA, TWDB, and the Texas Floodplain Managers Association (TFMA), Environment and Development held our 22<sup>nd</sup> Anniversary “Managing Floodplains through the National Flood Insurance Program” four-day course and hosted the TFMA Certified Floodplain Manager (CFM) Exam. In collaboration with TFMA, Floodplain Manager/Community Rating System (CRS) Users Group meetings were held every other month and was combined with our annual Elected Officials Seminar, which was attended by approximately 40 participants. With the assistance of the TFMA and the USACE, NCTCOG hosted two county-focused workshops with presentations on legislative abilities and produced 16-County regional recommendations for consistent county watershed management regulations with regional Executive Board endorsement.

In the Development Excellence program area, support for the Center of Development Excellence (CODE) and the 12 Principles of Development Excellence continued, and the 2017 Celebrating Leadership in Development Excellence (CLIDE) awards were presented at our region’s General Assembly. Maintenance of the Center of Development Excellence website continues with the technical tools library being updated to be more user-friendly and searchable, to provide a broader coverage of CODE topic areas, and to focus on example projects and case studies that have been constructed within our region and can be easily visited. Strategies for coordinating efforts including the Center of Development Excellence Steering Committee and North Central Texas Environmental Stewardship Forum were developed.

### **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. These include:

- A development monitoring program database, which tracks significant structures and other features and now has nearly 24,200 records;
- Current and historical land use layers;
- Various geographic layers including city boundaries, roads, hydrology, and statistical and planning areas;
- Population, household, and employment datasets used for demographic forecasting;
- Small-area employment information;
- Daytime population estimates; and
- Annual population and housing estimates.

The RIS Information Technology (IT) Team responded to 5,961 officially posted Agency and Workforce support requests. These requests included:

- New computer requests (ordering, receiving and setup);
- Software management;
- PC assistance/Network connectivity at the various 22 supported sites; and
- Support of a Mobile Workforce Unit.

This support is for computer and phone systems required for the RIS customers to meet the business needs of their customers.

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. These enterprise

systems, that include a large number of websites such as NCTCOG.org and DFWMaps.com, provide information to the public and assist in regional planning initiatives.

The IT Team completed major network enhancements by:

- Completing implementation of EMC SAN, file services, backup and tapeless offsite backup solutions;
- Completing the Core network switching infrastructure upgrades by installing two new Cisco 6880 switches that are configured redundantly;
- Upgrading Guest Wi-Fi bandwidth from 75Mbps to 100Mbps and implementing self-healing/redundancy features; and
- Upgrading the Agency Internet bandwidth from 100Mbps to 500Mbps.

The IT Team also:

- Completed the Internet Router upgrade/replacement and redundancy implementation by replacing the old single internet router with a higher speed pair to accommodate the new 500Mbps pipe and future throughput growth;
- Completed the server virtualization host upgrades to provide increased management redundancy and deployed new Hyper-V hosts at all WFCs;
- Upgraded and replaced the end of life routers/switches at the Workforce Centers by installing 11 new routers and 23 new switches;
- Deployed over 400 new PCs over a two month period;
- Upgraded the enterprise CRM4.0 environment to a new hosted CRM2016 environment;
- Completed the enterprise ArcGIS Desktop 10.4 upgrade project; and
- Completed the migration and upgrade of the legacy FTP system to the new SolarWinds Mass File Transfer system.

The RIS Information Security (IS) team reviews new Information Technology projects to ensure that threats to the confidentiality, integrity, and availability of enterprise systems and data are identified and risks are appropriately mitigated. The IS team also works to find and mitigate previously unidentified risks in existing systems by reviewing system logs and auditing access controls. The IS team looks to improve the ease-of-use of security technologies, while at the same time update or add to their functionality and effectiveness. In addition to technological improvements to the Agency's security posture, IS continues to educate employees on the importance of adhering to security policies and continues to inform employees about current threats and safe computing practices. This is achieved through new employee orientation sessions, e-mail alerts, Intranet blog posts, newsletters, online training, and simulated e-mail phishing campaigns.

### **Workforce Development (WF)**

#### **EMPOWERING OUR WORKFORCE ENVIRONMENT**

Workforce Solutions for North Central Texas consists of a Board of Directors and a network of 12 workforce centers serving the 14 counties in the North Central Texas workforce development area. This includes our joint operating workforce center in Alliance in partnership with Workforce Solutions for Tarrant County, which focuses on serving the businesses around the Alliance region. In counties where a workforce center is not physically located, services are provided on an as needed basis using our Mobile Workforce Unit.

The Board oversees the planning, oversight, policy guidance and design of services. The workforce centers, managed by a contracted service provider selected through a rigorous and competitive procurement process, provide direct services to businesses and job seekers.

Our workforce centers provide services to the entire population, which includes unemployed and underemployed individuals seeking a better career or interested in exploring other career options. In 2017, we served over 82,000 job seekers through our workforce centers.

## THE LOCAL PLAN

Under the Workforce Innovation and Opportunity Act, each Local Workforce Development Board was required to develop and submit to the governor a comprehensive four-year Local Plan that identifies and describes policies and procedures, as well as local activities that are in line with the Texas Workforce Commission's Strategic Plan. The Local Plan required the Board to address eight strategic elements and 25 operational elements. The Local Plan was submitted to the Texas Workforce Commission on March 3rd and approved by Governor Greg Abbott on July 7th.

## STRATEGIC PLAN PRIMARY FOCUS AREAS

After the Local Plan was approved by Governor Abbott in 2017, Workforce Solutions for North Central Texas revised the current operational strategic plan to align with the approved Local Plan. The primary focus areas of the 2017-2020 Strategic Plan include:

- Enhance business engagement and inclusive human capital development through service delivery designs that invite participation without regard to barriers.
- Develop and maintain a technology platform that attracts participants, employers and job seekers and allows everyone to share, transact and find value in the workforce system.
- Improve organizational focus, communication and leadership decision-making to include data-driven continuous improvement, accountability and effectiveness.
- Recruit and retain competent professionals by expanding professional development opportunities and offering clear and focused career tracks.
- Execute governance, oversight and accountability responsibilities through organizational design, reporting structure, management accountability and performance management.

As of September 30, 2017, Workforce Solutions for North Central Texas achieved 21% of its revised four-year strategic plan.

## SKILLS DEVELOPMENT FUND GRANTS

The Texas Workforce Commission's Skills Development Fund (SDF) program is a job training program designed to meet the unique training needs of employers. This customized training program assists employers in identifying and closing workforce skill gaps. The SDF provides community colleges resources to quickly respond to the needs of business by delivering customized and targeted skill enhancements to both new hires and current employees.

In partnership with local community colleges and economic development partners, Workforce Solutions for North Central Texas facilitated the award of more than \$2.3 million in SDF grants in 2017, training 214 new workers and 1,065 existing workers.

## EMPLOYER DESIGN-THINKING CHARRETTES AND THE DEVELOPMENT OF inspireNTX

In October 2016, Workforce Solutions for North Central Texas conducted five employer design-thinking charrettes to understand the workforce issues industries face.

Thirty-three targeted industry employers discussed current workforce conditions, how they try to overcome challenges and potential solutions to create a sustainable and talented workforce.

Some key findings include:

- Most employers were more concerned about work ethic and soft skills, than credentials.
- Employers were not in competition. They discussed working together as committees to find solutions together.
- Perception of Workforce Center staff is not up to par for employer expectations.
- Employers were concerned no progress would be produced by attending the design-thinking charrette.

- Most employers were unaware of our program; employers who have participated in the initiatives, found there were too many barriers.
- Generational animosity created knowledge transfer barriers for employees.

Building on the information received from the design-thinking charrettes and industry-led momentum, inspireNTX evolved from an industry-specific strategy to a broader initiative to mobilize and engage employers to be active partners in the strategic planning, implementation and outcomes of the North Texas workforce and economic development efforts.

inspireNTX aims to consolidate regional workforce development efforts through collaboration, drive targeted sector development through employer-led action and create adaptive, sustainable talent pipelines to support regional economic growth.

#### TEXAS VOCATIONAL REHABILITATION SERVICES INTEGRATION

Workforce Solutions for North Central Texas has continued efforts to integrate Texas Vocational Rehabilitation Services into the workforce system. Vocational Rehabilitation Services provides a variety of services that assist eligible people with disabilities in preparing for, obtaining, retaining or advancing in competitive integrated employment.

Corsicana and Waxahachie workforce centers were selected as early integration locations. In November 2016, the Corsicana Workforce Center was one of the first in Texas to be fully integrated, co-locating Vocational Rehabilitation staff and their services into the workforce center. The Waxahachie Workforce Center was our second location, which completed full integration in June 2017. This integration creates a seamless customer-focused workforce delivery system that integrates across all programs and enhances access to our customers.

#### SUMMER EARN AND LEARN PROGRAM

The Summer Earn and Learn Program is a new statewide initiative that was launched in 2017, providing employability skills training and paid work experience opportunities for students with disabilities during the summer months. Workforce Solutions for North Central Texas collaborated with Texas Vocational Rehabilitation Services for recruitment of eligible customer referrals; Collin College provided Employability Skills Training classes and workforce staff recruited employer partners to participate as worksite locations.

- Texas Vocational Rehabilitation Services referred 269 customers and 196 of the referrals completed orientation.
- 174 customers attended a three-day Employability Skills Training class provided by Collin College.
- 155 customers participated in the work experience training, working with employers throughout our 14 county region.
- Many employers are showing interest in participating next year.

#### FOSTER CARE INITIATIVE

In March 2016, Governor Greg Abbott established the Tri-Agency Workforce Initiative tasking the Commissioners of the Texas Education Agency, the Texas Higher Education Coordinating Board and the Texas Workforce Commission to work on developing links between education and industry. One of the charges in the report is to launch a partnership with the Texas Foster Care Transition Centers, local workforce boards, educational partners and industry to assist approximately 30,500 foster children in receiving a high school diploma, obtain a high-demand skills certification and receive career guidance.

In February 2017, Workforce Solutions for North Central Texas organized and hosted a regional meeting inviting the Dallas and Fort Worth Foster Care Transition Centers, Texoma, Tarrant and Dallas Workforce Boards and the Department of Protective and Regulatory Services Region 3 Preparation for Adult Living Team. The group identified barriers to effectively serve foster youth aging out of the system. Assets and resources were identified, and work began to design a planning process addressing strategic issues impacting foster youth transitioning out of the foster care system.

## ADULT EDUCATION AND LITERACY (AEL) INTEGRATION PARTNERSHIP

The Adult Education and Literacy/North Central Workforce Regional Coalition continues its partnership efforts to promote integration, cooperation and collaboration to ensure aligned services across the North Central Texas Workforce Board area. Participating partners in the Coalition include Navarro College, Denton Independent School District (ISD) and Weatherford ISD.

In May 2017, Workforce Solutions for North Central Texas hosted its first annual “AEL Workforce Partnership Integration Work Session” held at the Professional Development Center in Denton, Texas. This work session allowed the opportunity for Workforce Solutions for North Central Texas, Adult Education and Literacy and Texas Vocational Rehabilitation Services staff to come together with community stakeholders to discuss, learn and engage in collaborative discussions and information.

## CAREER PATHWAYS

Employer engagement in career pathways strengthens the workforce to help learners attain credentials, transition to postsecondary programs and secure sustaining employment. Employers have a stake in education, ensuring programs are responsive to the needs of the local industry, while providing relevant workplace experience and foundational skills workers must master to succeed.

Workforce Solutions for North Central Texas currently has 393 active training programs that are inclusive of area colleges and career schools, as well as apprenticeship programs. In 2017, Workforce Solutions for North Central Texas secured ten new apprenticeship programs with Construction Education Foundation, NPower, CVS Health and Amazon Web Services in the industries of technology, healthcare and construction. Our goal is to continue expanding educational and apprenticeship training opportunities that will cover in-demand credentials for occupations within the North Central Texas region.

## CAREER AND COLLEGE DISCOVERY DAY

In partnership with Collin College, Workforce Solutions for North Central Texas hosted the Career and College Youth Discovery Day on May 5, 2017. A total of 150+ young adults from local ISDs, as well as out-of-school youth, attended the career exploration event at Collin College. Informational sessions were provided on resume building, LinkedIn, online career exploration tools, emotional intelligence and self-care. Attendees also had an opportunity to learn from a panel of in-demand industry professionals.

Employers were also invited to host informational tables which allowed students to learn about their industries and potential job opportunities. Companies that attended included: Amazon Web Services, ComHome Computer Network Systems, YMCA, State Farm and many others. Special focus was given to entrepreneurialism, logistics and supply chain, gaming, coding, cybersecurity and healthcare.

## iWORK YOUTH CAREER EXPLORATION EVENT

Workforce Solutions for North Central Texas hosted a young adult career exploration event on September 29, 2017, in collaboration with the Texas Workforce Commission’s “Careers in Texas Industries Week”. This event was held at Navarro College’s Waxahachie Campus with representation from eight ISD’s in the North Central Texas region and 290 students in attendance. Education and industry representation focused around construction, financial services, digital technology, advanced manufacturing, healthcare, distribution, warehousing and military occupations.

Educational and employer partners discussed current and emerging job opportunities and provided interactive demonstrations of typical job responsibilities and equipment while offering meaningful one-on-one insight about the career pathways opportunities available to the young adults. All attendees were introduced to multiple online career exploration websites and were able to attend workshops discussing career pathways, social media and making a great first impression.

## WORKFORCE IN ACTION: RESPONSE TO HURRICANE HARVEY

The devastation from Hurricane Harvey was felt throughout Texas, as heavy rains and catastrophic flooding continued for days in late August 2017. It is predicted that recovering from the disaster could take years, according to the Federal Emergency Management Agency. There are an unprecedented number of homes and people affected, and the additional flooding and rainfall that continued after the storm made the situation even worse. Emergency services, charities and aid groups worked tirelessly across the country to address the massive need from Hurricane Harvey. Workforce deployed the Mobile Workforce Unit to those in need in the Victoria area when the Golden Crescent Board was ready for it. During the week it was deployed, Golden Crescent staff were able to assist 86 customers in seven locations around Victoria in need of workforce assistance and services.

## HIRING RED, WHITE & YOU!

In November 2016, Workforce Solutions for North Central Texas hosted the 5th Annual Statewide “Hiring Red, White & You!” event at the Dr. Pepper Arena in Frisco, Texas. The local hiring event included a multi-agency collaboration designed to help military heroes, their spouses and family members successfully transition into the civilian workforce. Eighty-one Texas employers took advantage of the special skills, unique experiences and valuable perspectives that former service personnel have to offer. Community resource partners were also available onsite to assist job seekers one-on-one with resume writing, career coaching and translating military experience into language relevant to civilian employers.

- 795 Job Seekers Attended
- 81 Employers Participated
- 9 Resource Agencies Participated
- 95 On-site Interviews
- 32 On-site Hires
- 375 Interviews Scheduled After Event

## EARLY CHILDHOOD CONFERENCE

In April 2017, Workforce Solutions for North Central Texas hosted its 3rd Annual Early Childhood Conference in Hurst, Texas. The conference theme was “Great Beginnings, Bright Futures.” Each participant attended training specific to the age group she or he taught. Mary Jo Huff, a nationally-known author, storyteller, recording artist and puppeteer, was the keynote speaker. Over 200 participants attended the one-day conference.

## TRAINING OPPORTUNITIES

Workforce Solutions for North Central Texas offered training opportunities to child care providers as a part of its initiative to promote quality child care practices.

- 61 caregivers graduated from the 120-hour Child Development Associate (CDA) course. Twenty-three received their CDA credential by September 2017, and 38 are completing the process.
- 11 participants were awarded an Early Childhood Management Institute Administrator’s Credential.
- 17 students who were employed at Texas Rising Star facilities were awarded scholarships to take classes in early childhood education and child development at colleges or universities.
- 47 trainings were offered throughout the region and over 1,600 early childhood professionals benefitted from quality training in early childhood education and child development.
- 99 scholarships were awarded to early childhood professionals to attend national and state conferences, including Conscious Discipline, Zero to Three, National Association for the Education of Young Children, Association for Early Learning Leaders and Frog Street Splash.
- In partnership with Children’s Learning Institute, Workforce Solutions for North Central Texas hosted an information session on Children’s Learning Institute Engage, an online resource for training and support for early childhood professionals.

## EQUIPMENT AND MATERIAL GRANTS

Workforce Solutions for North Central Texas provided over \$175,000 in grants to Texas Rising Star (TRS) providers who scored a 2-star or above on their TRS Assessment. These grants allowed providers to enhance their centers with new equipment and materials that ensure quality learning environments were available.

