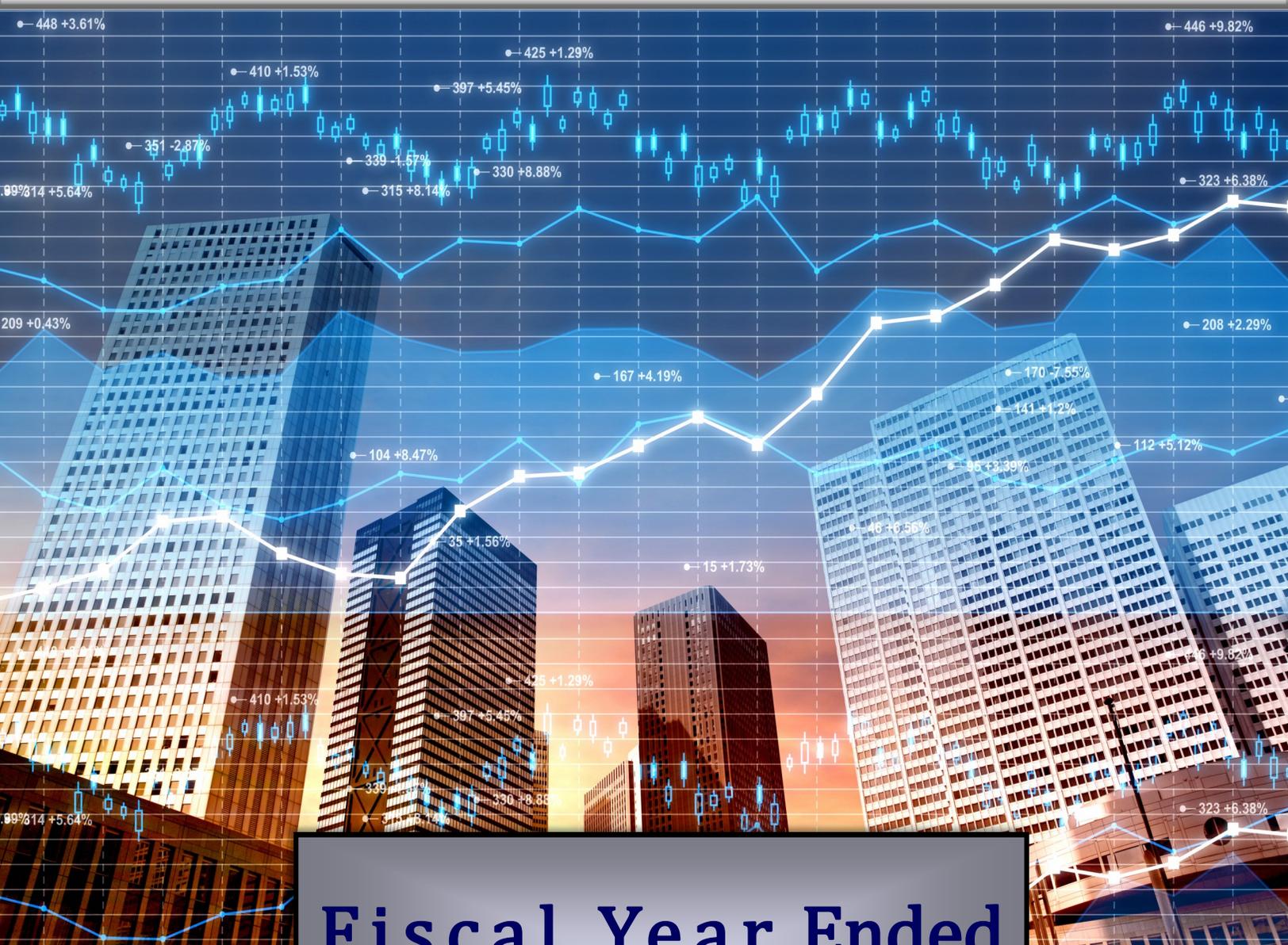


**North Central Texas Council of Governments**

# Comprehensive Annual Financial Report

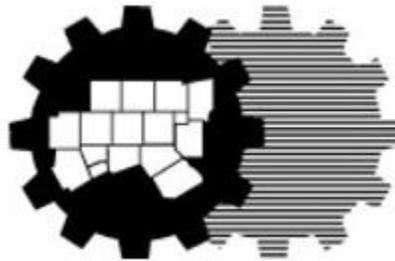


**Fiscal Year Ended  
September 30, 2018**



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

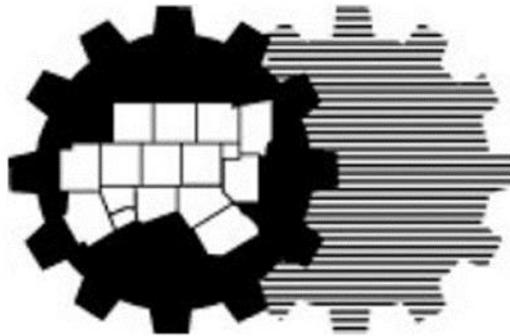
**Executive Director**  
Mike Eastland



**Deputy Executive Director**  
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***PREPARED BY***  
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**North Central Texas  
Council of Governments**

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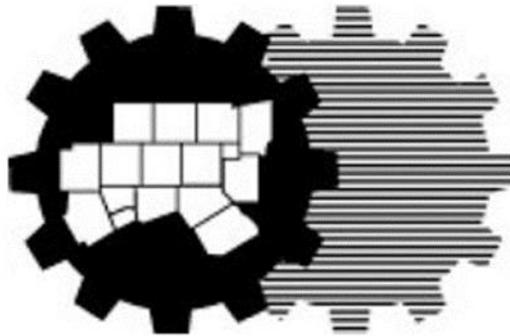
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**North Central Texas  
Council of Governments**







North Central Texas Council of Governments

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

February 18, 2019

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, 2018, 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 Principals, 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 37 states, and an area of nearly 12,800 square miles, which is larger than nine states. NCTCOG's 236-member governments are comprised of 16 counties, 169 municipalities, 23 independent school districts, and 28 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 143,070 persons during 2018 for a January 1, 2018 total estimated population of 7.4 million.

The December 2018 unadjusted unemployment rate for the 16 county NCTCOG region was 3.3%, which was below the Texas rate of 3.6% as well as below the comparable national figure of 3.7%.

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

### **New Initiatives**

#### **Transportation (TR)**

In Fiscal Year 2018, NCTCOG was awarded \$980,000 in Surface Transportation Block Grant Program funds to develop a feasibility study for an extension of the McKinney Avenue Trolley service to connect Uptown to the Knox-Henderson neighborhood in the City of Dallas. These funds will be utilized to develop guiding principles for the extension of the McKinney Avenue Trolley service, as well as to perform technical and financial feasibility analysis based on a neighborhood vision to be developed in coordination with stakeholders. Consultant assistance will be utilized for this initiative.

NCTCOG began working with the Texas Department of Transportation (TxDOT) on an analysis of the freight and passenger rail transportation network to identify mutually beneficial mobility improvements. Consultants are in the process of collecting data on train volumes, train movements, and at-grade crossing locations and compiling Rail Traffic Controller data. A main focus area of this initiative is infrastructure

improvements such as highway-rail grade separation projects and closures that will contribute to greater mobility for rail carriers and passenger vehicle movements. This work is being completed in coordination with the TxDOT State Freight Plan.

Regional Toll Revenue funds in the amount of \$300,000 were received for the Dallas-Fort Worth (DFW) Connector Pilot Program. The program will fund efforts to increase TollTag penetration on the DFW Connector in order to use the information gathered to increase TollTag penetration on future managed lane corridors. An initial phase has tested prize giveaways and increased TollPerks points as an incentive to purchase a TollTag. A second phase will test offering \$20 in matching funds for new TollTag customers in targeted areas and income levels. A final phase of the program will work with inspection stations and car dealerships to promote TollTags through those businesses. Reports will be developed assessing the relative success of the incentives and can be applied to efforts in additional corridors.

Approximately \$2 million in US Environmental Protection Agency funds were received under the FY2017 National Clean Diesel Funding Assistance Program. NCTCOG also received approximately \$63,000 in new contributions to the North Central Texas Clean School Bus Program Supplemental Environmental Project (SEP). These funds were combined with existing SEP funds to open the Clean Fleets North Texas 2018 Call for Projects to provide funding for replacement of older diesel vehicles and equipment owned by local governments or private companies contracted to local governments. By the end of the fiscal year, approximately \$1.2 million had been awarded for 24 vehicles or equipment replacement activities and contracting with subrecipients is ongoing. Staff will continue to accept project applications through January 2019.

During FY2018, NCTCOG received \$45,000 in additional funding from the Department of Energy to continue work as the Dallas-Fort Worth Clean Cities Coalition. Through this initiative, staff provides education and information to fleets and the general public regarding ways to reduce emissions and improve energy efficiency of vehicular transportation. This initiative is ongoing.

NCTCOG received \$65,000 in December 2017 from the Texas Commission on Environmental Quality (TCEQ) to conduct an on-road mobile emissions inventory for the 10-county Dallas-Fort Worth ozone nonattainment area. This inventory was developed to support Reasonable Further Progress analysis for the State Implementation Plan revision for the 2008 eight-hour ozone standard. Final deliverables, including average summer weekday emissions estimates of criteria air pollutants, were submitted to the TCEQ on August 17, 2018.

NCTCOG entered into an agreement with the University of Texas at Arlington for \$50,000 in Surface Transportation Block Grant funds to conduct a study of the rate of usage and opportunities to increase the use of the truck stop electrification (TSE) service at overnight truck parking stations in the Dallas-Fort Worth region.

Approximately \$1.2 million in Surface Transportation Block Grant Program (STBG) funds were received as part of the Texas Connected Freight Corridors project. These funds will be used to add connected vehicle and connected infrastructure technologies to the IH 30 corridor between Dallas and Fort Worth.

In 2018, approximately \$540,000 in Surface Transportation Block Grant Program funds were secured for designing and developing a multipurpose automated transportation system.

The Automated Vehicle Program received \$245,000 in Transportation Planning Funds to continue developing and implementing automated vehicle strategies across the region.

### Area Agency on Aging (AAA)

The primary funding source for the Aging program was Title III of the Older Americans Act. After several years of relatively flat funding, Title III allocations were increased late in the fiscal year when federal appropriations were finalized. Even though federal funding increased, incremental revenues were not sufficient to meet the range of older adults' needs. The program continued to seek discretionary grants in order to increase program reach, in both breadth and depth.

Discretionary grants, by funding source and amount, included:

- Nursing home relocation funding in the amount of \$1,158,985, under contracts with Amerigroup, Cigna Health Spring, Molina Health Care, Superior Health Plan, and United Health Care.
- Aging and Disability Resource Center funding awarded by Texas Health and Human Services in the amount of \$401,456.
- Fall prevention funding, awarded by the United Way of Tarrant County in the amount of \$26,775.
- Senior Medicare Patrol funding, awarded by the Better Business Bureau, in the amount of \$20,000

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.

Last year the 9-1-1 program transitioned to a Regional 9-1-1 Emergency Communications District. As the staff begins the year as a regional district, transitional activities will continue. A new Board of Managers will be appointed as well as a Strategic Advisory Committee. 2019 offers many opportunities for research, planning and mitigation as our number one priority is to focus on the stability of the NCT9-1-1 system and mitigate future outages. Formal After-Action Evaluations have been conducted and there is a project dedicated to mitigation efforts. The network and Core Services are always a vital part of the 9-1-1 system that requires ongoing research and development. NCT9-1-1 is even working with Texas A&M University and Mission Critical Partners to explore expansion of the network through building fiber and utilizing grants. Of course, cyber and physical security remain a priority for the technology team and the District.

9-1-1 call handling equipment was successfully replaced last year in all Public Safety Answering Points (PSAPs) as planned to provide PSAPs with added capabilities and features.

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.

GIS remains an area of growth and importance in the advancement of 9-1-1 services. The GIS team will continue to focus on error resolution with their new regional GIS data quality control services. The team is also working with the NCTCOG Environment & Development department to pilot flood warning data for a PSAP and is testing WAZE data for the PSAPs in the GIS lab.

Following the equipment upgrade, the data team will implement a NG Analytics program that will collect 9-1-1 call data and put it into reports for the PSAPs. In addition, the program will create a dashboard for PSAPs. This program will be the platform for future phases of gathering additional data, analyzing the data and predicting actions based on the data.

New FCC mandates have wireless carriers providing Real time text (RTT) to the general public. This technology is not compatible with 9-1-1 systems currently, and the RTT calls are converted to legacy TTY, reducing capabilities. NCT9-1-1 will work to provide PSAP awareness and training on this new technology.

On the people side, this industry (like most) is losing baby boomers to retirement at an alarming rate. This leaves a hole of knowledge and experience in public safety communications. NCT9-1-1 is working on a program to identify retired subject matter experts (SMEs) that could work on a part-time/contract basis to assist with projects in their area of expertise.

The telecommunicators are another group of people that NCT9-1-1 will focus on this year, as in the past. The operations team will be working on a PSAP resource document to provide a central location for standards and best practices that can serve as a model for potential improvement. The team is also developing a new training series to assist telecommunicators, supervisors and managers grow. This will supplement the training provided by the District such as the two Regional Telecommunicators Academies hosted annually and specialty training for the telecommunicators.

Becoming a district provides excellent timing for revising and improving the records/document management processes. The projects team will research and implement tools and policies that will enhance our documentation and streamline our current processes.

2019 is a year for strengthening and enhancing the 9-1-1 service in the North Central Texas 9-1-1 region. The District has established clear goals and identified specific projects that will solve problems and improve services for the citizens of the region. In all planning efforts, the mission is considered with each project. This strategic plan is the blueprint for 2019 and NCT9-1-1 saving lives and making a difference!

## **Community Services**

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

During Fiscal Year 2018 the Criminal Justice Program focused its efforts on meeting requirements set forth in the *Interlocal Cooperation Agreement* between NCTCOG and the Office of the Governor's Criminal Justice Division. Staff provided technical and operational assistance to more than 110 agencies for 160 new and continuation criminal justice grant applications; conducted 18 grant application workshop sessions; oversaw strategic planning efforts; and carried out other tasks that met administrative requirements of the Criminal Justice Division.

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

TDI facilitated 78 courses for the region; coordinating 2 courses for NCTCOG staff, 1 new Cohort Program for Emerging Finance Professionals in the Region and 4 off-site courses in the region all serving over 1,500 participants. In addition to facilitating training courses, TDI has facilitated and scheduled repeatable, yearly and/or monthly room reservations for three entities; Texas State University's Center for Public Management for 1.5 days monthly, Texas Tech University's Institute of Government Finance for 1 week and GFOAT for their 3-day Government Finance Academy.

TDI assessed the value of the Red Vector online content that was being offered in our Learning Management System - after having it available to the market for a complete year. After assessing the needs of the region and department, TDI built out a plan for internal content creation of tracked training in the

academies of Human Resources/Compliance and Management and Leadership. TDI also acquired 2 new social media profiles; Twitter and Facebook to reach a social media audience for additional marketing opportunities and created branding for each training academy for use in marketing platforms and in conference marketing materials.

Of the courses offered this fiscal year, 12 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 188 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 261 participants received their certificates of completion for this training course during the 2018 fiscal year.

In cooperation with NCTCOG's Transportation Department, the TDI hosted 6 Traffic Incident Management courses for First Responders & Managers that consisted of 199 participants from a variety of agencies.

In addition to the courses outline above, the TDI facilitated and built out the course offerings in the areas of Code Enforcement, Development Services and Leadership & Management Best Practices. The TDI staff additionally help provide support when needed for 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 (RPA)***

During 2017/2018 the Regional Police Academy conducted 10 Basic Peace Officer Courses and graduated 248 new law enforcement officers from throughout the NCTCOG region. The Regional Police Academy conducted 129 In-Service law enforcement training courses for 2,147 in service officers providing a total of 218,240 contact hours for Basic Peace Officers training, and a total of 25,076 contact hours for In-Service training.

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

##### **(CF/SL) Regional Emergency Preparedness Member Program**

In 2018, the North Central Texas Regional Emergency Preparedness Program, managed by the Emergency Preparedness Department, collected \$424,000 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 a regional active shooter response summit where 200 plus stakeholders from law enforcement, fire, hospitals, emergency management and federal partners participated. 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.

##### **(MB/MN) 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), Stakeholder Preparedness Review (SPR), Regional Implementation Plan (RIP) and UASI Strategy. 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 2018, the region received \$1,754,732 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 cyber security and others.

### **(MD) 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 2017. 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 2018 CERT program members served NCT in support roles such as wide area search, damage assessment, triage, and first responder rehab. Programs also continued training in shelter operation, Stop the Bleed, CPR, and other partner preparedness offerings.

### **Pre-Disaster Mitigation (PDM) Planning Projects**

The Emergency Preparedness Department was awarded \$324,000 in federal PDM grant funds in 2018, supporting hazard mitigation planning for 33 North Central Texas jurisdictions in Erath, Hood, Hunt, Palo Pinto, and Parker Counties. Mitigation plans for the participating jurisdictions in these counties remain in the initial planning process. Additionally, mitigation plans for the 34 jurisdictions in Tarrant County, funded by a \$264,007 PDM grant award received in 2017, is in the final planning stages. 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 date, the EP Department has received \$3,676,100 in federal mitigation funds to administer the Individual Safe Room Rebate Program in North Central Texas. These safe room grants have resulted in 1,297 installed safe rooms and \$2,309,044 in awarded rebates. Remaining program funds will provide additional safe room rebates to participants on the waitlist. The EP Department will continue to seek funding as opportunities arise.

### **(SL/AP) 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 2018, the EP Department continued to manage the CASA WX membership program, collecting membership dues from local jurisdictions totaling \$218,000. 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 2018, but has not been installed. 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, the FY 18-19 biennial cycle of the Texas Commission on Environmental Quality (TCEQ) grant began, including conducting six briefing sessions, developing grant criteria and timelines, ten pre-application meetings, a scoring process for 15 applications with assistance from the Resource Conservation Council (RCC), and selection and administration of 14 local government projects totaling \$659,542. A toolkit for grant recipients was developed for grant execution, and 140 technical assistance requests were responded to. Procurement and contract materials were developed for RCC requested regional projects totaling \$659,542, including the Regional Recycling Survey and Educational Campaign, and the Recycling Technical Assistance Project. The RCC advised on updates and maintenance to the TimetoRecycle.com (39,992 website page views), ReportDFWDumping.org (7,309-page views), and NCTCOG solid waste management websites and social media posts. Ninety-four participants attended four hosted trainings/workshops, booths were provided at 15 public outreach events, nine association meetings/conferences were attended, and two presentations to partner organizations were given. In addition, 33 responses to inquiries into the status of the Closed Landfill Inventory were handled and 278 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, four Water Resources Council (WRC) committee meetings were hosted, one Total Maximum Daily Load (TMDL) Coordination Committee meeting, and two TMDL Wastewater, Stormwater, and Monitoring Forum Technical Subcommittee meetings were hosted. The regional Water Quality Management Plan was updated and submitted to TCEQ, forty-six responses providing regional water priorities were obtained through the issuance of a water resources questionnaire, thirty-eight participants attended two hosted water trainings/workshops, six Clean Water State Revolving Fund projects were responded to, and five watershed protection plan meetings were attended. In April, in connection with our Transportation Department, our ConserveNorthTexas.org website was launched, providing a clearinghouse of information related to energy, water, and transportation, and the value and nexuses between these resources. During the year, 3,456 visitors accessed the website and case studies. A regional networking event was hosted in June connecting non-profit agencies with those with an interest in supporting environmental goals and conservation activities; and development began on a web-based tool to demonstrate the economic and environmental benefits of natural resource stewardship for transportation and development projects.

In the Public Works program area, we held the 19th Annual Public Works Roundup which was attended by 156 public works professionals; published the regions Fifth Edition, 2017 Standard Specifications for Public Works Construction; hosted six training workshops on various public works topics; created and maintained the Regional Public Works Training Calendar; updated a more user-friendly integrated Stormwater Management (iswm.nctcog.org) website with case studies and a training library; hosted a Sustainable Public Rights of Way (SPROW) Education Forum; and co-hosted a symposium with a utility district promoting green infrastructure, iSWM, conservation easements, and other low impact development techniques appropriate for our region. In addition, we utilized our websites and social media accounts to facilitate public outreach on campaigns including DefendYourDrainsNorthTexas, CeaseTheGreaseNTX, and the Holiday Grease Roundup, receiving 15,229-page views and 171,312 impressions. We also provided administrative and technical support for the Community Development Block Grant (TxCDBG) program

through updates and trainings, and development of an updated North Central Texas Regional Review Committee Guidebook.

In the Regional Codes program area, review and adoption of regional amendments to nine of the suite of 2018 International Codes was completed. An annual code survey to determine adoption of the suite of international codes by local governments in North Central Texas was conducted resulting in documented 61 respondents with 83% utilization of the NCTCOG amendments. Discussions also commenced towards development and utilization of a common plan review software.

