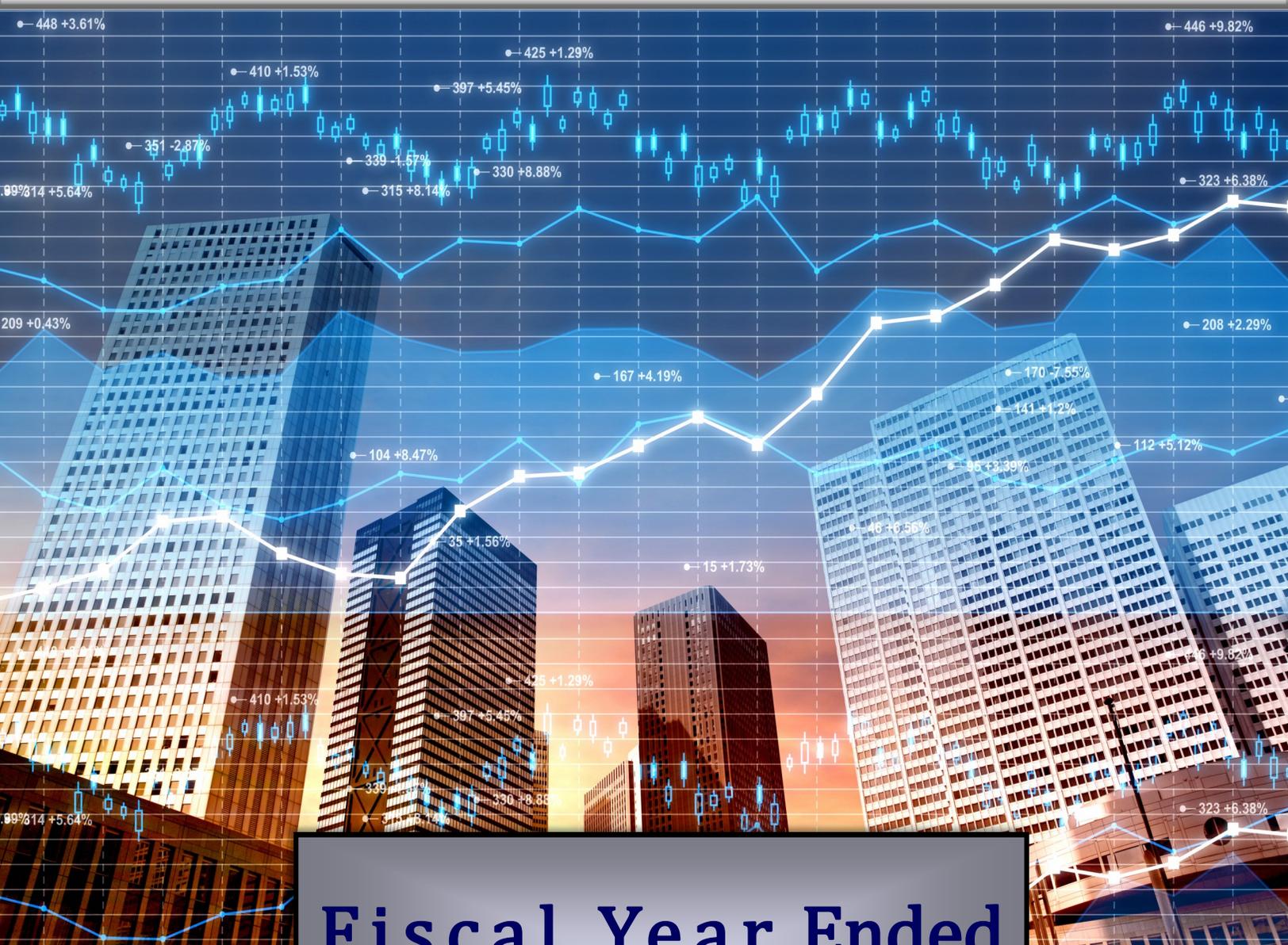


North Central Texas Council of Governments

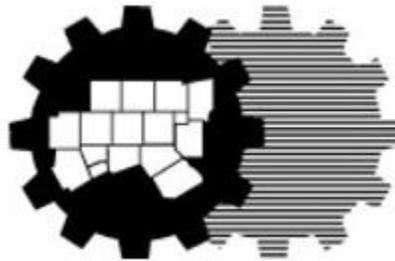
Comprehensive Annual Financial Report



**Fiscal Year Ended
September 30, 2018**

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

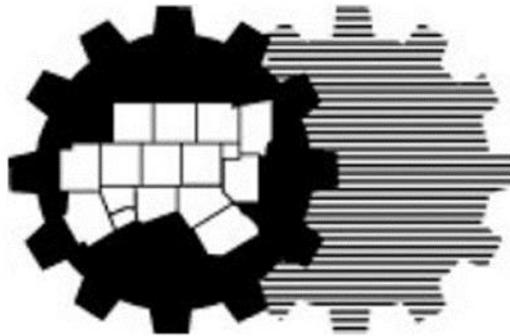
Executive Director
Mike Eastland



Deputy Executive Director
Monte Mercer, CPA

PREPARED BY
DEPARTMENT OF ADMINISTRATION

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



**North Central Texas
Council of Governments**

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

September 30, 2018

	<u>Page</u>
Introductory Section	
Letter of Transmittal	i
GFOA Certificate of Achievement	xvii
Organizational Chart	xviii
Executive Board	xix
Mission Statement	xx
Map of the North Central Texas Region	xxi
Member Governments	xxii
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to Financial Statements	23