Workforce Solutions for North Central Texas provided over \$99,000 in grants to TRS providers who requested early childhood curriculum for children ages 3-5 years. TRS providers who received curriculum were provided training on how to implement the curriculum in the classrooms.

Finally, Workforce Solutions for North Central Texas partnered with Scholastic Book Fairs and sponsored Reading Oasis Centers for 30 TRS providers. The Reading Oasis Center is a place where families can read together, learn how to make reading a habit at home and gain access to books year-round. These centers promote early literacy and family involvement.

## LASERFICHE – GOING PAPERLESS

In 2016, Workforce Solutions for North Central Texas began planning for the implementation of an Enterprise Content Management System. Laserfiche, an application designed to create a paperless environment for the management and maintenance of files and allow for the automation of business processes to increase efficiencies across all programs, was launched in November 2017. The Child Care Services program was the first workforce program to implement the use of Laserfiche and included the conversion of more than 450,000 work items, 3 million step items and over 700,000 attachments, as well as a reduction of work processes from 147 down to 54 processes. All other programs will follow in 2018.

## MANAGING BUSINESS RELATIONS

In 2016, the Business Development Unit reorganized business outreach efforts. Under the new business development plan, staff are strategically co-located with partner organizations throughout the North Central Texas Workforce development area. The primary goal of the plan is to better connect with local targeted industries and market workforce services.

Additionally, Workforce Solutions for North Central Texas upgraded the Customer Relationship Management system, also known as CRM, to provide a comprehensive view of business outreach activity and allow the tracking of industry demands and services offered and delivered, as well as customer satisfaction. The data and feedback provided will help to plan and better serve our businesses now and in the future.

## LABOR MARKET AND CAREER PATHWAY TOOLS

In 2016, Workforce Solutions for North Central Texas increased access to regional economic, workforce and demographic data. EMSI Developer, EMSI Job Posting Analytics, EMSI Career Coach and JobsEQ were implemented as tools for serving businesses and partners and for improving data-driven decisions. EMSI and JobsEQ provide a compiled database of over 90 different sources with customizable regions, industry and occupation sets. These tools enable Workforce Solutions for North Central Texas to provide essential data with a rapid turnaround.

The addition of Job Posting Analytics lists in-demand certifications for occupations by region in real-time. EMSI Developer and JobsEQ assist with hundreds of possible reports including wage comparisons, workforce availability, determining industry clusters and identifying an industry's regional economic impact. EMSI Career Coach enables anyone to research occupational outlooks and connect interests to real job openings. This year, Workforce Solutions for North Central Texas completed more than 200 data requests for over 50 regional partners.

## CIVILIAN RESPONSE TO ACTIVE SHOOTER EVENTS TRAINING

In November 2016, Workforce Solutions for North Central Texas launched Civilian Response to Active Shooter Events training for all staff. The course, designed and built on the Avoid, Deny, Defend strategy developed by ALERRT, provides strategies, guidance and a proven plan for surviving an active shooter event. Topics include the history and prevalence of active shooter events, civilian response options, medical issues and considerations for conducting drills. Training was provided to a total of 486 staff.

## EMERGENCY CONTINGENCY PLAN IMPLEMENTATION

In emergency situations, time pressure constitutes one of the most acute problems. The aim of emergency preparedness is to optimize the speed and volume of humanitarian assistance while ensuring the strategic direction and required building blocks for an eventual response are in place. Workforce Solutions for North Central Texas implemented training with staff to prepare and reduce or eliminate the negative impact of sudden shocks or pressures in the workplace. To date, 39 staff have been trained on the emergency contingency plan (ECP) and equipment stations have been prepared which include backpacks in various locations containing copies of the of the ECP, building floor plans, radios, first aid kits, flashlights, emergency entry tools and a checklist for the identified incident commander.

## MARKETING COMMUNICATION PLAN

In 2016, Workforce Solutions for North Central Texas launched its Strategic Marketing and Community Outreach Plan, which included six mini plans that strategically focus messaging on its unique offerings within multiple target markets. The six mini plans focus on targeted messaging as it relates to:

- Employers
- Child Care
- Job Seekers
- Persons with Disabilities
- Veteran Employment Services
- Young Adult Services

## GRAPHICS AND STANDARDS GUIDELINES

In 2017, Workforce Solutions for North Central Texas established and implemented a coordinated and uniform operating procedure and reference guide for all employees regarding marketing, communications and public relations. The Graphics Standards Resource Manual/Style Guide is a resource for Workforce Solutions for North Central Texas brand standards, which includes the approved rules and examples to ensure brand consistency.

## CONTRACTED PERFORMANCE

<b>719</b>	Young Adults Served
<b>7,165</b>	Children Served Per Day
<b>8,846</b>	Employers Receiving Workforce Assistance
<b>19,208</b>	Claimants Gained Reemployment Within 10 weeks
<b>82,347</b>	Job Seekers Served
<b>83%</b>	Child Care Recipients Receiving TANF Benefits Obtained Self-Sufficiency Within 12 Months



<b>County</b>	<b>Total Job Seeker Visits</b>	<b>Total Individuals Trained</b>	<b>Training Expenditures</b>
<i>Collin &amp; Rockwall</i>	27,402	167	\$ 959,454
<i>Denton &amp; Wise</i>	6,619	102	\$ 595,958
<i>Ellis</i>	12,337	25	\$ 132,233
<i>Erath</i>	4,787	2	\$ 129,788
<i>Hood &amp; Somervell</i>	4,530	17	\$ 65,540
<i>Hunt</i>	6,977	33	\$ 193,042
<i>Johnson</i>	8,007	28	\$ 72,319
<i>Kaufman</i>	10,711	35	\$ 116,328
<i>Navarro</i>	11,509	18	\$ 51,948
<i>Parker &amp; Palo Pinto</i>	6,395	25	\$ 118,203
<i>Mobile Workforce Unit</i>	1,744	N/A	N/A
<i>Total</i>	101,018	452	\$ 2,434,813

#### ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT® (AEP) AWARD

In August 2017, in partnership with North Central Texas Council of Governments, Workforce Solutions for North Central Texas received the Achievement of Excellence in Procurement® (AEP) award from the National Procurement Institute, Inc. (NPI) for the seventh consecutive year. The AEP award recognizes organizational excellence in public procurement. Workforce Solutions for North Central Texas was one of only 25 special districts in the United States to receive the award.

#### TEXAS VETERANS COMMISSION WORKFORCE CENTER OF THE YEAR AWARD

In 2016, the Waxahachie Workforce Center received the Local Workforce Center of the Year Award from the Texas Veterans Commission for performance provided to veteran job seekers. This prestigious award honors a local workforce center that provided leadership in developing, implementing and participating in veteran-focused initiatives. A total of 305 veterans were served, 106 veterans gained employment, and 130 veterans were referred to training.

#### FOSTER YOUTH AWARD

In November, Workforce Solutions for North Central Texas was honored to receive the Foster Youth Award during the 21st Annual Texas Workforce Conference. “This was the first year the Texas Workforce Commission recognized a workforce board for outreach and recruitment efforts to foster youth,” said David Setzer, Executive Director. “In recognition of this award, we received \$30,000 to go towards additional foster youth initiatives in our region. I am honored that Workforce Solutions for North Central Texas received this prestigious award.”

#### LOCAL EMPLOYER OF EXCELLENCE

Since 1896, the Collin Street Bakery has been proud to collaborate with and serve its local community. Family-owned and operated for four generations, Collin Street Bakery is a model for good corporate citizenship. While featured in shows like the Food Network’s “Best Thing I Ever Ate,” ABC’s “The Chew” and “The Texas Bucket List,” Collin Street Bakery has turned away temptations of sale, merger and transfer, remaining loyal to the community that helped make the bakery a Texas staple.

In recent years, the bakery has doubled down on its efforts to collaborate with not only the Texas Workforce System but in a variety of community efforts believing that improvements in the general economy will benefit all participants in that economy.

Collin Street Bakery is passionate about investing in the local workforce through recruitment, local partnerships, continuous training and upward mobility. It collaborates with Workforce Solutions for North

Central Texas for job postings, hiring events and new hire testing, and the bakery is an active employer in the "Work Experience Program".

Workforce Solutions for North Central Texas is proud to honor Collin Street Bakery as the 2017 Local Employer of Excellence!

### **Factors Affecting Financial Condition**

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.

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 provide reasonable assurance of proper recording of financial transactions.

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, 2017, 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 2018 budget is approximately 84% 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 Uniform Guidance and Uniform Grant Management Standards to the U.S. Department of Labor (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, 2016. This was the seventeenth 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.



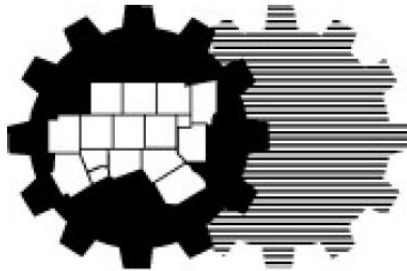
Mike Eastland  
Executive Director



Monte Mercer, CPA  
Deputy Executive Director



Molly Rendon  
Assistant Director of Finance



**North Central Texas  
Council of Governments**



Government Finance Officers Association

**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, 2016**

*Christopher P. Morill*

Executive Director/CEO

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
2017- 2018 EXECUTIVE BOARD**

President  
**Tom Lombard**  
Councilmember  
City of North Richland Hills

Vice President  
**Kevin Strength**  
Mayor  
City of Waxahachie

Secretary-Treasurer  
**J.D. Clark**  
County Judge  
Wise County

Past President  
**Lissa Smith**  
Previous Mayor Pro-Tem  
City of Plano

Director  
**Clay Jenkins**  
County Judge  
Dallas County

Director  
**B. Glen Whitley**  
County Judge  
Tarrant County

Director  
**Keith Self**  
County Judge  
Collin County

Director  
**Bobbie Mitchell**  
Commissioner  
Denton County

Director  
**Bruce Wood**  
County Judge  
Kaufman County

Director  
**Douglas Athas**  
Mayor  
City of Garland

Director  
**Lee Kleinman**  
Councilmember  
City of Dallas

Director  
**Kelly Allen Gray**  
Councilmember  
City of Fort Worth

Director  
**Curtistene McCowan**  
Mayor  
City of DeSoto

Director  
**Kathryn Wilemon**  
Councilmember  
City of Arlington

Director  
**Ray Smith**  
Mayor  
Town of Prosper

Director  
**Nick Sanders**  
Mayor  
Town of Trophy Club

Director  
**Paul Voelker**  
Mayor  
City of Richardson

Ex Officio Nonvoting Member  
**Ron Simmons**  
State Representative

Executive Director  
**R. Michael Eastland**

General Counsel  
**William P. Remington**

**ADMINISTRATIVE STAFF**

Deputy Executive Director  
**Monte Mercer**

Director, Transportation  
**Michael R. Morris**

Director, Research and Information Services  
**Tim Barbee**

Director, Environment and Development  
**Edith Marvin**

Director, Emergency Preparedness  
**Molly McFadden**

Director, Area Agency on Aging  
**Doni Greene**

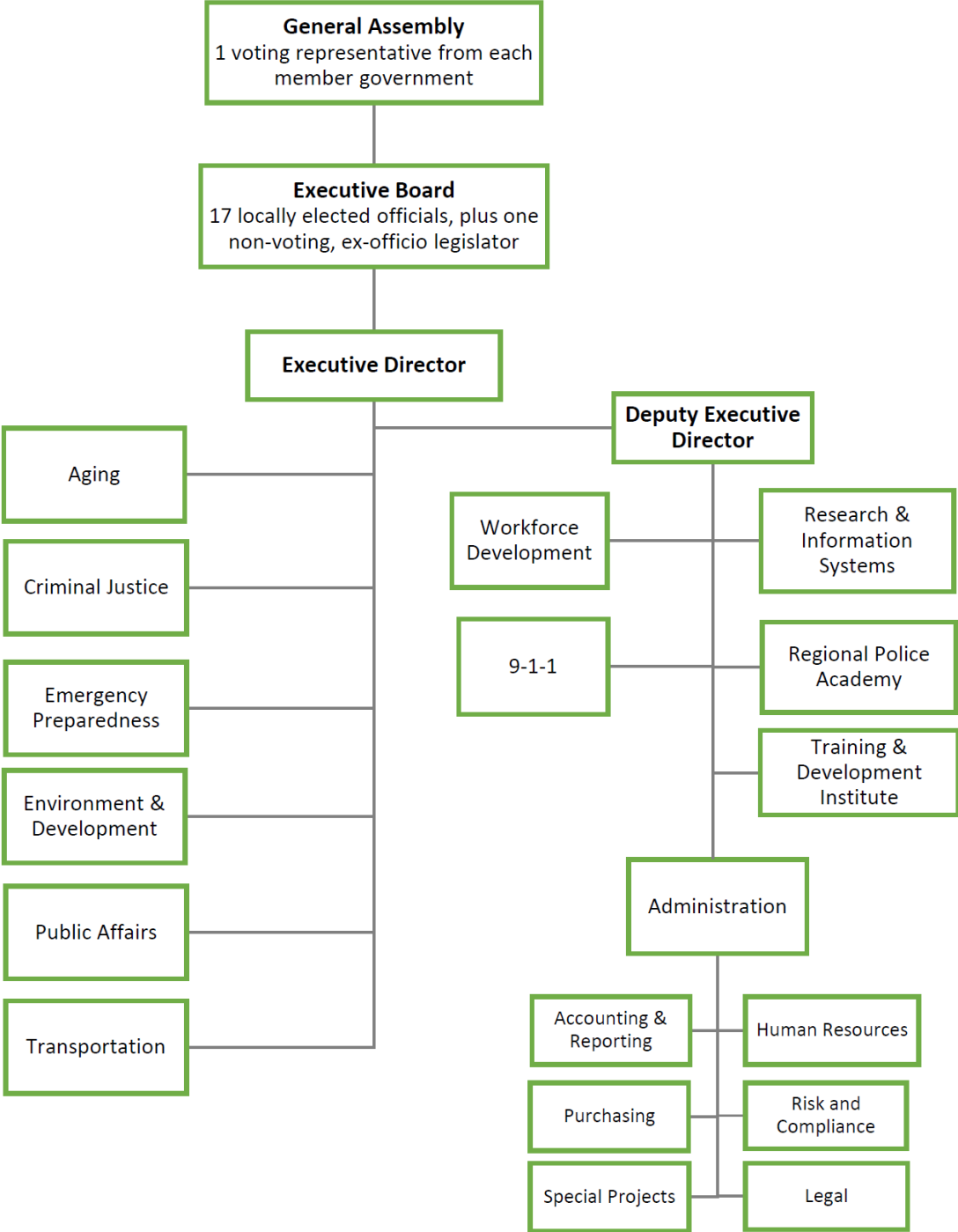
Director, Regional 9-1-1  
**Christy Williams**

Director, Workforce Development  
**David Setzer**

Executive Director, Public Employee Benefits  
Cooperative  
**Dolores Lewis**

# Organizational Chart

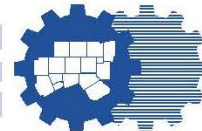
## North Central Texas Council of Governments



