

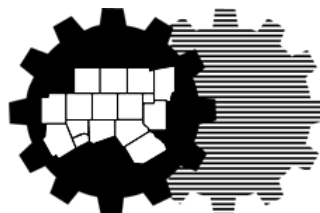


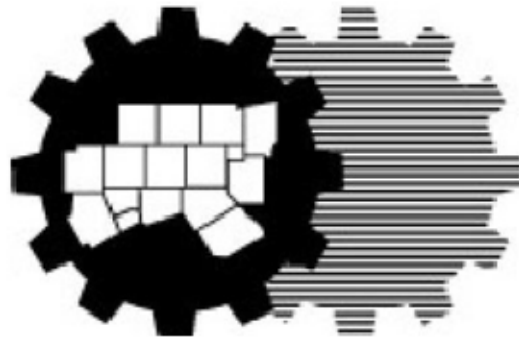
# **Uniform Grant Management Standards Report**

Fiscal Year Ended

September 30,  
2020

**North Central Texas Council of Governments**



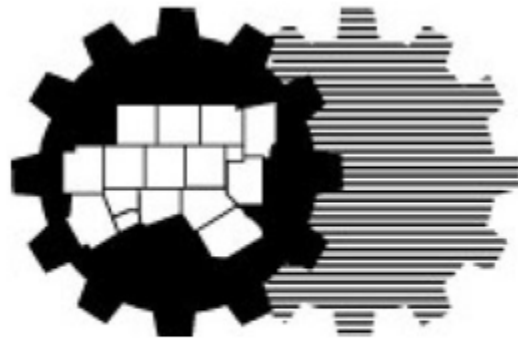


**North Central Texas  
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**

**STATE SINGLE AUDIT REPORT**

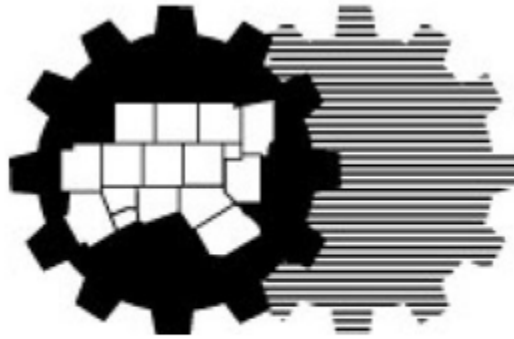
**For the Year Ended September 30, 2020**



**North Central Texas  
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**TABLE OF CONTENTS**

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
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 <i>Uniform Grant Management Standards</i>	3
Schedule of Findings and Questioned Costs	6
Schedule of Expenditures of State Awards	8
Notes to Schedule of Expenditures of State Awards	11
Summary Schedule of Prior Audit Findings	13
Corrective Action Plan	14



**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, the discretely presented component unit, 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, 2020, 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 25, 2021.

**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 the 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 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 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*.

### **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.

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

Fort Worth, Texas  
February 25, 2021



**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, 2020. 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, 2020.

### **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, 2020, 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 25, 2021, 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.

*Whitley Penn LLP*

Fort Worth, Texas  
February 25, 2021

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended September 30, 2020*

**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:

<b>Name of State Program:</b>	<b>State Contract Number</b>
Texas Commission on Environmental Quality:	582-20-10218
Solid Waste FY 2020-2021	582-16-60659
Solid Waste FY 2016-2017	
Texas Department of Transportation:	
Auto OCC Implementation	0902-00-215
Auto OCC Dect Implementation	0902-00-231
Texas Workforce Commission:	
Childcare FY 2020	0420CCF001
Childcare PRS FY 2020	0420CCP001
Childcare PRS FY 2021	0421CCP001
Childcare FY 2019	0419CCP000
Childcare PRS FY 2019	0419CCF000
Dollar Threshold Considered Between Type A and Type B State Programs	\$454,651
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, 2020***

