

# Uniform Grant Management Standard Reports

Fiscal Year Ending September 30, 2011



North Central Texas  
Council of Governments

**NORTH CENTRAL TEXAS  
COUNCIL OF GOVERNMENTS**

**UNIFORM GRANTS MANAGEMENT  
STANDARDS REPORTS**

**YEAR ENDED SEPTEMBER 30, 2011**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Central Texas Council of Governments (the Council) as of and for the year ended September 30, 2011, and have issued our report thereon dated February 14, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

North Central Texas Council of Governments  
February 14, 2012

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

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

WEAVER AND TIDWELL, L.L.P

Dallas, Texas  
February 14, 2012



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GRANTS MANAGEMENT STANDARDS AND ON THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**

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

**Compliance**

We have audited the compliance of the North Central Texas Council of Governments (the Council) with the types of compliance requirements described in the Uniform Grants Management Standards issued by the Governor's Office of Budget and Planning that are applicable to each of its major state programs for the year ended September 30, 2011. The Council's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

In our opinion, the Council, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended September 30, 2011.

**Internal Control Over Compliance**

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of State Awards**

We have audited the 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, as of and for the year ended September 30, 2011, and have issued our report thereon dated February 14, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of state awards is presented for the purposes of additional analysis as required by Uniform Grant Management Standards, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole.

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

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

WEAVER AND TIDWELL, L.L.P

Dallas, Texas  
February 14, 2012

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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

**BASIC FINANCIAL STATEMENTS:**

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)?  Yes  None reported

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

**STATE AWARDS:**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)?  Yes  None reported

An unqualified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported under the Uniform Grants Management Standards?  Yes  No

Identification of state major programs:

<u>State Grant Number(s)</u>	<u>Name of State Grant or Program</u>
300 1 0633	Criminal Justice Planning
SF-11-A10-14604-12 & 13	Regional Police Training
N/A	9-1-1 Programs
0918-24-161, 0918-24-160, 0918-45-875, 0918-24-174, 0918-24-162, 0918-45-877, 0918-46-233, 0196-02-119, 0918-00-174	Various TXDOT grants
0411TANF000	"
2009-031759, 2010-035571, 2011-038539	TANF Cities Readiness Initiative

Dollar threshold used to distinguish Between type A and type B programs: \$1,300,797

Auditee qualified as low-risk auditee?  Yes  No



**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**Section II-Financial Statement Findings**

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

There were no findings for the year ended September 30, 2011.

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required to be reported by Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning (1998). Where practical, findings should be organized by state agency or pass-through entity.

There were no findings for the year ended September 30, 2011.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

There were no findings from the year ended September 30, 2010.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

State Grantor / Program Title	NCTCOG Grant Number	State Contract Number	State Expenditures
<b><u>Texas Department of Aging and Disability Services:</u></b>			
State General Revenue	568.11	2011-SGR-18	\$ 278,729
Relocation Programs	583.11	53900-0-0000050391-M2	453,796
Relocation Programs	583.11	53900-0-0000050391-M2	47,163
Transition Assistance Services	788.10	1017167	7,034
Transition Assistance Services	788.11	1017167	91,785
Transition to Life in the Community	867.12	53900-0-0000050391-M2	350
Transition to Life in the Community	867.10	5390003186	1,472
Transition to Life in the Community	867.11	53900-0-0000050391-M2	129,332
<b>TOTAL TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES</b>			<b><u>1,009,661</u></b>
<b><u>Texas Commission on Environmental Quality:</u></b>			
Solid Waste Coordination Grant	587.10	582-10-91891	<u>3,201,908</u>
Greater Trinity River TMDL Implementation Project	664.10	582-11-90502-01	89,694
Greater Trinity River TMDL Implementation Project	664.12	582-11-90502-02	7,757
<i>TMDL Implementation, subtotal</i>			<u>97,451</u>
<i>Pass-through Collin County</i>			
Aircheck Texas	725.11	582-9-90416-08	1,171,184
Aircheck Texas	725.12	582-9-90416-08	69,206
<i>Pass-through Dallas County</i>			
Aircheck Texas	725.11	582-9-90416-05	5,761,179
Aircheck Texas	725.12	582-9-90416-05	278,011
<i>Pass-through Denton County</i>			
Aircheck Texas	725.11	582-9-90416-07	1,097,222
Aircheck Texas	725.12	582-9-90416-07	57,884
<i>Pass-through Ellis County</i>			
Aircheck Texas	725.11	582-9-90416-09	256,998
Aircheck Texas	725.12	582-9-90416-09	12,861
<i>Pass-through Johnson County</i>			
Aircheck Texas	725.11	582-9-90416-10	266,007
Aircheck Texas	725.12	582-9-90416-10	9,229
<i>Pass-through Kaufman County</i>			
Aircheck Texas	725.11	582-9-90416-17	153,060
Aircheck Texas	725.12	582-9-90416-17	61
<i>Pass-through Parker County</i>			
Aircheck Texas	725.11	582-9-90416-11	149,226
Aircheck Texas	725.12	582-9-90416-11	8,240
<i>Pass-through Rockwall County</i>			
Aircheck Texas	725.11	582-9-90416-12	126,459
Aircheck Texas	725.12	582-9-90416-12	6,476
<i>Pass-through Tarrant County</i>			
Aircheck Texas	725.11	582-9-90416-18	5,894,245
Aircheck Texas	725.12	582-9-90416-18	314,804
<i>Aircheck Texas, subtotal</i>			<u>15,632,352</u>

