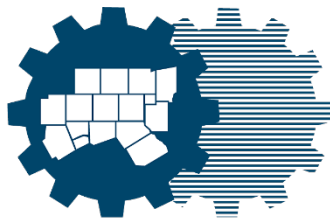




TEXAS GRANT MANAGEMENT STANDARDS REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2023



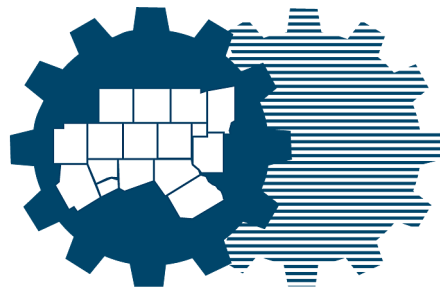
**North Central Texas
Council of Governments**

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

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**North Central Texas
Council of Governments**



**INDEPENDENT AUDITOR'S 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**

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2023, 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 22, 2024.

Report on 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) as a basis for designing 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 Council'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from 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 financial statements. 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*.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 22, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
TEXAS GRANT MANAGEMENT STANDARDS**

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

Report on Compliance for Each Major State program

Opinion on Each Major State program

We have audited North Central Texas Council of Governments’ (the “Council”) compliance with the types of compliance requirements described in Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the Council’s major state programs for the year ended September 30, 2023. The Council’s major state programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of 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, 2023.

Basis for Opinion on Each Major State program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and TxGMS. Our responsibilities under those standards and TxGMS are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Council’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Council’s state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Council's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 programs 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 programs 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 programs 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 TxGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards Required by TxGMS

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Council, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. We issued our report thereon, dated February 22, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming 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 TxGMS 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 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 22, 2024



**North Central Texas
Council of Governments**

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

State Grantor / Program Title	NCTCOG		Expenditures	Pass-Through Expenditures
	Grant Number	Contract Number		
Texas Workforce Commission				
Direct Programs:				
Childcare-2022	0800322	0422CCF001	\$ 47,409	\$ 47,409
Childcare PRS-2022	0800522	0422CCP001	(9,562)	(9,562)
Childcare-2023	0800323	0423CCF001	1,831,922	1,831,922
Childcare PRS-2023	0800523	0423CCP001	4,242,560	4,094,894
Childcare PRS-2024	0800524	0424CCP001	<u>409,127</u>	<u>393,752</u>
<i>Total Childcare - State</i>			<u>6,521,456</u>	<u>6,358,415</u>
TANF/Choice-2022	0801322	0422TAF001	8,848	8,848
TANF/Choice-2023	0801323	0423TAF001	<u>484,661</u>	<u>484,661</u>
<i>Total TANF - State</i>			<u>493,509</u>	<u>493,509</u>
NCP-2022	0802822	0422NCP001	(2,405)	(2,405)
NCP-2023	0802823	0423NCP001	<u>111,978</u>	<u>111,978</u>
<i>Total NCP - State</i>			<u>109,573</u>	<u>109,573</u>
SNAP-2022	0800922	0422SNE001	(6,942)	-
SNAP-2023	0800923	0423SNE001	<u>132,108</u>	-
<i>Total SNAP - State</i>			<u>125,166</u>	-
TWC RAG ISAMS-2023	0801723	0423RAG001	<u>2,053</u>	-
<i>Total Direct Programs</i>			<u>7,251,757</u>	<u>6,961,497</u>
Total Texas Workforce Commission			<u>7,251,757</u>	<u>6,961,497</u>
Texas Department of Transportation				
Direct Programs:				
Regional Minor Intersection	0782035	0902-00-172	12,252	-
Wetlands-Trees Mitigation	0751014	0902-00-193	200,000	200,000
HSR Tech Support	0751012	0902-00-194	411,562	-
Regional Minor Intersection	0782035	0902-00-217	(2,880)	-
Tech Legal Support Innovation	0751023	0902-00-236	80,154	-
Regional Traffic Signal Retiming Program FY 21-23	0782040	0902-00-256	66,550	-
511 DFW Traveler Information System	0783110	0902-00-260	145,933	-
Regional Aerial Photography	0783115	0902-00-279	56,900	-
511 DFW FY 23	0783134	0902-00-304	2,725	-
Regional Aerial Photography	0783135	0902-00-341	75,202	-
Regional ITS Quality Implementation M&O FY18	0783091	0902-90-052	35,172	-
Phase V Regional Traffic Signal Retiming Program	0782036	0902-90-054	24,696	-
Av Proving Ground Interstate Highway 30	0783088	0902-90-100	15,882	-
Transit Operations - Regional Coordination	0751010	0918-00-193	26,947	26,947
Utilization of Shoulder	0751009	0918-00-246	50,811	-
Equitable Transit Fare	0751022	0918-00-325	3,729	-
Incident Management & Safety	0751024	0918-00-344	19,788	-
Go Carma US 75	0785001	0918-00-366	345,149	-