## 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.

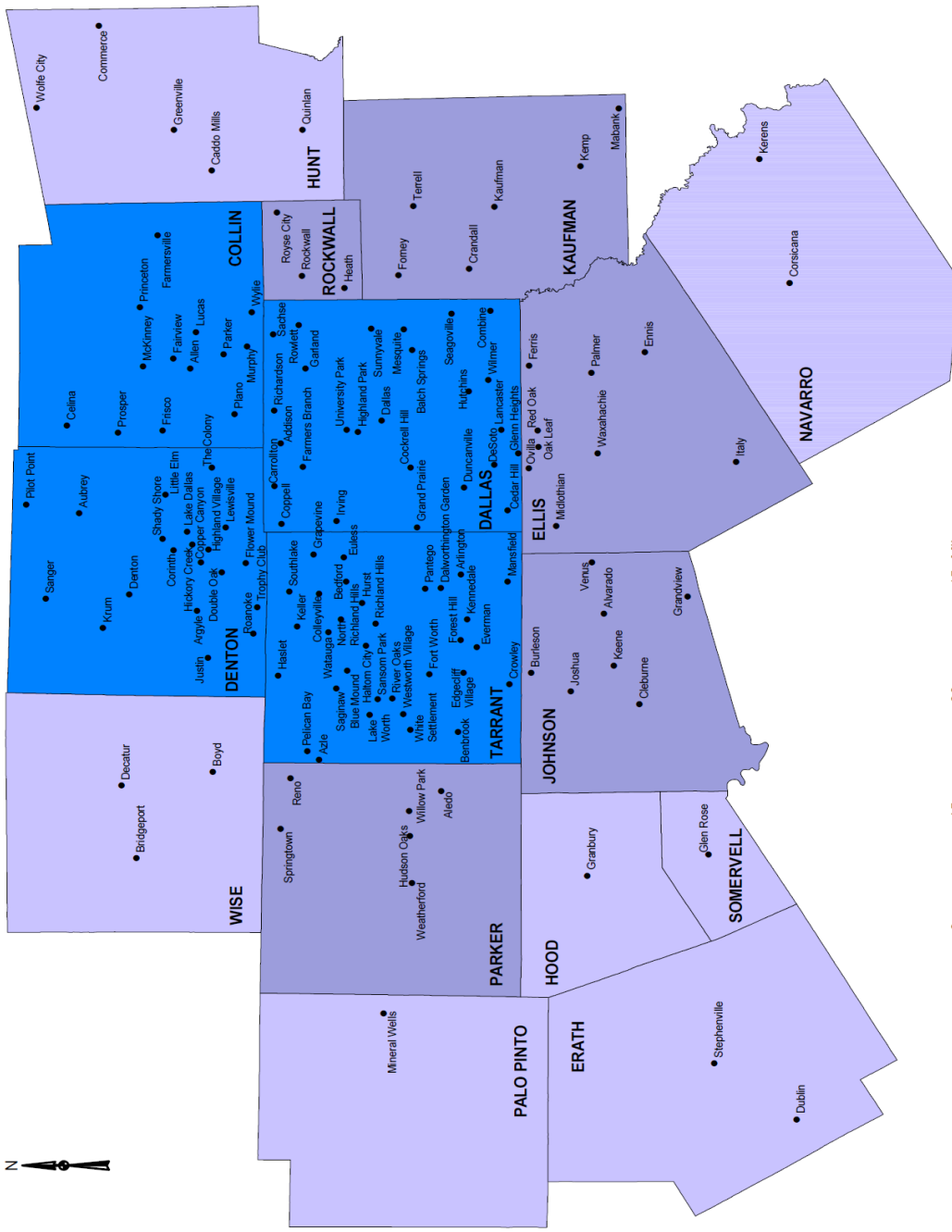
ETHICS  
\*\*\*\*\*

**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.





**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (236)**

**Counties (16)**

Collin  
Dallas  
Denton  
Ellis  
Erath  
Hood

Hunt  
Johnson  
Kaufman  
Navarro  
Palo Pinto  
Parker

Rockwall  
Somervell  
Tarrant  
Wise

**Cities (168)**

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  
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  
Krugerville  
Krum  
Lake Bridgeport  
Lake Dallas  
Lake Worth  
Lakewood Village  
Lancaster  
Lavon  
Lewisville  
Little Elm  
Lucas  
Mabank  
Mansfield  
McKinney  
McLendon-Chisholm  
Melissa  
Mesquite  
Midlothian  
Milford  
Millsap  
Mineral Wells  
Murphy  
New Fairview  
New Hope  
Newark  
Northlake  
North Richland Hills  
Oak Point  
Ovilla  
Pantego  
Paradise  
Parker  
Pecan Hill  
Pilot Point  
Plano

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MEMBER GOVERNMENTS (236)**

**Cities (168) - continued**

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 (23)**

Arlington ISD  
Birdville 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

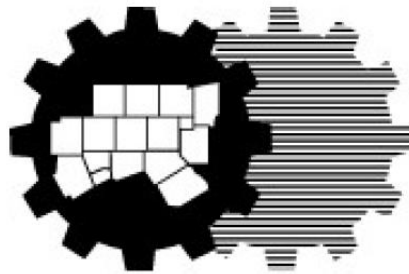
Mesquite ISD  
Midlothian ISD  
Plano ISD  
Richardson ISD  
Rockwall ISD  
Terrell ISD  
Weatherford ISD

**Special Districts (29)**

Acton Municipal Utility District  
Area Metropolitan Ambulance  
Authority  
Benbrook Water and Sewer  
Authority  
Central Appraisal District of  
Johnson County  
Collin County Central  
Appraisal District  
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 District

Dalworth Soil & Water  
Conservation District  
Denton County Fresh Water  
Supply District #1A  
Denton County Fresh Water  
Supply District #6/7  
Denton County Fresh Water  
Supply District #10  
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  
Transportation District  
North Texas Municipal Water  
District  
North Texas Tollway Authority  
Tarrant County Regional Water  
District  
Trinity River Authority  
Trinity River Vision Authority  
Trophy Club Municipal Utility  
District #1  
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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Central Texas Council of Governments (The Council) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Council's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the North Central Texas Council of Governments (the Council), as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–11 and 37-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The introductory section, other supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.



North Central Texas Council of Governments  
February 16, 2018

Page 3

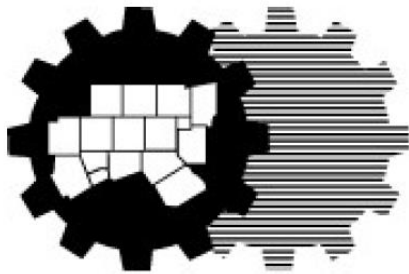
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Texas Council of Governments' internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*  
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 16, 2018



**North Central Texas  
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2017**

---

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, 2017. 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-xix of this report.

**Financial Highlights**

- NCTCOG's assets exceeded liabilities at the close of the most recent fiscal year by \$17,336,416 (*net position*). Of this amount \$6,541,640 (unrestricted net position) may be used to meet the government's ongoing obligations to creditors and service implementation.
- The net position decreased \$227,790 or a 1.30% decrease in the current year. The decrease was mainly due to \$988,275 decrease in net capital assets and \$760,485 increase in restricted and unrestricted funds.
- NCTCOG's governmental funds reported combined ending fund balances of \$12,817,547 an increase of \$559,494, in comparison with the prior year. Of the total fund balance, approximately 41% is restricted for local transportation projects, 7% is reserved for grants and prepaids, 50% is available for spending at the government's discretion (*unassigned*) and 2% is assigned for other agency projects.
- Governmental funds total revenues increased \$2,662,704 or 1.83% in the current year. The major components of this increase are:
  - Increase of \$3,616,264 relating to Texas Department of Transportation (TXDOT) programs. There was an increase in most programs in FY2017. Congestion Mitigation and Air Quality Improvement Program (CMAQ) revenue increased \$1.9 million due to \$2 million more in the Dallas County traffic program. Surface Transportation Program – Metropolitan Mobility Project (STP-MM) and Surface Transportation Block Grant Program (STP-BG) increased \$1.2 million due to new funding agreements. Regional Toll Revenue increased \$1.1 million due to new High Speed Rail projects Interest income for Regional Toll Revenue funds were \$70 thousand higher in FY 2017. Local matching funds decreased \$458 thousand due to utilizing Transportation Development credits for match instead of local cash or in-kind match.
  - Increase of \$2,483,298 from Texas Commission on Environmental Quality (TCEQ) The Aircheck program increased \$1.2 million. The State awarded more funding for replacement vehicles. Replacement funding increased \$1.3 million in FY2017. This was offset by \$91 thousand less for repair activity. The Solid Waste Program had increased funding of \$1.2 million.
  - Decrease of \$1,855,591 from Texas Department of Public Safety (TXDPS) In the current year the transition of the pass thru entity for Homeland Security Funds moving from TXDPS to OOG was complete; resulting in approximately \$1 million less funds passing through TXDPS for these programs. Mitigation funding decreased by \$392 thousand and along with a decrease of \$568 thousand in related Mitigation match.
  - Decrease of \$1,794,497 from the Commission of State Emergency Communications (CSEC). This was due to the ending of the 9-1-1 Biennium FY14-15 contract.
  - Decrease of \$1,050,026 relating to Federal Transit Administration (FTA) programs. Federal revenue increased by \$363 thousand. There was \$1.9 million additional revenue due to increase in bus purchases. This is reduced by \$1.3 million less revenue for New Freedom projects and Seniors and Individuals with disabilities projects. In-kind revenue decreased by \$1.4 million. This is due to less match required for the contracts. Except for sub grantee operating and Job Access Reverse Commute JARC expenses, match is being provided by utilizing Transportation Development Credits.
  - Increase of \$915,027 relating to Office of the Governor (OOG) program. In the current year the transition of the pass thru entity for Homeland Security Funds moving from TXDPS to

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2017**

---

OOG was complete; resulting in approximately \$1 million more funds passing through the OOG for these programs.

- Increase of \$528,689 relating to Texas Workforce Commission (TWC) with \$685k in new funding for the National Dislocated Worker Oil and Gas program and the Vocational Rehabilitation Summer Earn and Learn program and \$75 thousand in reduced match.
  - Increase of \$206,727 in local revenue. \$966 thousand less local Regional Transportation Council RTC funds offset with an increase in In-kind revenue of \$170 thousand brought in by the (RTC) Sustainable Development Dallas Woodall Rogers project and Frisco Street project. RIS did a full aerial flight, as they do every other year, resulting in \$1 million additional revenue.
  - Net Decrease in all other revenues of \$387,188 with \$194 thousand less from the State Energy Conservation Office (SECO) and \$162 thousand less from the Health and Human Services Commission (HHSC).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,426,703 or 4% 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 position* presents information on all of the NCTCOG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 12 and 13 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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2017**

---

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 14 and 16 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 18-20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-36 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information*. Required supplemental information can be found on pages 37-39 of this report.

The combining schedule referred to earlier in connection with the major special revenue fund is presented immediately following the required supplemental information on pages 40-43 of this report.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2017**

**Government-wide Financial Analysis**

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the NCTCOG, assets exceeded liabilities by \$17,336,416 at the close of the most recent fiscal year. Following is a summary of the government-wide Statement of Net position:

	NCTCOG'S Government-Wide Net Position					
	2017			2016		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>						
Current and other assets	\$ 102,555,191	\$ 63,652	\$ 102,618,843	\$ 77,833,459	\$ 49,975	\$ 77,883,434
Capital assets	4,848,728	21,997	4,870,725	5,805,480	53,520	5,859,000
Total assets	<u>107,403,919</u>	<u>85,649</u>	<u>107,489,568</u>	<u>83,638,939</u>	<u>103,495</u>	<u>83,742,434</u>
<b>Liabilities</b>						
Long-term Liabilities outstanding	1,450,813	-	1,450,813	1,402,488	-	1,402,488
Other Liabilities	88,683,400	18,939	88,702,339	64,742,805	32,935	64,775,740
Total Liabilities	<u>90,134,213</u>	<u>18,939</u>	<u>90,153,152</u>	<u>66,145,293</u>	<u>32,935</u>	<u>66,178,228</u>
<b>Net Position</b>						
Investment in capital assets	4,848,728	21,997	4,870,725	5,805,480	53,520	5,859,000
Restricted for grants	719,573	-	719,573	574,167	-	574,167
Restricted for local transportation projects	5,204,478	-	5,204,478	5,075,487	-	5,075,487
Unrestricted	6,496,927	44,713	6,541,640	6,038,512	17,040	6,055,552
Total net position	<u>\$ 17,269,706</u>	<u>\$ 66,710</u>	<u>\$ 17,336,416</u>	<u>\$ 17,493,646</u>	<u>\$ 70,560</u>	<u>\$ 17,564,206</u>

- A portion of NCTCOG's net position, \$5,204,478, (30%) 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 funding for infrastructure, planning, and land banking projects which began funding at the end of fiscal year 2007 continuing throughout fiscal year 2017. Current year expenses for these projects totaled \$761,931 and cumulative expenses through fiscal year 2017 amount to \$85,185,036, leaving a remaining \$5,204,478 restricted for remaining projects. 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 position, \$4,870,725, (28%) 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 position restricted for grants, \$719,573, (4%) are funds that have limitations for use as specified by the funding agencies.
- The remaining balance of net position totaling \$6,541,640, (38%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation

**Change in Net position.** For the year ended September 30, 2017, NCTCOG's net position decreased by \$227,790. Following is a summary of the government-wide Statement of Activities:

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2017**

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
<b>Program Revenues</b>						
Federal administered grants	\$ 9,417,021	\$ -	\$ 9,417,021	\$ 9,130,586	\$ -	\$ 9,130,586
State administered grants	116,521,194	-	116,521,194	112,250,105	-	112,250,105
Local administered grants	311,242	-	311,242	149,525	-	149,525
Local contracts & In-kind	21,255,535	1,314,460	22,569,995	23,553,737	1,474,969	25,028,706
<b>Total Program Revenues</b>	<b>147,504,992</b>	<b>1,314,460</b>	<b>148,819,452</b>	<b>145,083,953</b>	<b>1,474,969</b>	<b>146,558,922</b>
<b>General Revenues:</b>						
Membership Dues	697,285	-	697,285	685,727	-	\$ 685,727
Interest Income	340,547	-	340,547	110,440	-	110,440
<b>Total General Revenue</b>	<b>1,037,832</b>	<b>-</b>	<b>1,037,832</b>	<b>796,167</b>	<b>-</b>	<b>796,167</b>
<b>Total Revenue</b>	<b>148,542,824</b>	<b>1,314,460</b>	<b>149,857,284</b>	<b>145,880,120</b>	<b>1,474,969</b>	<b>147,355,089</b>
<b>Expenses:</b>						
Agency management and administration	8,212,239	-	8,212,239	7,767,597	-	7,767,597
Community Services	1,140,500	-	1,140,500	1,089,686	-	1,089,686
Area agency on aging	15,557,101	-	15,557,101	15,727,539	-	15,727,539
9-1-1	8,056,787	-	8,056,787	7,937,738	-	7,937,738
Emergency Preparedness	2,926,935	-	2,926,935	3,814,764	-	3,814,764
Environment and development	3,293,253	-	3,293,253	2,554,177	-	2,554,177
RIS local assistance	4,847,837	1,354,760	6,202,597	3,121,550	1,560,006	4,681,556
Transportation	44,387,187	-	44,387,187	40,574,854	-	40,574,854
Workforce development	60,308,475	-	60,308,475	60,257,311	-	60,257,311
<b>Total expenses</b>	<b>148,730,314</b>	<b>1,354,760</b>	<b>150,085,074</b>	<b>142,845,216</b>	<b>1,560,006</b>	<b>144,405,222</b>
Change in Net Position before Transfers	(187,490)	(40,300)	(227,790)	3,034,904	(85,037)	2,949,867
Transfers in (out)	(36,450)	36,450	-	(26,450)	26,450	-
Change in Net Position	(223,940)	(3,850)	(227,790)	3,008,454	(58,587)	2,949,867
Net Position - October 1	17,493,646	70,560	17,564,206	14,485,192	129,147	14,614,339
Net position - September 30	\$ 17,269,706	\$ 66,710	\$ 17,336,416	\$ 17,493,646	\$ 70,560	\$ 17,564,206

Significant components of the net position activity are as follows:

- Governmental activities total revenues increased \$2,662,704 or 1.83% in the current year. This increase is comprised of the following:
  - Federal revenues increased \$286 thousand or 3% in the current year. This is primarily from increased FTA funding of \$363 thousand.
  - State revenues increased \$4.3 million or 4% in the current year made up of the following: \$4 million increased funding from TXDOT with the Congestion Mitigation and Air Quality Improvement Program (CMAQ) revenue increasing \$1.9 million due to \$2 million more in the Dallas County traffic program, the Surface Transportation Program – Metropolitan Mobility Project (STP-MM) and Surface Transportation Block Grant Program (STP-BG) increased \$1.2 million due to new funding agreements and Regional Toll Revenue increased \$1.1 million due to new High Speed Rail projects; \$2.4 million increased funding from TCEQ with \$1.2 million increase in both the Aircheck and Solid Waste programs; \$1.8 million less funds from CSEC due to the ending of the 9-1-1 Biennium FY14-15 contract; \$1.2 million less funding from TXDPS as Homeland Security funds now flow thru the OOG. \$900 thousand of this is now funded by the OOG, the remaining decrease was the due to \$392 thousand less in mitigation activity; Increase of \$685 thousand from TWC for the new National Dislocated Worker Oil and Gas program and the Vocational Rehabilitation Summer Earn and Learn program; other state funding that was reduced is \$346 thousand from the Health and Human Services Commission (HHSC) programs, although \$98

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
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FOR YEAR ENDED SEPTEMBER 30, 2017**

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thousand of this was offset by the previously HHSC funded relocation program now being funded by Managed Care Organizations (MCOs) there was also \$194 thousand less from the State Energy Conservation Office (SECO), as the Solar Ready program ended.