In the Watershed Management program area, meetings with committees, stakeholders and interest groups regarding the region's watersheds continued, with efforts for updates to the "Preventing Stormwater Pollution" training video series; development and printing of an updated Illicit Discharge Detection & Elimination (IDDE) Field Guide; development and publishing of a regional ordinance template for Post-Construction Stormwater Management; carrying forward a Do the Right Thing outreach and photo contest; campaigns, social media, and blog posting for Texas SmartScape; and executing the educational items regional cooperative purchase. Stormwater monitoring activities included development of a new Task Order for the contractor through coordination with our participating local governments, and the special FY18 project was a month-by-month social media toolkit for use by NCTCOG and members. 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 11 CDC applications were processed. Efforts for 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 continued. Further progress towards the integration of a georeferenced and consolidated CDC model, tying together the resources needed for FEMA, USACE, and CDC development applications was made. In Cooperation with our North Texas SHARE program, a Regional Early Flood Warning Software platform has become available to our members. In partnership with FEMA, TWDB, and the Texas Floodplain Managers Association (TFMA), Environment and Development held our 23rd 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 resulted in 50 attendees. Three additional CFM exam offerings were also hosted at our facilities. Additionally, as a part of our Cooperating Technical Partner (CTP) relationship with FEMA, administration of the FEMA CTP FY16 East Fork Discovery project and the McAnear Creek and West Buffalo Creek Flood Risk Studies continued, a Flood Risk Study project on Mary's Creek in Parker County was submitted and approved, and additional 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.

In the Development Excellence program area, support for the Center of Development Excellence (DevEx) and the 12 Principles of Development Excellence continued through exploration of regional priorities, strategies, and interests through DevEx Steering Committee discussions, North Central Texas Stewardship Forum committee discussions, and a regional survey. The DevEx website was enhanced to be more user-friendly and searchable, to provide a broader coverage of DevEx topic areas, and to focus on and add to example projects and case studies that have been constructed within our region and can be easily visited. In addition, two Lego Regional Planning Exercises were conducted, and the Community Health and Resource Management (CHARM) tool for community Comprehensive Plan development was introduced to several of our communities for upcoming workshops.

## **Research and Information Services (RIS)**

### **Research**

NCTCOG's Research and Information Services (RIS) Department provides objective, consistent, and timely information and analysis on development in the region for use in regional and local planning and economic development activities. The emphasis is on population, employment, and other socio-economic factors; commercial and residential development; and land use. Development analysis is aided by remote sensing tools like up-to-date aerial photography and elevation (LiDAR) data. New initiatives within Research will focus on improving quality and efficiency, making data more accessible, and innovation in dataset development.

### **Focus on Quality and Efficiency**

Local governments find data from RIS programs indispensable for their own planning and decision-making activities. The programs that exist today are those that have endured because of their value. RIS understands that quality information is critical. In support of this, each RIS data program is being evaluated to ensure that the programs are taking advantage of updated technologies. Particular attention is being given to areas where technology can be used to implement additional quality assurance and control procedures and increase efficiency. One example is the annual estimates program, which provides current-year estimates of housing units and population for cities in the region. Improved database design along with newer technology are being implemented to increase the efficiency of this program. Another example is the Spatial Data Cooperative Program (SDCP). RIS is continually looking at ways to improve the program, including investigating more frequent aerial photography capture and offering more accurate datasets.

### **Focus on User Experience**

*DFWmaps.com* is an interactive mapping website provided by RIS. *DFWmaps* is being updated to a newer platform that will provide a consistent interface on any device. The demographic summary tool is being expanded to allow for more flexibility that is sure to be welcomed by users. An extension of the new platform will encompass the current *DFWmaps* spatial data purchase site, recently rebranded as *DFWmaps Marketplace*. In addition to a more intuitive interface, the updated *DFWmaps Marketplace* will provide opportunities for future premium services and content.

### **Focus on Innovation**

A critical element of dataset development is sound and defensible methodology. Many of the RIS research programs have been using essentially the same methodology since their inceptions. For one program in particular, the methodology has changed over the years in attempts to improve the outcome and usefulness of the data. Special emphasis is now being paid on developing a consistent and reliable methodology based on innovative applications of standard methods and techniques for Demographic Forecasting. The Demographic Forecasting program provides long-range, small-area demographic forecasts for use in infrastructure planning, particularly transportation. For the forecasting work, a sophisticated data modeling system that uses both standard statistical models and machine learning algorithms is under development and showing great promise at addressing shortcomings of previous approaches. The availability of higher capacity computers and skilled staff are making this innovate application possible.

## **Workforce Development (WF)**

### **WORKFORCE OVERVIEW**

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 service 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 using our Mobile Workforce Unit.

## COLLABORATING WITH THE COMMUNITY TO ADDRESS WORKFORCE NEEDS

One of the key ways in which Workforce Solutions for North Central Texas (WSNCT) helps regional education, economic development and industry partners is by facilitating their requests for valuable grants available from the Texas Workforce Commission and other funding sources. These grant programs help businesses to thrive by providing them with better-trained workers who are equipped with the latest knowledge and skills.

### **Jobs and Education for Texans Program**

The Texas Workforce Commission, through the Jobs and Education for Texans (JET) grant program, allocates \$10 million each biennium to defray start-up costs associated with the development of career and technical education programs to public community and technical colleges, and independent school districts. JET grants provide potential economic returns through:

In 2018, Workforce Solutions for North Central Texas (WSNCT) provided support to 10 grant requests submitted by colleges and Independent School Districts (ISD) for training programs within our region.

### **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.

In partnership with local community colleges and economic development partners, Workforce Solutions for North Central Texas (WSNCT) facilitated the award of \$895,086 in SDF grants in 2018, training 174 new workers and 466 existing workers.

### **Texas Vocational Rehabilitation Services Integration**

Workforce Solutions for North Central Texas (WSNCT) continued efforts last year to integrate Texas Vocational Rehabilitation Services into the workforce system. In 2018, full integration of the Greenville workforce center, including nine Vocational Rehabilitation staff was completed and the centers are now ready to assist eligible people with disabilities. The new Granbury workforce center is the most recent integration effort.

### **Innovative Partnerships Supporting a Thriving Workforce Event**

In June 2018, Workforce Solutions for North Central Texas hosted a signature dinner event, themed "Innovative Partnerships Supporting a Thriving Workforce," at the Omni Frisco Hotel. The event brought together forward-thinking decision- and change-makers from across the Dallas-Fort Worth Metroplex to explore actionable workforce initiatives that help our region continue to thrive.

This event engaged and ignited those invested in the region's economic growth. It also reinforced the participating organizations' commitment to strengthening our local competitive advantage through training and education, partnering to promote a skilled workforce and broadly transforming the region's workforce systems.

### **AEL/North Central Texas Workforce Regional Coalition**

Teaming up to ensure adults in our 14-county region have basic education and literacy skills is a critical role that Workforce Solutions for North Central Texas (WSNCT) embraces, as part of pre-paring our workforce to meet industry's needs.

Since the Adult Education & Literacy/North Central Texas Workforce Regional Coalition (AEL/Workforce Regional Coalition) was formulated in June 2015, the Coalition partners have worked collaboratively to address transitional issues, share information and best practices, and explore systems/services for continuous improvement in order to close strategic and operational gaps. The Coalition's prime objective is to promote integration, cooperation and collaboration between AEL providers and WSNCT staff to

ensure the occurrence of aligned services across all systems. Participating partners of the AEL/Workforce Regional Coalition are as follows:

- Denton Independent School District
- Navarro College
- Paris Junior College
- Weatherford Independent School District
- Workforce Solutions for North Central Texas

### **Hiring Red, White & You! Statewide Career Fair**

In November 2017, Workforce Solutions for North Central Texas hosted the 6th Annual Statewide, “Hiring Red, White & You!” career fair at the Allen Event Center. The local hiring event involved a multi-agency collaboration designed to help military heroes, their spouses and family members successfully transition into the civilian workforce, and to encourage Texas employers to take advantage of the special skills, unique experiences and valuable perspectives that former service personnel have to offer. The event featured a combined 120 companies and resource agencies looking to hire job seekers. Additionally, community resource partners were available onsite to assist job seekers one-on-one with resume writing, career coaching and translating military experience into language that is relevant to civilian employers.

## **CAREER EXPLORATION EVENTS AND INITIATIVES**

### **Youth Career Exploration Event**

Workforce Solutions for North Central Texas (WSNCT) partnered with Education Service Center, Region 11, to host iWork 2018 on September 4, 2018. The event provided hands-on career exploration and educational information to 1,176 students from 14 independent school districts across the region.

### **Student HireAbility Navigator Initiative**

The Student HireAbility Navigator Initiative was implemented within the Workforce Solutions for North Central Texas (WSNCT) Board area in August 2018 in order to improve access to employment and training services and increase employment opportunities for students with dis-abilities who are in the early phases of preparing for transition to post-secondary education and employment. In 2018, two Student HireAbility Navigators (Navigators) were hired to serve our 14-county board area.

### **2018 Teacher Externship Program**

Workforce Solutions for North Central Texas collaborated with the Terrell Independent School District to host the 2018 Teacher Externship initiative from June to August 2018. The program provided teachers and employers a unique opportunity to work together in order to increase the teachers’ ability to apply workplace skills in the classroom, thereby enhancing the real-world applicability of student learning.

Over the course of the summer program, 14 teachers and 7 employers participated in three-day sessions where teachers engaged in workplace activities at an employer site. Through this experience, teachers developed lesson plans with greater relevance to their subject matter and subsequently shared increasingly valuable life skills with their students.

### **Foster Youth Summer Internship Pilot Program**

Last year, Workforce Solutions for North Central Texas partnered with the Texas Department of Family and Protective Services and Marshalls Department Store to establish a summer internship pilot program to provide foster youth the opportunity to develop marketable job skills and obtain professional work experience. The pilot project is a result of House Bill 1608, which was approved by the Texas Legislature during the 85th Session in 2017.

### **Facilitating Career Exploration – Career Coach**

Workforce Solutions for North Central Texas (WSNCT) continues to invest in Career Coach, an online career search program developed by Emsi, to expand access to career and educational exploration services. Career Coach provides assessments to guide users to careers aligned with their strengths and interests. Users then review the identified occupations to learn about the demand, wages, growth potential and typical educational requirements. The site provides the user with information on educational programs available within their region which would aide in working toward the occupation. The tool also provides a customizable resume builder to assist our students and job seekers in creating professional resumes that can be downloaded, and also offers a military code to occupation code translator.

### **Summer Earn and Learn Program**

Through the Summer Earn and Learn (SEAL) Program, Workforce Solutions for North Central Texas (WSNCT) partners with the Texas Workforce Commission’s Vocational Rehabilitation Services (TWC-VRS) to provide students with disabilities, ages 14-22, with employability skills training and paid work experience for five weeks during the summer. 2018 marked just the second year of this relatively new, statewide initiative.

WSNCT center staff and TWC-VRS collaborated to refer a total of 423 students from our 14- county region to the program. A cohort of 333 students attended a workforce orientation, and 290 students completed employability skills training. Ultimately, 232 students successfully completed five weeks of paid work experience, exceeding our goal of 217.

### **Early Childhood Conference**

In June 2018, WSNCT hosted its 4th annual Early Childhood Conference in Hurst, with a theme of “Bright From the Start.” Child care facility owners, directors, teachers and caregivers attended workshops that addressed outdoor play, brain development in young children, leadership, professionalism and other related topics.

### **Professional Development**

Throughout the past year, Workforce Solutions for North Central Texas offered a variety of training opportunities to child care providers as a part of its initiative to promote quality child care practices.

- 100 caregivers graduated from the 120-hour Child Development Associate (CDA) course. 25 caregivers received their CDA credential by September 2017.
- 18 participants were awarded an Early Childhood Management Institute administrator’s Credential.
- Nine students who were employed at Texas Rising Star (TRS) facilities were awarded scholarships to take classes in early childhood education and child development at colleges or universities.
- 31 training sessions were offered throughout the region, and over 700 early childhood professionals benefitted from quality training in early childhood education and child development.
- 236 scholarships were awarded to early childhood professionals to attend local, state or national conferences, including events organized by Conscious Discipline, the Texas Association for the Education of Young Children and the Association for Early Learning Leaders.

### **Early Learning Resources**

Workforce Solutions for North Central Texas (WSNCT) provided over \$115,000 in grants during Fiscal Year 2018 for Texas Rising Star (TRS) providers. TRS is the state’s child care quality rating improvement system. These grants allowed providers to enhance their centers with new equipment and materials to ensure quality learning environments were available for the children they serve.

Additionally, WSNCT provided over \$87,000 in grants to TRS providers who requested early childhood curricula for children ages 3-5 years. TRS providers who received a curriculum were provided training on how to implement the curriculum in the classroom.

Finally, WSNCT partnered with Scholastic Book Fairs again and sponsored Reading Oasis Centers for 11 more TRS providers. These centers continue to provide a place where families can read together. The goal is to promote early literacy and family involvement at our region's TRS child care facilities.

### **Going Paperless**

One of Workforce Solutions for North Central Texas' (WSNCT) primary focus areas is developing and maintaining a high-impact technology platform that attracts participants, employers and job seekers, while also allowing individuals and organizations to share data, ideas and opportunities efficiently in order to maximize the value of our workforce systems. To this end, WSNCT is pursuing a number of key, technology-related initiatives, one of which is our purposeful use of Laserfiche.

Our Child Care Program was the initial program to transition to the Laserfiche environment, in November 2017. Thereafter, Workforce Investment Opportunity Act (WIOA) programs, Trade Adjustment Assistance (TAA) and Rapid Response were the next programs to automate their processes utilizing Laserfiche, effective September 2018.

### **Managing Business Relations Utilizing CRM**

Workforce Solutions for North Central Texas' (WSNCT) newly upgraded Customer Relationship Management (CRM) tool launched in early 2018. The CRM is used primarily by the Business Development Unit, but its purpose for the organization is to track and document activity with regional partners, including employers, economic development entities and independent school districts whose collaborative efforts are so critical to achievement of our regional workforce development goals.

### **Weatherford ISD Adult Education and Literacy Award**

Weatherford Independent School District, in partnership with Workforce Solutions for North Central Texas, was recognized by the Texas Workforce Commission for an Adult Education and Literacy (AEL) award for high school equivalency achievement, totaling \$50,000. The AEL award recognizes partners who demonstrate exemplary performance and outstanding AEL service delivery in partnership with employers, community colleges and workforce boards.

### **Texas Rising Star Quality Child Care Award**

Workforce Solutions for North Central Texas (WSNCT) was honored to receive the Texas Rising Star Quality Child Care Award at the Texas Workforce Commission Conference in the amount of \$75,000. This exemplary award honors Local Workforce Development Boards that have improved the quality of child care through the creation of exemplary projects that foster implementation and growth. "I am honored that Workforce Solutions for North Central Texas received this prestigious award," said David Setzer, WSNCT Executive Director.

### **Achievement of Excellence in Procurement® (AEP) Award**

In July 2018, Workforce Solutions for North Central Texas (WSNCT), in partnership with North Central Texas Council of Governments, received the annual Achievement of Excellence in Procurement® (AEP) Award from the National Procurement Institute, Inc. (NPI) for the eighth consecutive year. The AEP Award recognizes organizational excellence in public procurement. WSNCT is one of only 48 agencies in Texas and one of only 29 special districts in the United States and Canada to receive the award. Additionally, WSNCT is the only workforce board in the country to achieve this award.

### **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 of 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, 2018, 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 2019 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 Whitley Penn 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, 2017. This was the eighteenth 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 believe 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 Whitley Penn LLP 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



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

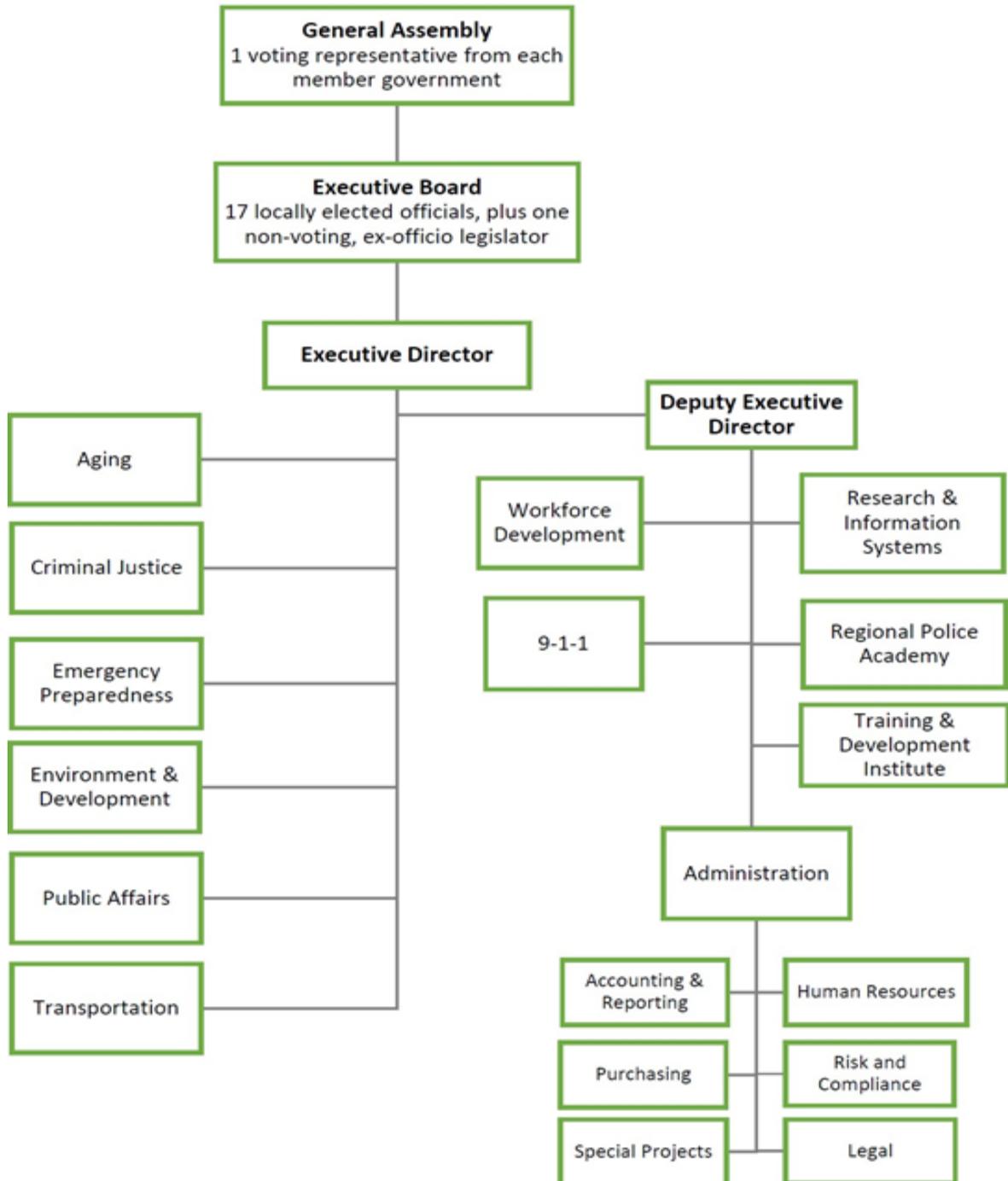
**September 30, 2017**

*Christopher P. Merrill*

Executive Director/CEO

# Organizational Chart

## North Central Texas Council of Governments



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
2018- 2019 EXECUTIVE BOARD

President  
**Kevin Strength**  
Mayor  
City of Waxahachie

Vice President  
**J.D. Clark**  
County Judge  
Wise County

Secretary-Treasurer  
**Ray Smith**  
Mayor  
Town of Prosper

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

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  
**David Sweet**  
County Judge  
Rockwall County

Director  
**Richard Stopfer**  
Mayor  
City of Irving

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  
**Tito Rodriguez**  
Councilmember  
City of North Richland Hills

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

Director  
**Paul Voelker**  
Mayor  
City of Richardson

Ex Officio Nonvoting Member  
**Ron Simmons**  
Member of the Texas Legislature

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**

## Mission Statement

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

North Central Texas Council of Governments



## Values:

REGIONALISM

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

GOVERNANCE

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

SERVICE

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

EMPLOYEES

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

ETHICS

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

INNOVATION

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



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

**Counties (16)**

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

**Cities (169)**

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

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

**Cities (169) - continued**

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

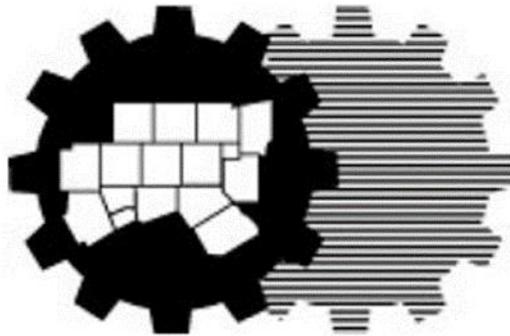
Mesquite ISD  
Midlothian ISD  
Plano ISD  
Richardson ISD  
Rockwall ISD  
Terrell ISD  
Weatherford ISD

**Special Districts (28)**

Acton Municipal Utility District  
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 Utility &  
Reclamation District