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**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

State Grantor / Program Title	NCTCOG Grant Number	State Contract Number	State Expenditures
Air Quality Technical Assistance	726.11	582-7-83996FY11-07	35,000
Air Quality Technical Assistance	726.11	582-7-83996FY11-09	38,327
Air Quality Technical Assistance	726.11	582-7-83996FY11-10	27,126
<i>Regional Air Quality, subtotal</i>			<u>100,453</u>
North Central Texas Clean School Bus Program	908.08	2008-006	<u>18,185</u>
<i>Pass-through</i> Collin County			
Local Initiative Projects	911.09	N/A	3,397
<i>Pass-through</i> Dallas County			
Local Initiative Projects	911.09	N/A	35,253
<i>Pass-through</i> Ellis County			
Local Initiative Projects	911.09	N/A	6,198
<i>Pass-through</i> Parker County			
Local Initiative Projects	911.09	N/A	7,947
<i>Pass-through</i> Tarrant County			
Local Initiative Projects	911.09	N/A	29,087
<i>Local Initiative Projects, subtotal</i>			<u>81,882</u>
Regional TERP Grant Program	913.10	582-9-86285	<u>3,145,277</u>
<b>TOTAL COMMISSION ON ENVIRONMENTAL QUALITY</b>			<b><u>22,277,508</u></b>
<b><u>Texas Department of Rural Affairs</u></b>			
Texas Department of Rural Affairs	671.11	C710207	<u>19,908</u>
<b>TOTAL TEXAS DEPARTMENT OF RURAL AFFAIRS</b>			<b><u>19,908</u></b>
<b><u>Office of the Governor, Criminal Justice Division:</u></b>			
State Planning Assistance Grant	301	PF-11-X99-20693-04	463,832
Criminal Justice Planning Fund	650.11	300 1 0633	358,540
Criminal Justice Planning Fund	650.12	300 0 0466	23,343
Regional Police Training	655.11	SF-11-A10-14604-12	523,647
Regional Police Training	655.12	SF-12-A10-14604-13	48,540
<b>TOTAL OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION</b>			<b><u>1,417,902</u></b>
<b><u>Commission on State Emergency Communications:</u></b>			
9-1-1 Programs	539.09	N/A	3,414,943
9-1-1 Programs	539.10	N/A	(15,838)
9-1-1 Programs	539.11	N/A	3,541,617
9-1-1 Programs	539.12	N/A	280,372
<b>TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>			<b><u>7,221,094</u></b>
<b><u>Texas Department of Transportation:</u></b>			
Cottonbelt (Collin County)	375.09	0918-24-161	683,862
Frisco (Collin County)	375.09	0918-24-160	1,193
Frisco (Dallas County)	375.09	0918-45-875	1,036
Outer Loop (Collin County)	375.09	0918-24-174	6,814

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**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

<u>State Grantor / Program Title</u>	<b>NCTCOG Grant Number</b>	<b>State Contract Number</b>	<b>State Expenditures</b>
McKinney Corridor	375.09	0918-24-162	1,983
Cottonbelt (Dallas County)	375.09	0918-45-877	741,128
Frisco (Denton County)	375.09	0918-46-233	1,341
IH 635 to US 380	375.09	0196-02-119	3,245
Limousine Inspection	375.09	0918-00-174	23,510
Regional Vehicle for Hire	375.09	0918-00-174	2,772
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>			<b><u>1,466,884</u></b>
<b><u>State General Revenue:</u></b>			
<i>Pass-Through Texas Workforce Commission</i>			
Child Care Direct Care	601.11	0411CCF000	5,117,145
Food Stamps	605.11	0411FSE000	141,178
Temporary Assistance for Needy Families	610.11	0411TAN000	239,833
Back to Work	611.10	0410BTW000	676,765
RAG ISAMS	613.11	0411RAG000	5,324
Project RIO	629.10	0410RIO000	49,599
Project RIO	629.11	0411RIO000	222,148
Child Care DFPS	636.11	0411CCP000	2,420,954
Child Care DFPS	636.12	0412CCP000	233,454
<b>TOTAL STATE GENERAL REVENUE</b>			<b><u>9,106,400</u></b>
<b><u>Department of State Health Services:</u></b>			
Cities Readiness Initiative 2010	864.10	2009-031759	131,101
Cities Readiness Initiative 2011	864.11	2010-035571	495,219
Cities Readiness Initiative 2012	864.12	2011-038539	52,789
<b>TOTAL DEPARTMENT OF STATE HEALTH SERVICES</b>			<b><u>679,109</u></b>
<b><u>Texas Veterans Commission</u></b>			
Texas Veterans	640.11	N/A	161,425
<b>TOTAL TEXAS VETERANS COMMISSION</b>			<b><u>161,425</u></b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b><u>\$ 43,359,891</u></b>

(concluded)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 4. RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS**

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

Federal Grants	\$ 12,979,109
State Administered Grants	119,138,426
Less: Federally funded grant awards	<u>88,757,644</u>
Per Schedule of Expenditures of State Awards	<u><u>\$ 43,359,891</u></u>

**NOTE 5. NEGATIVE AMOUNTS**

Due to a revision in the calculation of administrative costs, the funding agent has retroactively calculated certain grant expenditures. As a result of this recalculation, the effected grants reflect a negative balance on the current schedule of expenditures of state awards.