- Local administered revenues increased \$162 thousand or 108%. \$98 thousand of this was due to the previously (HHSC) funded relocation program now being funded by (MCOs); \$38 thousand in additional funds passed thru the City of Dallas; \$50 thousand additional funds passed thru the National Association of Regional Councils (NARC).
  - Local revenue & In-Kind decreased \$2.3 million or 28% this is primarily made up of FTA related In-kind revenue decreasing by \$1.4 million. This is due to less match required for the contracts, TXDOT related local matching funds decreased \$458 thousand due to utilizing Transportation Development credits for match instead of local cash or in-kind match, there was also a decrease of \$568 thousand in related TXDPS Mitigation match, as these programs had less activity in the current year.
  - General revenues increased \$241,665, mostly due to higher interest rates.
- Governmental activities total expenses increased \$5,885,098 or 4% in the current year. Key elements of the changes are as follows:
    - Transportation expenses increased \$3,812,333 or 9% when compared with 2016. The Dallas County Traffic program increased \$3 million. Aircheck replacements increased \$1.2 million; these increases were offset by \$1 million less New Freedom and (JARC) activity
    - Research and Information Services expenditures increased \$1,726,287 or 55% when compared with 2016. The contributing factor of this increase was a full regional flight in our orthophotography program. Every year either a full flight or a limited flight is performed.
    - Emergency preparedness expenses decreased \$887,829 or 23% when compared to 2016. The major component of this decrease relates to reduced mitigation activity, primarily in the Safe Room Project.
    - Environment and development expenses increased \$739,076 or 29% when compared to 2016. 2017 was the second year of a two-year Solid Waste grant cycle and typically the majority of these expenses occur in year two.
    - Area Agency on Aging expenses decreased \$170 thousand or 1% primarily made up of reduced Title III E and Centers for Medicare & Medicaid Services (CMS) activity.
    - 9-1-1 Planning increased \$119 thousand or 2%
    - Workforce Development increased \$51 thousand or .08%
    - Community Services increased \$50 thousand or 5% due to increased activity at the Regional Police Academy.

**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 \$12,817,547 an increase of \$559,494 in comparison with the prior year.



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2017**

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Approximately 50% of this total amount (\$6,426,703) 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, the total general fund balance reached \$6,484,172. 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 4% of total governmental fund expenditures.

**General Fund.** The fund balance of NCTCOG's general fund increased by \$287,525 during the current fiscal year.

**Special Revenue Fund.** The fund balance of NCTCOG's special revenue fund increased by \$271,969 during the current fiscal year. \$129 thousand will be used for future local transportation projects. \$81 thousand will be used for future Criminal Justice programs, \$22 thousand will be used for future activity in the Federal Emergency Management Agency FEMA Cooperating Technical Partners (CTP) Program, and \$43 thousand will be used in future years in Regional Toll Road projects.

**General Fund Budgetary Highlights**

There were administrative adjustments made among functions 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 amounts resulted in an increase of \$286,320 which represents 5.1% of budgeted total current expenditures, primarily due to savings on various projects.

**Capital Asset and Long Term Liability Administration**

**Capital assets.** The NCTCOG's investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$4,848,728 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

	<u>2017</u>	<u>2016</u>
<u>Governmental Activities</u>		
Equipment	\$ 4,118,120	\$ 4,953,846
Leasehold Improvements	<u>730,608</u>	<u>851,634</u>
Total governmental activities capital assets	<u>\$ 4,848,728</u>	<u>\$ 5,805,480</u>

Detailed information on the NCTCOG's capital assets can be found in Note G on pages 33-34 of this report.

**Long-term liabilities.** At the end of the current fiscal year, the NCTCOG had total long-term liabilities outstanding of \$1,450,813. This debt is related to accrued vacation that is payable to employees at the time of their departure from NCTCOG.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED SEPTEMBER 30, 2017**

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	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017	Due Within One Year
Accrued vacation	\$ 1,402,488	\$ 226,381	\$ 178,056	\$ 1,450,813	\$ 152,377
Total	<u>\$ 1,402,488</u>	<u>\$ 226,381</u>	<u>\$ 178,056</u>	<u>\$ 1,450,813</u>	<u>\$ 152,377</u>

Detailed information on the long-term debt can be found in Note D on page 31 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 2018 is estimated at \$710,000.

NCTCOG is primarily funded by state and federal grants which fluctuate from year to year based on many factors including federal and state initiatives, demographics, and competitive grants awarded. Management reviews and makes the operational changes necessary to address these fluctuations. NCTCOG total estimated revenues and program expenses for fiscal year 2018 increased a net of \$9.1 million from fiscal year 2017. Major program funding changes are:

Transportation programs projected state and federal funding increases of \$5.3 million primarily comprised of: \$7.2 million increase from the Texas Department of Transportation (TXDOT); \$2.5 million decrease from the Texas Commission on Environmental Quality (TCEQ); \$1 million increase from the Federal Transit Authority (FTA), as well as decreased local funding of \$1.1 million along with a \$3.1 million increase in In-Kind match funds.

Workforce programs estimated a \$3.1 million increase from the Texas Workforce Commission (TWC) with \$1 million less in In-Kind Match.

Area Agency on Aging projected an \$869 thousand decrease from the Health and Human Services Commission with \$1.2 million increase in local funding.

Research and Information Services and Environment and Development anticipated a \$900 thousand decrease and \$506 thousand increase in local funds respectively.

Emergency Preparedness projected da decrease in In-Kind match funds of \$551 thousand.

All of these factors were considered in preparing the NCTCOG's budget for the 2018 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](http://www.nctcog.org).

## **BASIC FINANCIAL STATEMENTS**

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

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

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 882,939	\$ -	\$ 882,939
Investments	75,291,329	-	75,291,329
Receivables	26,031,805	51,170	26,082,975
Internal balances	(12,482)	12,482	-
Prepays and other assets	361,600	-	361,600
Capital assets, net of accumulated depreciation	4,848,728	21,997	4,870,725
<b>TOTAL ASSETS</b>	<b>107,403,919</b>	<b>85,649</b>	<b>107,489,568</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	19,128,840	-	19,128,840
Unearned revenue	69,554,560	18,939	69,573,499
Long-term liabilities			
Due within one year	152,377	-	152,377
Due in more than one year	1,298,436	-	1,298,436
<b>TOTAL LIABILITIES</b>	<b>90,134,213</b>	<b>18,939</b>	<b>90,153,152</b>
<b>NET POSITION:</b>			
Investment in capital assets	4,848,728	21,997	4,870,725
Restricted for grants	719,573	-	719,573
Restricted for local transportation projects	5,204,478	-	5,204,478
Unrestricted	6,496,927	44,713	6,541,640
<b>TOTAL NET POSITION</b>	<b>\$ 17,269,706</b>	<b>\$ 66,710</b>	<b>\$ 17,336,416</b>

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, 2017**

Functions/Programs	Operating Grants and Contributions					Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Primary Government				Governmental Activities	Business Type Activities	Total
		Federal Funding	State/ State Admin Funding	Local Grants	Local Contracts and In-kind Contributions			
<b>Primary Government:</b>								
Governmental Activities:								
Agency administration	\$ 7,410,029	\$ -	\$ -	\$ -	\$ 1,393,183	\$ (6,016,846)	\$ -	\$ (6,016,846)
Agency management	802,210	8,631	-	-	62,318	(731,261)	-	(731,261)
Community services	1,140,500	-	965,583	-	302,653	127,736	-	127,736
Area agency on aging	15,557,101	-	7,700,472	178,187	8,049,616	371,174	-	371,174
9-1-1 Planning	8,056,787	-	9,844,978	-	23,772	1,811,963	-	1,811,963
Emergency preparedness	2,926,935	-	1,998,142	41,454	1,065,726	178,387	-	178,387
Environment and development	3,293,253	465,152	1,891,391	31,187	880,621	(24,902)	-	(24,902)
RIS local assistance	4,847,837	-	-	-	2,144,627	(2,703,210)	-	(2,703,210)
Transportation	44,387,187	8,943,238	34,514,354	60,414	3,182,286	2,313,105	-	2,313,105
Workforce development	60,308,475	-	59,606,274	-	4,150,733	3,448,532	-	3,448,532
<b>Total governmental activities</b>	<b>148,730,314</b>	<b>9,417,021</b>	<b>116,521,194</b>	<b>311,242</b>	<b>21,255,535</b>	<b>(1,225,322)</b>	<b>-</b>	<b>(1,225,322)</b>
Business-type activities:								
Shared services	1,354,760	-	-	-	1,314,460	-	(40,300)	(40,300)
<b>Total primary government</b>	<b>\$ 150,085,074</b>	<b>\$ 9,417,021</b>	<b>\$ 116,521,194</b>	<b>\$ 311,242</b>	<b>\$ 22,569,995</b>	<b>\$ (1,225,322)</b>	<b>\$ (40,300)</b>	<b>\$ (1,265,622)</b>
					General Revenues:			
					Membership dues	697,285	-	697,285
					Interest Income	340,547	-	340,547
					Transfers in (out):	(36,450)	36,450	-
					Change in net position	(223,940)	(3,850)	(227,790)
					Net Position-beginning	17,493,646	70,560	17,564,206
					Net Position-ending	<b>\$ 17,269,706</b>	<b>\$ 66,710</b>	<b>\$ 17,336,416</b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 825,525	\$ 57,414	\$ 882,939
Investments	11,341,390	63,949,939	75,291,329
Accounts Receivable:			
Federal grants	-	5,175,778	5,175,778
State administered grants	-	19,767,443	19,767,443
Local grants	-	1,066,389	1,066,389
Other	22,195	-	22,195
Due from other funds	6,671,877	-	6,671,877
Prepays	27,501	124,116	151,617
Other assets	29,968	-	29,968
<b>TOTAL ASSETS</b>	<b><u>\$ 18,918,456</u></b>	<b><u>\$ 90,141,079</u></b>	<b><u>\$ 109,059,535</u></b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 11,178,977	\$ -	\$ 11,178,977
Accrued liabilities	58,483	6,730,512	6,788,995
Accrued payroll and employee benefits	1,152,020	-	1,152,020
Due to other funds	-	7,567,436	7,567,436
Unearned revenue	44,804	69,509,756	69,554,560
<b>TOTAL LIABILITIES</b>	<b><u>12,434,284</u></b>	<b><u>83,807,704</u></b>	<b><u>96,241,988</u></b>
<b>FUND BALANCES:</b>			
Nonspendable	57,469	124,116	181,585
Restricted for grants	-	719,573	719,573
Restricted for local transportation	-	5,204,478	5,204,478
Assigned	-	285,208	285,208
Unassigned	6,426,703	-	6,426,703
<b>TOTAL FUND BALANCES</b>	<b><u>6,484,172</u></b>	<b><u>6,333,375</u></b>	<b><u>12,817,547</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 18,918,456</u></b>	<b><u>\$ 90,141,079</u></b>	<b><u>\$ 109,059,535</u></b>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

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Amounts reported for governmental fund balance sheet (page 14) are different due to the following:

Total Fund Balance - total governmental funds	\$ 12,817,547
Add: Capital assets net of accumulated depreciation as of September 30, 2017 used in governmental activities were not current financial resources and therefore not reported in the governmental funds balance sheet (excluding Internal Service Fund).	4,519,372
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 effect of this activity is to increase net position.	1,383,600
Less: Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	<u>(1,450,813)</u>
Net position of governmental activities (page 12)	<u>\$ 17,269,706</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>			
Federal grants	\$ -	\$ 9,417,021	\$ 9,417,021
State administered grants	-	116,521,194	116,521,194
Membership dues	697,285	-	697,285
Local administered grants	-	311,242	311,242
Local contributed cash	32,717	6,999,670	7,032,387
In-Kind	-	13,838,817	13,838,817
Program income	-	384,331	384,331
Interest income	80,707	259,840	340,547
<b>TOTAL REVENUES</b>	<b>810,709</b>	<b>147,732,115</b>	<b>148,542,824</b>
<b>EXPENDITURES:</b>			
Current:			
Agency administration	4,058,532	3,567,621	7,626,153
Agency management	758,215	63,664	821,879
Community services	28,264	1,151,869	1,180,133
Area agency on aging	-	15,691,247	15,691,247
9-1-1 planning	2,202	8,228,030	8,230,232
Emergency preparedness	-	2,997,823	2,997,823
Environment and development	134,615	3,239,395	3,374,010
RIS local assistance	209,356	4,826,275	5,035,631
Transportation	168,837	45,350,358	45,519,195
Workforce development	1,215	60,597,018	60,598,233
Capital outlay	9,307	1,729,992	1,739,299
	5,370,543	147,443,292	152,813,835
Indirect Cost Allocation	(4,850,054)	-	(4,850,054)
Contributions to Indirect Costs	(16,901)	-	(16,901)
<b>TOTAL EXPENDITURES</b>	<b>503,588</b>	<b>147,443,292</b>	<b>147,946,880</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>307,121</b>	<b>288,823</b>	<b>595,944</b>
<b>OTHER FINANCING SOURCES AND USES:</b>			
Transfers In	21,857	864,331	886,188
Transfers Out	(41,453)	(881,185)	(922,638)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(19,596)</b>	<b>(16,854)</b>	<b>(36,450)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>287,525</b>	<b>271,969</b>	<b>559,494</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>6,196,647</b>	<b>6,061,406</b>	<b>12,258,053</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 6,484,172</b>	<b>\$ 6,333,375</b>	<b>\$ 12,817,547</b>

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, 2017**

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Amounts reported for governmental activities in the statement of activities (page 13) are different due to the following:

Net change in Fund Balances - Total Governmental Funds (page 16)	\$ 559,494
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.	1,739,299
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.	186,205
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.	(48,325)
Depreciation expense on capital assets is reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	<u>(2,660,613)</u>
Change in net position of governmental activities (page 13)	<u>\$ (223,940)</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>		
Accounts receivable	\$ 51,170	\$ -
Prepays and other assets	-	180,015
Due from other funds	12,482	883,077
Total current assets	<u>63,652</u>	<u>1,063,092</u>
Capital assets, net of accumulated depreciation	<u>21,997</u>	<u>329,356</u>
<b>TOTAL ASSETS</b>	<u>85,649</u>	<u>1,392,448</u>
<b>CURRENT LIABILITIES</b>		
Accrued liabilities	-	8,848
Unearned revenue	<u>18,939</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>18,939</u>	<u>8,848</u>
<b>NET POSITION</b>		
Investment in capital assets	21,997	329,356
Unrestricted	<u>44,713</u>	<u>1,054,244</u>
<b>TOTAL NET POSITION</b>	<u>\$ 66,710</u>	<u>\$ 1,383,600</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Service charges	\$ 1,314,460	\$ 5,782,607
<b>TOTAL OPERATING REVENUES</b>	<u>1,314,460</u>	<u>5,782,607</u>
<b>OPERATING EXPENSES</b>		
Personnel	125,272	1,073,971
Indirect	21,836	187,206
Contract services	567,085	266,367
Travel	15,988	5,338
Depreciation	31,523	200,062
Other costs	593,056	3,863,458
<b>TOTAL OPERATING EXPENSES</b>	<u>1,354,760</u>	<u>5,596,402</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(40,300)</u>	<u>186,205</u>
Transfers in	36,450	-
<b>CHANGE IN NET POSITION</b>	(3,850)	186,205
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>70,560</u>	<u>1,197,395</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 66,710</u>	<u>\$ 1,383,600</u>

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from service charges	\$ 1,270,799	\$ 6,507,970
Payments to other funds for indirect and other costs	(21,836)	(1,250,298)
Payments to suppliers for goods and services	(1,160,141)	(4,019,077)
Payments to employees	(125,272)	(1,073,971)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(36,450)</b>	<b>164,624</b>
<b>CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES:</b>		
Transfer in	36,450	-
Purchase of capital assets	-	(164,624)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>36,450</b>	<b>(164,624)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (40,300)	\$ 186,205
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	31,523	200,062
Increase in prepaid expenses	-	(72,777)
Increase in accounts receivable	(17,709)	-
(Increase) decrease in due from other funds	4,032	(157,714)
Decrease in unearned revenue	(13,996)	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ (36,450)</b>	<b>\$ 164,624</b>

See accompanying notes to the basic financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

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**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

**General Statement**

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

**Summary of Significant Accounting Policies**

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

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

**1. Reporting Entity**

***Primary Government***

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

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

The accompanying financial statements present the government and its blended component unit, North Central Texas Council of Governments Foundation, for which the government is considered to be financially accountable. The governing bodies of the blended component unit are substantially the same as the Council and, although legally separate entities are in substance part of the Council's operations and accordingly, the component unit does not issue separate financial statements.