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

September 30, 2018

Required Supplemental Information:

Budgetary Comparison – General Fund	42
Notes to Required Supplemental Information	43

Other Supplemental Information

Combining and Individual Fund Schedules:

Combining Schedule of Revenues, Expenditures, and Changes in Funding Balances – Federal, State and Locally Administered Grants	45
Schedule of Indirect Costs (Budget Basis) – General Fund	49
Schedule of Employee Benefits – All Funds	50
Texas Local Government Code Chapter 391 Indirect Cost Limitations Test	51

Capital Assets

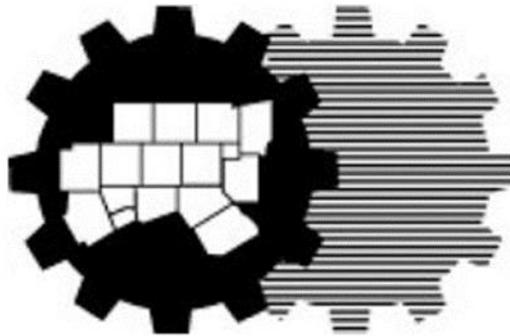
Schedule of Capital Assets by Source	52
Schedule of Changes in Capital Assets by Function and Activity	53

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

September 30, 2018

	<u>Exhibit/ Table</u>	<u>Page</u>
Statistical Section		
Net Position by Component	1	55
Changes in Net Position	2	57
Fund Balances - Governmental Funds	3	59
Changes in Fund Balances - Governmental Funds	4	61
Revenues by Source	5	63
Outstanding Debt	6	65
Demographic and Economic Statistics	7	66
Principal Employers	8	67
Full-Time Equivalent Council Employees by Function/Program	9	68



**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 Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to the single audit, including the schedule of expenditures of federal awards, findings and recommendations, and other independent auditor’s reports on the single audit, are included with this report and can be found at the end of the report.

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

Organizational Profile

The NCTCOG is a voluntary association of cities, counties, school districts, and special districts within the 16-county North Central Texas region. NCTCOG was established in January 1966, authorized by State enabling legislation (Chapter 391 – Local Government Code), to assist local governments in planning for

common needs, cooperating for mutual benefit and coordinating for sound regional development. The 16-county region for NCTCOG was designated by the Governor's Office of the State of Texas.

The Agency is an organization of, by, and for local governments. Its purpose is to strengthen both the individual and collective power of local governments – and to help them recognize regional opportunities, resolve regional problems, eliminate unnecessary duplication, and make joint regional decisions – as well as to develop the means to assist in the implementation of those decisions. The NCTCOG is governed by a general assembly composed of one voting representative from each of the 236-member governments and the Executive Board, which is composed of 17 local officials elected by the General Assembly, and one ex-officio non-voting member of the legislature.

North Central Texas consists of a 16-county metropolitan region centered around the cities of Dallas and Fort Worth. It has a population of over 7 million, which is larger than 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

