

North Central Texas Council of Governments

Uniform Grant Management Standards Reports

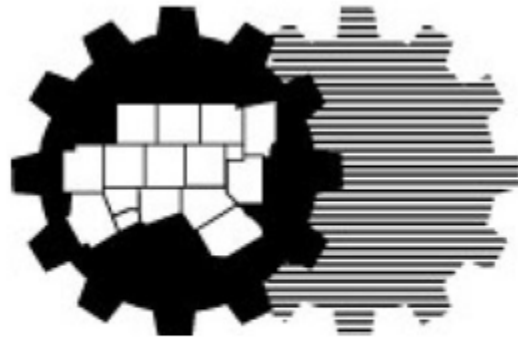


**Fiscal Year Ended
September 30, 2019**

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

STATE SINGLE AUDIT REPORT

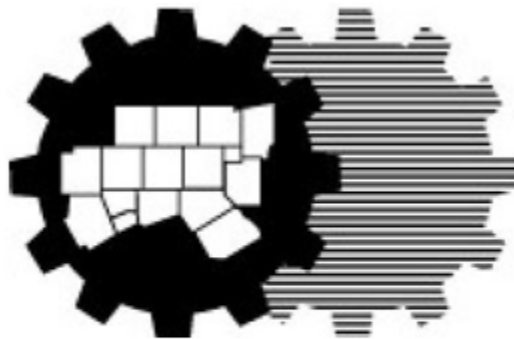
For the Year Ended September 30, 2019



**North Central Texas
Council of Governments**

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
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**North Central Texas
Council of Governments**

REPORT OF INDEPENDENT AUDITORS 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

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

We have audited, in accordance with the 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, 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 (the “Council”), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements and have issued our report thereon dated February 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Council’s internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Members of the Executive Board
North Central Texas Council of Governments

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Whitley Penn LLP

Fort Worth, Texas
February 21, 2020

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY THE STATE OF TEXAS *UNIFORM GRANT MANAGEMENT STANDARDS*

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

Report on Compliance for Each Major State Program

We have audited North Central Texas Council of Governments' (the "Council") compliance with the types of compliance requirements described in the State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of the Council's major state programs for the year ended September 30, 2019. 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.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major state programs based on our audit of the types of compliance requirements referred to above. 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 the State of Texas *Uniform Grant Management Standards*. Those standards, and the State of Texas *Uniform Grant Management 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major State Program

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the State of Texas *Uniform Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

To the Members of the Executive Board
North Central Texas Council of Governments

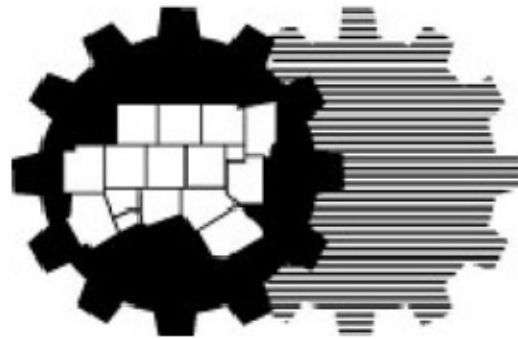
Schedule of Expenditures of State Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Council as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. We have issued our report thereon dated February 21, 2020, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of State Awards is presented for purposes of additional analysis as required by the State of Texas *Uniform Grant Management Standards* and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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 Schedule of Expenditures of State Awards is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Fort Worth, Texas
February 21, 2020



**North Central Texas
Council of Governments**

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended September 30, 2019

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State of Texas <i>Uniform Grant Management Standards</i> section 510(a)?	No

Identification of major programs:

Name of State Program:	State Contract Number
Texas Commission on Environmental Quality:	
Air Check:	
Collin County	582-12-20275
Dallas County	582-12-20270
Denton County	582-12-20274
Ellis County	582-12-20276
Johnson County	582-12-20277
Kaufman County	582-12-20285
Parker County	582-12-20278
Rockwall County	582-12-20279
Tarrant County	582-12-20287
Texas Department of Transportation:	
Wetlands/Tree Mitigation	0902-00-193
MPO Planning Tech & Legal	0902-00-161
Commission on State Emergency Communications:	
9-1-1 Biennium FY 18-19	N/A
9-1-1 Biennium FY 16-17	N/A
Dollar Threshold Considered Between Type A and Type B State Programs	\$1,012,753
Auditee qualified as low-risk auditee?	Yes

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For The Year Ended September 30, 2019