**2. Basis of Presentation**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Council. Historically, governmental activities are supported by grant funding, indirect cost reimbursements from within the agency and membership dues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

---

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

Program revenues include operating or capital grants and contributions that are restricted 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 position. The Council has presented the following proprietary funds:

Enterprise Fund – accounts for charges to outside customers for full costs of services provided, including City Net shared 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, print shop and facilities management. This fund accounts for these services on a cost reimbursement basis and through user fees.

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

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

**3. Measurement Focus and Basis of Accounting**

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

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position 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. Prepaid items are accounted for under the consumption method.

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.

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

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.

Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned 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 unearned 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.



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

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 is not carried forward to the government-wide financial statements.

**4. Leave Policies**

Employees eligible for leave include (1) full-time employees and (2) part-time employees that work a minimum of 20 hours per week.

Based on full time or part time accrual rates employees may accrue, during the first five years of employment, up to ten (10) days of vacation leave per year. During the second five years of employment, an employee accrues up to fifteen (15) days per year, and after ten years of employment, up to twenty (20) days per year. The maximum of unused vacation leave a full-time and eligible part-time employee may accumulate is the number of days, which the employee would accumulate in three (3) years at their current accrual rate. Upon termination of employment from the Council, an employee will be paid for unused vacation leave not to exceed the maximum amount normally accrued based on hire date. Specific information related to vacation accrual is available for review in the personnel manual. The liability for accumulated vacations (\$1,450,813 at September 30, 2017) 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 ten (10) sick days per year up to a maximum of 90 days. 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 for details on investments.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

**6. Prepays**

Prepaid balances are for payments made by the District for which benefits extend beyond September 30, 2017. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

**7. 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.

**8. 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.

**9. 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.

**10. 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.

**11. 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.

**12. 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 reported at their acquisition 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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

**13. 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 2017, the Council contributed \$139,858 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, 2017.

**14. 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.

**15. Nature and Purpose of Restrictions and Assignment of Fund Equity**

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

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 and is authorized by the Executive Board or by the Executive Director. 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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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

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 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/unrestricted 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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017**

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**NOTE B - CASH AND INVESTMENTS**

GASB 40 requires the following disclosure for investments:

**1. Legal and Contractual Provisions Governing Deposits and Investments**

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
US Treasury 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, 2017 are classified in the accompanying financial statements as follows:

**Statement of net position:**

Primary Government	
Total cash and investments	<u>\$ 76,174,268</u>

Cash and investments as of September 30, 2017 consist of the following:

Deposits with financial institutions	\$ 882,289
Cash on hand	650
Investments	<u>75,291,329</u>
Total cash and investments	<u>\$ 76,174,268</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**NOTE B - CASH AND INVESTMENTS – Continued**

**2. Disclosures Relating to Interest Rate Risk**

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

As of September 30, 2017, NCTCOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity(1)</u>
TexPool	\$ 55,950,991	37 days
Logic	445	43 days
TexStar	<u>19,339,893</u>	27 days
	<u>\$ 75,291,329</u>	

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

As of September 30, 2017 NCTCOG did not invest in any securities which are highly sensitive to interest rate fluctuations.

**3. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, NCTCOG’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Rating Required</u>	<u>Rating as of Year End</u>
Primary Government			
TexPool	\$ 55,950,991	AAAm	AAAm
Logic	445	AAAm	AAAm
TexStar	<u>19,339,893</u>	AAAm	AAAm
Total Primary Government	<u>\$ 75,291,329</u>		

**4. Concentration of Credit Risk**

The investment policy of NCTCOG contains no limitation on the amount that can be invested in any one issuer. As of September 30, 2017 other than external investment pools, NCTCOG did not have 5% or more of its investments with any one issuer.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**NOTE B - CASH AND INVESTMENTS – Continued**

**5. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and NCTCOG's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits or investment other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. At September 30, 2017, the Council's deposits had a carrying amount of \$882,289 and a bank ledger balance of \$1,659,938. Pledged collateral of \$3,499,286 was available to cover the uninsured available balance, as well as \$250,000 in FDIC insurance.

**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 Texas Comptroller of Public Accounts (the Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. Administrative and investment services to TexPool are provided by Federated Investors, Inc., under an agreement with the Comptroller, acting on behalf of the Texas Treasury Safekeeping Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated Investors, Inc. In addition, the TexPool Advisory Board advises on the Investment Policies for TexPool 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:** J.P. Morgan Investment Management Inc. and First Southwest Company serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMIM provides investment management services, and First Southwest Company provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. TexSTAR 's advisory board is composed of Participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. Members are appointed and serve at the will of the Board.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017**

**NOTE B - CASH AND INVESTMENTS – Continued**

**LOGIC:** Day to day administration of Logic is performed by First Southwest Company and J.P. Morgan Investment Management Inc. (the Co-Administrators). First Southwest Company provides distribution, administrative, participant support and marketing services. J.P. Morgan Investment Management Inc. or its affiliates provide investment management, custody and fund accounting services. Transfer agency services are provided by Boston Financial Data Services, Inc. Logic’s governing body is a five-member Board of Directors 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 Logic.

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 position 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.

Since investment pools are valued at amortized cost, the Council has no investments require fair value level reporting under GASB Statement No. 72.

**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, 2017, 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 October 1, 2016	Increases	Decreases	Balance September 30, 2017	Due Within One Year
Accrued vacation	\$ 1,402,488	\$ 226,381	\$ 178,056	\$ 1,450,813	\$ 152,377
Total	<u>\$ 1,402,488</u>	<u>\$ 226,381</u>	<u>\$ 178,056</u>	<u>\$ 1,450,813</u>	<u>\$ 152,377</u>

**NOTE E - DEFERRED COMPENSATION PLAN**

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



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**NOTE E - DEFERRED COMPENSATION PLAN - CONTINUED**

The Council also contributes to a Section 457 deferred compensation plan for part-time employees. This plan is also administered by ICMARC. Part-time employees contributed \$20,585 during 2017. The Council contributed a matching \$17,720 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, 2017:

Transfers in/out other funds:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue	\$ 21,857	Recovery of Depreciation
Special Revenue	General Fund	5,003	Local match dollars
Special Revenue Fund - State	Local	54,693	Match dollars
Special Revenue Fund - Local	Special Revenue Fund - State/Foundation	804,635	State funded projects/local match
Enterprise Fund	General Fund	36,450	Local funded projects
	Total	<u>\$ 922,638</u>	

Due to/from other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 6,671,877	\$ -
Special Revenue Fund	-	7,567,436
Enterprise Fund	12,482	-
Internal Service Fund	883,077	-
Total	<u>\$ 7,567,436</u>	<u>\$ 7,567,436</u>

The outstanding balances between funds result mainly from the time lag between dates that interfund goods and services are provided or reimbursable expenditures occur and/or payments between funds are made.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE G - CAPITAL ASSETS**

**Governmental activities:**

A summary of changes in the governmental activities capital assets for the year ended September 30, 2017, follows:

	Balance at October 1, 2016	Increases	Decreases	Balance at September 30, 2017
<b>Governmental Activities</b>				
<b><u>General Capital Assets</u></b>				
Capital Assets being depreciated:				
Equipment	\$ 11,327,597	\$ 1,739,299	\$ -	\$ 13,066,896
Furniture	276,841	-	(53,562)	223,279
Leasehold Improvements	2,818,642	-	-	2,818,642
Total capital assets being depreciated	<u>14,423,080</u>	<u>1,739,299</u>	<u>(53,562)</u>	<u>16,108,817</u>
Accumulated depreciation				
Equipment	6,723,880	2,540,903	-	9,264,783
Furniture	276,841	-	(53,562)	223,279
Leasehold Improvements	1,981,673	119,710	-	2,101,383
Total accumulated depreciation	<u>8,982,394</u>	<u>2,660,613</u>	<u>(53,562)</u>	<u>11,589,445</u>
Total governmental funds capital assets, net	<u>5,440,686</u>	<u>(921,314)</u>	<u>-</u>	<u>4,519,372</u>
<b><u>Internal Service Fund Capital Assets</u></b>				
Capital assets being depreciated:				
Equipment	1,018,358	164,624	-	1,182,982
Furniture	1,005	-	-	1,005
Leasehold Improvements	25,667	-	-	25,667
Total capital assets being depreciated	<u>1,045,030</u>	<u>164,624</u>	<u>-</u>	<u>1,209,654</u>
Accumulated depreciation				
Equipment	668,229	198,746	-	866,975
Furniture	1,005	-	-	1,005
Leasehold Improvements	11,002	1,316	-	12,318
Total accumulated depreciation	<u>680,236</u>	<u>200,062</u>	<u>-</u>	<u>880,298</u>
Total internal service funds capital assets, net	<u>364,794</u>	<u>(35,438)</u>	<u>-</u>	<u>329,356</u>
Governmental activities capital assets, net	<u>\$ 5,805,480</u>	<u>\$ (956,752)</u>	<u>\$ -</u>	<u>\$ 4,848,728</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE G - CAPITAL ASSETS – Continued**

	Balance at October 1, 2016	Increases	Decreases/ Transfers	Balance at September 30, 2017
Business-type Activities:				
<u>Capital assets being depreciated:</u>				
Equipment	\$ 7,483,991	\$ -	\$ -	\$ 7,483,991
Total capital assets being depreciated	<u>7,483,991</u>	<u>-</u>	<u>-</u>	<u>7,483,991</u>
<u>Accumulated Depreciation:</u>				
Equipment	7,430,471	31,523	-	7,461,994
Total accumulated depreciation	<u>7,430,471</u>	<u>31,523</u>	<u>-</u>	<u>7,461,994</u>
Total Business-type activities capital assets, net	<u>\$ 53,520</u>	<u>\$ (31,523)</u>	<u>\$ -</u>	<u>\$ 21,997</u>

Assets capitalized have an original cost of \$5,000 or more per unit and over three (3) years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Equipment	3 years
Furniture	5 years
Leasehold Improvements	Length of remaining lease

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities

Agency Administration	\$ 21,818
Agency Management	9
Community Services	390
Area Agency on Aging	1,355
9-1-1 Planning	2,222,916
Emergency Preparedness	8,195
Environment & Development	8,246
RIS Local Assistance	11,803
Transportation Planning	248,640
Workforce Development	137,241
Internal Service Fund	<u>200,062</u>
Total depreciation expense-governmental activities	<u>\$ 2,860,675</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2017**

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**NOTE H - RETIREMENT PLAN**

International City Management Association Retirement Corporation (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 \$2,873,348 during fiscal year 2017 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of \$1,436,674 during 2017 equal to six percent (6%) of gross salaries. Total Council payroll for the year was \$24,689,526 including \$23,944,527 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 \$3,854,335 for 2017.

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, 2017, are as follows:

Year Ending September 30,	
2018	\$ 4,103,187
2019	3,903,239
2020	3,886,734
2021	3,423,438
2022	3,317,196
Thereafter (2023-2033)	39,962,233
	\$ 58,596,027

**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 subrecipients 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 subrecipients.

For the year ended September 30, 2017, agency costs of various amounts were disbursed for which the audits have not been received. Based on prior experience, management believes that the Council will not incur significant losses from possible grant disallowances.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**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**

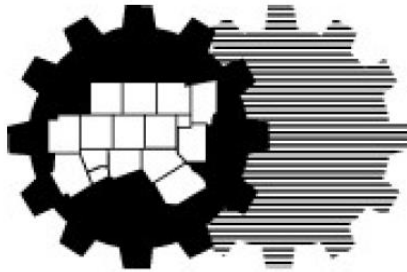
In accordance with GASB 54 the NCTCOG classifies governmental fund balances as follows:

**DETAILED FUND BALANCE DISCLOSURE**

	General Fund	Major Special Revenue Fund						TOTAL
		FEMA	OOG	Local	TCEQ	TXWD	TXDOT	
<b>FUND BALANCES:</b>								
Non Spendable:								
Prepays	\$ 27,501	\$ -	\$ -	\$ 124,116	\$ -	\$ -	\$ -	\$ 151,617
Inventory	29,968	-	-	-	-	-	-	29,968
Restricted:								
Grants	-	102,522	389,559	-	770	117,997	108,725	719,573
Local Transportation	-	-	-	5,204,478	-	-	-	5,204,478
Assigned:								
Agency Shared Service	-	-	-	285,208	-	-	-	285,208
Unassigned	6,426,703	-	-	-	-	-	-	6,426,703
<b>TOTAL FUND BALANCES:</b>	<b>\$ 6,484,172</b>	<b>\$ 102,522</b>	<b>\$ 389,559</b>	<b>\$ 5,613,802</b>	<b>\$ 770</b>	<b>\$ 117,997</b>	<b>\$ 108,725</b>	<b>\$ 12,817,547</b>

**NOTE L – SUBSEQUENT EVENTS**

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through February 16, 2018, the date the financial statements were available to be issued.



**North Central Texas  
Council of Governments**

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 BUDGETARY COMPARISON  
 GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Budget Basis Actual	Variance with Final Budget (Negative)
	Original	Final		
<b>REVENUES</b>				
Membership dues	\$ 697,482	\$ 697,482	\$ 697,285	\$ (197)
Local contributions	22,500	22,500	32,717	10,217
Interest income	10,000	10,000	80,707	70,707
Total revenues	<u>729,982</u>	<u>729,982</u>	<u>810,709</u>	<u>80,727</u>
<b>EXPENDITURES</b>				
Current:				
Agency administration	3,960,233	4,187,926	4,090,235	97,691
Agency management	854,127	694,127	588,843	105,284
Public affairs	185,675	185,675	169,376	16,299
RIS local assistance	225,000	225,000	210,085	14,915
Environmental & development	140,000	140,000	134,675	5,325
Transportation planning	172,440	172,440	168,839	3,601
Capital outlay	-	20,000	9,307	10,693
Total current expenditures	<u>5,537,475</u>	<u>5,625,168</u>	<u>5,371,360</u>	<u>253,808</u>
Indirect cost allocation	(4,797,493)	(4,885,186)	(4,850,054)	(35,132)
Contributions to indirect costs	(10,000)	(10,000)	(16,901)	6,901
Total expenditures	<u>729,982</u>	<u>729,982</u>	<u>504,405</u>	<u>225,577</u>
Excess (deficiencies) of revenues Over/(under) expenditures	<u>-</u>	<u>-</u>	<u>306,304</u>	<u>306,304</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Transfers in	-	-	21,857	21,857
Transfers out	-	-	(41,453)	(41,453)
Charge for use of assets	25,000	25,000	22,672	(2,328)
Indirect allocation to Special Revenue Fund	(24,247)	(24,247)	(21,855)	2,392
Total other financing sources	<u>753</u>	<u>753</u>	<u>(18,779)</u>	<u>(19,532)</u>
Net changes in fund balances	753	753	287,525	286,772
Fund balances - beginning	<u>6,196,647</u>	<u>6,196,647</u>	<u>6,196,647</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,197,400</u>	<u>\$ 6,197,400</u>	<u>\$ 6,484,172</u>	<u>\$ 286,772</u>



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2017**

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

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

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

<u>General Fund</u>	
Total Net Expenditures (GAAP Basis)	\$ 503,588
Plus: Charge for use of assets	22,672
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(21,855)</u>
Total Expenditures (Budget Basis)	<u>\$ 504,405</u>
Total Other Sources and Uses (GAAP Basis)	\$ (19,596)
Plus: Charge for use of assets	22,672
Less: Use of assets recovered through indirect cost allocated to Special Revenue Fund	<u>(21,855)</u>
Total Other Sources and Uses (Budget Basis)	<u>\$ (18,779)</u>

**NOTE B: BUDGETARY CONTROLS**

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

- a) Prior to October 1, the Executive Director submits to the Executive Board a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Prior to October 1, the Executive Board formally approves the budget document following a public hearing.
- c) The approved annual budget is used as a control device for the General Fund. The individual grant contracts are used as the control device within the Special Revenue Funds.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
SEPTEMBER 30, 2017**

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- 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.