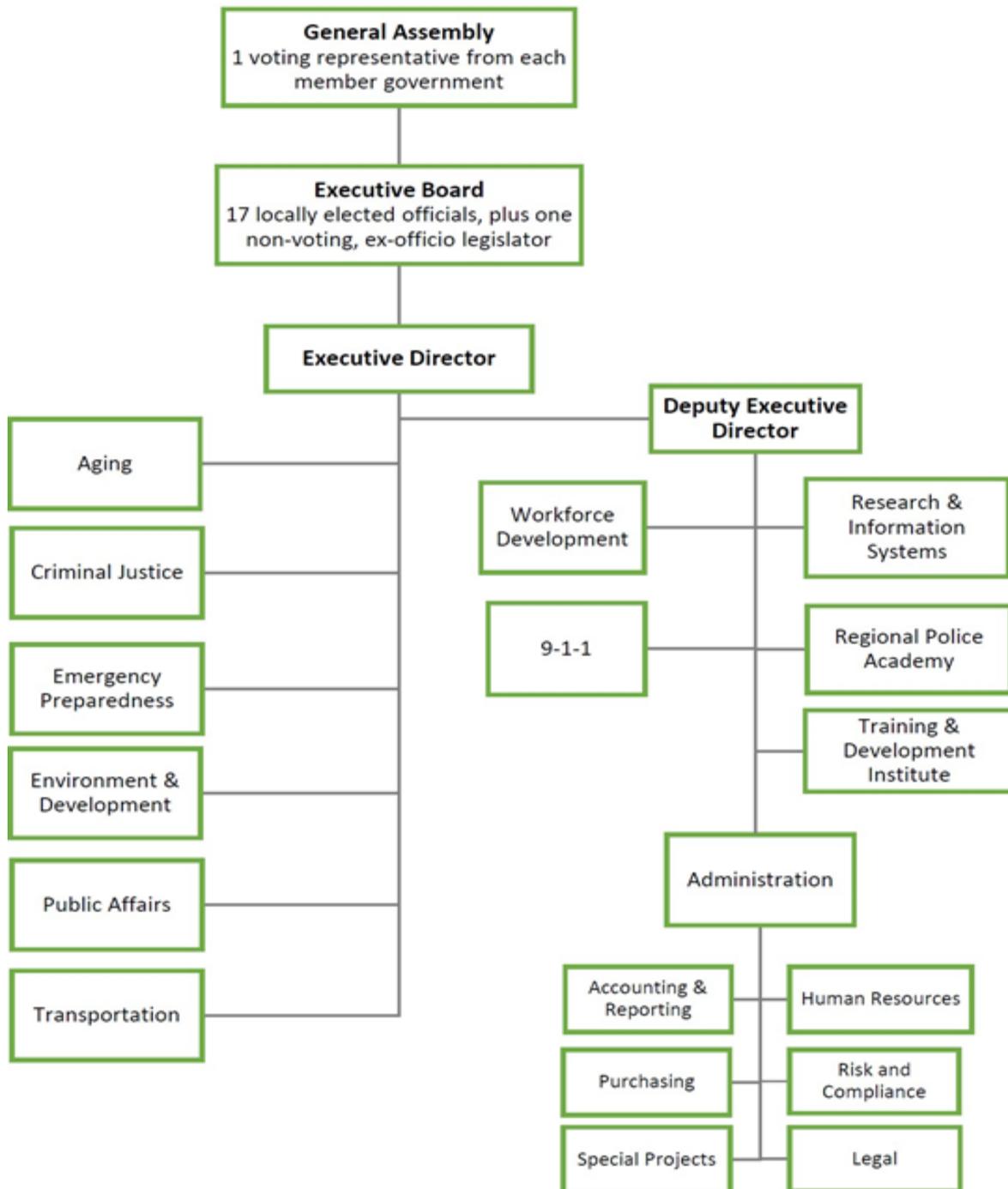
September 30, 2017

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

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

North Central Texas Council of Governments



Values:

REGIONALISM

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

GOVERNANCE

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

SERVICE

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

EMPLOYEES

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

ETHICS

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

INNOVATION

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

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

Counties (16)

Collin	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

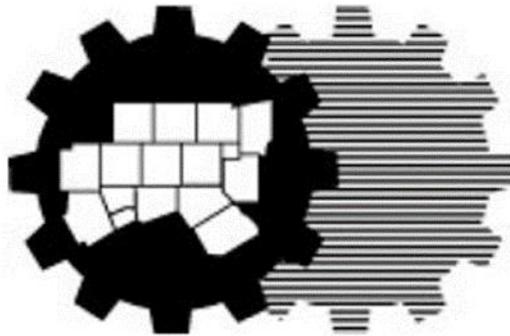
Mesquite ISD
Midlothian ISD
Plano ISD
Richardson ISD
Rockwall ISD
Terrell ISD
Weatherford ISD