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

State Grantor / Program Title	NCTCOG		Expenditures	Pass-Through Expenditures
	Grant Number	Contract Number		
Texas Department of Transportation (continued)				
Direct Programs (continued):				
Sustainability for Transit	0751021	0918-00-349	\$ 741,971	\$ 33,695
Regional Toll Revenue Implementation Admin	0751017	0918-00-285	496,985	-
Regional Toll Revenue Agreement 1	0751001	0918-24-174	1,168	-
Regional Data Hub - Regional Toll Revenue	0751025	0918-00-364	<u>6,000</u>	<u>-</u>
<i>Total RTR</i>			<u>1,246,124</u>	<u>33,695</u>
Verify Auto OCC	0783138	0902-00-324	5,681	-
Auto OCC DECT Implementation	0783101	0902-00-275	<u>280,444</u>	<u>-</u>
<i>Total Auto OCC Implementation</i>			<u>286,125</u>	<u>-</u>
<i>Total Direct Programs</i>			<u>3,102,821</u>	<u>260,642</u>
Total Texas Department of Transportation			<u>3,102,821</u>	<u>260,642</u>
Texas Commission on Environmental Quality				
Direct Programs:				
North Central Texas Clean Bus SEP	0764002	2011-07	190,000	190,000
Impaired Watershed	0666421	582-20-12048	86,078	-
Rider 7 Local Air Quality	0766001	582-22-31889	105,363	47,354
Solid Waste 22/23	0658722	582-22-30122	1,296,495	546,268
Solid Waste 24/25	0658724	582-24-50093	<u>21,240</u>	<u>-</u>
<i>Total Solid Waste</i>			<u>1,317,735</u>	<u>546,268</u>
<i>Total Direct Programs</i>			<u>1,699,176</u>	<u>783,622</u>
Total Texas Commission on Environmental Quality			<u>1,699,176</u>	<u>783,622</u>
Texas Health and Human Services				
Direct Programs:				
State Gen Revenue	0301023	HHS000874100018	412,416	189,113
State Gen Revenue	0301024	HHS000874100018	<u>134,642</u>	<u>113,606</u>
<i>Total State General Revenue</i>			<u>547,058</u>	<u>302,719</u>
Aging & Disability Resource	0301520	HHS000270200001	320,763	-
Title IIIIE FY 23	0300623	HHS000874100018	<u>276,763</u>	<u>-</u>
<i>Total Direct Programs</i>			<u>1,144,584</u>	<u>302,719</u>
Total Texas Health and Human Services			<u>1,144,584</u>	<u>302,719</u>
Texas Office of The Governor				
Direct Programs:				
Regional Police Training-22-23	0565522	2020-SF-ST-0015-1460418	779,372	-
Regional Police Training-24-25	0565524	2020-SF-ST-0015-1460418	<u>74,943</u>	<u>-</u>
<i>Total Regional Police Training Program</i>			<u>854,315</u>	<u>-</u>
DFW Corridor Project	09R2201	4561701	<u>95</u>	<u>-</u>
<i>Total Direct Programs</i>			<u>854,410</u>	<u>-</u>
Total Texas Office of The Governor			<u>854,410</u>	<u>-</u>
Texas Water Development Board				
Direct Programs:				
TWDB Stormwater	0668350	G1001314	<u>144,911</u>	<u>90,836</u>
<i>Total Direct Programs</i>			<u>144,911</u>	<u>90,836</u>
Total Texas Water Development Board			<u>144,911</u>	<u>90,836</u>
Total Expenditures of State Awards			<u>\$ 14,197,659</u>	<u>\$ 8,399,316</u>

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF
STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state awards (the "SESA") includes the State grant activity of North Central Texas Council of Governments (the "Council") under programs of the State of Texas for the year ended September 30, 2023. The information in the SESA is presented in accordance with the requirements of the Texas Grant Management Standards. Because the SESA 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 of Texas in the General and Special Revenue Fund. 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. 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 revenue 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, are recognized later based on specific accounting rules applicable to each, generally when payment is due.

Note 3 - Relationship to State Financial Reports

Amounts reported in the SESA 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 administered grants	\$ 16,301,470
State administered grants	139,729,245
Less: State-funded grant awards	<u>(141,833,056)</u>
State expenditures reported on the SESA	<u>\$ 14,197,659</u>

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

NOTES TO SCHEDULE OF EXPENDITURES OF
STATE AWARDS
(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 SESA.

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

State Awards:

Internal control over major programs: Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with TxGMS?	None

Identification of major programs:

Name of State Program:

Texas Workforce Commission:
Child Care - State

Texas Commission on Environmental Quality:
Solid Waste

Dollar threshold used to distinguish between type A
and type B state programs

\$750,000

Auditee qualified as low-risk auditee for state single audit?

Yes

II. Financial Statement Findings

None noted

III. Findings and Questioned Costs for State Awards

None noted

NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

The Texas Grant Management Standards state 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 must 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

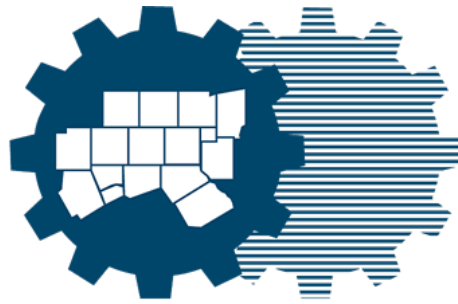
CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2023

The Texas Grant Management Standards state that, at the completion of the audit, the auditee must 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



**North Central Texas
Council of Governments**