II. Financial Statement Findings

None noted

III. State Award Findings and Questioned Costs

None noted

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended September 30, 2019

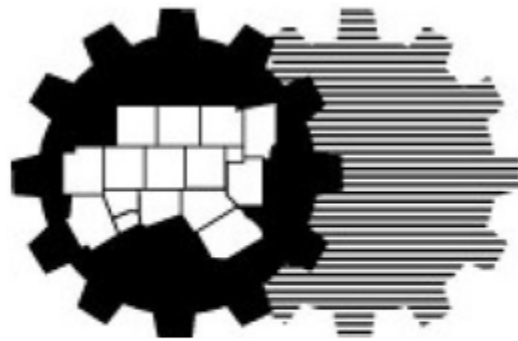
State Grantor/Pass-Through Grantor / Program Title	NCTCOG Grant Number	Contract Number	Total State Expenditures	Passed through to Subrecipient Expenditures
TEXAS DERPARTMENT OF HEALTH AND HUMAN SERVICES COMMISSION				
STATE GEN REVENUE	0301019	539-16-0002-00001	\$ 429,130	\$ 219,660
AGING&DISABILITY RESOURCE	0301519	539-16-0031-00010	244,439	-
TITLE III E FY 19	0300619	539-16-0002-00001	65,000	-
STATE GEN REVENUE	0301020	539-16-0002-00001	39,284	-
AGING&DISABILITY RESOURCE	0301520	HHS000270200001	20,590	-
STATE GEN REVENUE	0301018	539-16-0002-00001	31	31
AGING&DISABILITY RESOURCE	0301518	539-16-0031-00010	(2)	-
TOTAL TEXAS DERPARTMENT OF HEALTH AND HUMAN SERVICES COMMISSION			798,472	219,691
TEXAS WORKFORCE COMMISSION				
CHILDCARE-2019	0800319	0419CCF000	6,631,068	6,631,069
CHILDCARE PRS-2019	0800519	0419CCP000	5,617,658	5,398,354
TANF/CHOICE-2019	0801319	0419TAF000	461,377	461,377
CHILDCARE PRS-2020	0800520	0420CCP001	403,318	384,596
SNAP-2019	0800919	0419SNE000	156,556	-
SNAP-2018	0800918	0418SNE000	77,616	-
NCP-2019	0802819	0419NCP000	50,231	50,231
NCP-2018	0802818	0418NCP000	13,930	13,930
TWC RAG ISAMS-2019	0801719	0419RAG000	5,253	-
CHILDCARE PRS-2018	0800518	0418CCP000	4,282	4,282
TANF/CHOICE-2018	0801318	0418TAN001	(69,073)	(69,073)
CHILDCARE-2018	0800318	0418CCF000	(533,839)	(533,839)
TOTAL TEXAS TEXAS WORKFORCE COMMISSION			12,818,377	12,340,927
COMMISSION ON STATE EMERGENCY COMMUNICATIONS				
9-1-1 BIENNIUM FY18-19	0553905	N/A	5,914,144	-
9-1-1 BIENNIUM FY16-17	0553904	N/A	2,934,423	-
TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS			8,848,567	-
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY				
Direct Programs:				
SOLID WASTE 18/19	0658718	582-18-80543	1,765,190	579,002
N CEN TX CLEAN BUS SEP	0764002	2011-07	116,941	116,941
IMPAIRED WATERSHED WO#4	0666419	582-16-60057	84,109	-
AQ TECH ASSIST 2016-2018	0760Y18	582-19-93359-02	37,934	-
SOLID WASTE 20/21	0658720	582-20-10218	27,880	-
IMPAIRED WATERSHED WO#5	0666420	582-16-60057	7,023	-
IMPAIRED WATERSHED WO#3	0666418	582-16-60057	341	-
HD VEH & EQUIP PROG	0765003	582-09-86285	(63,143)	-
Direct Programs, Subtotal			1,976,275	695,943

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended September 30, 2019

State Grantor/Pass-Through Grantor / Program Title	NCTCOG Grant Number	Contract Number	Total State Expenditures	Passed through to Subrecipient Expenditures
Pass-Through Collin County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20275	\$ 631,902	\$ -
Pass-Through Collin County, Subtotal			<u>631,902</u>	<u>-</u>
Pass-Through Dallas County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20270	2,097,043	-
Pass-Through Dallas County, Subtotal			<u>2,097,043</u>	<u>-</u>
Pass-Through Denton County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20274	426,409	-
Pass-Through Denton County, Subtotal			<u>426,409</u>	<u>-</u>
Pass-Through Ellis County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20276	47,087	-
Pass-Through Ellis County, Subtotal			<u>47,087</u>	<u>-</u>
Pass-Through Johnson County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20277	37,584	-
Pass-Through Johnson County, Subtotal			<u>37,584</u>	<u>-</u>
Pass-Through Kaufman County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20285	52,172	-
Pass-Through Kaufman County, Subtotal			<u>52,172</u>	<u>-</u>
Pass-Through Parker County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20278	22,045	-
Pass-Through Parker County, Subtotal			<u>22,045</u>	<u>-</u>
Pass-Through Rockwall County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20279	36,287	-
Pass-Through Rockwall County, Subtotal			<u>36,287</u>	<u>-</u>
Pass-Through Tarrant County:				
<i>AIRCHECK TEXAS - 2019</i>	0761Y19	582-12-20287	2,070,410	-
Pass-Through Tarrant County, Subtotal			<u>2,070,410</u>	<u>-</u>
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			<u>7,397,214</u>	<u>695,943</u>
TEXAS DEPARTMENT OF TRANSPORTATION				
<i>WETLANDS/TREE MITIGATION</i>	0751014	0902-00-193	534,383	247,000
<i>MPO PLANNING TECH & LEGAL</i>	0751011	0902-00-161	528,756	-
<i>RTR ADMINISTRATION</i>	0751007	0918-00-238	320,095	-
<i>TRANSIT OP - REG COORD</i>	0751010	0918-00-193	272,823	112,823
<i>SH121 404 & 408 PERMITS</i>	0751013	0918-00-268	171,050	171,050
<i>RTR AGREEMENT 1</i>	0751001	0918-00-197	152,757	-
<i>AUTO OCC IMPLEMENTATION</i>	0784001	0902-00-215	138,482	-
<i>511DFW: TRAVELER INFO SYS</i>	0783078	0902-00-188	116,922	-
<i>HSR TECH SUPPORT</i>	0751012	0902-00-194	116,560	-
<i>RTR AGREEMENT 1</i>	0751001	0918-24-174	96,178	-
<i>EXPEDITE SEC 404 & 408</i>	0751018	0918-00-334	80,994	-
<i>DFW CONNECTOR PILOT PROGR</i>	0751015	0902-90-073	75,600	-
<i>511DFW: TRAVELER INFO SYS</i>	0783078	0902-00-182	56,700	-
<i>REGIONAL GOODS MVMT FY13</i>	0783058	0902-48-858	47,214	-
<i>511DFW: TRAVELER INFO SYS</i>	0783078	0902-00-176	25,713	-
<i>MLS: AUTO OCCU DET IMPL</i>	0782030	0902-00-171	20,000	-