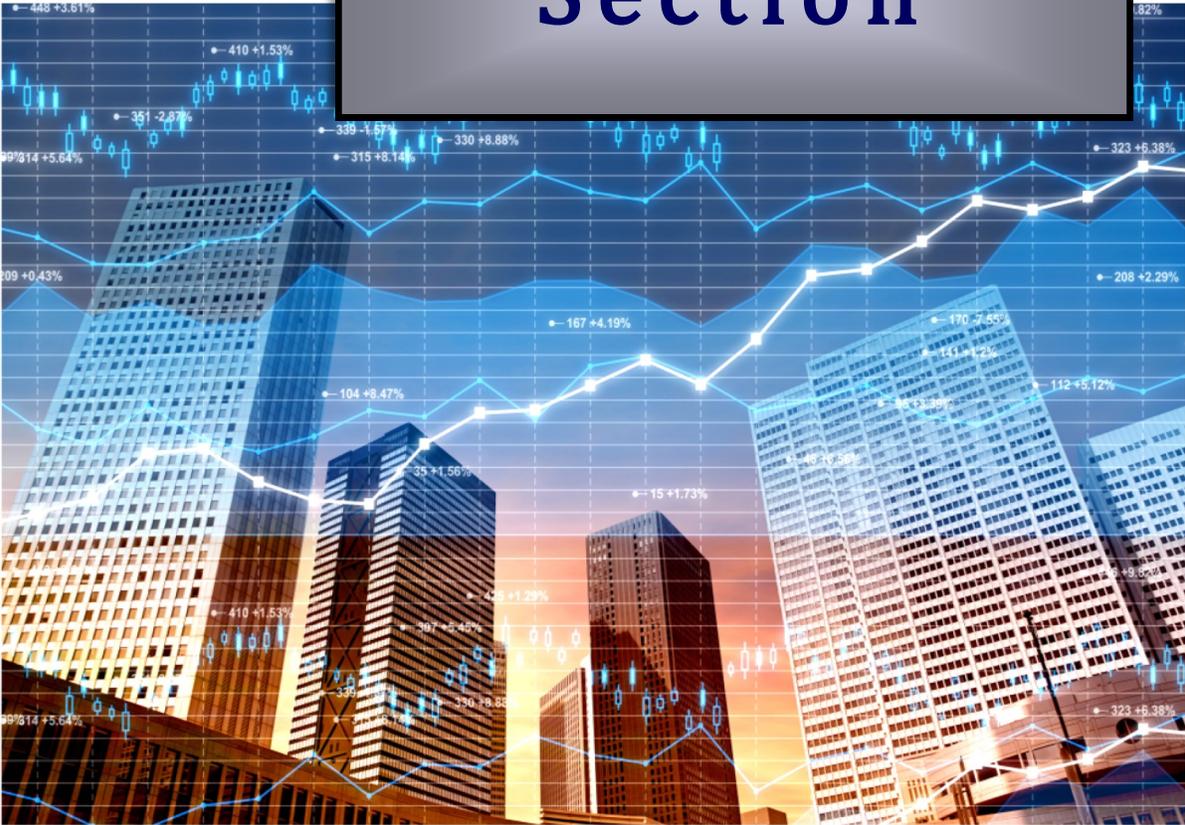
Dalworth Soil & Water  
Conservation District  
Denton County Fresh Water  
Supply District #1A  
Denton County Fresh Water  
Supply District #6/7  
Denton County Fresh Water  
Supply District #10  
Denton County Transportation  
Authority  
Hunt Memorial Hospital  
District  
Johnson County Special Utility  
District  
Lake Cities Municipal Utility  
Authority

Metropolitan Area EMS  
Authority  
Northeast Texas Rural Rail  
Transportation District  
North Texas Municipal Water  
District  
North Texas Tollway Authority  
Tarrant County Regional Water  
District  
Trinity Metro  
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 Board of Directors  
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, 2018, 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***

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 Council'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 Council'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.

To the Board of Directors  
North Central Texas Council of Governments

### ***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 of activities, each major fund, and the aggregate remaining fund information of the Council, as of September 30, 2018, and the respective changes in financial position and 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 on pages 4 to 12 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 as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules are the responsibility of management and were 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 Supplemental Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

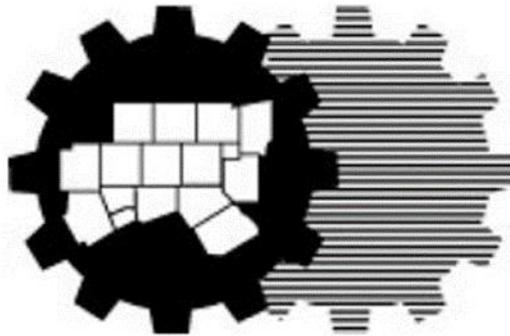
To the Board of Directors  
North Central Texas Council of Governments

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2019 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 Council's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Fort Worth, Texas  
February 18, 2019



**North Central Texas  
Council of Governments**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS** **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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, 2018. 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 - xvi of this report.

### **Financial Highlights**

- NCTCOG's assets exceeded liabilities at the close of the most recent fiscal year by \$20,599,720 (*net position*). Of this amount \$7,986,019 (unrestricted net position) may be used to meet the government's ongoing obligations to creditors and service implementation.
- The net position increased \$3,263,304 or a 19% increase in the current year. The increase was due to \$1,618,408 increase in net capital assets and \$1,644,896 increase in restricted and unrestricted funds.
- NCTCOG's governmental funds reported combined ending fund balances of \$14,096,155 an increase of \$1,278,608 or a 10% increase in comparison with the prior year. Of the total fund balance, approximately 38% is restricted for local transportation projects, 11% is reserved for grants, prepaids and other local projects, 48% is available for spending at the government's discretion (unassigned) and 3% is assigned for other agency projects.

### **Overview of the Financial Statements**

This discussion and analysis are 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 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 13 and 14 of this report.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 15 and 17 of this report.

**Proprietary Funds.** The NCTCOG maintains two types of proprietary funds:

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

The *enterprise 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 19-21 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 23-41 of this report.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**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 42-44 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 45-48 of this report.

**Government-wide Overall Financial Analysis**

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, total assets exceeded liabilities by \$20,599,720 at the close of the most recent fiscal year. Following is a summary of the Government-wide Statement of Net Position:

**COMPARATIVE SCHEDULE OF NET POSITION**  
*September 30, 2018 and 2017*

|                                  | Governmental Activities |                      | Business-Type Activities |                  | Total                |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|------------------|----------------------|----------------------|
|                                  | 2018                    | 2017                 | 2018                     | 2017             | 2018                 | 2017                 |
| Current and other assets         | \$ 101,866,663          | \$ 102,555,191       | \$ 106,604               | \$ 63,652        | \$ 101,973,267       | \$ 102,618,843       |
| Capital assets                   | 6,488,405               | 4,848,728            | 728                      | 21,997           | 6,489,133            | 4,870,725            |
| <b>Total Assets</b>              | <u>108,355,068</u>      | <u>107,403,919</u>   | <u>107,332</u>           | <u>85,649</u>    | <u>108,462,400</u>   | <u>107,489,568</u>   |
| Other liabilities                | 86,412,382              | 88,683,400           | 19,085                   | 18,939           | 86,431,467           | 88,702,339           |
| Long-term liabilities            | 1,431,213               | 1,450,813            | -                        | -                | 1,431,213            | 1,450,813            |
| <b>Total Liabilities</b>         | <u>87,843,595</u>       | <u>90,134,213</u>    | <u>19,085</u>            | <u>18,939</u>    | <u>87,862,680</u>    | <u>90,153,152</u>    |
| <b>Net Position</b>              |                         |                      |                          |                  |                      |                      |
| Net investment in capital assets | 6,488,405               | 4,848,728            | 728                      | 21,997           | 6,489,133            | 4,870,725            |
| Restricted                       | 6,124,568               | 5,924,051            | -                        | -                | 6,124,568            | 5,924,051            |
| Unrestricted                     | 7,898,500               | 6,496,927            | 87,519                   | 44,713           | 7,986,019            | 6,541,640            |
| <b>Total Net Position</b>        | <u>\$ 20,511,473</u>    | <u>\$ 17,269,706</u> | <u>\$ 88,247</u>         | <u>\$ 66,710</u> | <u>\$ 20,599,720</u> | <u>\$ 17,336,416</u> |

A portion of NCTCOG's net position, \$6,489,133, (32%) 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.

In addition, a portion of NCTCOG's net position, \$6,124,568, (30%) is restricted. Of this amount \$5,424,585 is for local projects related to transportation funded initiatives. In October 2005, NCTCOG's 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 2018. Current year expenses for these projects totaled \$943,273 and cumulative expenses through fiscal year 2018 amount to \$86,128,309, leaving a remaining \$4,261,205 restricted for remaining projects. Funding includes RTC local funds and anticipated local contributions from project sponsors in addition to local match funding. The remaining \$699,983 is restricted for grants with limitations specified by the funding agencies.

\$7,986,019 (38%) is considered unrestricted and may be used to meet the government's ongoing obligations to creditors and for service implementation.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Governmental Activities.** For the year ended September 30, 2018, NCTCOG's net position for governmental activities increased by \$3,263,304 or a 19% increase in the current year. Of this increase \$1,618,408 is in net capital assets and \$1,644,896 is in restricted and unrestricted funds. Following is a summary of the government-wide Statement of Activities:

**COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION**  
*For the Years Ended September 30, 2018 and 2017*

|                                     | Governmental Activities |                      | Business-Type Activities |                  | Total                |                      |
|-------------------------------------|-------------------------|----------------------|--------------------------|------------------|----------------------|----------------------|
|                                     | 2018                    | 2017                 | 2018                     | 2017             | 2018                 | 2017                 |
| <b>Revenues</b>                     |                         |                      |                          |                  |                      |                      |
| <b>Program revenues:</b>            |                         |                      |                          |                  |                      |                      |
| Federal administered grants         | \$ 6,122,920            | \$ 9,417,021         | \$ -                     | \$ -             | \$ 6,122,920         | \$ 9,417,021         |
| State administered grants           | 122,996,621             | 116,521,194          | -                        | -                | 122,996,621          | 116,521,194          |
| Local administered grants           | 49,981                  | 311,242              | -                        | -                | 49,981               | 311,242              |
| Local contracts and in-kind         | 22,945,328              | 21,255,535           | 1,440,309                | 1,314,460        | 24,385,637           | 22,569,995           |
| <b>General revenues:</b>            |                         |                      |                          |                  |                      |                      |
| Membership dues                     | 708,243                 | 697,285              | -                        | -                | 708,243              | 697,285              |
| Interest income                     | 954,524                 | 340,547              | -                        | -                | 954,524              | 340,547              |
| <b>Total Revenues</b>               | <b>153,777,617</b>      | <b>148,542,824</b>   | <b>1,440,309</b>         | <b>1,314,460</b> | <b>155,217,926</b>   | <b>149,857,284</b>   |
| <b>Expenses</b>                     |                         |                      |                          |                  |                      |                      |
| Agency administration               | 7,852,410               | 7,410,029            | -                        | -                | 7,852,410            | 7,410,029            |
| Agency management                   | 885,791                 | 802,210              | -                        | -                | 885,791              | 802,210              |
| Community services                  | 1,364,502               | 1,140,500            | 339,193                  | 227,214          | 1,703,695            | 1,367,714            |
| Area Agency on Aging                | 16,601,140              | 15,557,101           | -                        | -                | 16,601,140           | 15,557,101           |
| 9-1-1 Planning                      | 14,423,825              | 8,056,787            | -                        | -                | 14,423,825           | 8,056,787            |
| Emergency preparedness              | 4,434,937               | 2,926,935            | -                        | -                | 4,434,937            | 2,926,935            |
| Environment and development         | 2,212,906               | 3,293,253            | -                        | -                | 2,212,906            | 3,293,253            |
| RIS local assistance                | 2,704,069               | 4,847,837            | 1,106,029                | 1,127,546        | 3,810,098            | 5,975,383            |
| Transportation planning             | 38,551,550              | 44,387,187           | -                        | -                | 38,551,550           | 44,387,187           |
| Workforce development               | 61,478,270              | 60,308,475           | -                        | -                | 61,478,270           | 60,308,475           |
| <b>Total Expenses</b>               | <b>150,509,400</b>      | <b>148,730,314</b>   | <b>1,445,222</b>         | <b>1,354,760</b> | <b>151,954,622</b>   | <b>150,085,074</b>   |
| Increase (decrease) in net position | 3,268,217               | (187,490)            | (4,913)                  | (40,300)         | 3,263,304            | (227,790)            |
| <b>Transfers</b>                    | <b>(26,450)</b>         | <b>(36,450)</b>      | <b>26,450</b>            | <b>36,450</b>    | <b>-</b>             | <b>-</b>             |
| Increase (decrease) in net position | 3,241,767               | (223,940)            | 21,537                   | (3,850)          | 3,263,304            | (227,790)            |
| Net position - beginning            | 17,269,706              | 17,493,646           | 66,710                   | 70,560           | 17,336,416           | 17,564,206           |
| <b>Net position - ending</b>        | <b>\$ 20,511,473</b>    | <b>\$ 17,269,706</b> | <b>\$ 88,247</b>         | <b>\$ 66,710</b> | <b>\$ 20,599,720</b> | <b>\$ 17,336,416</b> |

Significant components of the net position activity are as follows:

Governmental activities total revenues increased \$5,234,793 or 3.52% in the current year. This increase is comprised of the following major components:

- Federal revenues decreased \$3,294,101 (35%) in the current year. \$3,012,934 of this decrease relates to Federal Transit Administration (FTA) programs. During FY 2018 no vehicle purchases were made.
- State revenues increased \$6,475,427.5 million (6%) in the current year made up of the following:
  - \$7,081,194 increased funding from CSEC. Increase network and PSAP costs. \$2,217,436 is for building Microwave towers at PSAPS, \$1,285,981 is for CPE replacements at PSAPS.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- \$1,012,677 is for purchase of USG3D Orthoimagery Package. \$900,801 for purchase of Cisco servers, Cisco blades, 911 Lab, and disaster recovery infrastructure. Other costs increases of \$1,723,946 for network monitoring, project management for CPE, microwave towers and related maintenance renewals.
- \$1,903,514 increase from TWC. In FY 2018 child care enrollment restrictions imposed by TWC were lifted allowing the NCTCOG to enroll additional children within the various child care centers included within the NCTCOG's region. Increased children in FY 2018 enrolled in child care by the Department of Family and Protective Services.
  - \$2,425,992 decreased funding from TCEQ. Transportation collected \$1,459,251 for non-compliance with Texas Emission Reduction Plan (TERP) grant obligations. The funds were returned to TCEQ in February 2018. \$1,268,822 reduction in the Solid Waste program. This a two-year grant with most of the money being spent in year two. \$253,501 increase in the Aircheck program
- Local revenue and in-kind increasing \$1,689,793 (19%). This increase was made up of the following:
- FTA in-kind increased \$250,488 due to more operating expenses that require a 50% match
  - TXDPS in-kind \$889,374 increase mostly from the Safe Room program
  - Health and Human Services Commission (HHSC) \$559,265 increase in-kind from Nutrition, Transportation and Information and Referral & Assistance programs.
  - TWC \$501,148 decrease in-kind due to the reduction in funding for the FY18 local match childcare contract.
  - The Area Agency on Aging has several local contracts with Managed Care Organizations (MCO's) resulting in an increase of \$1,090,384 in local revenue.
  - Workforce has entered into similar contracts with TWC for the Vocational Rehab (VR) program resulting in an increase of \$878,364 in local revenue.
  - Research and Information Services had a decrease of \$2,129,588 mostly due to aerials as this is done every other year.
  - Environment & Development had an increase of \$372,000 due to the start of a new Stormwater Consulting Monitoring contract.
  - Transportation had an increase of \$134,269 as new RTC Local projects were implemented; The two major projects were the Fort Worth Citywide Active Transportation Plan, \$278,331, and the Preston Center NW Hwy: Parking Garage Feasibility & E-W Connector Studies, \$116,907. Other older projects are phasing such as the Congestion Management Programs and the Land Use & TR Initiatives.
- General revenues increased \$624,935 (182%), mostly due to higher interest rates.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Governmental activities total expenses increased \$1,779,086 or 1% in the current year. Key elements of the changes are as follows:

- Transportation expenses decreased \$5,835,637 or 13% when compared with 2017.
  - \$1,459,251 returned funds to TCEQ for the TERP program
  - \$3,012,933 less in FTA vehicle purchases
  - \$1,433,733 less in RTR High Speed Rail Project
  - \$2,940,274 less in CMAQ projects
  - Offset by an increase of \$3,634,473 in Air Quality and 511 Traveler Information System projects.
- Research and Information Services expenditures decreased \$2,143,768 or 44% when compared with 2017. The contributing factor of this decrease was a half regional flight in our orthophotography program. Every year either a full flight or a limited flight is performed.
- Emergency preparedness expenses increased \$1,508,002 or 52% when compared to 2017. The major component of this increase relates to increased mitigation activity, primarily in the Safe Room Program.
- Environment & development expenses decreased \$1,080,347 or 33% when compared to 2017. 2018 was the first year of a two-year Solid Waste grant cycle and typically, most of these expenses occur in year two.
- Area Agency on Aging expenses increased \$1,044,039 or 7% primarily made up of increased activity in the Relocation Program.
- 9-1-1 Planning increased \$6,367,038 or 79% when compared with 2017, mostly related to capital outlay at PSAPS for microwave towers and CPE.
- Workforce Development increased \$1,169,795 or 2% due to increased children in FY 2018 enrolled in child care by the Department of Family and Protective Services.
- Community Services increased \$224,002 or 20% due to increased activity at the Regional Police Academy and the Training & Development Institute.

**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 \$14,096,155 an increase of \$1,278,608 in comparison with the prior year. Approximately 48% of this total amount (\$6,763,649) 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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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 \$6,868,329. 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 \$384,157 during the current fiscal year.

**Special Revenue Fund.** The fund balance of NCTCOG's special revenue fund increased by \$894,451 during the current fiscal year for future use in the following areas: \$547,223 for transportation projects, \$10,508 will be used for activity in the Federal Emergency Management Agency FEMA Cooperating Technical Partners (CTP) Program, \$13,744 will be used for the Solid Waste Program and \$411,116 for future local projects. Used funds include \$56,729 from the Texas Water Development Board and \$31,411 for Criminal Justice programs

**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 \$383,082 which represents 6.4% 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 as of September 30, 2018 and 2017 amounted to \$6,488,405 and \$4,848,728 respectively (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and leasehold improvements.

Detailed information on the NCTCOG's capital assets can be found in Note G on pages 37-38 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 2019 is estimated at \$722,876.

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 2019 increased a net of \$17.2 million from fiscal year 2018.

Major state and federal program increase in funding of \$17.5 million mainly comprised of:

- Workforce programs estimated a \$13.2 million increase from the Texas Workforce Commission (TWC). Most of these funds are for Child Care programs.
- Transportation programs projected an increase of \$2.6 million primarily comprised of:
  - Texas Commission on Environmental Quality (TCEQ)-(\$1.8 million increase).
  - Environmental Protection Agency (EPA)-(\$1.2 million increase).

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- Texas Department of Transportation (TXDOT)-(\$556 thousand increase).
  - Federal Transit Authority (FTA)-(\$595 thousand decrease).
  - Department of Energy (DOE)-(\$305 thousand decrease).
  - Federal Highway Administration (FHWA)-(\$97 thousand decrease).
- Area Agency on Aging projected a \$1.1 million increase from the Health and Human Services Commission (HHSC) in Title III funds.
- Environment & Development – \$814 thousand increase comprised of:
- Federal Emergency Management Agency (FEMA)-(\$520 thousand increase).
  - Texas Commission on Environmental Quality (TCEQ)-(\$344 thousand increase).
  - State Energy Conservation Office (SECO)-(\$50 thousand decrease).
- Agency Management – \$35 thousand increase from the U.S. Department of Commerce (US DOC).
- Emergency Preparedness – \$277 thousand decrease comprised of:
- Office of the Governor (OOG) – (\$614 thousand decrease).
  - Texas Department of Public Safety (TXDPS) – (\$337 thousand increase).
- Regional 9-1-1 – \$18 thousand decrease from the Commission on State Emergency Communications (CSEC).
- Local Contracts & Training Revenue – \$500 thousand increase, primarily due to:
- Research and Information Services – (\$1.4 million increase).
  - North Texas Share Cooperative / Training and Development Institute (TDI) – (\$230 thousand increase).
  - Regional Police Academy – (\$152 thousand increase).
  - Public Employee Benefits Cooperative – (\$78 thousand increase).
  - Membership Dues & Interest Income – (\$73 thousand increase).
  - Emergency Preparedness – (\$70 thousand increase).
  - Transportation – (\$858 thousand decrease).
  - Area Agency on Aging – (\$546 thousand decrease).
  - Environment and Development – (\$77 thousand decrease).
  - Regional 9-1-1 – (\$5 thousand decrease).
- In-Kind Match Funds – \$743 thousand decrease, primarily due to:
- Transportation – (\$1.48 million decrease).
  - Workforce Development – (\$712 thousand decrease).
  - Emergency Preparedness – (\$760 thousand increase).
  - Area Agency on Aging – (\$653 thousand increase).
  - Agency Management – Department of Commerce – (\$35 thousand increase).