**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, 2020**

State Grantor/Pass-Through Grantor/Program Title	NCTCOG Grant Number	Contract Number	Total State Expenditures	Passed-Through to Subrecipient Expenditures
<b>STATE GENERAL REVENUE</b>				
<b>Pass-Through Texas Workforce Commission:</b>				
CHILDCARE-2020	0800320	0420CCF001	5,400,219	5,400,219
CHILDCARE PRS-2020	0800520	0420CCP001	4,588,905	4,437,730
TANF/CHOICE-2020	0801320	0420TAF001	398,194	398,194
CHILDCARE PRS-2021	0800521	0421CCP001	378,033	365,005
SNAP-2020	0800920	0420SNE001	125,686	-
NCP-2020	0802820	0420NCP001	110,098	110,098
TWC RAG ISAMS-2020	0801720	0420RAG001	5,705	-
CHILDCARE PRS-2019	0800519	0419CCP000	(678)	(678)
TANF/CHOICE-2019	0801319	0419TAF000	(72,844)	(72,844)
CHILDCARE-2019	0800319	0419CCF000	(613,682)	(613,682)
<b>Pass-Through Texas Workforce Commission, Subtotal</b>			<b>10,319,636</b>	<b>10,024,042</b>
<b>TOTAL STATE GENERAL REVENUE</b>			<b>10,319,636</b>	<b>10,024,042</b>
<b>TX DEPT OF TRANSPORTATION</b>				
<b>Direct Programs:</b>				
HSR TECH SUPPORT	0751012	0902-00-194	451,575	-
AUTO OCC IMPLEMENTATION	0784001	0902-00-215	430,522	-
RTR ADMINISTRATION	0751007	0918-00-238	381,381	-
TRANSIT OP - REG COORD	0751010	0918-00-193	326,322	179,659
PASSENGER RAIL CORRIDORS	0751019	0918-47-211	240,921	-
EXPEDITE SEC 404 & 408	0751018	0918-00-334	227,203	-
WETLANDS/TREE MITIGATION	0751014	0902-00-193	140,264	92,750
AUTO OCC DECT IMP	0783099	0902-00-231	127,400	-
RTR AGREEMENT 1	0751001	0918-24-174	96,742	-
MPO PLANNING TECH & LEGAL	0751011	0902-00-161	86,825	-
511DFW: TRAVELER INFO SYS	0783078	0902-00-188	81,242	-
RTR AGREEMENT 1	0751001	0918-00-197	66,456	-
PHASE V RTSRP	0782036	0902-90-054	43,142	-
UTILIZATION OF SHOULDER	0751009	0918-00-246	39,336	-
RTR AGREEMENT 2	0751002	0918-00-174	33,777	-
REG ITS QUAL IMP M&O FY18	0783091	0902-90-051	26,694	-
511DFW: TRAVELER INFO SYS	0783078	0902-00-182	14,096	-
TECH LEGAL SUPPORT INNOV	0751023	0902-00-236	12,870	-
RTR IMPLEMENTATION ADMIN	0751017	0918-00-285	12,551	-
511DFW: TRAVELER INFO SYS	0783078	0902-00-176	7,493	-
REG MINOR INTERSECTION	0782035	0902-00-172	4,473	-
REG ITS QUAL IMP M&O FY18	0783091	0902-90-052	3,868	-
AV: PROVING GROUND IH30	0783088	0902-90-100	2,677	-
SUSTAINABILITY FOR TRANSI	0751021	0918-00-349	2,226	-
INCIDENT MGT 2018-2020	0783084	2964-01-050	1,863	-
EQUITABLE TRANSIT FARE DE	0751022	0918-00-325	199	-
DFW CONNECTOR PILOT PROGR	0751015	0902-90-073	(22,961)	-
<b>Direct Programs, Subtotal</b>			<b>2,839,157</b>	<b>272,409</b>
<b>TOTAL TX DEPT OF TRANSPORTATION</b>			<b>2,839,157</b>	<b>272,409</b>
<b>HEALTH AND HUMAN SERVICES</b>				
<b>Direct Programs:</b>				
TITLE III E FY 20	0300620	539-16-0002-00001	279,535	-
STATE GEN REVENUE	0301020	539-16-0002-00001	278,895	-
AGING & DISABILITY RESOURCE	0301520	HHS000270200001	259,993	-
STATE GEN REVENUE	0301021	539-16-0002-00001	18,990	-
AGING & DISABILITY RESOURCE	0301519	539-16-0031-00010	(222)	-
<b>TOTAL HEALTH AND HUMAN SERVICES</b>			<b>837,191</b>	<b>-</b>
<b>OFFICE OF THE GOVERNOR</b>				
<b>Direct Programs:</b>				
REG POLICE TRAINING-20-21	0565520	2020-SF-ST-0015-1460417	740,504	-
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>				
<b>Direct Programs:</b>				
SOLID WASTE 20/21	0658720	582-20-10218	576,862	97,247
IMPAIRED WATERSHED WO#5	0666420	582-16-60057	82,977	-
AQ TECH ASSIST 2016-2018	0760Y18	582-19-93359-02	(148)	-
N CEN TX CLEAN BUS SEP	0764002	2011-07	(911)	(911)
SOLID WASTE 16/17	0658716	582-16-60659	(108,741)	(108,741)
HD VEH & EQUIP PROG	0765003	582-09-86285	(263,237)	-
<b>Direct Programs, Subtotal</b>			<b>286,802</b>	<b>(12,405)</b>
<b>TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>			<b>286,802</b>	<b>(12,405)</b>
<b>TEXAS VETERANS COMMISSION</b>				
<b>Direct Programs:</b>				
VETERAN RESOURCE-2020	0802220	VES 20-4	131,750	3,500
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ 15,155,040</b>	<b>\$ 10,287,546.00</b>

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
*For the Year Ended September 30, 2020*

**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, 2020. 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, 2020*

**Note 4 - Relationship to the Basic Financial Statements**

Federal awards revenue are reported in the Council's  
basic financial statements as follows:

Federal administered grants	\$ 9,665,896
State administered grants	123,057,730
Local administered grants	16,814
Less: State funded grant awards	<u>117,585,400</u>
Per Schedule of Expenditures of Federal Awards	<u>\$ 15,155,040</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, 2020***

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, 2020***

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