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended September 30, 2019

State Grantor/Pass-Through Grantor / Program Title	NCTCOG Grant Number	Contract Number	Total State Expenditures	Passed through to Subrecipient Expenditures
TEXAS DEPARTMENT OF TRANSPORTATION (continued)				
UTILIZATION OF SHOULDER	0751009	0918-00-246	\$ 19,842	\$ -
REG ITS QUAL IMP M&O FY18	0783091	0902-90-051	17,410	-
INCIDENT MGT 2018-2020	0783084	2964-01-050	6,423	-
RTR AGREEMENT 2	0751002	0196-02-119	4,259	-
AV: PROVING GROUND IH30	0783088	0902-90-100	1,897	-
SEC 404 & MITIGATION BANK	0751005	0918-00-198	1,826	-
RTR AGREEMENT 2	0751002	0918-00-174	1,472	-
REG ITS QUAL IMP M&O FY18	0783091	0902-90-052	1,179	-
PHASE V RTSRP	0782036	0902-90-054	506	-
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			2,809,041	530,873
OFFICE OF THE GOVERNOR				
REG POLICE TRAINING-18-19	0565518	2018-SF-ST-0015-1460416	652,719	-
FY19 CRIMINAL JUSTICE PLN	0565019	ICA 30090190	145,171	-
REG POLICE TRAINING-20-21	0565520	2020-SF-ST-0015-1460417	64,765	-
TOTAL OFFICE OF THE GOVERNOR			862,655	-
TEXAS VETERANS COMMISSION				
VETERAN RESOURCE-2019	0802219	VES 19-4	130,050	6,412
TOTAL TEXAS VETERANS COMMISSION			130,050	6,412
TEXAS WATER DEVELOPMENT				
FLOOD PROTECTION	0668319	1600012047	94,041	-
TOTAL TEXAS WATER DEVELOPMENT			94,041	-
TOTAL EXPENDITURES OF STATE AWARDS			\$ 33,758,417	\$ 13,793,846



**North Central Texas
Council of Governments**

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended September 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state awards (the "Schedule") includes the state grant activity of North Central Texas Council of Governments (the "Council") under programs of the state government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of the State of Texas *Uniform Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position or cash flows of the Council.

Note 2 - Summary of Significant Accounting Policies

The Council accounts for all state awards under programs of the state government in the General and Special Revenue Funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

State grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the Council, they are recorded as unearned revenues until earned. Otherwise, state grant funds are received on a reimbursement basis from the respective state program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

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.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
For The Year Ended September 30, 2019

Note 4 - Relationship to the Basic Financial Statements

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

Federal administered grants	\$ 7,867,231
State administered grants	122,167,014
Local administered grants	11,947
Less: Federally funded grant awards	<u>96,287,775</u>
Per Schedule of Expenditures of State Awards	<u><u>\$ 33,758,417</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 affected grants reflect a negative balance on the current schedule of expenditures of state awards.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended September 30, 2019

The State of Texas *Uniform Grant Management Standards* states that the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings. The summary schedule of prior audit findings shall report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None reported

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

CORRECTIVE ACTION PLAN

For The Year Ended September 30, 2019

The State of Texas *Uniform Grant Management Standards* states that at the completion of the audit, the auditee shall prepare, in a document separate from the auditor's findings, a corrective action plan to address each audit finding included in the current year auditor's reports.

I. Corrective Action Plan

Not applicable