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)*

**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**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

|   | <b>Primary Government</b>          |                                     |                      |
|---|------------------------------------|-------------------------------------|----------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
| <b>Assets:</b>                                  |                                    |                                     |                      |
| Cash and cash equivalents                       | \$ 1,372,217                       | \$ -                                | \$ 1,372,217         |
| Investments                                     | 74,504,814                         | -                                   | 74,504,814           |
| Receivables                                     | 24,925,828                         | 2,925                               | 24,928,753           |
| Internal balances                               | (103,679)                          | 103,679                             | -                    |
| Prepays and other assets                        | 1,167,483                          | -                                   | 1,167,483            |
| Capital assets, net of accumulated depreciation | 6,488,405                          | 728                                 | 6,489,133            |
| <b>Total Assets</b>                             | <b>108,355,068</b>                 | <b>107,332</b>                      | <b>108,462,400</b>   |
| <b>Liabilities:</b>                             |                                    |                                     |                      |
| Accounts payable and accrued expenses           | 18,031,255                         | -                                   | 18,031,255           |
| Unearned revenue                                | 68,234,763                         | 19,085                              | 68,253,848           |
| Long-term liabilities                           |                                    |                                     |                      |
| Due within one year                             | 146,364                            | -                                   | 146,364              |
| Due in more than one year                       | 1,431,213                          | -                                   | 1,431,213            |
| <b>Total Liabilities</b>                        | <b>87,843,595</b>                  | <b>19,085</b>                       | <b>87,862,680</b>    |
| <b>Net Position</b>                             |                                    |                                     |                      |
| Investment in capital assets                    | 6,488,405                          | 728                                 | 6,489,133            |
| Restricted for:                                 |                                    |                                     |                      |
| Grants  | 699,983                            | -                                   | 699,983              |
| Transportation projects                         | 5,424,585                          | -                                   | 5,424,585            |
| Unrestricted                                    | 7,898,500                          | 87,519                              | 7,986,019            |
| <b>Total Net Position</b>                       | <b>\$ 20,511,473</b>               | <b>\$ 88,247</b>                    | <b>\$ 20,599,720</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, 2018**

| Functions/Programs                   | Expenses              | Operating Grants and Contributions |                            |                     |   | Net (Expenses) Revenue and Changes in Net Position |                          |                     |                      |
|--------------------------------------|-----------------------|------------------------------------|----------------------------|---------------------|---|--|--------------------------|---------------------|----------------------|
|                                      |                       | Federal Funding                    | State/ State Admin Funding | Local Grant Funding | Local Contracts and In-kind Contributions | Primary Government                                 |                          |                     |                      |
|                                      |                       |                                    |                            |                     |   | Governmental Activities                            | Business Type Activities | Total               |                      |
| <b>Primary Government:</b>           |                       |                                    |                            |                     |   |  |                          |                     |                      |
| Governmental Activities:             |                       |                                    |                            |                     |   |  |                          |                     |                      |
| Agency administration                | \$ 7,852,410          | \$ -                               | \$ -                       | \$ -                | \$ 1,648,708                              | \$ (6,203,702)                                     | \$ -                     | \$ (6,203,702)      |                      |
| Agency management                    | 885,791               | 104,093                            | -                          | -                   | (14,115)                                  | (795,813)  | -                        | (795,813)           |                      |
| Community services                   | 1,364,502             | -                                  | 976,123                    | -                   | 443,972                                   | 55,593   | -                        | 55,593              |                      |
| Area Agency on Aging                 | 16,601,140            | 99,683                             | 7,352,225                  | 8,208               | 9,700,609                                 | 559,585  | -                        | 559,585             |                      |
| 9-1-1 Planning                       | 14,423,825            | -                                  | 16,926,172                 | -                   | 65,511                                    | 2,567,858  | -                        | 2,567,858           |                      |
| Emergency preparedness               | 4,434,937             | -                                  | 2,757,243                  | -                   | 1,970,102                                 | 292,408  | -                        | 292,408             |                      |
| Environment and development          | 2,212,906             | 332,831                            | 613,882                    | 13,804              | 1,293,394                                 | 41,005   | -                        | 41,005              |                      |
| RIS local assistance                 | 2,704,069             | -                                  | -                          | -                   | 15,039                                    | (2,689,030)  | -                        | (2,689,030)         |                      |
| Transportation planning              | 38,551,550            | 5,586,313                          | 32,849,818                 | 27,969              | 3,407,570                                 | 3,320,120  | -                        | 3,320,120           |                      |
| Workforce development                | 61,478,270            | -                                  | 61,521,158                 | -                   | 4,414,538                                 | 4,457,426  | -                        | 4,457,426           |                      |
| <b>Total governmental activities</b> | <b>150,509,400</b>    | <b>6,122,920</b>                   | <b>122,996,621</b>         | <b>49,981</b>       | <b>22,945,328</b>                         | <b>1,605,450</b>                                   | <b>-</b>                 | <b>1,605,450</b>    |                      |
| <b>Business-type activities:</b>     |                       |                                    |                            |                     |   |  |                          |                     |                      |
| Shared service center                | 1,445,222             | -                                  | -                          | -                   | 1,440,309                                 | -  | \$ (4,913)               | (4,913)             |                      |
| <b>Total primary government</b>      | <b>\$ 151,954,622</b> | <b>\$ 6,122,920</b>                | <b>\$ 122,996,621</b>      | <b>\$ 49,981</b>    | <b>\$ 24,385,637</b>                      | <b>\$ 1,605,450</b>                                | <b>\$ (4,913)</b>        | <b>\$ 1,600,537</b> |                      |
| <b>General Revenues</b>              |                       |                                    |                            |                     |   |  |                          |                     |                      |
|                                      |                       |                                    |                            |                     |   | 708,243  | -                        | 708,243             |                      |
|                                      |                       |                                    |                            |                     |   | 954,524  | -                        | 954,524             |                      |
|                                      |                       |                                    |                            |                     |   | (26,450)   | 26,450                   | -                   |                      |
|                                      |                       |                                    |                            |                     |   | <b>1,636,317</b>                                   | <b>26,450</b>            | <b>1,662,767</b>    |                      |
|                                      |                       |                                    |                            |                     |   | Change in net position                             | 3,241,767                | 21,537              | 3,263,304            |
|                                      |                       |                                    |                            |                     |   | Net Position-beginning                             | 17,269,706               | 66,710              | 17,336,416           |
|                                      |                       |                                    |                            |                     |   | Net Position-ending                                | <b>\$ 20,511,473</b>     | <b>\$ 88,247</b>    | <b>\$ 20,599,720</b> |

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**September 30, 2018**

|   | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|-------------------------------------|---|
| <b>Assets</b>                             |                         |                                     |   |
| Cash and cash equivalents                 | \$ 1,261,803            | \$ 110,414                          | \$ 1,372,217                            |
| Investments                               | 12,715,288              | 61,789,526                          | 74,504,814                              |
| Accounts receivable:                      |                         |                                     |   |
| Federal grants                            | -                       | 2,862,961                           | 2,862,961                               |
| State and local administered grants       | -                       | 21,230,726                          | 21,230,726                              |
| Local grants                              | -                       | 795,160                             | 795,160                                 |
| Other                                     | 36,981                  | -                                   | 36,981                                  |
| Due from other funds                      | 6,043,575               | -                                   | 6,043,575                               |
| Prepays                                   | 58,192                  | 748,494                             | 806,686                                 |
| Other assets                              | 46,488                  | -                                   | 46,488                                  |
| <b>Total Assets</b>                       | <b>\$ 20,162,327</b>    | <b>\$ 87,537,281</b>                | <b>\$ 107,699,608</b>                   |
| <b>Liabilities</b>                        |                         |                                     |   |
| Accounts payable                          | \$ 11,985,414           | \$ -                                | \$ 11,985,414                           |
| Accrued liabilities                       | 107,394                 | 4,773,059                           | 4,880,453                               |
| Accrued payroll and employee benefits     | 1,165,388               | -                                   | 1,165,388                               |
| Due to other funds                        | -                       | 7,337,435                           | 7,337,435                               |
| Unearned revenue                          | 35,802                  | 68,198,961                          | 68,234,763                              |
| <b>Total Liabilities</b>                  | <b>13,293,998</b>       | <b>80,309,455</b>                   | <b>93,603,453</b>                       |
| <b>Fund Balance</b>                       |                         |                                     |   |
| Nonspendable                              | 104,680                 | 748,494                             | 853,174                                 |
| Restricted for:                           |                         |                                     |   |
| Grants                                    | -                       | 699,983                             | 699,983                                 |
| Transportation Projects                   | -                       | 5,424,585                           | 5,424,585                               |
| Assigned                                  | -                       | 354,764                             | 354,764                                 |
| Unassigned                                | 6,763,649               | -                                   | 6,763,649                               |
| <b>Total Fund Balance</b>                 | <b>6,868,329</b>        | <b>7,227,826</b>                    | <b>14,096,155</b>                       |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 20,162,327</b>    | <b>\$ 87,537,281</b>                | <b>\$ 107,699,608</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, 2018**

Total fund balance - total governmental funds (page 15) \$ 14,096,155

Amounts reported for governmental fund balance sheet are different due to the following:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 6,302,572

Internal services funds are used by management to charge the cost of certain activities such as network services. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 1,690,323

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (1,577,577)

Net position of governmental activities (page 13) \$ 20,511,473

See accompanying notes to the basic financial statement.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

|   | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|-------------------------------------|---|
| <b>Revenues</b>                               |                         |                                     |   |
| Federal grants                                | \$ -                    | \$ 6,122,920                        | \$ 6,122,920                            |
| State administered grants                     | -                       | 122,996,621                         | 122,996,621                             |
| Local administered grants                     | -                       | 49,981                              | 49,981                                  |
| Membership dues                               | 708,243                 | -                                   | 708,243                                 |
| Local contributed cash                        | 20,296                  | 7,841,903                           | 7,862,199                               |
| Interest income                               | 175,505                 | 779,019                             | 954,524                                 |
| Program Income                                | -                       | 314,343                             | 314,343                                 |
| In-Kind                                       | -                       | 14,768,786                          | 14,768,786                              |
| <b>Total Revenues</b>                         | <u>904,044</u>          | <u>152,873,573</u>                  | <u>153,777,617</u>                      |
| <b>Expenditures</b>                           |                         |                                     |   |
| <b>Current:</b>                               |                         |                                     |   |
| Agency administration                         | 4,458,313               | 3,838,854                           | 8,297,167                               |
| Agency management                             | 848,552                 | 78,830                              | 927,382                                 |
| Community services                            | 31,436                  | 1,425,870                           | 1,457,306                               |
| Area Agency on Aging                          | -                       | 16,923,077                          | 16,923,077                              |
| 9-1-1 planning                                | -                       | 12,120,927                          | 12,120,927                              |
| Emergency preparedness                        | -                       | 4,594,979                           | 4,594,979                               |
| Environment & development                     | 138,040                 | 2,252,933                           | 2,390,973                               |
| Research & information services               | 95,110                  | 2,990,077                           | 3,085,187                               |
| Transportation                                | 159,454                 | 40,816,384                          | 40,975,838                              |
| Workforce development                         | -                       | 61,961,130                          | 61,961,130                              |
| <b>Capital outlay</b>                         | -                       | 4,963,607                           | 4,963,607                               |
|   | <u>5,730,905</u>        | <u>151,966,668</u>                  | <u>157,697,573</u>                      |
| Indirect Cost Allocation                      | (5,199,871)             | -                                   | (5,199,871)                             |
| Contributions to Indirect Costs               | (25,143)                | -                                   | (25,143)                                |
| <b>Total Expenditures</b>                     | <u>505,891</u>          | <u>151,966,668</u>                  | <u>152,472,559</u>                      |
| <b>Excess of revenues over expenditures</b>   | <u>398,153</u>          | <u>906,905</u>                      | <u>1,305,058</u>                        |
| <b>Other Financing Sources (Uses)</b>         |                         |                                     |   |
| Transfers in                                  | 20,808                  | 262,410                             | 283,218                                 |
| Transfers out                                 | (34,804)                | (274,864)                           | (309,668)                               |
| <b>Total Other Financing Sources and Uses</b> | <u>(13,996)</u>         | <u>(12,454)</u>                     | <u>(26,450)</u>                         |
| Net changes in fund balance                   | 384,157                 | 894,451                             | 1,278,608                               |
| Fund balance - beginning                      | 6,484,172               | 6,333,375                           | 12,817,547                              |
| <b>Fund balance - ending</b>                  | <u>\$ 6,868,329</u>     | <u>\$ 7,227,826</u>                 | <u>\$ 14,096,155</u>                    |

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

|  |                            |
|--|----------------------------|
| Net Change in Fund Balances-total governmental funds (page 17)   | \$ 1,278,608               |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. | 4,963,607                  |
| The internal service funds are used by management to charge the costs of certain activities such as network service to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.   | 306,723                    |
| Current year changes in the long term liability for compensated absences does not require the use of current financial resources and, therefore, is not reported as expenditure in the governmental funds.   | (126,765)                  |
| Depreciation expense on capital assets does not require the use of current financial resources and, therefore, is not reported as expenditure in the governmental funds.   | <u>(3,180,406)</u>         |
| Change in net position (page 14)   | <u><u>\$ 3,241,767</u></u> |

See accompanying notes to the basic financial statement.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

|   | <u>Business Type<br/>Activities</u> | <u>Governmental<br/>Activities</u>   |
|---|-------------------------------------|--------------------------------------|
|   | <u>Enterprise<br/>Fund</u>          | <u>Internal<br/>Service<br/>Fund</u> |
| <b>Assets</b>                                   |                                     |                                      |
| Accounts receivable:                            | \$ 2,925                            | \$ -                                 |
| Due from other funds                            | 103,679                             | 1,190,181                            |
| Prepays   | -                                   | 314,310                              |
| <b>Total current assets</b>                     | <u>106,604</u>                      | <u>1,504,491</u>                     |
| <br>  |                                     |                                      |
| Capital assets, net of accumulated depreciation | <u>728</u>                          | <u>185,832</u>                       |
| <b>Total Assets</b>                             | <u>107,332</u>                      | <u>1,690,323</u>                     |
| <br>  |                                     |                                      |
| <b>Current liabilities</b>                      |                                     |                                      |
| Unearned revenue                                | <u>19,085</u>                       | <u>-</u>                             |
| <b>Total liabilities</b>                        | <u>19,085</u>                       | <u>-</u>                             |
| <br>  |                                     |                                      |
| <b>Net position</b>                             |                                     |                                      |
| Investment in capital assets                    | 728                                 | 185,832                              |
| Unrestricted                                    | <u>87,519</u>                       | <u>1,504,491</u>                     |
| <br>  |                                     |                                      |
| <b>Total Net Position</b>                       | <u>\$ 88,247</u>                    | <u>\$ 1,690,323</u>                  |

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

|                                 | <u>Business Type<br/>Activities</u> | <u>Governmental<br/>Activities</u>   |
|---------------------------------|-------------------------------------|--------------------------------------|
|                                 | <u>Enterprise<br/>Fund</u>          | <u>Internal<br/>Service<br/>Fund</u> |
| <b>Operating revenues</b>       |                                     |                                      |
| Service charges                 | \$ 1,440,309                        | \$ 5,892,723                         |
| <b>Total Operating Revenues</b> | <u>1,440,309</u>                    | <u>5,892,723</u>                     |
| <b>Operating expenses</b>       |                                     |                                      |
| Personnel                       | 154,500                             | 1,029,965                            |
| Indirect                        | 27,128                              | -                                    |
| Contract services               | 585,226                             | 215,437                              |
| Travel                          | 19,310                              | 2,055                                |
| Depreciation                    | 21,269                              | 210,744                              |
| Other Costs                     | 637,789                             | 4,127,799                            |
| <b>Total Operating Expenses</b> | <u>1,445,222</u>                    | <u>5,586,000</u>                     |
| <b>Operating income (loss)</b>  | <u>(4,913)</u>                      | <u>306,723</u>                       |
| Transfers In                    | <u>26,450</u>                       | <u>-</u>                             |
| <b>Change in net position</b>   | 21,537                              | 306,723                              |
| <b>Net position - beginning</b> | <u>66,710</u>                       | <u>1,383,600</u>                     |
| <b>Net postion - ending</b>     | <u>\$ 88,247</u>                    | <u>\$ 1,690,323</u>                  |

See accompanying notes to the basic financial statements.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

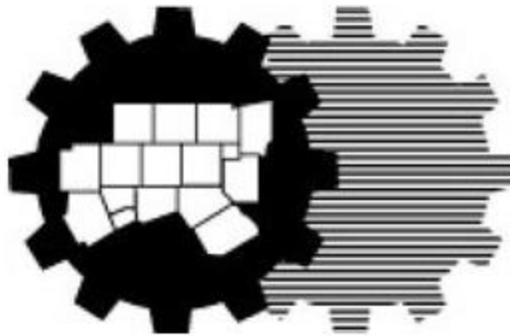
|   | <b>Business Type<br/>Activities</b> | <b>Governmental<br/>Activities</b>   |
|---|-------------------------------------|--------------------------------------|
|   | <b>Enterprise<br/>Fund</b>          | <b>Internal<br/>Service<br/>Fund</b> |
| <b>Cash Flows from Operating Activities:</b>  |                                     |                                      |
| Receipts from service charges   | \$ 1,378,193                        | \$ 6,516,093                         |
| Payments to other funds for indirect and other costs  | (27,128)                            | (1,504,491)                          |
| Payments to suppliers for goods and services  | (1,223,015)                         | (3,914,417)                          |
| Payments to employees   | (154,500)                           | (1,029,965)                          |
| <b>Net cash provided by (used in) operating activities</b>  | <u>(26,450)</u>                     | <u>67,220</u>                        |
| <b>Cash Flows from Noncapital Financing Activities</b>  |                                     |                                      |
| Transfers in  | 26,450                              | -                                    |
| <b>Net cash provided (used) by non capital financing activities</b>                                       | <u>26,450</u>                       | <u>-</u>                             |
| <b>Cash Flows from Capital and Related Financing Activities</b>   |                                     |                                      |
| Additions to capital assets   | -                                   | (67,220)                             |
| <b>Net cash provided (used) by non capital financing activities</b>                                       | <u>-</u>                            | <u>(67,220)</u>                      |
| <b>Net increase in cash and cash equivalents</b>  | -                                   | -                                    |
| <b>Cash and cash equivalents - beginning of year</b>  | \$ -                                | \$ -                                 |
| <b>Cash and cash equivalents - end of year</b>  | <u>\$ -</u>                         | <u>\$ -</u>                          |
| Reconciliation of operating income to net cash provided (used)<br>by operating activities:                |                                     |                                      |
| Operating income (loss)   | \$ (4,913)                          | \$ 306,723                           |
| Adjustment to reconcile operating income/ loss to<br>Net cash provided by (used in) operating activities: |                                     |                                      |
| Depreciation  | 21,269                              | 210,744                              |
| Increase in prepaid expenses  | -                                   | (134,295)                            |
| Increase in unearned revenue  | 146                                 | -                                    |
| Decrease in accounts receivable   | 48,245                              | -                                    |
| Increase in due from other funds  | (91,197)                            | (307,104)                            |
| Decrease in accounts payable  | -                                   | (8,848)                              |
| <b>Net cash provided by (used in) operating activities</b>  | <u>\$ (26,450)</u>                  | <u>\$ 67,220</u>                     |

See accompanying notes to the basic financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

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**North Central Texas  
Council of Governments**

# **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS**

*For the Year Ended September 30, 2018*

### **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:

#### **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 seventeen (17) 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.

#### **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 reportedly separately from business-type activities, which rely to a significant extent on fees and charges for support.

# **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

#### **Basis of Presentation (continued)**

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

Program revenues include operating or capital grants and contributions that are restricted 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 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.

# **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

#### **Proprietary Fund Type (continued)**

*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.

#### **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:

# **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

#### **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.

#### **Member Government Dues**

All member governments are required to pay dues to NCTCOG. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period.

Dues are reported in the General Fund and funds are transferred to the Special Revenue Fund as needed to meet matching requirements of the grants.

#### **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.

#### **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.

#### **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.

# **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

#### **Leave Policies (continued)**

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 reviewing the personnel manual. The liability for accumulated vacations (\$1,577,577 at September 30, 2018) 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.

#### **Investments**

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

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires 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, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize NCTCOG to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts and (10) common trust funds. The Act also requires NCTCOG to have independent auditors perform test procedures related to investment practices as provided by the Act. NCTCOG is in substantial compliance with the requirements of the Act and with local policies.

# **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

#### **Investments (continued)**

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates reporting under GASB Statement No. 72.

#### **Prepaid Items**

Prepaid balances are for payments made by the agency for which benefits extend beyond September 30, 2018. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

#### **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.

#### **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.

#### **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.

#### **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 2CFR200. 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.

General and administrative costs are recorded in the General Fund as indirect costs in the accounting system and allocated to programs based upon a negotiated indirect cost rate. Indirect costs are defined by Office of Management and Budget (OMB) Uniform Guidance (2 CFR 200) as costs “(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved.” NCTCOG’s indirect cost

# **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

#### **Allocation of Employee Benefits and Indirect Costs (continued)**

rate is based upon prior cost experience, documented by a cost allocation plan, and is approved by its cognizant agency. It is NCTCOG's policy to negotiate with the cognizant agency a provisional rate which is used for billing purposes during NCTCOG's fiscal year. Upon the completion of an independent audit at the end of each fiscal year, the indirect cost rate is finalized with the cognizant agency.