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

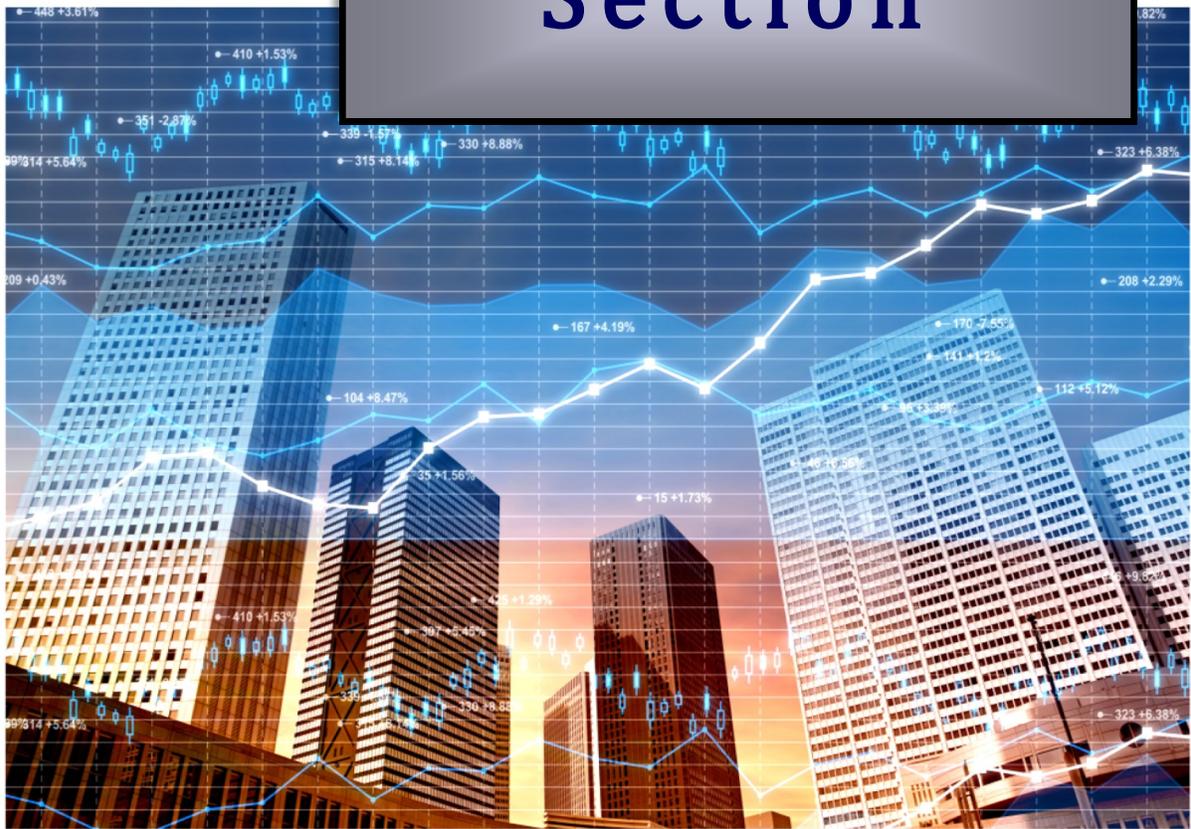
Dalworth Soil & Water
Conservation District
Denton County Fresh Water
Supply District #1A
Denton County Fresh Water
Supply District #6/7
Denton County Fresh Water
Supply District #10
Denton County Transportation
Authority
Hunt Memorial Hospital
District
Johnson County Special Utility
District
Lake Cities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

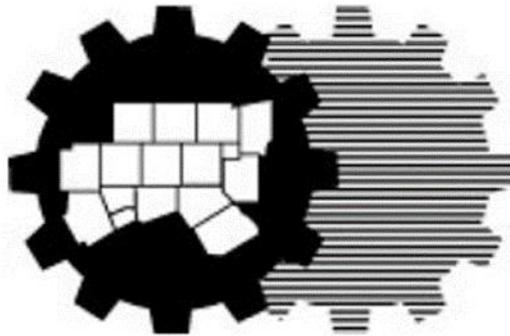
To the Board of Directors
North Central Texas Council of Governments

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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

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
Total Assets	<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
Total Liabilities	<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>
Net Position						
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
Total Net Position	<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
Revenues						
Program revenues:						
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
General revenues:						
Membership dues	708,243	697,285	-	-	708,243	697,285
Interest income	954,524	340,547	-	-	954,524	340,547
Total Revenues	153,777,617	148,542,824	1,440,309	1,314,460	155,217,926	149,857,284
Expenses						
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
Total Expenses	150,509,400	148,730,314	1,445,222	1,354,760	151,954,622	150,085,074
Increase (decrease) in net position	3,268,217	(187,490)	(4,913)	(40,300)	3,263,304	(227,790)
Transfers	(26,450)	(36,450)	26,450	36,450	-	-
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
Net position - ending	\$ 20,511,473	\$ 17,269,706	\$ 88,247	\$ 66,710	\$ 20,599,720	\$ 17,336,416

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.

BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
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
Total Assets	108,355,068	107,332	108,462,400
Liabilities:			
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
Total Liabilities	87,843,595	19,085	87,862,680
Net Position			
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
Total Net Position	\$ 20,511,473	\$ 88,247	\$ 20,599,720

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	
Primary Government:									
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	
Total governmental activities	150,509,400	6,122,920	122,996,621	49,981	22,945,328	1,605,450	-	1,605,450	
Business-type activities:									
Shared service center	1,445,222	-	-	-	1,440,309	-	\$ (4,913)	(4,913)	
Total primary government	\$ 151,954,622	\$ 6,122,920	\$ 122,996,621	\$ 49,981	\$ 24,385,637	\$ 1,605,450	\$ (4,913)	\$ 1,600,537	
General Revenues									
						708,243	-	708,243	
						954,524	-	954,524	
						(26,450)	26,450	-	
						1,636,317	26,450	1,662,767	
						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	\$ 20,511,473	\$ 88,247	\$ 20,599,720