**OTHER  
SUPPLEMENTAL  
INFORMATION**

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

Such schedules include:

- Combining Schedules- Federal, State and Locally Administered Grant Funds
- Schedule of Indirect Costs (Budget Basis)
- Schedule of Employee Benefits- All Funds
- 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  
BALANCES – FEDERAL, STATE AND LOCALLY ADMINISTERED GRANTS  
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Federal Funds Total</u>	<u>Locally Administered Funds Total</u>	<u>Combined Total</u>
<b>REVENUES</b>			
Federal grants	\$ 9,417,021	\$ -	\$ 9,417,021
State administered grants	-	116,521,194	116,521,194
Local administered grants	-	311,242	311,242
Local contributed cash	238,190	6,761,480	6,999,670
In-Kind	1,675,201	12,163,616	13,838,817
Program income	1,020	383,311	384,331
Interest income	-	259,840	259,840
	<u>11,331,432</u>	<u>136,400,683</u>	<u>147,732,115</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Current:			
Agency administration	113,406	3,454,215	3,567,621
Agency management	63,124	540	63,664
Community services	-	1,151,869	1,151,869
Area agency on aging	-	15,691,247	15,691,247
9-1-1 planning	-	8,228,030	8,228,030
Emergency preparedness	-	2,997,823	2,997,823
Environment & development	547,916	2,691,479	3,239,395
Research & information services	-	4,826,275	4,826,275
Transportation	10,600,348	34,750,010	45,350,358
Workforce development	-	60,597,018	60,597,018
Capital Outlay	-	1,729,992	1,729,992
	<u>11,324,794</u>	<u>136,118,498</u>	<u>147,443,292</u>
<b>TOTAL EXPENDITURES</b>			
<b>EXCESSES (DEFICIENCIES) OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	<u>6,638</u>	<u>282,185</u>	<u>288,823</u>
<b>OTHER FINANCING SOURCES AND USES</b>			
Transfers In	16,102	848,229	864,331
Transfers Out	(662)	(880,523)	(881,185)
	<u>15,440</u>	<u>(32,294)</u>	<u>(16,854)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
<b>NET CHANGE IN FUND BALANCES</b>			
	22,078	249,891	271,969
<b>FUND BALANCES - BEGINNING OF YEAR</b>			
	<u>80,444</u>	<u>5,980,962</u>	<u>6,061,406</u>
<b>FUND BALANCES - END OF YEAR</b>			
	<u>\$ 102,522</u>	<u>\$ 6,230,853</u>	<u>\$ 6,333,375</u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – FEDERAL GRANTS  
 YEAR ENDED SEPTEMBER 30, 2017**

	Federal Funds							TOTAL
	DOC	DOE	EPA	FTA	FEMA	DOD	FHA	
<b>REVENUES</b>								
Federal grants	\$ 8,632	\$ 233,648	\$ 45,523	\$ 8,344,717	\$ 465,152	\$ 266,938	\$ 52,411	\$ 9,417,021
State administered grants	-	-	-	-	-	-	-	-
Local administered grants	-	-	-	-	-	-	-	-
Local contributed cash	-	-	9,098	69,295	100,091	37,244	22,462	238,190
In-Kind	50,017	55,434	18,800	1,550,950	-	-	-	1,675,201
Program income	-	1,020	-	-	-	-	-	1,020
<b>TOTAL REVENUES</b>	<b>58,649</b>	<b>290,102</b>	<b>73,421</b>	<b>9,964,962</b>	<b>565,243</b>	<b>304,182</b>	<b>74,873</b>	<b>11,331,432</b>
<b>EXPENDITURES</b>								
Current:								
Agency administration	-	5,376	5,056	85,198	6,830	3,251	7,695	113,406
Agency management	63,124	-	-	-	-	-	-	63,124
Community services	-	-	-	-	-	-	-	-
Area agency on aging	-	-	-	-	-	-	-	-
9-1-1 planning	-	-	-	-	-	-	-	-
Emergency preparedness	-	-	-	-	-	-	-	-
Environment & development	-	-	-	-	547,916	-	-	547,916
Research & information services	-	-	-	-	-	-	-	-
Transportation	-	284,698	68,334	9,879,269	-	300,910	67,137	10,600,348
Workforce development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>63,124</b>	<b>290,074</b>	<b>73,390</b>	<b>9,964,467</b>	<b>554,746</b>	<b>304,161</b>	<b>74,832</b>	<b>11,324,794</b>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(4,475)</b>	<b>28</b>	<b>31</b>	<b>495</b>	<b>10,497</b>	<b>21</b>	<b>41</b>	<b>6,638</b>
<b>OTHER FINANCING SOURCES AND USES</b>								
Transfers in	4,482	-	-	-	11,620	-	-	16,102
Transfers out	(7)	(28)	(31)	(495)	(39)	(21)	(41)	(662)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>4,475</b>	<b>(28)</b>	<b>(31)</b>	<b>(495)</b>	<b>11,581</b>	<b>(21)</b>	<b>(41)</b>	<b>15,440</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,078</b>	<b>-</b>	<b>-</b>	<b>22,078</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,444</b>	<b>-</b>	<b>-</b>	<b>80,444</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 102,522</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 102,522</b>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES – STATE AND LOCALLY ADMINISTERED FUNDS  
 YEAR ENDED SEPTEMBER 30, 2017**

	State and Locally Administered Funds											
	BBB	CSEC	HHS	CITY OF DALLAS	CCGD	OOG	LOCAL		NARC	NCOA	TCEQ	
							Transportation	Other			Transportation	Other
<b>REVENUES</b>												
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered grants	-	9,844,978	7,700,472	-	-	2,433,328	-	-	-	-	7,243,619	1,872,067
Local administered grants	11,757	-	-	41,454	43,480	-	-	-	58,144	46,222	-	-
Local contributed cash	-	842	152,494	-	-	302,653	879,736	5,169,583	11,467	-	-	-
In-Kind	-	-	7,616,697	-	-	-	170,124	-	6,290	-	-	-
Program income	-	-	252,759	-	-	-	-	-	-	-	37,713	-
Interest income	-	9,532	-	-	-	-	97,154	-	-	-	47,763	8,560
<b>TOTAL REVENUES</b>	<b>11,757</b>	<b>9,855,352</b>	<b>15,722,422</b>	<b>41,454</b>	<b>43,480</b>	<b>2,735,981</b>	<b>1,147,014</b>	<b>5,169,583</b>	<b>75,901</b>	<b>46,222</b>	<b>7,329,095</b>	<b>1,880,627</b>
<b>EXPENDITURES</b>												
Current:												
Agency administration	-	92,286	201,089	31,690	-	75,745	42,756	1,456,422	6,765	-	38,077	14,904
Agency management	-	-	-	-	-	-	-	540	-	-	-	-
Community services	-	-	-	-	-	1,151,869	-	-	-	-	-	-
Area agency on aging	11,613	-	15,513,540	-	42,899	-	-	383	-	46,084	-	-
9-1-1 planning	-	8,203,646	-	-	-	-	-	24,333	-	-	-	-
Emergency preparedness	-	-	-	14,378	-	1,378,658	-	769,603	-	-	-	-
Environment & development	-	-	-	-	-	772	-	754,940	-	-	-	1,856,097
Research & information services	-	691	591	-	-	1,031	-	2,135,675	-	-	20,863	12,357
Transportation	137	7,971	5,766	-	562	339	1,656,068	(3,162)	69,099	136	7,269,275	127
Workforce development	-	-	-	-	-	-	-	4,960	-	-	-	-
Capital Outlay	-	1,548,917	-	-	-	-	-	4,305	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>11,750</b>	<b>9,853,511</b>	<b>15,720,986</b>	<b>46,068</b>	<b>43,461</b>	<b>2,608,414</b>	<b>1,698,824</b>	<b>5,147,999</b>	<b>75,864</b>	<b>46,220</b>	<b>7,328,215</b>	<b>1,883,485</b>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>7</b>	<b>1,841</b>	<b>1,436</b>	<b>(4,614)</b>	<b>19</b>	<b>127,567</b>	<b>(551,810)</b>	<b>21,584</b>	<b>37</b>	<b>2</b>	<b>880</b>	<b>(2,858)</b>
<b>OTHER FINANCING SOURCES AND USES</b>												
Transfers in	-	-	11	4,642	-	3	681,331	123,820	-	-	-	950
Transfers out	(7)	(1,841)	(1,447)	(28)	(19)	(45,662)	(530)	(147,832)	(37)	(2)	(803)	(206)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(7)</b>	<b>(1,841)</b>	<b>(1,436)</b>	<b>4,614</b>	<b>(19)</b>	<b>(45,659)</b>	<b>680,801</b>	<b>(24,012)</b>	<b>(37)</b>	<b>(2)</b>	<b>(803)</b>	<b>744</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,908</b>	<b>128,991</b>	<b>(2,428)</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>(2,114)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307,651</b>	<b>5,075,487</b>	<b>411,752</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>2,528</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 389,559</b>	<b>\$ 5,204,478</b>	<b>\$ 409,324</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 356</b>	<b>\$ 414</b>

(continued)

**State and Locally Administered Funds**

	TXDOH	TDRA	TXVC	TWC	TX A&M	TXDOT	TXDPS	TX WDB	SOLSMART	ANTHEM	CIGNA	MOLINA	SUPERIOR	UHC	Total
<b>REVENUES</b>															
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered grants	41,232	19,324	113,737	59,492,537	-	27,270,734	489,166	-	-	-	-	-	-	-	116,521,194
Local administered grants	-	-	-	-	12,261	-	-	-	21,196	26,783	11,826	23,030	12,737	2,352	311,242.00
Local contributed cash	-	-	-	-	-	244,705	-	-	-	-	-	-	-	-	6,761,480.00
In-Kind	-	-	-	4,045,271	-	-	325,234	-	-	-	-	-	-	-	12,163,616
Program income	-	-	-	79,154	-	13,685	-	-	-	-	-	-	-	-	383,311
Interest income	-	-	-	-	-	96,831	-	-	-	-	-	-	-	-	259,840
<b>TOTAL REVENUES</b>	<b>41,232</b>	<b>19,324</b>	<b>113,737</b>	<b>63,616,962</b>	<b>12,261</b>	<b>27,625,955</b>	<b>814,400</b>	<b>-</b>	<b>21,196</b>	<b>26,783</b>	<b>11,826</b>	<b>23,030</b>	<b>12,737</b>	<b>2,352</b>	<b>136,400,683</b>
<b>EXPENDITURES</b>															
Current:															
Agency administration	160	918	5,953	839,209	1,067	641,960	5,066	-	148	-	-	-	-	-	3,454,215
Agency management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	540
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,151,869
Area agency on aging	-	-	-	-	-	-	-	-	-	26,783	11,826	23,030	12,737	2,352	15,691,247
9-1-1 planning	-	-	-	51	-	-	-	-	-	-	-	-	-	-	8,228,030
Emergency preparedness	-	-	-	-	-	-	835,184	-	-	-	-	-	-	-	2,997,823
Environment & development	-	18,651	-	-	9,459	42,324	-	-	9,236	-	-	-	-	-	2,691,479
Research & information services	-	-	-	2,098,595	-	545,649	10,823	-	-	-	-	-	-	-	4,826,275
Transportation	-	-	-	17,679	2,065	25,712,149	-	-	11,799	-	-	-	-	-	34,750,010
Workforce development	-	-	107,780	60,484,278	-	-	-	-	-	-	-	-	-	-	60,597,018
Capital Outlay	-	-	-	173,296	-	3,474	-	-	-	-	-	-	-	-	1,729,992
<b>TOTAL EXPENDITURES</b>	<b>160</b>	<b>19,569</b>	<b>113,733</b>	<b>63,613,108</b>	<b>12,591</b>	<b>26,945,556</b>	<b>851,073</b>	<b>-</b>	<b>21,183</b>	<b>26,783</b>	<b>11,826</b>	<b>23,030</b>	<b>12,737</b>	<b>2,352</b>	<b>136,118,498</b>
<b>EXCESS/(DEFICIENCIES) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>41,072</b>	<b>(245)</b>	<b>4</b>	<b>3,854</b>	<b>(330)</b>	<b>680,399</b>	<b>(36,673)</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282,185</b>
<b>OTHER FINANCING SOURCES AND USES</b>															
Transfers in	-	371	-	-	337	6	36,758	-	-	-	-	-	-	-	848,229
Transfers out	(41,072)	(126)	(4)	(3,854)	(7)	(636,948)	(85)	-	(13)	-	-	-	-	-	(880,523)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>(41,072)</b>	<b>245</b>	<b>(4)</b>	<b>(3,854)</b>	<b>330</b>	<b>(636,942)</b>	<b>36,673</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,294)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249,891</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,268</b>	<b>-</b>	<b>117,997</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,980,962</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,725</b>	<b>\$ -</b>	<b>\$ 117,997</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,230,853</b>

(concluded)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Actual</u>	<u>Budget</u>
Salaries	\$ 2,143,442	\$ 2,144,264
Benefits	<u>903,447</u>	<u>913,559</u>
Indirect personnel	3,046,889	3,057,823
Legal	9,142	10,000
Audit	99,850	100,800
Contract services	481,581	482,013
Travel	27,906	29,000
Equipment use fee	22,672	25,000
Consumable supplies	110,742	112,000
Insurance & bonding	35,521	37,500
Rent	394,042	395,500
Printing & publications	29,296	30,000
Equipment rental	4,400	4,800
Advertising	1,605	4,000
Maintenance & repairs	120,623	121,000
Employee recruitment	2,293	2,500
Communications	9,965	10,800
Postage	9,856	10,000
Subscriptions & dues	231,301	232,750
Other	<u>229,271</u>	<u>229,700</u>
TOTAL	4,866,955	4,895,186
Less: Contributions to Indirect costs	<u>( 16,901)</u>	<u>(10,000)</u>
NET INDIRECT COSTS	<u>\$ 4,850,054</u>	<u>\$ 4,885,186</u>
Indirect costs rate computations:		
Net indirect costs	\$ <u>4,850,054</u>	\$ <u>4,885,186</u>
Direct salaries & benefits - all funds	\$ 27,823,955 = 17.43%	\$ 27,601,562 = 17.70%



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EMPLOYEE BENEFITS - ALL FUNDS  
YEAR ENDED SEPTEMBER 30, 2017**

<b>Full Time Benefits Programs</b>	<u>Actual</u>	<u>Projected</u>
Medicare insurance	\$ 340,030	\$ 344,502
Medical insurance	3,091,453	3,011,539
Worker's compensation	66,966	63,929
Flexible benefit plan	8,188	11,639
Life & disability insurance	168,839	170,091
Other benefits	50,472	97,000
Unemployment insurance	7,107	59,760
Retirement	2,605,884	2,454,035
Vacation	1,303,630	1,243,756
Sick leave	477,345	636,462
Holiday leave	927,147	908,326
Other leave	<u>141,386</u>	<u>113,540</u>
<b>TOTAL</b>	<b>\$ <u>9,188,447</u></b>	<b>\$ <u>9,114,579</u></b>

Employee benefits rate computations:

Total full-time benefits	\$ <u>9,188,447</u>	\$ <u>9,114,579</u>
Total regular salaries	\$ 21,531,166 = 42.68%	\$ 20,856,504 = 43.70%

Total personnel costs recap:

Salaries	\$ 21,531,166	\$ 20,856,504
Benefits	<u>9,188,447</u>	<u>9,114,579</u>
<b>Personnel - NCTCOG</b>	<b>\$ <u>30,719,613</u></b>	<b>\$ <u>29,971,083</u></b>

**TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST  
 FISCAL YEAR 2017 ACTUAL  
 OCTOBER 1, 2016 - SEPTEMBER 30, 2017**

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<b>Total Indirect Costs</b>	<b>\$ 4,850,054</b>		
<b>Expenditures:</b>			
General Fund	5,370,543		
Special Revenue Fund	147,443,292		
Internal Service Fund	5,596,402		
Enterprise Fund	1,354,760		
Interdepartmental Transfers for Direct Charges and Indirect Costs	<u>(10,632,661)</u>		
<b>Total Expenditures</b>	149,132,336	=	<b>3.3%</b>
<b>Less:</b>			
Pass-Through Funds <sup>(1)</sup>	(51,983,621)		
In-Kind Expenditures	(13,838,816)		
Contract Services	(24,267,621)		
Capital Expenditures	<u>(1,739,299)</u>		
<b>Adjusted Expenditures</b>	57,302,979	=	<b>8.5%</b>

<sup>(1)</sup> 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, 2017**

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	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Equipment	\$ 21,733,869
Furniture	224,284
Leasehold Improvements	<u>2,844,309</u>
Total Capital Assets	<u>\$ 24,802,462</u>
<b>SOURCES</b>	
NCTCOG	
Equipment	\$ 10,771,463
Furniture	82,984
Leasehold Improvements	<u>630,597</u>
	11,485,044
GRANT FUNDED	
Equipment	10,939,147
Furniture	141,301
Leasehold Improvements	<u>2,236,970</u>
	13,317,418
Less: Internal Service Fund Assets	1,209,654
Less: Enterprise Fund	<u>7,483,991</u>
Total General Capital Assets	<u>\$ 16,108,817</u>