#### **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.

#### **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.

#### **Risk Management**

NCTCOG is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NCTCOG maintains workers' compensation and other risks of loss coverage through commercial insurance carriers. NCTCOG's management believes such coverage is sufficient to preclude any significant uninsured losses. There were no significant reductions in insurance coverage from coverage in the prior year. There were no insurance settlements which exceeded insurance coverage in any of the past three years.

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 2018, the Council contributed \$116,571 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, 2018.

# NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

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

#### 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.

#### 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 fund balance amounts that are constrained for specific purposes that are internally imposed by NCTCOG through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by NCTCOG's Board of Directors. It also 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* – includes fund balance amounts that are self-imposed by NCTCOG to be used for a particular purpose and 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. 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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

**Nature and Purpose of Restrictions and Assignment of Fund Equity (continued)**

*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.

**NOTE B - CASH AND INVESTMENTS**

**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            | < 2 years               | 100%                                   | none                                    |
| US Agencies and Instrumentalities | < 2 years               | 85%                                    | none                                    |
| Certificates of Deposit           | < 2 years               | 100%                                   | none                                    |
| Repurchase Agreements             | < 120 days              | 20%                                    | none                                    |
| Money Market Mutual Funds         | < 2 years               | 50%                                    | none                                    |
| Local Government Investment Pools | < 2 years               | 100%                                   | none                                    |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

**Legal and Contractual Provisions Governing Deposits and Investments (continued)**

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, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:

|                            |                      |
|----------------------------|----------------------|
| Primary Government:        |                      |
| Total Cash and Investments | <u>\$ 75,877,031</u> |

Cash and investments as of September 30, 2018 consist of the following:

|                                      |                      |
|--------------------------------------|----------------------|
| Deposits with financial institutions | \$ 1,371,567         |
| Cash on hand                         | 650                  |
| Investments                          | <u>74,504,814</u>    |
| Total Cash and Investments           | <u>\$ 75,877,031</u> |

**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, 2018, NCTCOG had the following investments:

| <u>Investment Type</u> | <u>Amount</u>        | <u>Weighted<br/>Average<br/>Maturity (Days) (1)</u> |
|------------------------|----------------------|---|
| TexPool                | \$ 48,291,741        | 37  |
| Logic                  | 453                  | 43  |
| TexStar                | <u>26,212,620</u>    | <u>27</u>   |
|                        | <u>\$ 74,504,814</u> | 33.5  |

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

As of September 30, 2018 NCTCOG did not invest in any securities which are highly sensitive to interest rate fluctuations.

# NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS (continued)

For the Year Ended September 30, 2018

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

#### 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<br/>Rating<br/>Required</u> | <u>Rating as of<br/>Year End</u> |
|------------------------|----------------------|--|----------------------------------|
| Primary Government     |                      |  |                                  |
| TexPool                | \$ 48,291,741        | AAAm                                   | AAAm                             |
| Logic                  | 453                  | AAAm                                   | AAAm                             |
| TexStar                | 26,212,620           | AAAm                                   | AAAm                             |
|                        | <u>\$ 74,504,814</u> |  |                                  |

#### 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, 2018 other than external investment pools, NCTCOG did not have 5% or more of its investments with any one issuer.

#### 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, 2018, all of the Council's deposits had a carrying amount of \$1,371,567 and a bank ledger balance of \$2,019,317. Pledged Collateral of \$3,499,626 was available to cover the uninsured available balance, as well as \$250,000 in FDIC insurance.

*Interest Rate Risk.* In accordance with its investment policy, NCTCOG manages its exposure to declines in fair values by limiting the maximum allowable stated maturity of any individual investment to one year, unless otherwise provided in a specific investment strategy that complies with current law.

## **NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

### **NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

##### **Custodial Credit Risk (continued)**

*Credit Risk.* It is NCTCOG's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. NCTCOG's investment pool was rated AAAM by Standard and Poor's Investors Service.

*Concentration of Credit Risk.* NCTCOG's policy is to diversify its portfolio to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of investments.

##### **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.

**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.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

**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, 2018, 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<br>September 30, 2017 | Increases  | Decreases  | Balance<br>September 30, 2018 | Due Within<br>One Year |
|------------------|-------------------------------|------------|------------|-------------------------------|------------------------|
| Accrued Vacation | \$ 1,450,813                  | \$ 264,295 | \$ 137,531 | \$ 1,577,577                  | \$ 146,364             |

**NOTE E – DEFERRED COMPENSATION PLAN**

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

The Council also contributes to a Section 457 deferred compensation plan for part-time employees. This plan is also administered by ICMARC. Part-time employees contributed \$21,500 during 2018. The Council contributed a matching \$20,003 as the employers match, 3.75% of gross salaries. Part-time employees are 100% vested in the plan from the first contribution.

**NOTE F – TRANSACTIONS AND TRANSFERS**

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

The following is a summary of interfund transfers at September 30, 2018:

Transfers in/out other funds:

| <u>Transfer In</u>         | <u>Transfer out</u>                 | <u>Amount</u>            | <u>Purpose</u>                    |
|----------------------------|-------------------------------------|--------------------------|-----------------------------------|
| General Fund               | Special Revenue                     | \$ 20,808                | Recovery of depreciation          |
| Special Revenue            | General Fund                        | 8,353                    | Local match dollars               |
| Special Revenue Fund       | Special Rev Fund                    | 202,057                  | Match dollars                     |
| Special Revenue Fund-Local | Special Revenue Fund-<br>Foundation | 52,000                   | State funded projects/local match |
| Enterprise Fund            | General Fund                        | <u>26,450</u>            | Local funded projects             |
|                            | <b>Total</b>                        | <u><u>\$ 309,668</u></u> |                                   |

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.

Due to/from other funds:

|                      | <u>Due From</u>            | <u>Due To</u>              |
|----------------------|----------------------------|----------------------------|
| General Fund         | \$ 6,043,575               |                            |
| Special Revenue Fund |                            | \$ 7,337,435               |
| Enterprise Fund      | 103,679                    |                            |
| Enterprise Fund      | <u>1,190,181</u>           |                            |
| <b>Total</b>         | <u><u>\$ 7,337,435</u></u> | <u><u>\$ 7,337,435</u></u> |

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

**NOTE G – CAPITAL ASSETS**

A summary of changes in the governmental activities capital assets for the year ended September 30, 2018, follows:

|  | <b>Balance at<br/>September 30,<br/>2017</b> | <b>Increases</b>    | <b>Decreases</b> | <b>Balance at<br/>September 30,<br/>2018</b> |
|--|--|---------------------|------------------|--|
| Governmental Activities                          |  |                     |                  |  |
| <u>General Capital Assets</u>                    |  |                     |                  |  |
| Capital Assets being depreciated:                |  |                     |                  |  |
| Equipment  | \$ 13,066,896                                | \$ 4,963,607        | \$ (5,970)       | \$ 18,024,533                                |
| Furniture  | 223,279                                      | -                   | -                | 223,279                                      |
| Leasehold Improvements                           | 2,818,642                                    | -                   | -                | 2,818,642                                    |
| Total capital assets being depreciated           | <u>16,108,817</u>                            | <u>4,963,607</u>    | <u>(5,970)</u>   | <u>21,066,454</u>                            |
| Accumulated depreciation                         |  |                     |                  |  |
| Equipment  | 9,264,783                                    | 3,054,449           | (5,970)          | 12,313,262                                   |
| Furniture  | 223,279                                      | -                   | -                | 223,279                                      |
| Leasehold Improvements                           | 2,101,383                                    | 125,957             | -                | 2,227,340                                    |
| Total accumulated depreciation                   | <u>11,589,445</u>                            | <u>3,180,406</u>    | <u>(5,970)</u>   | <u>14,763,881</u>                            |
| Total governmental funds capital assets, net     | <u>4,519,372</u>                             | <u>1,783,201</u>    | <u>-</u>         | <u>6,302,573</u>                             |
| <u>Internal Service Fund Capital Assets</u>      |  |                     |                  |  |
| Capital assets being depreciated:                |  |                     |                  |  |
| Equipment  | 1,182,982                                    | 67,220              | (41,880)         | 1,208,322                                    |
| Furniture  | 1,005  | -                   | -                | 1,005  |
| Leasehold Improvements                           | 25,667                                       | -                   | -                | 25,667                                       |
| Total capital assets being depreciated           | <u>1,209,654</u>                             | <u>67,220</u>       | <u>(41,880)</u>  | <u>1,234,994</u>                             |
| Accumulated depreciation                         |  |                     |                  |  |
| Equipment  | 866,975                                      | 210,744             | (41,880)         | 1,035,839                                    |
| Furniture  | 1,005  | -                   | -                | 1,005  |
| Leasehold Improvements                           | 12,318                                       | -                   | -                | 12,318                                       |
| Total accumulated depreciation                   | <u>880,298</u>                               | <u>210,744</u>      | <u>(41,880)</u>  | <u>1,049,162</u>                             |
| Total internal service funds capital assets, net | <u>329,356</u>                               | <u>(143,524)</u>    | <u>-</u>         | <u>185,832</u>                               |
| Governmental activities capital assets, net      | <u>\$ 4,848,728</u>                          | <u>\$ 1,639,677</u> | <u>\$ -</u>      | <u>\$ 6,488,405</u>                          |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

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

|  | <b>Balance at<br/>September 30,<br/>2017</b> | <b>Increases</b>   | <b>Decreases</b> | <b>Balance at<br/>September 30,<br/>2018</b> |
|--|--|--------------------|------------------|--|
| Capital assets being depreciated                   |  |                    |                  |  |
| 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>                             |
| Accumulated Depreciation                           |  |                    |                  |  |
| Equipment  | 7,461,994                                    | 21,269             | -                | 7,483,263                                    |
| Total accumulated depreciation                     | <u>7,461,994</u>                             | <u>21,269</u>      | <u>-</u>         | <u>7,483,263</u>                             |
| Total Business-type activities capital assets, net | <u>\$ 21,997</u>                             | <u>\$ (21,269)</u> | <u>\$ -</u>      | <u>\$ 728</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     | \$ 21,506      |
| Agency Management         | 58             |
| Community Services-911    | 2,751,524      |
| Community Services-AGING  | 1,312          |
| Community Services-CJD    | 377            |
| Emergency Preparedness    | 8,889          |
| Environment & Development | 5,625          |
| RIS Local Assistance      | 45,520         |
| Transportation Planning   | 239,654        |
| Workforce Development     | 105,941        |
| Internal Service Fund     | <u>210,744</u> |

**Total depreciation expense - governmental activities** \$ 3,391,150

**Business-type activities:**

|                       |               |
|-----------------------|---------------|
| Shared Service Center | <u>21,269</u> |
|-----------------------|---------------|

**Total depreciation expense - business type activities** \$ 21,269

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

**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 \$3,034,380 during fiscal year 2018 equal to twelve percent (12%) of the permanent full-time employees' gross salaries. Full-time employees also contributed an amount of \$1,517,190 during 2018 equal to six percent (6%) of gross salaries. Total Council payroll for the year was \$26,105,838 including \$25,286,464 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 \$4,167,596 for 2018.

Future minimum rental payments required under operating leases, including those signed after September 30, 2018, for NCTCOG and its subcontractors that have initial or remaining lease terms in excess of one year, are as follows:

| Year Ending<br>September 30 | Amount               |
|-----------------------------|----------------------|
| 2019                        | \$ 4,538,542         |
| 2020                        | 4,378,311            |
| 2021                        | 3,872,378            |
| 2022                        | 3,748,916            |
| 2023                        | 3,681,954            |
| 2024-2028                   | 18,767,211           |
| 2029-2033                   | 19,736,344           |
|                             | <u>\$ 58,723,656</u> |

**NOTE J – CONTINGENCIES**

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

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**NOTES TO FINANCIAL STATEMENTS (continued)**

*For the Year Ended September 30, 2018*

**NOTE J – CONTINGENCIES (continued)**

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, 2018, 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.

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 BALANCE**

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

|                                    | General Fund       | Major Special Revenue |                   |                     |                  |                  | Total Special     | TOTAL            |                      |
|------------------------------------|--------------------|-----------------------|-------------------|---------------------|------------------|------------------|-------------------|------------------|----------------------|
|                                    | Fund               | FEMA                  | CJD               | Local               | TCEQ             | TXWD             | TXDOT             |                  | Revenue Funds        |
| <b>FUND BALANCES:</b>              |                    |                       |                   |                     |                  |                  |                   |                  |                      |
| Non Spendable:                     |                    |                       |                   |                     |                  |                  |                   |                  |                      |
| Prepays                            | \$ 58,192          | \$ -                  | \$ 320            | \$ 546,726          | \$ -             | \$ -             | \$ 201,448        | \$748,494        | \$ 806,686           |
| Inventory                          | 46,488             | -                     | -                 | -                   | -                | -                | -                 | -                | 46,488               |
| Restricted:                        |                    |                       |                   |                     |                  |                  |                   |                  |                      |
| Grants                             | -                  | 113,030               | 357,828           | -                   | 15,561           | 61,268           | 152,296           | 699,983          | 699,983              |
| Local Transportation               | -                  | -                     | -                 | 5,424,585           | -                | -                | -                 | 5,424,585        | 5,424,585            |
| Assigned:                          |                    |                       |                   |                     |                  |                  |                   |                  |                      |
| Agency Shared Services Initiatives | -                  | -                     | -                 | 169,722             | -                | -                | -                 | 169,722          | 169,722              |
| Agency Assigned Other              | -                  | -                     | -                 | 185,042             | -                | -                | -                 | 185,042          | 185,042              |
| Unassigned                         | 6,763,649          | -                     | -                 | -                   | -                | -                | -                 | -                | 6,763,649            |
| <b>TOTAL FUND BALANCES:</b>        | <b>\$6,868,329</b> | <b>\$113,030</b>      | <b>\$ 358,148</b> | <b>\$ 6,326,075</b> | <b>\$ 15,561</b> | <b>\$ 61,268</b> | <b>\$ 353,744</b> | <b>7,227,826</b> | <b>\$ 14,096,155</b> |

**NOTE L – SUBSEQUENT EVENTS**

On December 3, 2018 the state 9-1-1 Planning Program transitioned to The North Central Texas Emergency Communications District (NCT-9-1-1).

NCT9-1-1 was created pursuant to Chapter 772, Subchapter H, of the Texas Health and Safety Code through the passage of resolutions by County Commissioners Courts and City Councils within the District's service area. The service area of the District consists of all cities within Collin, Ellis, Erath, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Somervell, and Wise counties not served by another emergency communications district, as well as the cities of Balch Springs, Cockrell Hill, Sachse, Seagoville, and Wilmer in Dallas County.

NCT9-1-1 is a political subdivision of the State and carries out essential governmental functions related to the provision of 9-1-1 emergency communications services to all jurisdictions served by NCT9-1-1 and is governed by a Board of Managers consisting of elected officials.

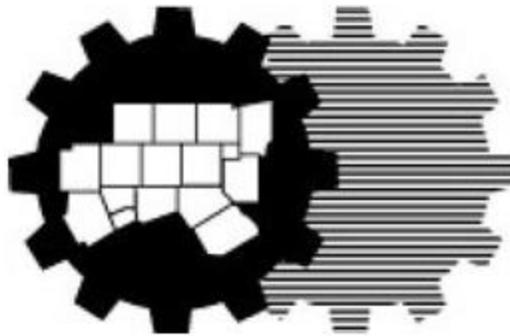
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

***NOTES TO FINANCIAL STATEMENTS (continued)***

***For the Year Ended September 30, 2018***

**NOTE L – SUBSEQUENT EVENTS (continued)**

In accordance with Sec. 772.609 of the Health and Safety Code, the Executive Director of the North Central Texas Council of Governments shall serve as the Executive Director of the District and be empowered to employ and compensate professional staff to perform NCT9-1-1 duties, which shall remain employees of the North Central Texas Council of Governments for all purposes. The North Central Texas Council of Governments shall function as the fiscal and administrative agent for the District, in accordance with Sec. 772.609 of the Health and Safety Code. NCT9-1-1 will be reported as a discrete component unit of the NCTCOG.



**North Central Texas  
Council of Governments**

**REQUIRED SUPPLEMENTAL SCHEDULES**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**BUDGETARY COMPARISON**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

|   | <u>Budgeted Amounts</u> |                     | <u>Budget Basis<br/>Actual</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------------|--------------------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                                |   |
| <b>REVENUES</b>                             |                         |                     |                                |   |
| Membership dues                             | \$ 709,644              | \$ 709,644          | \$ 708,243                     | \$ (1,401)  |
| Local contributed cash                      | 22,500                  | 22,500              | 20,296                         | (2,204)   |
| Interest income                             | 60,000                  | 60,000              | 175,505                        | 115,505   |
| Total revenues                              | <u>792,144</u>          | <u>792,144</u>      | <u>\$ 904,044</u>              | <u>\$ 111,900</u>   |
| <b>EXPENDITURES</b>                         |                         |                     |                                |   |
| Current:                                    |                         |                     |                                |   |
| Agency administration                       | 4,286,845               | 4,489,845           | 4,489,781                      | 64  |
| Agency management                           | 945,687                 | 742,687             | 664,633                        | 78,054  |
| Public affairs                              | 224,448                 | 224,448             | 183,920                        | 40,528  |
| RIS local assistance                        | 225,000                 | 225,000             | 95,647                         | 129,353   |
| Environmental & development                 | 140,000                 | 140,000             | 138,104                        | 1,896   |
| Transportation planning                     | 196,602                 | 196,602             | 159,459                        | 37,143  |
|   | <u>6,018,582</u>        | <u>6,018,582</u>    | <u>5,731,544</u>               | <u>287,038</u>  |
| Indirect cost allocation                    | ( 5,216,438)            | ( 5,216,438)        | ( 5,199,871)                   | (16,567)  |
| Contributions to indirect costs             | ( 10,000)               | ( 10,000)           | ( 25,143)                      | 15,143  |
| Total expenditures                          | <u>\$ 792,144</u>       | <u>\$ 792,144</u>   | <u>\$ 506,530</u>              | <u>285,614</u>  |
| Excess (deficiencies) of revenues           |                         |                     |                                |   |
| Over/(under) expenditures                   | -                       | -                   | 397,514                        | 397,514   |
| <b>OTHER FINANCING SOURCES</b>              |                         |                     |                                |   |
| Transfers in                                | -                       | -                   | 20,808                         | 20,808  |
| Transfers out                               | -                       | -                   | ( 34,804)                      | (34,804)  |
| Charge for use of assets                    | 40,000                  | 21,500              | 21,448                         | (52)  |
| Indirect allocation to Special Revenue Fund | ( 38,000)               | ( 20,425)           | ( 20,809)                      | (384)   |
| Total other financing sources               | <u>2,000</u>            | <u>1,075</u>        | <u>(13,357)</u>                | <u>(14,432)</u>   |
| Net changes in fund balances                | <u>2,000</u>            | <u>1,075</u>        | <u>384,157</u>                 | <u>383,082</u>  |
| Fund balances - beginning                   | <u>6,484,172</u>        | <u>6,484,172</u>    | <u>6,484,172</u>               | <u>-</u>  |
| Fund balances - ending                      | <u>\$ 6,486,172</u>     | <u>\$ 6,485,247</u> | <u>\$ 6,868,329</u>            | <u>\$ 383,082</u>   |

See accompanying notes to the required supplemental information.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**SEPTEMBER 30, 2018**

**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.

General Fund

|  |                           |
|--|---------------------------|
| Total Net Expenditures (GAAP Basis)  | \$ 505,891                |
| Plus Charge for use of assets  | 21,448                    |
| Less: Use of assets recovered through indirect<br>cost allocated to Special Revenue Fund | <u>(20,809)</u>           |
| Total Expenditures (Budget Basis)  | <u><u>\$ 506,530</u></u>  |
| <br>Total Other Sources (GAAP Basis)   | <br>(13,996)              |
| Plus Charge for use of assets  | 21,448                    |
| Less: Use of assets recovered through indirect<br>cost allocated to Special Revenue Fund | <u>(20,809)</u>           |
| Total Other Sources (Budget Basis)   | <u><u>\$ (13,357)</u></u> |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**SEPTEMBER 30, 2018**

**Note B: Budgetary Controls**

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

- a. Prior to October 1, the Executive Director submits to the Executive Board a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to October 1, the Executive Board formally approves the budget document following a public hearing.
- c. The approved annual budget is used as a control device for the General Fund. The individual grant contracts are used as the control device within the Special Revenue Funds.
- d. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that depreciation and the increase in NCTCOG's liability for accrued vacation is included as expenditures. Budgetary comparisons presented for the General Fund in this report are on this non-GAAP budgetary basis.
- e. Appropriations for the General Fund lapse at the end of the fiscal year.
- f. Expenditures cannot legally exceed appropriations at the fund level. Expenditures are monitored by the Department of Administration. When expenditures are required for functions that have not been budgeted, authorization to incur the expenditures is requested from NCTCOG's Executive Board by resolution during its regular monthly meetings.
- g. The Executive Director is authorized to transfer budgeted amounts between programs; however, NCTCOG's Executive Board would approve any revisions, which would increase total expenditures.