See accompanying notes to the basic financial statements.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
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
Total Assets	\$ 20,162,327	\$ 87,537,281	\$ 107,699,608
Liabilities			
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
Total Liabilities	13,293,998	80,309,455	93,603,453
Fund Balance			
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
Total Fund Balance	6,868,329	7,227,826	14,096,155
Total Liabilities and Fund Balance	\$ 20,162,327	\$ 87,537,281	\$ 107,699,608

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 Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
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
Total Revenues	<u>904,044</u>	<u>152,873,573</u>	<u>153,777,617</u>
Expenditures			
Current:			
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
Capital outlay	<u>-</u>	<u>4,963,607</u>	<u>4,963,607</u>
	<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)
Total Expenditures	<u>505,891</u>	<u>151,966,668</u>	<u>152,472,559</u>
Excess of revenues over expenditures	<u>398,153</u>	<u>906,905</u>	<u>1,305,058</u>
Other Financing Sources (Uses)			
Transfers in	20,808	262,410	283,218
Transfers out	(34,804)	(274,864)	(309,668)
Total Other Financing Sources and Uses	<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
Fund balance - ending	<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 Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Assets		
Accounts receivable:	\$ 2,925	\$ -
Due from other funds	103,679	1,190,181
Prepays	-	314,310
Total current assets	<u>106,604</u>	<u>1,504,491</u>
Capital assets, net of accumulated depreciation	<u>728</u>	<u>185,832</u>
Total Assets	<u>107,332</u>	<u>1,690,323</u>
Current liabilities		
Unearned revenue	<u>19,085</u>	<u>-</u>
Total liabilities	<u>19,085</u>	<u>-</u>
Net position		
Investment in capital assets	728	185,832
Unrestricted	<u>87,519</u>	<u>1,504,491</u>
Total Net Position	<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 Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating revenues		
Service charges	\$ 1,440,309	\$ 5,892,723
Total Operating Revenues	<u>1,440,309</u>	<u>5,892,723</u>
Operating expenses		
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
Total Operating Expenses	<u>1,445,222</u>	<u>5,586,000</u>
Operating income (loss)	<u>(4,913)</u>	<u>306,723</u>
Transfers In	<u>26,450</u>	<u>-</u>
Change in net position	21,537	306,723
Net position - beginning	<u>66,710</u>	<u>1,383,600</u>
Net postion - ending	<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

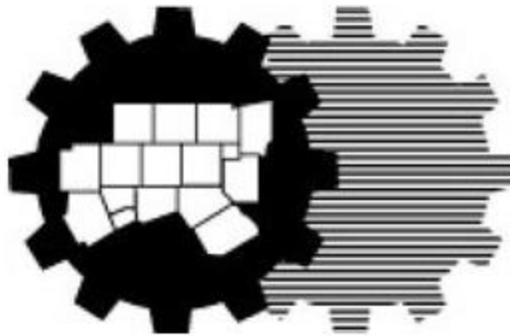
	Business Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from service charges	\$ 1,378,193	\$ 6,516,093
Payments to other funds for indirect and other costs	(27,128)	(1,504,491)
Payments to suppliers for goods and services	(1,223,015)	(3,914,417)
Payments to employees	(154,500)	(1,029,965)
Net cash provided by (used in) operating activities	<u>(26,450)</u>	<u>67,220</u>
Cash Flows from Noncapital Financing Activities		
Transfers in	26,450	-
Net cash provided (used) by non capital financing activities	<u>26,450</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Additions to capital assets	-	(67,220)
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>(67,220)</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents - beginning of year	\$ -	\$ -
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (4,913)	\$ 306,723
Adjustment to reconcile operating income/ loss to 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)
Net cash provided by (used in) operating activities	<u>\$ (26,450)</u>	<u>\$ 67,220</u>

See accompanying notes to the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

INDEX

Note A: General Statement and Summary of Significant Accounting Policies	Page
1. Reporting Entity	23
2. Basis of Presentation	23-24
3. Measurement Focus and Basis of Accounting	25
4. Leave Policies	26-27
5. Investments	27-28
6. Prepaid	28
7. Encumbrances	28
8. State Administered Grants	28
9. Transfers	28
10. Allocation of employee Benefits and indirect Costs	28-29
11. Transactions Between Funds	29
12. Capital Assets	29
13. Risk Management	29
14. Cash and Cash Equivalents	30
15. Nature and Purpose of Reservations and Designations of Fund Equity	30-31
Note B: Cash and Investments	
1. Legal and Contractual Provisions governing Deposits and Investments	31-32
2. Disclosures Relating to Interest Rate Risk	32
3. Disclosures Relating to Credit Risk	33
4. Concentration of Credit Risk	33
5. Custodial Credit Risk	33-34
6. Investment in Local Government Investment Pools	34
Note C: Federal and State Administered Grant Receivables	35
Note D: Changes in Long-term Liabilities	35
Note E: Deferred Compensation Plan	35
Note F: Transactions and Transfers	35-36
Note G: Capital Assets	37-38
Note H: Retirement Plan	39
Note I: Commitments	39
Note J: Contingencies	39-40
Note K: Fund Balance	40
Note L: Subsequent Events	40-41