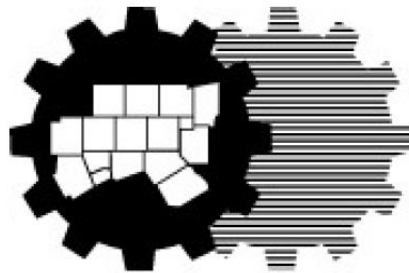
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2017**

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	<u>Totals</u>
<b>CAPITAL ASSETS</b>	
Local Assistance	\$ 1,305,119
Transportation Planning	1,310,706
Regional Information Services	1,983,373
Environmental Resources	110,290
Emergency Preparedness	262,583
Workforce Development	3,959,340
Community Services	65,790
Area Agency on Aging	30,063
9-1-1 Planning	8,291,207
Enterprise Fund	<u>7,483,991</u>
 Total Capital Assets	 24,802,462
 Less: Internal Service Fund	 1,209,654
Less: Enterprise Fund	<u>7,483,991</u>
 Total General Capital Assets	 \$ <u><u>16,108,817</u></u>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2017**

	<u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>2017</u>
<b>CAPITAL ASSETS</b>				
Local assistance	\$ 1,296,232	\$ 9,307	420	\$ 1,305,119
Transportation planning	1,307,581	7,779	4,654	1,310,706
Regional information services	1,818,749	164,624	-	1,983,373
Environmental resources	110,290	-	-	110,290
Emergency preparedness	262,583	-	-	262,583
Workforce development	3,829,235	173,296	43,191	3,959,340
Community services	65,790	-	-	65,790
Area agency on aging	30,063	-	-	30,063
9-1-1 planning	6,747,587	1,548,917	5,297	8,291,207
Enterprise fund	7,483,991	-	-	7,483,991
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets	22,952,101	1,903,923	53,562	24,802,462
Less: Internal service fund	1,045,030	164,624	-	1,209,654
Less: Enterprise fund	7,483,991	-	-	7,483,991
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Capital Assets	\$ <u>14,423,080</u>	\$ <u>1,739,299</u>	\$ <u>53,562</u>	\$ <u>16,108,817</u>



**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.

<b><u>Contents</u></b>	<b><u>Table #s</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the Council's financial performance and well-being have changed over time.	<b>1, 2, 3 &amp; 4</b>
<b>Revenue Capacity</b> These tables are to contain information to help the reader assess the Council's most significant local revenue sources.	<b>5</b>
<b>Debt Capacity</b> These tables are to present information to help the reader assess the affordability of the Council's current levels of outstanding debt.	<b>6</b>
<b>Economic and Demographic Information</b> These tables offer economic and demographic indicators to help the reader understand the environment within which the Council's financial activities take place.	<b>7 &amp; 8</b>
<b>Operating Information</b> These tables contain service and infrastructure data to help the reader understand how the information in the Council's financial report relates to the services the Council provides.	<b>9 &amp; 10</b>

**Source:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	<b>Fiscal Year</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Investment in capital assets	\$ 4,848,728	\$ 5,805,480	\$ 2,920,629	\$ 1,493,197
Restricted	5,924,051	5,649,654	5,634,043	5,473,922
Unrestricted	<u>6,496,927</u>	<u>6,038,512</u>	<u>5,930,520</u>	<u>5,714,552</u>
Total governmental activities net assets	<u>\$ 17,269,706</u>	<u>\$ 17,493,646</u>	<u>\$ 14,485,192</u>	<u>\$ 12,681,671</u>
Business-type activities				
Investment in capital assets	21,997	53,520	\$ 76,899	\$ 18,502
Unrestricted	<u>44,713</u>	<u>17,040</u>	<u>52,248</u>	<u>36,409</u>
Total business-type activities net assets	<u>\$ 66,710</u>	<u>\$ 70,560</u>	<u>\$ 129,147</u>	<u>\$ 54,911</u>
Primary government				
Investment in capital assets	\$ 4,870,725	\$ 5,859,000	\$ 2,997,528	\$ 1,511,699
Restricted	5,924,051	5,649,654	5,634,043	5,473,922
Unrestricted	<u>6,541,640</u>	<u>6,055,552</u>	<u>5,982,768</u>	<u>5,750,961</u>
Total primary governmental net assets	<u>\$ 17,336,416</u>	<u>\$ 17,564,206</u>	<u>\$ 14,614,339</u>	<u>\$ 12,736,582</u>

**Source:** Comprehensive Annual Financial Report

**TABLE 1**

<b>Fiscal Year</b>					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 951,869	\$ 1,131,432	\$ 1,368,144	\$ 1,161,862	\$ 1,497,753	\$ 1,255,488
5,401,133	6,231,665	14,061,433	27,942,962	38,909,613	53,519,795
5,226,610	4,312,103	4,122,881	3,816,701	3,646,310	3,776,966
<u>\$ 11,579,612</u>	<u>\$ 11,675,200</u>	<u>\$ 19,552,458</u>	<u>\$ 32,921,525</u>	<u>\$ 44,053,676</u>	<u>\$ 58,552,249</u>
\$ 25,791	\$ 13,260	\$ 22,100	\$ -	\$ -	\$ 1,217,307
20,801	67,769	55,656	90,141	67,345	128,515
<u>\$ 46,592</u>	<u>\$ 81,029</u>	<u>\$ 77,756</u>	<u>\$ 90,141</u>	<u>\$ 67,345</u>	<u>\$ 1,345,822</u>
\$ 977,660	\$ 1,144,692	\$ 1,390,244	\$ 1,161,862	\$ 1,497,753	\$ 2,472,795
5,401,133	6,231,665	14,061,433	27,942,962	38,909,613	53,519,795
5,247,411	4,379,872	4,178,537	3,906,842	3,713,655	3,905,481
<u>\$ 11,626,204</u>	<u>\$ 11,756,229</u>	<u>\$ 19,630,214</u>	<u>\$ 33,011,666</u>	<u>\$ 44,121,021</u>	<u>\$ 59,898,071</u>

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

	Fiscal Year			
	2017	2016	2015	2014
<b>Expenses</b>				
Governmental activities:				
Agency administration	\$ 7,410,029	7,126,021	\$ 6,796,651	\$ 5,775,899
Agency management	802,210	641,576	740,381	754,076
*Community services	1,140,500	1,089,685	22,803,481	20,385,330
*Area agency on aging	15,557,101	15,727,538	-	-
*9-1-1 planning	8,056,787	7,937,736	-	-
Emergency preparedness	2,926,935	3,814,764	2,650,262	3,672,635
Environment and development	3,293,253	2,554,177	3,436,397	2,302,909
RIS local assistance	4,847,837	3,121,551	3,643,793	2,748,710
Transportation planning	44,387,187	40,574,850	57,414,019	53,195,247
Workforce development	60,308,475	60,257,318	56,808,063	57,742,893
Total governmental activities expenses	<u>148,730,314</u>	<u>142,845,216</u>	<u>154,293,047</u>	<u>146,577,699</u>
Business-type activities:				
Shared service center	1,354,760	1,560,006	1,398,101	1,639,004
Total business-type activities expenses	<u>1,354,760</u>	<u>1,560,006</u>	<u>1,398,101</u>	<u>1,639,004</u>
Total primary government expenses	<u>\$ 150,085,074</u>	<u>\$ 144,405,222</u>	<u>\$ 155,691,148</u>	<u>\$ 148,216,703</u>
<b>Program Revenues</b>				
Governmental activities:				
Agency administration	\$ -	\$ -	\$ -	\$ -
Agency management	8,631	47,526	51,597	5,359
*Community services	965,583	1,010,092	18,169,150	14,445,171
*Area agency on aging	7,878,659	8,166,710	-	-
*9-1-1 planning	9,844,978	11,634,747	-	-
Emergency preparedness	2,039,596	2,426,230	1,513,243	2,102,303
Environment and development	2,387,730	1,318,498	2,241,342	835,146
RIS local assistance	-	-	-	-
Transportation planning	43,518,006	37,874,414	38,065,646	47,130,223
Workforce development	59,606,274	59,051,999	56,715,045	57,642,394
Local grants and contributions	21,255,535	23,553,737	38,635,349	24,839,146
Total governmental activities program revenues	<u>147,504,992</u>	<u>145,083,953</u>	<u>155,391,372</u>	<u>146,999,742</u>
Business-type activities:				
Charges for services:				
RIS local assistance	1,314,460	1,474,969	1,472,337	1,643,984
Total business-type activities program revenues	<u>1,314,460</u>	<u>1,474,969</u>	<u>1,472,337</u>	<u>1,643,984</u>
Total primary government program revenues	<u>\$ 148,819,452</u>	<u>\$ 146,558,922</u>	<u>\$ 156,863,709</u>	<u>\$ 148,643,726</u>
<b>Net (Expenses) Revenue</b>				
Governmental activities	\$ (1,225,322)	\$ 2,238,737	\$ 1,098,325	\$ 422,043
Business-type activities	(40,300)	(85,037)	74,236	4,980
Total primary government net expenses	<u>\$ (1,265,622)</u>	<u>\$ 2,153,700</u>	<u>\$ 1,172,561</u>	<u>\$ 427,023</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Membership fees	697,285	685,727	678,492	664,694
Interest on investments	340,547	110,440	26,704	18,661
Transfers in (out)	(36,450)	(26,450)	-	(3,339)
Total governmental activities	<u>1,001,382</u>	<u>769,717</u>	<u>705,196</u>	<u>680,016</u>
Business-type activities:				
Transfers in (out)	36,450	26,450	-	3,339
Total business-type activities	<u>36,450</u>	<u>26,450</u>	<u>-</u>	<u>3,339</u>
Total primary government	<u>\$ 1,037,832</u>	<u>\$ 796,167</u>	<u>\$ 705,196</u>	<u>\$ 683,355</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (223,940)	\$ 3,008,454	\$ 1,803,521	\$ 1,102,059
Business-type activities	(3,850)	(58,587)	74,236	8,319
Total primary government	<u>\$ (227,790)</u>	<u>\$ 2,949,867</u>	<u>\$ 1,877,757</u>	<u>\$ 1,110,378</u>

Source: Comprehensive Annual Financial Report

\*NCTCOG began the break out of the Area agency on aging and 9-1-1 planning from Community services in FY2016

TABLE 2

Fiscal Year						
	2013	2012	2011	2010	2009	2008
\$	5,463,174	\$ 5,276,175	\$ 5,201,324	\$ 5,227,937	\$ 5,269,854	\$ 5,355,259
	706,873	759,547	848,942	776,145	853,457	571,395
	24,883,533	18,522,455	22,909,179	20,488,403	22,490,067	19,668,658
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,426,129	2,062,309	3,539,299	2,781,337	2,435,347	4,461,768
	3,310,704	2,074,557	4,587,918	4,614,671	5,709,613	4,343,873
	3,040,498	2,637,422	3,446,598	2,487,667	3,486,236	2,979,893
	55,148,280	56,170,198	76,151,018	75,614,317	63,238,757	59,886,873
	59,152,671	55,962,878	58,952,928	59,043,491	53,269,187	48,193,206
	153,131,862	143,465,541	175,637,206	171,033,968	156,752,518	145,460,925
	1,868,172	1,936,213	1,947,896	1,987,466	2,861,816	4,023,843
	1,868,172	1,936,213	1,947,896	1,987,466	2,861,816	4,023,843
\$	155,000,034	\$ 145,401,754	\$ 177,585,102	\$ 173,021,434	\$ 159,614,334	\$ 149,484,768
\$	-	\$ 120,965	\$ 238,845	\$ 123,814	\$ 100,626	\$ 78,732
	-	-	-	-	-	-
	18,843,748	13,050,047	17,129,937	15,802,837	17,634,359	14,759,657
	-	-	-	-	-	-
	-	-	-	-	-	-
	872,066	1,658,836	3,378,498	3,087,356	2,262,037	4,547,830
	2,123,277	1,003,473	3,799,786	1,795,328	4,353,732	1,943,294
	-	-	37,938	158,382	200,903	159,905
	44,801,874	37,113,912	48,336,809	56,793,123	42,882,386	46,223,986
	59,198,773	55,814,882	59,195,722	58,439,547	51,946,951	50,814,449
	26,477,435	26,132,659	26,264,855	22,639,979	21,644,684	38,238,325
	152,317,173	134,894,774	158,382,390	158,840,366	141,025,678	156,766,178
	1,833,735	1,939,496	1,939,738	2,010,262	1,583,339	1,704,745
	1,833,735	1,939,496	1,939,738	2,010,262	1,583,339	1,704,745
\$	154,150,908	\$ 136,834,270	\$ 160,322,128	\$ 160,850,628	\$ 142,609,017	\$ 158,470,923
\$	(814,689)	\$ (8,570,767)	\$ (14,254,816)	\$ (12,193,602)	\$ (15,726,840)	\$ 11,305,253
	(34,437)	3,283	(8,158)	22,796	(1,278,477)	(2,319,098)
\$	(849,126)	\$ (8,567,484)	\$ (14,262,974)	\$ (12,170,806)	\$ (17,005,317)	\$ 8,986,155
	657,054	651,539	663,091	654,835	645,519	632,215
	62,047	41,970	218,421	406,616	582,748	2,308,855
	-	-	4,237	-	-	-
	719,101	693,509	885,749	1,061,451	1,228,267	2,941,070
	-	-	(4,237)	-	-	-
	-	-	(4,237)	-	-	-
\$	719,101	\$ 693,509	\$ 881,512	\$ 1,061,451	\$ 1,228,267	\$ 2,941,070
\$	(95,588)	\$ (7,877,258)	\$ (13,369,067)	\$ (11,132,151)	\$ (14,498,573)	\$ 14,246,323
	(34,437)	3,283	(12,395)	22,796	(1,278,477)	(2,319,098)
\$	(130,025)	\$ (7,873,975)	\$ (13,381,462)	\$ (11,109,355)	\$ (15,777,050)	\$ 11,927,225

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

	<b>Fiscal Year - Pre GASB 54</b>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund			
Reserved <sup>a</sup>	\$ 10,946	\$ 3,158	\$ 13,322
Unreserved	4,988,995	4,884,409	4,708,103
Total general fund	<u>\$ 4,999,941</u>	<u>\$ 4,887,567</u>	<u>\$ 4,721,425</u>

All Other Governmental Funds			
Reserved for:			
Prepaid items	\$ 79,881	\$ 55,054	\$ 47,588
Grants	221,448	796,364	645,283
Local transportation projects	27,721,514	38,113,249	52,874,512
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Total all other governmental funds	<u>\$ 28,022,843</u>	<u>\$ 38,964,667</u>	<u>\$ 53,567,383</u>

	<b>Fiscal Year - Post GASB 54</b>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund			
Non Spendable:			
Non Spendable	\$ 57,469	\$ 40,417	\$ 44,133
Spendable:			
Unassigned	6,426,703	6,156,230	5,788,867
Total General Fund	<u>\$ 6,484,172</u>	<u>\$ 6,196,647</u>	<u>\$ 5,833,000</u>

All Other Governmental Funds			
Non Spendable:			
Non Spendable	\$ 124,116	\$ 93,484	\$ 123,393
Spendable:			
Restricted for grants	719,573	574,167	646,082
Restricted for local transportation	5,204,478	5,075,487	4,987,961
Assigned	285,208	318,268	478,494
Total all other governmental funds	<u>\$ 6,333,375</u>	<u>\$ 6,061,406</u>	<u>\$ 6,235,930</u>

**Source:** Comprehensive Annual Financial Report

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

GASB 54 adopted in 2011

2010 data restated for GASB 54 comparable presentation

**TABLE 3**

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<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 51,512	\$ 67,473	\$ 55,616	\$ 80,646
5,504,106	5,266,892	5,029,314	4,918,967
<u>\$ 5,555,618</u>	<u>\$ 5,334,365</u>	<u>\$ 5,084,930</u>	<u>\$ 4,999,613</u>
\$ 162,150	\$ 98,930	\$ 57,990	\$ 36,339
344,380	271,591	193,244	181,786
5,129,542	5,129,542	6,038,421	13,877,396
604,763	765,271	248,498	204,827
<u>\$ 6,240,835</u>	<u>\$ 6,265,334</u>	<u>\$ 6,538,153</u>	<u>\$ 14,300,348</u>