**OTHER SUPPLEMENTAL INFORMATION**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FEDERAL, STATE AND LOCALLY ADMINISTERED GRANTS**  
**YEAR ENDED SEPTEMBER 30, 2018**

|   | <b>Federal<br/>Funds<br/>Total</b> | <b>State and Locally<br/>Administered<br/>Total</b> | <b>Combined<br/>Total</b> |
|---|------------------------------------|---|---------------------------|
| <b>Revenues</b>   |                                    |   |                           |
| Federal grants  | \$ 6,122,920                       | \$ -  | \$ 6,122,920              |
| State administered grants                                   | -                                  | 122,996,621   | 122,996,621               |
| Local administered grants                                   | -                                  | 49,981  | 49,981                    |
| Local contributed cash                                      | 281,737                            | 7,560,166   | 7,841,903                 |
| In-kind   | 1,881,609                          | 12,887,177  | 14,768,786                |
| Program income  | (1,020)                            | 315,363   | 314,343                   |
| Interest income   | -                                  | 779,019   | 779,019                   |
| <b>Total Revenues</b>                                       | <b>8,285,246</b>                   | <b>144,588,327</b>                                  | <b>152,873,573</b>        |
| <b>Expenditures</b>   |                                    |   |                           |
| <b>Current:</b>   |                                    |   |                           |
| Agency administration                                       | 14,404                             | 3,824,450   | 3,838,854                 |
| Agency management   | 78,290                             | 540   | 78,830                    |
| Community services  | -                                  | 1,425,870   | 1,425,870                 |
| Area Agency on Aging  | 102,179                            | 16,820,898  | 16,923,077                |
| 911 Planning  | -                                  | 12,120,927  | 12,120,927                |
| Emergency preparedness                                      | -                                  | 4,594,979   | 4,594,979                 |
| Environment & development                                   | 420,550                            | 1,832,383   | 2,252,933                 |
| Research & information services                             | -                                  | 2,990,077   | 2,990,077                 |
| Transportation  | 7,679,489                          | 33,136,895  | 40,816,384                |
| Workforce development                                       | -                                  | 61,961,130  | 61,961,130                |
| <b>Capital outlay</b>                                       | <b>-</b>                           | <b>4,963,607</b>                                    | <b>4,963,607</b>          |
| <b>Total Expenditures</b>                                   | <b>8,294,912</b>                   | <b>143,671,756</b>                                  | <b>151,966,668</b>        |
| Excess/(deficiencies) of revenues over/(under) expenditures | (9,666)                            | 916,571   | 906,905                   |
| <b>Other Financing Sources</b>                              |                                    |   |                           |
| Transfers in  | 20,848                             | 241,562   | 262,410                   |
| Transfers out   | (674)                              | (274,190)   | (274,864)                 |
| <b>Total Other Financing Sources (Uses)</b>                 | <b>20,174</b>                      | <b>(32,628)</b>                                     | <b>(12,454)</b>           |
| <b>Net change in fund balance</b>                           | <b>10,508</b>                      | <b>883,943</b>                                      | <b>894,451</b>            |
| <b>Fund balance - beginning</b>                             | <b>102,522</b>                     | <b>6,230,853</b>                                    | <b>6,333,375</b>          |
| <b>Fund balance - ending</b>                                | <b>\$ 113,030</b>                  | <b>\$ 7,114,796</b>                                 | <b>\$ 7,227,826</b>       |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FEDERAL GRANTS**  
**For the Year Ended September 30, 2018**

|   | FEDERAL FUNDS |                |                   |                |                  |                |               |                |                   |
|---|---------------|----------------|-------------------|----------------|------------------|----------------|---------------|----------------|-------------------|
|   | DOD           | EPA            | FEMA              | DOE            | FTA              | FHA            | DOC           | CNCS           | Total             |
| <b>Revenues</b>   |               |                |                   |                |                  |                |               |                |                   |
| Federal grants  | \$ 20,667     | \$ (6,631)     | \$ 332,831        | \$ 167,783     | \$ 5,331,783     | \$ 72,712      | \$ 104,092    | \$ 99,683      | \$ 6,122,920      |
| State administered grants                                   | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| Local administered grants                                   | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| Local contributed cash                                      | 3,044         | 86,027         | 86,250            | (3,750)        | 79,004           | 31,162         | -             | -              | 281,737           |
| In-kind   | -             | 63,148         | -                 | 34,372         | 1,801,438        | -              | (23,758)      | 6,409          | 1,881,609         |
| Program income  | -             | -              | -                 | (1,020)        | -                | -              | -             | -              | (1,020)           |
| Interest income   | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| <b>Total Revenues</b>                                       | <b>23,711</b> | <b>142,544</b> | <b>419,081</b>    | <b>197,385</b> | <b>7,212,225</b> | <b>103,874</b> | <b>80,334</b> | <b>106,092</b> | <b>8,285,246</b>  |
| <b>Expenditures</b>   |               |                |                   |                |                  |                |               |                |                   |
| <b>Current:</b>   |               |                |                   |                |                  |                |               |                |                   |
| Agency administration                                       | -             | -              | 8,841             | -              | -                | -              | 1,987         | 3,576          | 14,404            |
| Agency management   | -             | -              | -                 | -              | -                | -              | 78,290        | -              | 78,290            |
| Community service   | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| Area agency on aging  | -             | -              | -                 | -              | -                | -              | -             | 102,179        | 102,179           |
| 9-1-1 planning  | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| Emergency preparedness                                      | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| Environment & development                                   | -             | -              | 420,550           | -              | -                | -              | -             | -              | 420,550           |
| Research and information services                           | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| Transportation  | 23,704        | 142,523        | -                 | 197,356        | 7,211,787        | 103,832        | -             | 287            | 7,679,489         |
| Workforce development                                       | -             | -              | -                 | -              | -                | -              | -             | -              | -                 |
| <b>Capital outlay</b>                                       | <b>-</b>      | <b>-</b>       | <b>-</b>          | <b>-</b>       | <b>-</b>         | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>-</b>          |
| <b>Total Expenditures</b>                                   | <b>23,704</b> | <b>142,523</b> | <b>429,391</b>    | <b>197,356</b> | <b>7,211,787</b> | <b>103,832</b> | <b>80,277</b> | <b>106,042</b> | <b>8,294,912</b>  |
| Excess (deficiencies) of revenues over (under) expenditures | 7             | 21             | (10,310)          | 29             | 438              | 42             | 57            | 50             | (9,666)           |
| <b>Other Financing Sources</b>                              |               |                |                   |                |                  |                |               |                |                   |
| Transfers in - projects                                     | -             | -              | 20,848            | -              | -                | -              | -             | -              | 20,848            |
| Transfers out - projects                                    | (7)           | (21)           | (30)              | (29)           | (438)            | (42)           | (57)          | (50)           | (674)             |
| <b>Total Other Financing Sources</b>                        | <b>(7)</b>    | <b>(21)</b>    | <b>20,818</b>     | <b>(29)</b>    | <b>(438)</b>     | <b>(42)</b>    | <b>(57)</b>   | <b>(50)</b>    | <b>20,174</b>     |
| <b>Net change in fund balance</b>                           | <b>-</b>      | <b>-</b>       | <b>10,508</b>     | <b>-</b>       | <b>-</b>         | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>10,508</b>     |
| <b>Fund balances-beginning</b>                              | <b>-</b>      | <b>-</b>       | <b>102,522</b>    | <b>-</b>       | <b>-</b>         | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>102,522</b>    |
| <b>Fund balances-end</b>                                    | <b>\$ -</b>   | <b>\$ -</b>    | <b>\$ 113,030</b> | <b>\$ -</b>    | <b>\$ -</b>      | <b>\$ -</b>    | <b>\$ -</b>   | <b>\$ -</b>    | <b>\$ 113,030</b> |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATE AND LOCALLY ADMINISTERED GRANTS**  
**For the Year Ended September 30, 2018**

|   | STATE AND LOCALLY ADMINISTERED FUNDS |               |                   |                   |                  |                  |                   |                  |                     |                   |
|---|--------------------------------------|---------------|-------------------|-------------------|------------------|------------------|-------------------|------------------|---------------------|-------------------|
|   | OOG                                  | TDRA          | TWC               | CSEC              | TCEQ             |                  | TX DOT            | TX DPS           | LOCAL               |                   |
|   |                                      |               |                   |                   | Transportation   | Other            |                   |                  | Transportation      | Other             |
| <b>Revenues</b>   |                                      |               |                   |                   |                  |                  |                   |                  |                     |                   |
| Federal grants  | \$ -                                 | \$ -          | \$ -              | \$ -              | \$ -             | \$ -             | \$ -              | \$ -             | \$ -                | \$ -              |
| State administered grants                                   | 2,573,490                            | 19,420        | 61,396,051        | 16,926,172        | 6,095,232        | 594,462          | 26,754,587        | 1,159,880        | -                   | -                 |
| Local administered grants                                   | -                                    | -             | -                 | -                 | -                | -                | -                 | -                | -                   | -                 |
| Local contributed cash                                      | 385,368                              | -             | -                 | 193               | 8,428            | -                | 270,769           | 2,515            | 1,013,994           | 5,711,639         |
| In-kind   | -                                    | -             | 3,544,123         | -                 | -                | -                | (47,516)          | 1,214,608        | -                   | -                 |
| Program income  | -                                    | -             | (34,257)          | 51,807            | 61,174           | -                | 1,000             | -                | -                   | -                 |
| Interest income   | -                                    | -             | -                 | 18,021            | 209,845          | 13,744           | 245,019           | -                | 292,390             | -                 |
| <b>Total Revenues</b>                                       | <b>2,958,858</b>                     | <b>19,420</b> | <b>64,905,917</b> | <b>16,996,193</b> | <b>6,374,679</b> | <b>608,206</b>   | <b>27,223,859</b> | <b>2,377,003</b> | <b>1,306,384</b>    | <b>5,711,639</b>  |
| <b>Expenditures</b>   |                                      |               |                   |                   |                  |                  |                   |                  |                     |                   |
| <b>Current:</b>   |                                      |               |                   |                   |                  |                  |                   |                  |                     |                   |
| Agency administration                                       | 127,271                              | 844           | 791,423           | 116,017           | 20,244           | 10,643           | 23,004            | 9,318            | 804,795             | 1,705,975         |
| Agency management   | -                                    | -             | -                 | -                 | -                | -                | -                 | -                | -                   | 540               |
| Community service   | 1,358,990                            | -             | -                 | -                 | -                | -                | 66,880            | -                | -                   | -                 |
| Area agency on aging  | -                                    | -             | -                 | -                 | -                | -                | -                 | -                | -                   | 1,091,460         |
| 9-1-1 planning  | -                                    | -             | -                 | 12,107,416        | -                | -                | -                 | -                | -                   | 13,511            |
| Emergency preparedness                                      | 1,565,210                            | -             | -                 | -                 | -                | -                | -                 | 2,345,116        | -                   | 684,653           |
| Environment & development                                   | -                                    | 19,649        | 71                | -                 | -                | 581,921          | 50,482            | -                | 122                 | 1,170,470         |
| Research and information services                           | 826                                  | -             | 2,625,056         | 469               | 13,312           | 1,596            | 331,840           | 5,463            | -                   | 11,112            |
| Transportation  | 72                                   | -             | 40,467            | 27,242            | 6,340,076        | (498)            | 26,505,375        | -                | 183,300             | (1,072)           |
| Workforce development                                       | -                                    | -             | 61,252,818        | -                 | -                | -                | -                 | -                | -                   | 587,762           |
| <b>Capital outlay</b>                                       | <b>9,366</b>                         | <b>-</b>      | <b>192,580</b>    | <b>4,743,128</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>18,533</b>       | <b>-</b>          |
| <b>Total Expenditures</b>                                   | <b>3,061,735</b>                     | <b>20,493</b> | <b>64,902,415</b> | <b>16,994,272</b> | <b>6,373,632</b> | <b>593,662</b>   | <b>26,977,581</b> | <b>2,359,897</b> | <b>1,006,750</b>    | <b>5,264,411</b>  |
| Excess (deficiencies) of revenues over (under) expenditures | (102,877)                            | (1,073)       | 3,502             | 1,921             | 1,047            | 14,544           | 246,278           | 17,106           | 299,634             | 447,228           |
| <b>Other Financing Sources</b>                              |                                      |               |                   |                   |                  |                  |                   |                  |                     |                   |
| Transfers in - projects                                     | 72,252                               | 1,085         | -                 | -                 | -                | -                | 6,829             | 1,377            | 55,723              | 91,235            |
| Transfers out - projects                                    | (786)                                | (12)          | (3,502)           | (1,921)           | -                | (800)            | (8,088)           | (18,483)         | (54,200)            | (127,347)         |
| <b>Total Other Financing Sources</b>                        | <b>71,466</b>                        | <b>1,073</b>  | <b>(3,502)</b>    | <b>(1,921)</b>    | <b>-</b>         | <b>(800)</b>     | <b>(1,259)</b>    | <b>(17,106)</b>  | <b>1,523</b>        | <b>(36,112)</b>   |
| <b>Net change in fund balance</b>                           | <b>(31,411)</b>                      | <b>-</b>      | <b>-</b>          | <b>-</b>          | <b>1,047</b>     | <b>13,744</b>    | <b>245,019</b>    | <b>-</b>         | <b>301,157</b>      | <b>411,116</b>    |
| <b>Fund balances-beginning</b>                              | <b>389,559</b>                       | <b>-</b>      | <b>-</b>          | <b>-</b>          | <b>356</b>       | <b>414</b>       | <b>108,725</b>    | <b>-</b>         | <b>5,204,478</b>    | <b>409,324</b>    |
| <b>Fund balances-end</b>                                    | <b>\$ 358,148</b>                    | <b>\$ -</b>   | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ 1,403</b>  | <b>\$ 14,158</b> | <b>\$ 353,744</b> | <b>\$ -</b>      | <b>\$ 5,505,635</b> | <b>\$ 820,440</b> |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATE AND LOCALLY ADMINISTERED GRANTS**  
**For the Year Ended September 30, 2018**

|  | STATE AND LOCALLY ADMINISTERED FUNDS |              |               |                |               |                   |               |                  |                     |
|--|--------------------------------------|--------------|---------------|----------------|---------------|-------------------|---------------|------------------|---------------------|
|  | TX VC                                | TX A&M       | BBB           | CCGD           | NARC          | HHSC              | SOLSMART      | TX WDB           | TOTAL               |
| <b>Revenues</b>  |                                      |              |               |                |               |                   |               |                  |                     |
| Federal grants   | \$ -                                 | \$ -         | \$ -          | \$ -           | \$ -          | \$ -              | \$ -          | \$ -             | \$ -                |
| State administered grants                                      | 125,104                              | -            | -             | -              | -             | 7,352,223         | -             | -                | 122,996,621         |
| Local administered grants                                      | -                                    | 3,858        | 15,905        | (7,697)        | 24,111        | -                 | 13,804        | -                | 49,981              |
| Local contributed cash   | -                                    | -            | -             | -              | 2,360         | 164,900           | -             | -                | 7,560,166           |
| In-kind  | -                                    | -            | -             | -              | -             | 8,175,962         | -             | -                | 12,887,177          |
| Program income   | -                                    | -            | -             | -              | -             | 235,639           | -             | -                | 315,363             |
| Interest income  | -                                    | -            | -             | -              | -             | -                 | -             | -                | 779,019             |
| <b>Total Revenues</b>  | <b>125,104</b>                       | <b>3,858</b> | <b>15,905</b> | <b>(7,697)</b> | <b>26,471</b> | <b>15,928,724</b> | <b>13,804</b> | <b>-</b>         | <b>144,588,327</b>  |
| <b>Expenditures</b>  |                                      |              |               |                |               |                   |               |                  |                     |
| <b>Current:</b>  |                                      |              |               |                |               |                   |               |                  |                     |
| Agency administration  | 4,553                                | -            | -             | -              | -             | 210,181           | 182           | -                | 3,824,450           |
| Agency management  | -                                    | -            | -             | -              | -             | -                 | -             | -                | 540                 |
| Community service  | -                                    | -            | -             | -              | -             | -                 | -             | -                | 1,425,870           |
| Area agency on aging   | -                                    | -            | 15,687        | -              | -             | 15,713,751        | -             | -                | 16,820,898          |
| 9-1-1 planning   | -                                    | -            | -             | -              | -             | -                 | -             | -                | 12,120,927          |
| Emergency preparedness   | -                                    | -            | -             | -              | -             | -                 | -             | -                | 4,594,979           |
| Environment & development                                      | -                                    | -            | -             | -              | -             | -                 | 9,668         | -                | 1,832,383           |
| Research and information services                              | -                                    | -            | -             | -              | -             | 403               | -             | -                | 2,990,077           |
| Transportation   | -                                    | 3,856        | 209           | -              | 26,461        | 6,725             | 4,682         | -                | 33,136,895          |
| Workforce development  | 120,550                              | -            | -             | -              | -             | -                 | -             | -                | 61,961,130          |
| <b>Capital outlay</b>  | <b>-</b>                             | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>-</b>      | <b>-</b>          | <b>-</b>      | <b>-</b>         | <b>4,963,607</b>    |
| <b>Total Expenditures</b>                                      | <b>125,103</b>                       | <b>3,856</b> | <b>15,896</b> | <b>-</b>       | <b>26,461</b> | <b>15,931,060</b> | <b>14,532</b> | <b>-</b>         | <b>143,671,756</b>  |
| Excess (deficiencies) of revenues<br>over (under) expenditures | 1                                    | 2            | 9             | (7,697)        | 10            | (2,336)           | (728)         | -                | 916,571             |
| <b>Other Financing Sources</b>                                 |                                      |              |               |                |               |                   |               |                  |                     |
| Transfers in - projects  | -                                    | -            | -             | 7,697          | -             | 4,629             | 735           | -                | 241,562             |
| Transfers out - projects                                       | (1)                                  | (2)          | (9)           | -              | (10)          | (2,293)           | (7)           | (56,729)         | (274,190)           |
| <b>Total Other Financing Sources</b>                           | <b>(1)</b>                           | <b>(2)</b>   | <b>(9)</b>    | <b>7,697</b>   | <b>(10)</b>   | <b>2,336</b>      | <b>728</b>    | <b>(56,729)</b>  | <b>(32,628)</b>     |
| <b>Net change in fund balance</b>                              | <b>-</b>                             | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>-</b>      | <b>-</b>          | <b>-</b>      | <b>(56,729)</b>  | <b>883,943</b>      |
| <b>Fund balances-beginning</b>                                 | <b>-</b>                             | <b>-</b>     | <b>-</b>      | <b>-</b>       | <b>-</b>      | <b>-</b>          | <b>-</b>      | <b>117,997</b>   | <b>6,230,853</b>    |
| <b>Fund balances-end</b>                                       | <b>\$ -</b>                          | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ -</b>    | <b>\$ -</b>   | <b>\$ -</b>       | <b>\$ -</b>   | <b>\$ 61,268</b> | <b>\$ 7,114,796</b> |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF INDIRECT COSTS (BUDGET BASIS)**  
**GENERAL FUND**  
**For the Year Ended September 30, 2018**

|  | <u>Actual</u>             | <u>Budget</u>             |
|--|---------------------------|---------------------------|
| Salaries                                 | \$2,238,211               | \$2,238,310               |
| Benefits                                 | 970,017                   | 970,464                   |
| Indirect personnel                       | 3,208,228                 | 3,208,774                 |
| Legal                                    | 6,936                     | 7,000                     |
| Audit                                    | 127,335                   | 127,343                   |
| Contract services                        | 518,781                   | 518,801                   |
| Travel                                   | 28,039                    | 28,100                    |
| Equipment use fee                        | 21,448                    | 21,500                    |
| Consumable supplies                      | 211,135                   | 211,219                   |
| Insurance & bonding                      | 29,288                    | 29,300                    |
| Rent                                     | 391,274                   | 391,300                   |
| Printing & publications                  | 28,573                    | 28,600                    |
| Equipment rental                         | -                         | -                         |
| Advertising                              | 9,915                     | 10,000                    |
| Maintenance & repairs                    | 128,886                   | 128,900                   |
| Employee recruitment                     | 5,402                     | 5,500                     |
| Communications                           | 10,511                    | 10,600                    |
| Postage                                  | 5,850                     | 6,000                     |
| Subscriptions & dues                     | 212,720                   | 212,801                   |
| Other                                    | 280,693                   | 280,700                   |
| <b>TOTAL</b>                             | <b>5,225,014</b>          | <b>5,226,438</b>          |
| Less: Contributions to<br>Indirect costs | <u>(25,143)</u>           | <u>(10,000)</u>           |
| <b>NET INDIRECT COSTS</b>                | <b><u>\$5,199,871</u></b> | <b><u>\$5,216,438</u></b> |

Indirect costs rate computations:

|  |                        |                        |
|--|------------------------|------------------------|
| Net indirect costs                     | \$ <u>5,199,871</u>    | \$ <u>5,216,438</u>    |
| Direct salaries & benefits - all funds | \$ 29,614,004 = 17.56% | \$ 29,473,228 = 17.70% |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF EMPLOYEE BENEFITS**  
**ALL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

| <b>Full Time Benefits Programs</b> | <u><b>Actual</b></u>       | <u><b>Projected</b></u>     |
|------------------------------------|----------------------------|-----------------------------|
| Medicare insurance                 | \$ 356,885                 | \$ 368,470                  |
| Medical insurance                  | 3,584,856                  | 3,685,959                   |
| Worker's compensation              | 65,986                     | 69,128                      |
| Flexible benefit plan              | 8,580                      | 12,189                      |
| Life & disability insurance        | 177,750                    | 201,878                     |
| Other benefits                     | 35,850                     | 97,000                      |
| Unemployment insurance             | 64,683                     | 60,840                      |
| Retirement                         | 2,685,941                  | 2,649,455                   |
| Vacation                           | 1,283,143                  | 1,310,589                   |
| Sick leave                         | 532,851                    | 674,267                     |
| Holiday leave                      | 990,689                    | 962,275                     |
| Other leave                        | 165,451                    | 120,285                     |
| <b>TOTAL</b>                       | <u><u>\$ 9,952,665</u></u> | <u><u>\$ 10,212,335</u></u> |

Employee benefits rate computations:

|                          |                        |                        |
|--------------------------|------------------------|------------------------|
| Total full-time benefits | <u>\$ 9,952,665</u>    | <u>\$ 10,212,335</u>   |
| Total regular salaries   | \$ 22,654,989 = 43.93% | \$ 22,344,769 = 45.70% |

Total personnel costs recap:

|                    |                             |                             |
|--------------------|-----------------------------|-----------------------------|
| Salaries           | \$ 22,654,989               | \$ 22,344,769               |
| Benefits           | <u>9,952,665</u>            | <u>10,212,335</u>           |
| Personnel - NCTCOG | <u><u>\$ 32,607,654</u></u> | <u><u>\$ 32,557,104</u></u> |

**TEXAS LOCAL GOVERNMENT CODE CHAPTER 391 INDIRECT COST LIMITATIONS TEST**  
**FISCAL YEAR 2018 ACTUAL**  
**OCTOBER 1, 2017 – SEPTEMBER 30, 2018**

|  |                               |             |
|--|-------------------------------|-------------|
| <b>Total Indirect Costs</b>  | <b>\$ 5,199,871</b>           |             |
| <b>Expenditures:</b>   |                               |             |
| General Fund   | 5,730,905                     |             |
| Special Revenue Fund   | 151,966,668                   |             |
| Internal Service Fund  | 5,586,000                     |             |
| Enterprise Fund  | 1,445,222                     |             |
| Interdepartmental Transfers for Direct<br>Charges and Indirect Costs | <u>(11,092,594)</u>           |             |
| <b>Total Expenditures</b>  | <b>\$ 153,636,201 =</b>       | <b>3.4%</b> |
| <b>Less:</b>   |                               |             |
| Pass-Through Funds <sup>(1)</sup>                                    | (55,187,081)                  |             |
| In-Kind Expenditures   | (14,766,025)                  |             |
| Contract Services  | (17,145,102)                  |             |
| Capital Expenditures   | <u>(4,963,607)</u>            |             |
| <b>Adjusted Expenditures</b>   | <b><u>\$ 61,574,386 =</u></b> | <b>8.4%</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.”