**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 Average 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 Rating Required</u>	<u>Rating as of 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 September 30, 2017	Increases	Decreases	Balance September 30, 2018	Due Within 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- Foundation	52,000	State funded projects/local match
Enterprise Fund	General Fund	<u>26,450</u>	Local funded projects
	Total	<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>	
Total	<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:

	Balance at September 30, 2017	Increases	Decreases	Balance at September 30, 2018
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)

	Balance at September 30, 2017	Increases	Decreases	Balance at September 30, 2018
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 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
FUND BALANCES:									
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
TOTAL FUND BALANCES:	\$6,868,329	\$113,030	\$ 358,148	\$ 6,326,075	\$ 15,561	\$ 61,268	\$ 353,744	7,227,826	\$ 14,096,155

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.

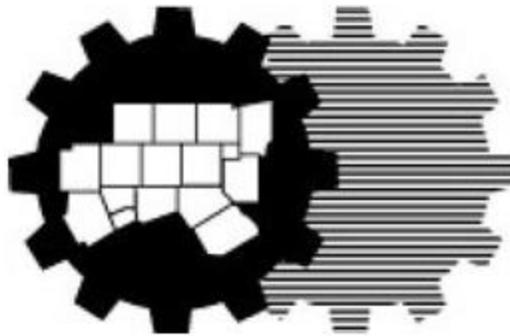
NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

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 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
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>
EXPENDITURES				
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
OTHER FINANCING SOURCES				
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 cost allocated to Special Revenue Fund	<u>(20,809)</u>
Total Expenditures (Budget Basis)	<u><u>\$ 506,530</u></u>
 Total Other Sources (GAAP Basis)	 (13,996)
Plus Charge for use of assets	21,448
Less: Use of assets recovered through indirect 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

	Federal Funds Total	State and Locally Administered Total	Combined Total
Revenues			
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
Total Revenues	8,285,246	144,588,327	152,873,573
Expenditures			
Current:			
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
Capital outlay	-	4,963,607	4,963,607
Total Expenditures	8,294,912	143,671,756	151,966,668
Excess/(deficiencies) of revenues over/(under) expenditures	(9,666)	916,571	906,905
Other Financing Sources			
Transfers in	20,848	241,562	262,410
Transfers out	(674)	(274,190)	(274,864)
Total Other Financing Sources (Uses)	20,174	(32,628)	(12,454)
Net change in fund balance	10,508	883,943	894,451
Fund balance - beginning	102,522	6,230,853	6,333,375
Fund balance - ending	\$ 113,030	\$ 7,114,796	\$ 7,227,826

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
Revenues									
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	-	-	-	-	-	-	-	-	-
Total Revenues	23,711	142,544	419,081	197,385	7,212,225	103,874	80,334	106,092	8,285,246
Expenditures									
Current:									
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	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	23,704	142,523	429,391	197,356	7,211,787	103,832	80,277	106,042	8,294,912
Excess (deficiencies) of revenues over (under) expenditures	7	21	(10,310)	29	438	42	57	50	(9,666)
Other Financing Sources									
Transfers in - projects	-	-	20,848	-	-	-	-	-	20,848
Transfers out - projects	(7)	(21)	(30)	(29)	(438)	(42)	(57)	(50)	(674)
Total Other Financing Sources	(7)	(21)	20,818	(29)	(438)	(42)	(57)	(50)	20,174
Net change in fund balance	-	-	10,508	-	-	-	-	-	10,508
Fund balances-beginning	-	-	102,522	-	-	-	-	-	102,522
Fund balances-end	\$ -	\$ -	\$ 113,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,030

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
Revenues										
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	-
Total Revenues	2,958,858	19,420	64,905,917	16,996,193	6,374,679	608,206	27,223,859	2,377,003	1,306,384	5,711,639
Expenditures										
Current:										
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
Capital outlay	9,366	-	192,580	4,743,128	-	-	-	-	18,533	-
Total Expenditures	3,061,735	20,493	64,902,415	16,994,272	6,373,632	593,662	26,977,581	2,359,897	1,006,750	5,264,411
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
Other Financing Sources										
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)
Total Other Financing Sources	71,466	1,073	(3,502)	(1,921)	-	(800)	(1,259)	(17,106)	1,523	(36,112)
Net change in fund balance	(31,411)	-	-	-	1,047	13,744	245,019	-	301,157	411,116
Fund balances-beginning	389,559	-	-	-	356	414	108,725	-	5,204,478	409,324
Fund balances-end	\$ 358,148	\$ -	\$ -	\$ -	\$ 1,403	\$ 14,158	\$ 353,744	\$ -	\$ 5,505,635	\$ 820,440