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

	<b>FISCAL YEAR</b>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>				
Federal grants	\$ 9,417,021	\$ 9,130,586	\$ 13,357,415	\$ 22,491,763
State administered grants	116,521,194	112,250,105	103,398,608	99,668,833
Membership dues	697,285	685,727	678,492	664,694
*Local administered grants	311,242	149,525	-	-
Local contributed cash	7,032,387	7,212,111	15,874,027	8,144,514
In-Kind	13,838,817	15,901,151	22,288,500	16,227,555
Program income	384,331	440,475	472,822	467,077
Interest income	340,547	110,440	26,704	18,661
<b>TOTAL REVENUES</b>	<u>148,542,824</u>	<u>145,880,120</u>	<u>156,096,568</u>	<u>147,683,097</u>
<b>EXPENDITURES</b>				
Current:				
Agency administration	7,626,153	7,427,418	7,166,721	6,190,755
Agency management	821,879	663,102	767,169	782,985
**Community services	1,180,133	1,150,646	23,333,579	20,908,926
**Area agency on aging	15,691,247	15,911,917	-	-
**9-1-1 planning	8,230,232	8,163,109	-	-
Emergency preparedness	2,997,823	3,909,795	2,775,433	3,816,952
Environment & development	3,374,010	2,678,049	3,580,973	2,480,694
Research & information services	5,035,631	3,382,440	3,916,598	3,049,466
Transportation	45,519,195	42,021,853	59,104,042	55,083,003
Workforce development	60,598,233	60,614,440	57,182,521	58,157,641
Capital outlay	1,739,299	4,212,490	2,143,073	1,021,314
	<u>152,813,835</u>	<u>150,135,259</u>	<u>159,970,109</u>	<u>151,491,736</u>
Indirect cost allocation	(4,850,054)	(4,456,006)	(4,127,471)	(3,985,911)
Contributions to indirect costs	(16,901)	(14,706)	(18,547)	(22,821)
<b>TOTAL EXPENDITURES</b>	<u>147,946,880</u>	<u>145,664,547</u>	<u>155,824,091</u>	<u>147,483,004</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	595,944	215,573	272,477	200,093
<b>OTHER FINANCING SOURCES AND USES</b>				
Capital-related debt issued (note payable)	-	-	-	-
Transfers In	886,188	412,599	364,834	963,409
Transfers out	(922,638)	(439,049)	(364,834)	(966,748)
Total other financing sources (uses)	<u>(36,450)</u>	<u>(26,450)</u>	<u>-</u>	<u>(3,339)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 559,494</u>	<u>\$ 189,123</u>	<u>\$ 272,477</u>	<u>\$ 196,754</u>

\*In 2016, NCTCOG began the breakout of Local administered grants

\*\*NCTCOG began to break out the Area agency on aging and 9-1-1 planning from Community services in FY2016



TABLE 4

FISCAL YEAR					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 20,631,697	\$ 10,839,413	\$ 12,979,109	\$ 12,842,963	\$ 3,391,827	\$ 4,796,333
105,208,041	97,922,702	119,138,426	123,357,424	115,989,167	113,731,520
657,054	651,539	663,091	654,835	645,519	632,215
-	-	-	-	-	-
12,964,481	6,000,683	7,718,250	7,242,670	9,694,057	26,908,819
13,125,408	19,820,625	21,228,282	15,055,527	11,505,589	10,893,201
387,546	311,351	318,323	341,782	445,038	436,305
62,047	41,970	218,421	406,616	582,748	2,308,855
<u>153,036,274</u>	<u>135,588,283</u>	<u>162,263,902</u>	<u>159,901,817</u>	<u>142,253,945</u>	<u>159,707,248</u>
6,020,958	6,123,956	6,037,841	6,149,666	6,239,753	5,380,601
570,521	522,548	602,541	611,201	617,456	580,135
25,323,042	18,967,988	23,368,882	20,913,065	22,810,881	20,020,526
-	-	-	-	-	-
-	-	-	-	-	-
1,549,436	2,199,152	3,703,670	2,919,321	2,555,857	4,527,038
3,480,494	2,237,449	4,814,780	4,842,179	5,906,678	4,380,767
3,308,621	2,875,759	3,691,229	2,688,156	3,660,746	3,000,855
56,926,135	57,792,540	77,753,457	77,112,327	64,537,300	60,937,748
59,530,189	56,271,929	59,235,482	59,291,468	53,457,071	49,234,539
168,034	229,057	793,319	198,978	614,578	1,423,653
<u>156,877,430</u>	<u>147,220,378</u>	<u>180,001,201</u>	<u>174,726,361</u>	<u>160,400,320</u>	<u>149,485,862</u>
(3,799,890)	(3,634,081)	(3,718,074)	(3,614,978)	(3,359,333)	(2,860,926)
(17,882)	(321,138)	(292,163)	(380,116)	(378,949)	(366,759)
<u>153,059,658</u>	<u>143,265,159</u>	<u>175,990,964</u>	<u>170,731,267</u>	<u>156,662,038</u>	<u>146,258,177</u>
(23,384)	(7,676,876)	(13,727,062)	(10,829,450)	(14,408,093)	13,449,071
-	-	-	-	-	-
1,239,823	1,144,310	1,234,411	717,919	1,058,306	627,426
(1,239,823)	(1,144,310)	(1,230,174)	(717,919)	(1,086,787)	(627,426)
-	-	4,237	-	(28,481)	-
<u>\$ (23,384)</u>	<u>\$ (7,676,876)</u>	<u>\$ (13,722,825)</u>	<u>\$ (10,829,450)</u>	<u>\$ (14,436,574)</u>	<u>\$ 13,449,071</u>

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

<u>Fiscal Year</u>	<u>LOCAL</u>					<u>TOTAL</u>
	<u>MemberDues</u>	<u>Interest (1)</u>	<u>Contributions (1)</u>	<u>In-Kind</u>	<u>Program</u>	
2017	\$ 697,285	\$ 340,547	\$ 7,032,387	\$ 13,838,817	\$ 384,331	\$ 22,293,367
2016	685,727	110,440	7,212,111	15,901,151	440,475	24,349,904
2015	678,492	26,704	15,874,027	22,288,500	472,822	39,340,545
2014	664,694	18,661	8,144,514	16,227,555	467,077	25,522,501
2013	657,054	62,047	12,964,481	13,125,408	387,546	27,196,536
2012	651,539	41,970	6,000,683	19,820,625	311,351	26,826,168
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

**Notes:** (1) Includes General and Special Revenue

\*In 2016 NCTCOG began the breakout of Local administered grants from Local Contributions

**TABLE 5**

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<b>GRANTS</b>				
<u>*Local</u>	<u>State</u>	<u>Federal</u>	<u>TOTAL</u>	
\$ 311,242	\$ 116,521,194	\$ 9,417,021	\$ 126,249,457	
149,525	112,250,105	9,130,586	121,530,216	
-	103,398,608	13,357,415	116,756,023	
-	99,668,833	22,491,763	122,160,596	
-	105,208,041	20,631,697	125,839,738	
-	97,922,702	10,839,413	108,762,115	
-	119,138,426	12,979,109	132,117,535	
-	123,357,424	12,842,963	136,200,387	
-	115,989,167	3,391,827	119,380,994	
-	113,731,520	4,796,333	118,527,853	

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

**TABLE 6**

<u>Fiscal Year</u>	<u>Outstanding Note Payable (1)</u>	<u>Annual Payments</u>	<u>Total Revenues</u>	<u>Payments as Percent of Total Revenues</u>
2017	\$ -	\$ -	\$ 148,542,824	0.0000%
2016	-	-	145,880,120	0.0000%
2015	-	-	156,096,568	0.0000%
2014	-	-	147,683,097	0.0000%
2013	-	-	153,036,274	0.0000%
2012	-	-	135,588,283	0.0000%
2011	-	-	162,263,902	0.0000%
2010	-	60,957	159,901,817	0.0381%
2008	60,957	42,896	142,253,945	0.0302%
2007	103,853	39,469	159,707,248	0.0247%

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

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

**TABLE 7**

Year	Estimated Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>b</sup>	School Enrollment <sup>c</sup>	Unemployment Rate <sup>d</sup>
2017	7,246,350 *	\$ 376,006,437,927 *	\$ 51,983 *	1,405,496	3.4%
2016	7,123,170	369,614,741,000	51,099	1,379,534	4.0%
2015	7,005,340	362,947,715,000	50,593	1,349,893	4.0%
2014	6,899,880	344,279,922,000	49,506	1,329,571	5.0%
2013	6,792,670	320,035,384,000	46,989	1,312,126	5.7%
2012	6,700,200	311,008,898,000	46,400	1,289,298	6.7%
2011	6,619,970	292,079,377,000	44,450	1,264,190	7.8%
2010	6,539,950	267,544,467,000	41,462	1,240,827	8.2%
2009	6,639,630	256,748,150,000	40,485	1,216,929	7.8%
2008	6,538,850	272,171,616,000	43,820	1,193,011	5.1%

**Sources:** <sup>a</sup>Yearly NCTCOG Population Estimates.  
<sup>b</sup>Income provided by BEA Regional Bearfacts for the Dallas-Fort Worth-Arlington, Tx Metropolitan Statistical Area, via tracer2.com  
<sup>c</sup>Texas Education Agency  
<sup>d</sup>Texas Workforce Commission, via tracer2.com

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

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

**TABLE 8**

2017			2016		
Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment	Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment
Wal-Mart Stores Inc.	34,000	0.91%	Wal-Mart Stores Inc.	34,000	0.93%
American Airlines Group Inc.	27,000	0.72%	American Airlines Group Inc.	27,000	0.74%
Texas Health Resources	22,296	0.60%	Texas Health Resources	22,296	0.61%
Dallas Independent School District	19,740	0.53%	Dallas Independent School District	19,740	0.54%
AT&T Inc.	17,000	0.46%	Baylor Scott & White Health	16,500	0.45%
Baylor Scott & White Health	16,500	0.44%	Lockheed Martin Aeronautics Co.	13,750	0.38%
The Kroger Co.	15,397	0.41%	Bank of America	13,500	0.37%
Lockheed Martin Corp.	14,350	0.39%	City of Dallas	13,336	0.37%
Medical City Healthcare	14,000	0.38%	UT Southwestern Medical Center	13,018	0.36%
Bank of America	13,500	0.36%	Texas Instruments Inc.	13,000	0.36%
	<u>193,783</u>	<u>5.20%</u>		<u>186,140</u>	<u>5.11%</u>

Total NCTCOG Region Employees <sup>b</sup> 3,724,581

Total NCTCOG Region Employees <sup>b</sup> 3,641,906

Source: <sup>a</sup> Dallas Business Journal, Book of Lists 2018  
<sup>b</sup> NCTCOG, RIS department

Source: <sup>a</sup> Dallas Business Journal, Book of Lists 2017  
<sup>b</sup> NCTCOG, RIS department

2015			2014		
Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment	Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment
Wal-Mart Stores Inc.	25,534	0.73%	Wal-Mart Stores	52,700	1.55%
American Airlines Group Inc.	25,000	0.71%	American Airlines Group, Inc.	23,700	0.70%
Dallas Independent School District	20,000	0.57%	Baylor Health Care System	22,000	0.65%
Texas Health Resources	19,131	0.54%	Dallas ISD	20,793	0.61%
Baylor Scott & White Health	16,860	0.48%	Texas Health Resources	16,205	0.48%
Bank of America	14,465	0.41%	Bank of America	15,400	0.45%
Lockheed Martin Aeronautics Co.	13,700	0.39%	City of Dallas	13,000	0.38%
City of Dallas	13,000	0.37%	JP Morgan Chase Bank N.A.	13,000	0.38%
Texas Instruments Inc.	13,000	0.37%	Texas Instruments Inc.	13,000	0.38%
JP Morgan Chase Bank N.A.	12,600	0.36%	Lockheed Martin Aeronautics Co.	12,600	0.37%
Total	<u>173,290</u>	<u>4.92%</u>	Total	<u>202,398</u>	<u>5.96%</u>

Total NCTCOG Region Employees <sup>b</sup> 3,519,871

Total NCTCOG Region Employees <sup>b</sup> 3,397,119

Source: <sup>a</sup> Dallas Business Journal, Book of Lists 2016  
<sup>b</sup> NCTCOG, RIS department

Source: <sup>a</sup> Dallas Business Journal, Book of Lists 2015  
<sup>b</sup> NCTCOG, RIS department

2013			2012		
Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment	Employer <sup>a</sup>	Employees	Percentage of Total NCTCOG Employment
Texas Health Resources	21,100	0.64%	American Airlines	24,700	0.77%
Bank of America	20,000	0.60%	Bank of America	20,000	0.62%
Dallas ISD	19,800	0.60%	Texas Health Resources	19,230	0.60%
American Airlines	19,219	0.58%	Dallas ISD	18,314	0.57%
Baylor Health Care Systems	16,850	0.51%	Baylor Health Care System	17,097	0.53%
Lockheed Martin	16,000	0.48%	AT&T	15,800	0.49%
JPMorgan Chase	14,500	0.44%	Lockheed Martin	14,126	0.44%
Texas Instruments	14,000	0.42%	JP Morgan Chase	13,500	0.42%
City of Dallas	13,000	0.39%	UT Southwestern Medical Center	13,122	0.41%
UT Southwestern.	12,100	0.37%	City of Dallas	12,836	0.40%
Total	<u>166,569</u>	<u>5.03%</u>	Total	<u>168,725</u>	<u>5.26%</u>

Total NCTCOG Region Employees <sup>b</sup> 3,313,916

Total NCTCOG Region Employees <sup>b</sup> 3,209,334

Source: <sup>a</sup> Dallas Business Journal, Book of Lists 2014  
<sup>b</sup> NCTCOG, RIS department

Source: <sup>a</sup> Dallas Business Journal, Book of Lists 2013  
<sup>b</sup> NCTCOG, RIS department

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

**TABLE 9**

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Agency Management	3	3	3	3	3	3	3	3	3	3
Agency Administration	45	44	42	41	39	38	39	39	39	34
Public Affairs	2	2	2	2	2	3	4	4	4	4
Research and Information Services	35	29	27	27	27	26	30	32	32	31
*Community Services	8	7	47	46	44	44	45	41	40	38
*Area Agency on Aging	21	22	-	-	-	-	-	-	-	-
*9-1-1 Planning	26	24	-	-	-	-	-	-	-	-
Environment & Development	13	13	13	12	12	18	23	23	24	26
Transportation	161	158	148	149	149	153	158	149	154	145
Workforce Development	40	40	34	34	31	28	25	22	22	24
Emergency Preparedness	11	11	11	12	12	13	18	18	13	11
<b>Total</b>	<b>365</b>	<b>353</b>	<b>327</b>	<b>326</b>	<b>319</b>	<b>326</b>	<b>345</b>	<b>331</b>	<b>331</b>	<b>316</b>

**Source:** Agency Annual Fiscal Program

\*NCTCOG began the break out of the Area Agency on Aging and 9-1-1 planning from Community Services in FY2016

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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Local assistance	\$ 1,305,119	\$ 1,296,232	\$ 1,268,031	\$ 1,265,257
Transportation planning	1,310,706	1,307,581	841,120	841,120
Regional information services	1,983,373	1,818,749	1,435,746	1,286,210
Environmental resources	110,290	110,290	110,810	93,194
Emergency preparedness	262,583	262,583	252,688	252,688
Workforce development	3,959,340	3,829,235	3,597,104	3,352,543
*Community services	65,790	65,790	3,426,035	1,565,202
*Area agency on aging	30,063	30,063	-	-
*9-1-1 planning	8,291,207	6,747,587	-	-
Enterprise fund	7,483,991	7,483,991	7,467,896	7,389,956

**Source:** Comprehensive Annual Financial Report

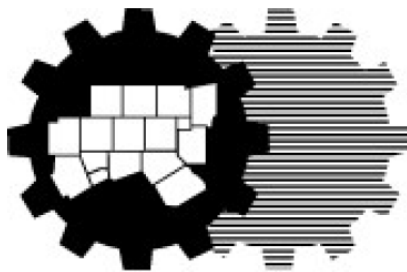
\*NCTCOG began the break out of the Area agency on aging and 9-1-1 planning from Community services in FY2016



TABLE 10

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<b>Fiscal Year</b>					
<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,298,343	\$ 1,284,610	\$ 1,220,486	\$ 1,188,120	\$ 1,185,086	\$ 1,208,926
731,705	731,705	726,435	617,517	617,517	540,975
1,286,210	1,301,023	1,301,023	1,264,710	1,264,710	1,102,440
99,054	99,054	99,054	99,054	99,054	99,054
240,834	241,709	241,709	215,893	188,670	88,164
3,291,296	3,291,867	3,234,064	2,659,095	2,592,517	2,530,547
792,998	697,102	600,545	600,545	501,362	376,749
-	-	-	-	-	-
-	-	-	-	-	-
7,383,536	7,361,554	7,361,554	7,335,034	7,335,034	7,335,034



**North Central Texas  
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