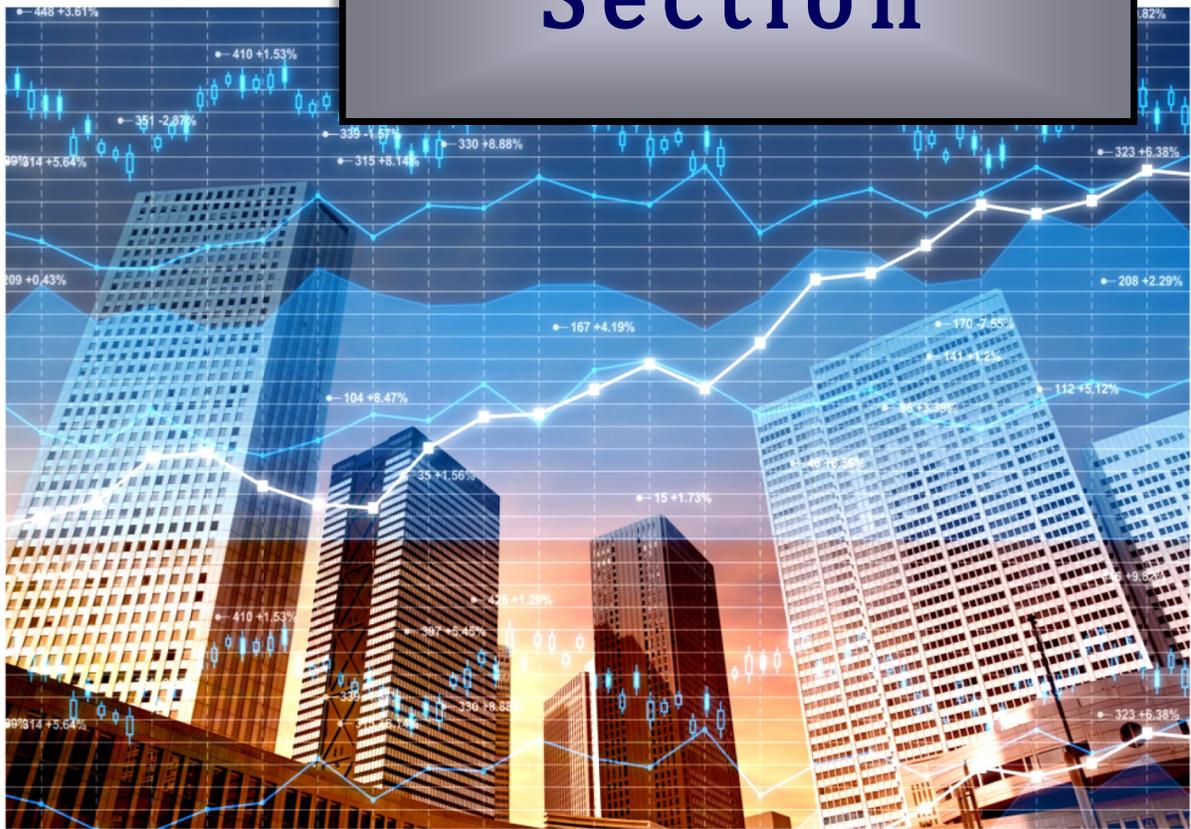
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF CAPITAL ASSETS BY SOURCE**  
**AS OF SEPTEMBER 30, 2018**

|                                    | <u><b>Totals</b></u>        |
|------------------------------------|-----------------------------|
| <b>CAPITAL ASSETS</b>              |                             |
| Equipment                          | \$ 26,693,587               |
| Furniture                          | 224,285                     |
| Leasehold Improvements             | <u>2,867,567</u>            |
| Total Capital Assets               | <u><u>\$ 29,785,439</u></u> |
| <b>SOURCES</b>                     |                             |
| NCTCOG                             |                             |
| Equipment                          | \$ 10,796,803               |
| Furniture                          | 82,984                      |
| Leasehold Improvements             | <u>630,597</u>              |
|                                    | 11,510,384                  |
| GRANT FUNDED                       |                             |
| Equipment                          | 15,896,784                  |
| Furniture                          | 141,301                     |
| Leasehold Improvements             | <u>2,236,970</u>            |
|                                    | 18,275,055                  |
| Less: Internal Service Fund Assets | 1,234,994                   |
| Less: Enterprise Fund              | <u>7,483,991</u>            |
| Total General Capital Assets       | <u><u>\$ 21,066,454</u></u> |

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY**  
**AS OF SEPTEMBER 30, 2018**

|                               | <u>2017</u>          | <u>Additions</u>    | <u>Deletions</u> | <u>2018</u>          |
|-------------------------------|----------------------|---------------------|------------------|----------------------|
| <b>CAPITAL ASSETS</b>         |                      |                     |                  |                      |
| Local assistance              | \$ 1,305,119         | \$ 67,220           | \$ 41,880        | \$ 1,330,459         |
| Transportation planning-TxDOT | 1,310,706            | 18,533              |                  | 1,329,239            |
| Regional information services | 1,983,373            |                     |                  | 1,983,373            |
| Environmental resources       | 110,290              |                     |                  | 110,290              |
| Emergency preparedness        | 262,583              | 9,366               |                  | 271,949              |
| Workforce development         | 3,959,340            | 192,580             | 5,970            | 4,145,950            |
| Community services            | 65,790               |                     |                  | 65,790               |
| Area Agency on Aging          | 30,063               |                     |                  | 30,063               |
| 911                           | 8,291,207            | 4,743,128           |                  | 13,034,335           |
| Enterprise fund               | <u>7,483,991</u>     |                     |                  | <u>7,483,991</u>     |
| Total capital assets          | 24,802,462           | 5,030,827           | 47,850           | 29,785,439           |
| Less: Internal service fund   | 1,209,654            | 67,220              | 41,880           | 1,234,994            |
| Less: Enterprise fund         | <u>7,483,991</u>     | -                   | -                | <u>7,483,991</u>     |
| Total General Capital Assets  | <u>\$ 16,108,817</u> | <u>\$ 4,963,607</u> | <u>\$ 5,970</u>  | <u>\$ 21,066,454</u> |

# Statistical Section





**STATISTICAL SECTION  
(UNAUDITED)**

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, note disclosures, and required supplementary information says about NCTCOG'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><br>These schedules contain trend information to help the reader understand how NCTCOG's financial performance and well-being have changed over time.   | <b>1, 2, 3 &amp; 4</b> |
| <b>Revenue Capacity</b><br>All of NCTCOG's significant revenue is provided by other governments. It does not impose any taxes or charge any significant fees of its own. These tables contain information to help the reader assess NCTCOG's most significant local revenue sources. | <b>5</b>               |
| <b>Debt Capacity</b><br>This schedule presents information to help the reader assess the affordability of NCTCOG's current level of outstanding debt and the ability to issue additional debt in the future.   | <b>6</b>               |
| <b>Demographic and Economic Indicators</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which NCTCOG's financial activities take place.   | <b>7 &amp; 8</b>       |
| <b>Operating Information</b><br>This schedule contains service data to help the reader understand how the information in NCTCOG's financial report relates to the services NCTCOG provides and the resources it utilizes to provide these services.                                  | <b>9</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>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          |
| Governmental activities                     |                      |                      |                      |                      |
| Investment in capital assets                | \$ 6,488,405         | \$ 4,848,728         | \$ 5,805,480         | \$ 2,920,629         |
| Restricted                                  | 6,124,568            | 5,924,051            | 5,649,654            | 5,634,043            |
| Unrestricted                                | <u>7,898,500</u>     | <u>6,496,927</u>     | <u>6,038,512</u>     | <u>5,930,520</u>     |
| Total governmental activities net position  | <u>\$ 20,511,473</u> | <u>\$ 17,269,706</u> | <u>\$ 17,493,646</u> | <u>\$ 14,485,192</u> |
| Business-type activities                    |                      |                      |                      |                      |
| Investment in capital assets                | 728                  | 21,997               | 53,520               | \$ 76,899            |
| Unrestricted                                | <u>87,519</u>        | <u>44,713</u>        | <u>17,040</u>        | <u>52,248</u>        |
| Total business-type activities net position | <u>\$ 88,247</u>     | <u>\$ 66,710</u>     | <u>\$ 70,560</u>     | <u>\$ 129,147</u>    |
| Primary government                          |                      |                      |                      |                      |
| Investment in capital assets                | \$ 6,489,133         | \$ 4,870,725         | \$ 5,859,000         | \$ 2,997,528         |
| Restricted                                  | 6,124,568            | 5,924,051            | 5,649,654            | 5,634,043            |
| Unrestricted                                | <u>7,986,019</u>     | <u>6,541,640</u>     | <u>6,055,552</u>     | <u>5,982,768</u>     |
| Total primary governmental net position     | <u>\$ 20,599,720</u> | <u>\$ 17,336,416</u> | <u>\$ 17,564,206</u> | <u>\$ 14,614,339</u> |

**Source:** Comprehensive Annual Financial Report

**Table 1**

| 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,493,197         | \$ 951,869           | \$ 1,131,432         | \$ 1,368,144         | \$ 1,161,862         | \$ 1,497,753         |
| 5,473,922            | 5,401,133            | 6,231,665            | 14,061,433           | 27,942,962           | 38,909,613           |
| 5,714,552            | 5,226,610            | 4,312,103            | 4,122,881            | 3,816,701            | 3,646,310            |
| <u>\$ 12,681,671</u> | <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> |
| \$ 18,502            | \$ 25,791            | \$ 13,260            | \$ 22,100            | \$ -                 | \$ -                 |
| 36,409               | 20,801               | 67,769               | 55,656               | 90,141               | 67,345               |
| <u>\$ 54,911</u>     | <u>\$ 46,592</u>     | <u>\$ 81,029</u>     | <u>\$ 77,756</u>     | <u>\$ 90,141</u>     | <u>\$ 67,345</u>     |
| \$ 1,511,699         | \$ 977,660           | \$ 1,144,692         | \$ 1,390,244         | \$ 1,161,862         | \$ 1,497,753         |
| 5,473,922            | 5,401,133            | 6,231,665            | 14,061,433           | 27,942,962           | 38,909,613           |
| 5,750,961            | 5,247,411            | 4,379,872            | 4,178,537            | 3,906,842            | 3,713,655            |
| <u>\$ 12,736,582</u> | <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> |

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

|  | Fiscal Year           |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2018                  | 2017                  | 2016                  | 2015                  |
| <b>Expenses</b>                                  |                       |                       |                       |                       |
| Governmental activities:                         |                       |                       |                       |                       |
| Agency administration                            | \$ 7,852,410          | \$ 7,410,029          | \$ 7,126,021          | \$ 6,796,651          |
| Agency management                                | 885,791               | 802,210               | 641,576               | 740,381               |
| Community services                               | 1,364,502             | 1,140,500             | 1,089,685             | 1,265,731             |
| *Area agency on aging                            | 16,601,140            | 15,557,099            | 15,727,538            | 14,240,408            |
| *9-1-1 Planning                                  | 14,423,825            | 8,056,787             | 7,937,736             | 7,297,342             |
| Emergency preparedness                           | 4,434,937             | 2,926,935             | 3,814,764             | 2,650,262             |
| Environment and development                      | 2,212,906             | 3,293,253             | 2,554,177             | 3,436,397             |
| RIS local assistance                             | 2,704,069             | 4,847,837             | 3,121,551             | 3,643,793             |
| Transportation planning                          | 38,551,550            | 44,387,187            | 40,574,850            | 57,414,019            |
| Workforce development                            | 61,478,270            | 60,308,475            | 60,257,318            | 56,808,063            |
| Total governmental activities expenses           | <u>150,509,400</u>    | <u>148,730,312</u>    | <u>142,845,216</u>    | <u>154,293,047</u>    |
| Business-type activities:                        |                       |                       |                       |                       |
| Shared service center                            | 1,445,222             | 1,354,760             | 1,560,006             | 1,398,101             |
| Total business-type activities expenses          | <u>1,445,222</u>      | <u>1,354,760</u>      | <u>1,560,006</u>      | <u>1,398,101</u>      |
| Total primary government expenses                | <u>151,954,622</u>    | <u>150,085,072</u>    | <u>144,405,222</u>    | <u>\$ 155,691,148</u> |
| <b>Program Revenues</b>                          |                       |                       |                       |                       |
| Governmental activities:                         |                       |                       |                       |                       |
| Operating grants:                                |                       |                       |                       |                       |
| Agency administration                            | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| Agency management                                | 104,093               | 8,631                 | 47,526                | 51,597                |
| Community services                               | 976,123               | 965,583               | 1,010,092             | 1,012,142             |
| *Area agency on aging                            | 7,460,116             | 7,878,659             | 8,166,710             | 7,709,678             |
| *9-1-1 Planning                                  | 16,926,172            | 9,844,978             | 11,634,747            | 9,447,330             |
| Emergency preparedness                           | 2,757,243             | 2,039,596             | 2,426,230             | 1,513,243             |
| Environment and development                      | 960,517               | 2,387,730             | 1,318,498             | 2,241,342             |
| RIS local assistance                             | -                     | -                     | -                     | -                     |
| Transportation planning                          | 38,464,100            | 43,518,006            | 37,874,414            | 38,065,646            |
| Workforce development                            | 61,521,158            | 59,606,274            | 59,051,999            | 56,715,045            |
| Local grants and contributions                   | 22,945,328            | 21,255,533            | 23,553,737            | 38,635,349            |
| Total governmental activities program revenues   | <u>152,114,850</u>    | <u>147,504,990</u>    | <u>145,083,953</u>    | <u>155,391,372</u>    |
| Business-type activities:                        |                       |                       |                       |                       |
| Charges for services:                            |                       |                       |                       |                       |
| Shared service center                            | 1,440,309             | 1,314,460             | 1,474,969             | 1,472,337             |
| Total business-type activities program revenues  | <u>1,440,309</u>      | <u>1,314,460</u>      | <u>1,474,969</u>      | <u>1,472,337</u>      |
| <b>Total primary government program revenues</b> | <u>\$ 153,555,159</u> | <u>\$ 148,819,450</u> | <u>\$ 146,558,922</u> | <u>\$ 156,863,709</u> |
| <b>Net (Expenses) Revenue</b>                    |                       |                       |                       |                       |
| Governmental activities                          | 1,605,450             | (1,225,322)           | 2,238,737             | \$ 1,098,325          |
| Business-type activities                         | (4,913)               | (40,300)              | (85,037)              | 74,236                |
| <b>Total primary government net expenses</b>     | <u>\$ 1,600,537</u>   | <u>\$ (1,265,622)</u> | <u>\$ 2,153,700</u>   | <u>\$ 1,172,561</u>   |
| <b>General Revenues</b>                          |                       |                       |                       |                       |
| <b>and Other Changes in Net Position</b>         |                       |                       |                       |                       |
| Governmental activities:                         |                       |                       |                       |                       |
| Membership dues                                  | 708,243               | 697,285               | 685,727               | 678,492               |
| Interest on investments                          | 954,524               | 340,547               | 110,440               | 26,704                |
| Transfers in (out)                               | (26,450)              | (36,450)              | (26,450)              | -                     |
| <b>Total governmental activities</b>             | <u>\$ 1,636,317</u>   | <u>\$ 1,001,382</u>   | <u>\$ 769,717</u>     | <u>\$ 705,196</u>     |
| Business-type activities:                        |                       |                       |                       |                       |
| Transfers in (out)                               | 26,450                | 36,450                | 26,450                | -                     |
| Total business-type activities                   | <u>26,450</u>         | <u>36,450</u>         | <u>26,450</u>         | <u>-</u>              |
| Total primary government                         | <u>\$ 1,662,767</u>   | <u>\$ 1,037,832</u>   | <u>\$ 796,167</u>     | <u>\$ 705,196</u>     |
| <b>Change in Net Position</b>                    |                       |                       |                       |                       |
| Governmental activities                          | 3,241,767             | (223,940)             | 3,008,454             | \$ 1,803,521          |
| Business-type activities                         | 21,537                | (3,850)               | (58,587)              | 74,236                |
| Total primary government                         | <u>3,263,304</u>      | <u>(227,790)</u>      | <u>2,949,867</u>      | <u>\$ 1,877,757</u>   |
|  | <u>\$ 3,263,304</u>   | <u>\$ (227,790)</u>   | <u>\$ 2,949,867</u>   | <u>\$ 1,877,757</u>   |