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
Revenues									
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
Total Revenues	125,104	3,858	15,905	(7,697)	26,471	15,928,724	13,804	-	144,588,327
Expenditures									
Current:									
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
Capital outlay	-	-	-	-	-	-	-	-	4,963,607
Total Expenditures	125,103	3,856	15,896	-	26,461	15,931,060	14,532	-	143,671,756
Excess (deficiencies) of revenues over (under) expenditures	1	2	9	(7,697)	10	(2,336)	(728)	-	916,571
Other Financing Sources									
Transfers in - projects	-	-	-	7,697	-	4,629	735	-	241,562
Transfers out - projects	(1)	(2)	(9)	-	(10)	(2,293)	(7)	(56,729)	(274,190)
Total Other Financing Sources	(1)	(2)	(9)	7,697	(10)	2,336	728	(56,729)	(32,628)
Net change in fund balance	-	-	-	-	-	-	-	(56,729)	883,943
Fund balances-beginning	-	-	-	-	-	-	-	117,997	6,230,853
Fund balances-end	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,268	\$ 7,114,796

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
TOTAL	5,225,014	5,226,438
Less: Contributions to Indirect costs	<u>(25,143)</u>	<u>(10,000)</u>
NET INDIRECT COSTS	<u>\$5,199,871</u>	<u>\$5,216,438</u>

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

Full Time Benefits Programs	<u>Actual</u>	<u>Projected</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
TOTAL	<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

Total Indirect Costs	\$ 5,199,871	
Expenditures:		
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 Charges and Indirect Costs	<u>(11,092,594)</u>	
Total Expenditures	\$ 153,636,201 =	3.4%
Less:		
Pass-Through Funds ⁽¹⁾	(55,187,081)	
In-Kind Expenditures	(14,766,025)	
Contract Services	(17,145,102)	
Capital Expenditures	<u>(4,963,607)</u>	
Adjusted Expenditures	<u>\$ 61,574,386 =</u>	8.4%

⁽¹⁾ Includes Subgrants & Subcontracts

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

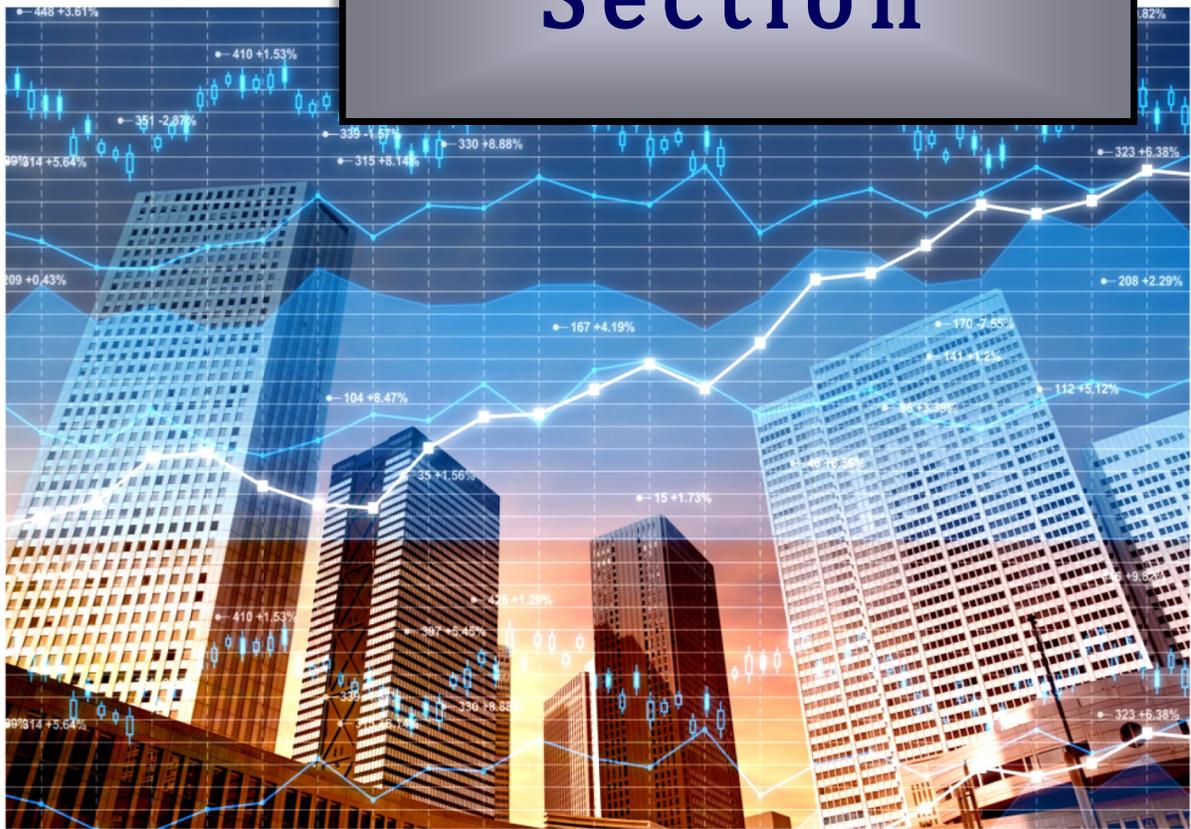
NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF CAPITAL ASSETS BY SOURCE
AS OF SEPTEMBER 30, 2018