Source: Comprehensive Annual Financial Report

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

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

Table 2

| 2014                  | 2013                  | 2012                  | 2011                   | 2010                   | 2009                   |
|-----------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| \$ 5,775,899          | \$ 5,463,174          | \$ 5,276,175          | \$ 5,201,324           | \$ 5,227,937           | \$ 5,269,854           |
| 754,076               | 706,873               | 759,547               | 848,942                | 776,145                | 853,457                |
| 1,289,674             | 24,883,533            | 18,522,455            | 22,909,179             | 20,488,403             | 22,490,067             |
| 13,508,941            | -                     | -                     | -                      | -                      | -                      |
| 5,586,715             | -                     | -                     | -                      | -                      | -                      |
| 3,672,635             | 1,426,129             | 2,062,309             | 3,539,299              | 2,781,337              | 2,435,347              |
| 2,302,909             | 3,310,704             | 2,074,557             | 4,587,918              | 4,614,671              | 5,709,613              |
| 2,748,710             | 3,040,498             | 2,637,422             | 3,446,598              | 2,487,667              | 3,486,236              |
| 53,195,247            | 55,148,280            | 56,170,198            | 76,151,018             | 75,614,317             | 63,238,757             |
| 57,742,893            | 59,152,671            | 55,962,878            | 58,952,928             | 59,043,491             | 53,269,187             |
| <u>146,577,699</u>    | <u>153,131,862</u>    | <u>143,465,541</u>    | <u>175,637,206</u>     | <u>171,033,968</u>     | <u>156,752,518</u>     |
| 1,639,004             | 1,868,172             | 1,936,213             | 1,947,896              | 1,987,466              | 2,861,816              |
| <u>1,639,004</u>      | <u>1,868,172</u>      | <u>1,936,213</u>      | <u>1,947,896</u>       | <u>1,987,466</u>       | <u>2,861,816</u>       |
| <u>\$ 148,216,703</u> | <u>\$ 155,000,034</u> | <u>\$ 145,401,754</u> | <u>\$ 177,585,102</u>  | <u>\$ 173,021,434</u>  | <u>\$ 159,614,334</u>  |
| \$ -                  | \$ -                  | \$ 120,965            | \$ 238,845             | \$ 123,814             | \$ 100,626             |
| 5,359                 | -                     | -                     | -                      | -                      | -                      |
| 997,865               | 18,843,748            | 13,050,047            | 17,129,937             | 15,802,837             | 17,634,359             |
| 6,819,762             | -                     | -                     | -                      | -                      | -                      |
| 6,627,544             | -                     | -                     | -                      | -                      | -                      |
| 2,102,303             | 872,066               | 1,658,836             | 3,378,498              | 3,087,356              | 2,262,037              |
| 835,146               | 2,123,277             | 1,003,473             | 3,799,786              | 1,795,328              | 4,353,732              |
| -                     | -                     | -                     | 37,938                 | 158,382                | 200,903                |
| 47,130,223            | 44,801,874            | 37,113,912            | 48,336,809             | 56,793,123             | 42,882,386             |
| 57,642,394            | 59,198,773            | 55,814,882            | 59,195,722             | 58,439,547             | 51,946,951             |
| 24,839,146            | 26,477,435            | 26,132,659            | 26,264,855             | 22,639,979             | 21,644,684             |
| <u>146,999,742</u>    | <u>152,317,173</u>    | <u>134,894,774</u>    | <u>158,382,390</u>     | <u>158,840,366</u>     | <u>141,025,678</u>     |
| 1,643,984             | 1,833,735             | 1,939,496             | 1,939,738              | 2,010,262              | 1,583,339              |
| <u>1,643,984</u>      | <u>1,833,735</u>      | <u>1,939,496</u>      | <u>1,939,738</u>       | <u>2,010,262</u>       | <u>1,583,339</u>       |
| <u>\$ 148,643,726</u> | <u>\$ 154,150,908</u> | <u>\$ 136,834,270</u> | <u>\$ 160,322,128</u>  | <u>\$ 160,850,628</u>  | <u>\$ 142,609,017</u>  |
| \$ 422,043            | \$ (814,689)          | \$ (8,570,767)        | \$ (14,254,816)        | \$ (12,193,602)        | \$ (15,726,840)        |
| 4,980                 | (34,437)              | 3,283                 | (8,158)                | 22,796                 | (1,278,477)            |
| <u>\$ 427,023</u>     | <u>\$ (849,126)</u>   | <u>\$ (8,567,484)</u> | <u>\$ (14,262,974)</u> | <u>\$ (12,170,806)</u> | <u>\$ (17,005,317)</u> |
| 664,694               | 657,054               | 651,539               | 663,091                | 654,835                | 645,519                |
| 18,661                | 62,047                | 41,970                | 218,421                | 406,616                | 582,748                |
| (3,339)               | -                     | -                     | 4,237                  | -                      | -                      |
| <u>\$ 680,016</u>     | <u>\$ 719,101</u>     | <u>\$ 693,509</u>     | <u>\$ 885,749</u>      | <u>\$ 1,061,451</u>    | <u>\$ 1,228,267</u>    |
| 3,339                 | -                     | -                     | (4,237)                | -                      | -                      |
| <u>3,339</u>          | <u>-</u>              | <u>-</u>              | <u>(4,237)</u>         | <u>-</u>               | <u>-</u>               |
| <u>\$ 683,355</u>     | <u>\$ 719,101</u>     | <u>\$ 693,509</u>     | <u>\$ 881,512</u>      | <u>\$ 1,061,451</u>    | <u>\$ 1,228,267</u>    |
| \$ 1,102,059          | \$ (95,588)           | \$ (7,877,258)        | \$ (13,369,067)        | \$ (11,132,151)        | \$ (14,498,573)        |
| 8,319                 | (34,437)              | 3,283                 | (12,395)               | 22,796                 | (1,278,477)            |
| <u>\$ 1,110,378</u>   | <u>\$ (130,025)</u>   | <u>\$ (7,873,975)</u> | <u>\$ (13,381,462)</u> | <u>\$ (11,109,355)</u> | <u>\$ (15,777,050)</u> |
| <u>\$ 1,110,378</u>   | <u>\$ (130,025)</u>   | <u>\$ (7,873,975)</u> | <u>\$ (13,381,462)</u> | <u>\$ (11,109,355)</u> | <u>\$ (15,777,050)</u> |

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

| General Fund                        | Fiscal Year - Post GASB 54 |                     |                     |                     |
|-------------------------------------|----------------------------|---------------------|---------------------|---------------------|
|                                     | 2018                       | 2017                | 2016                | 2015                |
| Non Spendable:                      |                            |                     |                     |                     |
| Non Spendable                       | \$ 104,680                 | \$ 57,469           | \$ 40,417           | \$ 44,133           |
| Spendable:                          |                            |                     |                     |                     |
| Unassigned                          | 6,763,649                  | 6,426,703           | 6,156,230           | 5,788,867           |
| Total General Fund                  | <u>\$ 6,868,329</u>        | <u>\$ 6,484,172</u> | <u>\$ 6,196,647</u> | <u>\$ 5,833,000</u> |
| Non Spendable:                      |                            |                     |                     |                     |
| Non Spendable                       | \$ 748,494                 | \$ 124,116          | \$ 93,484           | \$ 123,393          |
| Spendable:                          |                            |                     |                     |                     |
| Restricted for grants               | -                          | 719,573             | 574,167             | 646,082             |
| Restricted for local transportation | 699,983                    | 5,204,478           | 5,075,487           | 4,987,961           |
| Restricted for other local projects | 5,424,585                  | -                   | -                   | -                   |
| Assigned                            | 354,764                    | 285,208             | 318,268             | 478,494             |
| Total all other governmental funds  | <u>\$ 7,227,826</u>        | <u>\$ 6,333,375</u> | <u>\$ 6,061,406</u> | <u>\$ 6,235,930</u> |

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

| All Other Governmental Funds       |                      |                      |
|------------------------------------|----------------------|----------------------|
| Reserved for:                      |                      |                      |
| Prepaid items                      | \$ 79,881            | \$ 55,054            |
| Prepaid items                      |                      |                      |
| Grants                             | 221,448              | 796,364              |
| Local transportation projects      | 27,721,514           | 38,113,249           |
| Total all other governmental funds | <u>\$ 28,022,843</u> | <u>\$ 38,964,667</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**

| <u>2014</u>         | <u>2013</u>         | <u>2012</u>         | <u>2011</u>          |
|---------------------|---------------------|---------------------|----------------------|
| \$ 51,512           | \$ 67,473           | \$ 55,616           | \$ 80,646            |
| <u>5,504,106</u>    | <u>5,266,892</u>    | <u>5,029,314</u>    | <u>4,918,967</u>     |
| <u>\$ 5,555,618</u> | <u>\$ 5,334,365</u> | <u>\$ 5,084,930</u> | <u>\$ 4,999,613</u>  |
| <br>                |                     |                     |                      |
| \$ 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>  |                    |                    |                    |
|---|---------------------|--------------------|--------------------|--------------------|
|   | 2018                | 2017               | 2016               | 2015               |
| <b>REVENUES</b>                             |                     |                    |                    |                    |
| Federal grants                              | \$ 6,122,920        | \$ 9,417,021       | \$ 9,130,586       | \$ 13,357,415      |
| State administered grants                   | 122,996,621         | 116,521,194        | 112,250,105        | 103,398,608        |
| *Local administered grants                  | 49,981              | 311,242            | 149,525            | -                  |
| Membership dues                             | 708,243             | 697,285            | 685,727            | 678,492            |
| Local contributed cash                      | 7,862,199           | 7,032,388          | 7,212,111          | 15,874,027         |
| In-Kind                                     | 14,768,786          | 13,838,816         | 15,901,151         | 22,288,500         |
| Program income                              | 314,343             | 384,331            | 440,475            | 472,822            |
| Interest income                             | 954,524             | 340,547            | 110,440            | 26,704             |
| <b>TOTAL REVENUES</b>                       | <b>153,777,617</b>  | <b>148,542,824</b> | <b>145,880,120</b> | <b>156,096,568</b> |
| <b>EXPENDITURES</b>                         |                     |                    |                    |                    |
| Current:                                    |                     |                    |                    |                    |
| Agency administration                       | 8,297,167           | 7,626,153          | 7,427,418          | 7,166,721          |
| Agency management                           | 927,382             | 821,879            | 663,102            | 767,169            |
| Community services                          | 1,457,306           | 1,180,134          | 1,150,646          | 1,428,428          |
| **Area Agency on Aging                      | 16,923,077          | 15,691,248         | 15,911,917         | 14,384,061         |
| **9-1-1 Planning                            | 12,120,927          | 8,230,234          | 8,163,109          | 7,521,090          |
| Emergency preparedness                      | 4,594,979           | 2,997,823          | 3,909,795          | 2,775,433          |
| Environment & development                   | 2,390,973           | 3,374,010          | 2,678,049          | 3,580,973          |
| Research & information services             | 3,085,187           | 5,035,633          | 3,382,440          | 3,916,598          |
| Transportation                              | 40,975,838          | 45,519,190         | 42,021,853         | 59,104,042         |
| Workforce development                       | 61,961,130          | 60,598,233         | 60,614,440         | 57,182,521         |
| Capital outlay                              | 4,963,607           | 1,739,299          | 4,212,490          | 2,143,073          |
|   | <b>157,697,573</b>  | <b>152,813,836</b> | <b>150,135,259</b> | <b>159,970,109</b> |
| Indirect cost allocation                    | (5,199,871)         | (4,851,794)        | (4,456,006)        | (4,127,471)        |
| Contributions to indirect costs             | (25,143)            | (15,161)           | (14,706)           | (18,547)           |
| <b>TOTAL EXPENDITURES</b>                   | <b>152,472,559</b>  | <b>147,946,880</b> | <b>145,664,547</b> | <b>155,824,091</b> |
| <b>EXCESS OF REVENUES</b>                   |                     |                    |                    |                    |
| <b>OVER EXPENDITURES</b>                    | <b>1,305,058</b>    | <b>595,944</b>     | <b>215,573</b>     | <b>272,477</b>     |
| <b>OTHER FINANCING SOURCES AND USES</b>     |                     |                    |                    |                    |
| Transfers In                                | 283,218             | 886,189            | 412,599            | 364,834            |
| Transfers out                               | (309,668)           | (922,639)          | (439,049)          | (364,834)          |
| <b>Total other financing sources (uses)</b> | <b>(26,450)</b>     | <b>(36,450)</b>    | <b>(26,450)</b>    | <b>-</b>           |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>\$ 1,278,608</b> | <b>\$ 559,494</b>  | <b>\$ 189,123</b>  | <b>\$ 272,477</b>  |

Source: Comprehensive Annual Financial Report

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

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

Table 4

| 2014          | 2013          | 2012           | 2011            | 2010            | 2009            |
|---------------|---------------|----------------|-----------------|-----------------|-----------------|
| \$ 22,491,763 | \$ 20,631,697 | \$ 10,839,413  | \$ 12,979,109   | \$ 12,842,963   | \$ 3,391,827    |
| 99,668,833    | 105,208,041   | 97,922,702     | 119,138,426     | 123,357,424     | 115,989,167     |
| -             | -             | -              | -               | -               | -               |
| 664,694       | 657,054       | 651,539        | 663,091         | 654,835         | 645,519         |
| 8,144,514     | 12,964,481    | 6,000,683      | 7,718,250       | 7,242,670       | 9,694,057       |
| 16,227,555    | 13,125,408    | 19,820,625     | 21,228,282      | 15,055,527      | 11,505,589      |
| 467,077       | 387,546       | 311,351        | 318,323         | 341,782         | 445,038         |
| 18,661        | 62,047        | 41,970         | 218,421         | 406,616         | 582,748         |
| 147,683,097   | 153,036,274   | 135,588,283    | 162,263,902     | 159,901,817     | 142,253,945     |
| 6,190,755     | 6,020,958     | 6,123,956      | 6,037,841       | 6,149,666       | 6,239,753       |
| 782,985       | 570,521       | 522,548        | 602,541         | 611,201         | 617,456         |
| 1,390,999     | 25,323,042    | 18,967,988     | 23,368,882      | 20,913,065      | 22,810,881      |
| 13,731,082    | -             | -              | -               | -               | -               |
| 5,786,845     | -             | -              | -               | -               | -               |
| 3,816,952     | 1,549,436     | 2,199,152      | 3,703,670       | 2,919,321       | 2,555,857       |
| 2,480,694     | 3,480,494     | 2,237,449      | 4,814,780       | 4,842,179       | 5,906,678       |
| 3,049,466     | 3,308,621     | 2,875,759      | 3,691,229       | 2,688,156       | 3,660,746       |
| 55,083,003    | 56,926,135    | 57,792,540     | 77,753,457      | 77,112,327      | 64,537,300      |
| 58,157,641    | 59,530,189    | 56,271,929     | 59,235,482      | 59,291,468      | 53,457,071      |
| 1,021,314     | 168,034       | 229,057        | 793,319         | 198,978         | 614,578         |
| 151,491,736   | 156,877,430   | 147,220,378    | 180,001,201     | 174,726,361     | 160,400,320     |
| (3,985,911)   | (3,799,890)   | (3,634,081)    | (3,718,074)     | (3,614,978)     | (3,359,333)     |
| (22,821)      | (17,882)      | (321,138)      | (292,163)       | (380,116)       | (378,949)       |
| 147,483,004   | 153,059,658   | 143,265,159    | 175,990,964     | 170,731,267     | 156,662,038     |
| 200,093       | (23,384)      | (7,676,876)    | (13,727,062)    | (10,829,450)    | (14,408,093)    |
| 963,409       | 1,239,823     | 1,144,310      | 1,234,411       | 717,919         | 1,058,306       |
| (966,748)     | (1,239,823)   | (1,144,310)    | (1,230,174)     | (717,919)       | (1,086,787)     |
| (3,339)       | -             | -              | 4,237           | -               | (28,481)        |
| \$ 196,754    | \$ (23,384)   | \$ (7,676,876) | \$ (13,722,825) | \$ (10,829,450) | \$ (14,436,574) |

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

| <b>Fiscal<br/>Year</b> | <b>LOCAL</b>       |                     |                          |                |                | <b>TOTAL</b> |
|------------------------|--------------------|---------------------|--------------------------|----------------|----------------|--------------|
|                        | <b>Member Dues</b> | <b>Interest (1)</b> | <b>Contributions (1)</b> | <b>In-Kind</b> | <b>Program</b> |              |
| 2018                   | \$ 708,243         | \$ 954,524          | \$ 7,862,199             | \$ 14,768,786  | \$ 314,343     | 24,608,095   |
| 2017                   | 697,285            | 340,547             | 7,032,388                | 13,838,816     | 384,331        | 22,293,366   |
| 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   |

(1) Includes General and Special Revenue.

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

**Source:** Statement of Revenues, Expenditures and Changes in Fund Balances

Table 5

| <b>GRANTS</b> |                |                |              | <b>GRAND</b> |
|---------------|----------------|----------------|--------------|--------------|
| <u>*Local</u> | <u>State</u>   | <u>Federal</u> | <u>TOTAL</u> | <b>TOTAL</b> |
| \$ 49,981     | \$ 122,996,621 | \$ 6,122,920   | 129,169,522  | 153,777,617  |
| 311,242       | 116,521,194    | 9,417,021      | 126,249,457  | 148,542,824  |
| 149,525       | 112,250,105    | 9,130,586      | 121,530,216  | 145,880,120  |
| -             | 103,398,608    | 13,357,415     | 116,756,023  | 156,096,568  |
| -             | 99,668,833     | 22,491,763     | 122,160,596  | 147,683,097  |
| -             | 105,208,041    | 20,631,697     | 125,839,738  | 153,036,274  |
| -             | 97,922,702     | 10,839,413     | 108,762,115  | 135,588,283  |
| -             | 119,138,426    | 12,979,109     | 132,117,535  | 162,263,902  |
| -             | 123,357,424    | 12,842,963     | 136,200,387  | 159,901,817  |
| -             | 115,989,167    | 3,391,827      | 119,380,994  | 142,253,945  |

**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> |
|--------------------|-------------------------------------|------------------------|-----------------------|--|
| 2018               |                                     |                        | \$153,777,617         | 0.0000%                                      |
| 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%                                      |
| 2009               | 60,957                              | 42,896                 | 142,253,945           | 0.0302%                                      |

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

**Note:** (1) The Note Payable was for equipment for the Agency

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

**Table 7**

| <u>Year</u> | <u>Estimated<br/>Population<sup>a</sup></u> | <u>Personal Income<sup>b</sup></u> | <u>Per Capita<br/>Personal Income<sup>b</sup></u> | <u>School<br/>Enrollment<sup>c</sup></u> | <u>Unemployment<br/>Rate<sup>d</sup></u> |
|-------------|---|------------------------------------|---|--|--|
| 2018        | 7,390,080 *                                 | 399,887,210,952 *                  | 54,041 *  | 1,425,257                                | 3.3%                                     |
| 2017        | 7,247,010                                   | 392,145,500,000                    | 52,995  | 1,405,496                                | 3.4%                                     |
| 2016        | 7,123,430                                   | 369,614,741,000                    | 51,099  | 1,379,534                                | 4.0%                                     |
| 2015        | 7,005,600                                   | 362,947,715,000                    | 50,593  | 1,349,902                                | 4.0%                                     |
| 2014        | 6,900,090                                   | 344,279,922,000                    | 49,506  | 1,329,571                                | 5.0%                                     |
| 2013        | 6,792,770                                   | 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        | 6,454,989                                   | 256,748,150,000                    | 40,485  | 1,216,929                                | 7.8%                                     |

**Sources:** <sup>a</sup>Yearly NCTCOG Population Estimates. Each year the entire time series is updated.

<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

**Other:** N/A - Data not available.

\* - Approximation only, as information not published yet

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

**Table 8**

| 2018                                       |                |  | 2009                                       |                |  |
|--|----------------|--|--|----------------|--|
| Employer <sup>a</sup>                      | Employees      | Percentage of<br>Total<br>NCTCOG<br>Employment | Employer <sup>a</sup>                      | Employees      | Percentage<br>of Total<br>NCTCOG<br>Employment |
| Wal-Mart Stores Inc.                       | 34,000         | 0.88%  | Wal-Mart Stores Inc.                       | 37,100         | 1.21%  |
| American Airlines Group Inc.               | 27,000         | 0.70%  | American Airlines Group Inc.               | 21,935         | 0.72%  |
| Texas Health Resources                     | 25,000         | 0.65%  | Baylor Health Care System                  | 18,000         | 0.59%  |
| Dallas Independent School District         | 21,262         | 0.55%  | Texas Health Resources                     | 17,485         | 0.57%  |
| Lockheed Martin Aeronautics                | 17,200         | 0.45%  | AT&T                                       | 14,400         | 0.47%  |
| AT&T Inc.                                  | 17,000         | 0.44%  | Lockheed Martin Aeronautics                | 14,100         | 0.46%  |
| Medical City Healthcare                    | 17,000         | 0.44%  | Verizon Communication                      | 14,000         | 0.46%  |
| Baylor Scott & White Health                | 16,500         | 0.43%  | HCA  | 12,300         | 0.40%  |
| The Kroger Co.                             | 15,397         | 0.40%  | JPMorgan Chase                             | 10,000         | 0.33%  |
| Bank of America                            | 13,500         | 0.35%  | Citi                                       | 9,100          | 0.30%  |
|  | <u>203,859</u> | <u>5.29%</u>                                   | Total                                      | <u>168,420</u> | <u>5.51%</u>                                   |
| Total NCTCOG Region Employees <sup>b</sup> | 3,857,226      |  | Total NCTCOG Region Employees <sup>b</sup> | 3,059,058      |  |

**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 2010  
<sup>b</sup> NCTCOG, RIS department

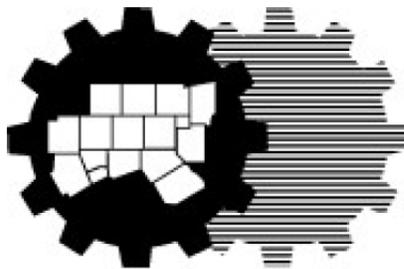
**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**FULL-TIME EQUIVALENT AGENCY EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**Table 9**

| <u>Function/Program</u>           | <u>Fiscal Year</u> |             |             |             |             |             |             |             |             |             |
|-----------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                   | <u>2018</u>        | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
| Agency Management                 | 3                  | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Agency Administration             | 48                 | 45          | 44          | 42          | 41          | 39          | 38          | 39          | 39          | 39          |
| Public Affairs                    | 2                  | 2           | 2           | 2           | 2           | 2           | 3           | 4           | 4           | 4           |
| Research and Information Services | 35                 | 35          | 29          | 27          | 27          | 27          | 26          | 30          | 32          | 32          |
| Community Services                | 9                  | 8           | 7           | 47          | 46          | 44          | 44          | 45          | 41          | 40          |
| *Area Agency on Aging             | 24                 | 21          | 22          | -           | -           | -           | -           | -           | -           | -           |
| *9-1-1 Planning                   | 33                 | 26          | 24          | -           | -           | -           | -           | -           | -           | -           |
| Environment & Development         | 14                 | 13          | 13          | 13          | 12          | 12          | 18          | 23          | 23          | 24          |
| Transportation                    | 169                | 161         | 158         | 148         | 149         | 149         | 153         | 158         | 149         | 154         |
| Workforce Development             | 44                 | 40          | 40          | 34          | 34          | 31          | 28          | 25          | 22          | 22          |
| Emergency Preparedness            | 12                 | 11          | 11          | 11          | 12          | 12          | 13          | 18          | 18          | 13          |
| <b>Total</b>                      | <b>393</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>  |

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**