	<u>Totals</u>
CAPITAL ASSETS	
Equipment	\$ 26,693,587
Furniture	224,285
Leasehold Improvements	<u>2,867,567</u>
Total Capital Assets	<u><u>\$ 29,785,439</u></u>
SOURCES	
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>
CAPITAL ASSETS				
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.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These schedules contain trend information to help the reader understand how NCTCOG's financial performance and well-being have changed over time.	1, 2, 3 & 4
Revenue Capacity 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.	5
Debt Capacity 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.	6
Demographic and Economic Indicators These schedules offer demographic and economic indicators to help the reader understand the environment within which NCTCOG's financial activities take place.	7 & 8
Operating Information 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.	9

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)

	Fiscal Year			
	2018	2017	2016	2015
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	7,898,500	6,496,927	6,038,512	5,930,520
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	87,519	44,713	17,040	52,248
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	7,986,019	6,541,640	6,055,552	5,982,768
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
Expenses				
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>
Program Revenues				
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>
Total primary government program revenues	<u>\$ 153,555,159</u>	<u>\$ 148,819,450</u>	<u>\$ 146,558,922</u>	<u>\$ 156,863,709</u>
Net (Expenses) Revenue				
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
Total primary government net expenses	<u>\$ 1,600,537</u>	<u>\$ (1,265,622)</u>	<u>\$ 2,153,700</u>	<u>\$ 1,172,561</u>
General Revenues				
and Other Changes in Net Position				
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)	-
Total governmental activities	<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>
Change in Net Position				
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			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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	
	<u>2010</u>	<u>2009</u>
Reserved ^a	\$ 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: ^aIncludes 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>
\$ 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)

	Fiscal Year			
	2018	2017	2016	2015
REVENUES				
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
TOTAL REVENUES	153,777,617	148,542,824	145,880,120	156,096,568
EXPENDITURES				
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
	157,697,573	152,813,836	150,135,259	159,970,109
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)
TOTAL EXPENDITURES	152,472,559	147,946,880	145,664,547	155,824,091
EXCESS OF REVENUES				
OVER EXPENDITURES	1,305,058	595,944	215,573	272,477
OTHER FINANCING SOURCES AND USES				
Transfers In	283,218	886,189	412,599	364,834
Transfers out	(309,668)	(922,639)	(439,049)	(364,834)
Total other financing sources (uses)	(26,450)	(36,450)	(26,450)	-
NET CHANGE IN FUND BALANCES	\$ 1,278,608	\$ 559,494	\$ 189,123	\$ 272,477

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)

Fiscal Year	LOCAL					TOTAL
	Member Dues	Interest (1)	Contributions (1)	In-Kind	Program	
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

GRANTS				GRAND
<u>*Local</u>	<u>State</u>	<u>Federal</u>	<u>TOTAL</u>	TOTAL
\$ 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 Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^b</u>	<u>School Enrollment^c</u>	<u>Unemployment Rate^d</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: ^aYearly NCTCOG Population Estimates. Each year the entire time series is updated.

^bIncome provided by BEA Regional Bearfacts for the Dallas-Fort Worth-Arlington, Tx Metropolitan Statistical Area, via tracer2.com

^cTexas Education Agency

^dTexas 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 ^a	Employees	Percentage of Total NCTCOG Employment	Employer ^a	Employees	Percentage of Total NCTCOG 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 ^b	3,857,226		Total NCTCOG Region Employees ^b	3,059,058	

Source: ^a Dallas Business Journal, Book of Lists 2018
^b NCTCOG, RIS department

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

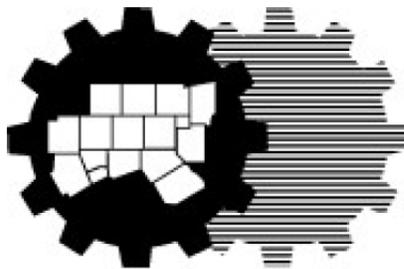
NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
FULL-TIME EQUIVALENT AGENCY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

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
Total	393	365	353	327	326	319	326	345	331	331

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**