



Uniform Grant Management Standards Reports

**Fiscal Year Ended
September 30, 2016**



North Central Texas Council of Governments

**NORTH CENTRAL TEXAS
COUNCIL OF GOVERNMENTS**

**UNIFORM GRANT MANAGEMENT
STANDARDS REPORTS**

YEAR ENDED SEPTEMBER 30, 2016



**North Central Texas
Council of Governments**

CONTENTS

Page

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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By Uniform Grant Management Standards and on the Schedule of Expenditures of State Awards	3
Schedule of Audit Findings and Questioned Costs	6
Summary of Prior Year Audit Findings	8
Schedule of Expenditures of State Awards	9
Notes to Schedule of Expenditures of State Awards	12



**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**

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 the North Central Texas Council of Governments (the Council) as of and for the year ended September 30, 2016, 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 10, 2017.

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.

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 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 purpose.

Weaver and Tidwell, L.L.P.
WEAVER AND TIDWELL, L.L.P

Dallas, Texas
February 10, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GRANT MANAGEMENT STANDARDS AND ON THE SCHEDULE OF EXPENDITURES OF STATE AWARDS

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 Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning that could have a direct and material effect on each of the Council's major state programs for the year ended September 30, 2016. 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 the requirements of laws, regulations, contracts, and grants 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 Uniform Grants 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 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 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, 2016.

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 requirements 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 as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 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.

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 Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards Required by Uniform Grant Management Standards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of North Central Texas Council of Governments, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise North Central Texas Council of Governments' basic financial statements. We issued our report thereon dated February 10, 2017, 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 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 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.

Weaver and Tidwell, L.L.P.
WEAVER AND TIDWELL, L.L.P

Dallas, Texas
February 10, 2017



**North Central Texas
Council of Governments**

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section I-Summary of Auditors' Results

BASIC FINANCIAL STATEMENTS:

An unmodified 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 unmodified 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>
N/A	9-1-1 Programs
Various	Aircheck Texas
0800516, 0800517	Childcare PRS
0800315, 00800316	Childcare Direct

Dollar threshold used to distinguish Between type A and type B programs: \$1,076,357

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, 2016**

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 *Government Auditing Standards*.

There were no findings for the year ended September 30, 2016.

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. Where practical, findings should be organized by state agency or pass-through entity.

There were no findings for the year ended September 30, 2016.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

There were no findings from the year ended September 30, 2015.

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

State Grantor / Program Title	Grant Name	NCTCOG Grant Number	Contract Number	State Expenditures
<u>Commission of State Emergency Communication</u>				
	<i>Direct Programs :</i> 9-1-1 Biennium FY14-15	0553903	N/A	\$ 6,240,161
	9-1-1 Biennium FY16-17	0553904	N/A	5,394,586
		<i>Direct Programs , subtotal</i>		<u>11,634,747</u>
Total Commission of State Emergency Communication				11,634,747
<u>Department of Aging/Disability Services</u>				
	<i>Direct Programs :</i> Aging&Disability Resource	0301516	539-16-0031-00010	221,713
	Relocation Program	0301415	53900-0-0000050391M2	969
	Relocation Program	0301416	539-16-0032-00006	982,664
	State Gen Revenue	0301016	539-16-0002-00001	456,737
		<i>Direct Programs , subtotal</i>		<u>1,662,083</u>
Total Department of Aging/Disability Services				1,662,083
<u>Health and Human Services Commission</u>				
	<i>Direct Programs :</i> Aging&Disability Resource	0301517	539-16-0031-00010	11,668
	Relocation Program	0301417	539-16-0032-00006	87,956
	State Gen Revenue	0301017	539-16-0002-00001	17,850
		<i>Direct Programs , subtotal</i>		<u>117,474</u>
Total Health and Human Services Commission				117,474
<u>Office of the Governor</u>				
	<i>Direct Programs :</i> FY16 Criminal Justice Pln	0565016	Interlocal Coop Agreement	203,545
	FY17 Criminal Justice Pln	0565017	Interlocal Coop Agreement	18,337
	Reg Police Training-16-17	0565516	SF-14-A10-14604-15	789,976
	Reg Police Training-FY14	0565514	SF-14-A10-14604-14	(1,766)
		<i>Direct Programs , subtotal</i>		<u>1,010,092</u>
Total Office of the Governor				1,010,092
<u>State General Revenue</u>				
	<i>Pass-Through Texas Workforce Commiss. :</i> Childcare Prs-2016	0800516	0416CCP000	4,918,037
	Childcare Prs-2017	0800517	0417CCP000	483,549
	Childcare-2015	0800315	0415CCF000	(411,569)
	Childcare-2016	0800316	0416CCF000	6,599,737
	Ncp	0802816	0416NCP000	44,380
	Rag Es-2015	0801915	0415WPA000	117
	Snap-2015	0800915	0415SNE000	1,739
	Snap-2016	0800916	0416SNE000	161,166
	Tanf/Choice-2015	0801315	0415TAN000	(54,629)
	Tanf/Choice-2016	0801316	0416TAN000	470,840
	Tw c Rag Isams-2016	0801716	0416RAG000	3,476
	Wf Commission Initiatives	0801516	0416WCI000	12
		<i>Pass-Through Texas Workforce Commiss. , subtotal</i>		<u>12,216,855</u>
Total State General Revenue				12,216,855

(continued)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

State Grantor / Program Title	Grant Name	NCTCOG Grant Number	Contract Number	State Expenditures
<u>Texas Veterans Commission</u>				
	<i>Direct Programs :</i> Veteran Resource-2016	0802216	VES-13-06	136,336
<u>Texas Commission on Environmental Quality</u>				
	<i>Direct Programs :</i> Aq Tech Assistance	0760Y12	582-11-13174- FY 13	6,999
	Impaired Watershed	0666416	582-16-60057	69,769
	Impaired Watershed	0666417	582-16-60057	2,673
	Solid Waste 16/17	0658716	582-16-60659	461,305
	<i>Direct Programs , subtotal</i>			<u>540,746</u>
<i>Pass-Through Collin County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20275	571,567
	AirCheck Texas - 2017	0761Y17	582-12-20275	49,148
	<i>Pass-Through Collin County , subtotal</i>			<u>620,715</u>
<i>Pass-Through Dallas County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20270	2,255,963
	AirCheck Texas - 2017	0761Y17	582-12-20270	189,153
	<i>Pass-Through Dallas County , subtotal</i>			<u>2,445,116</u>
<i>Pass-Through Denton County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20274	416,895
	AirCheck Texas - 2017	0761Y17	582-12-20274	37,247
	<i>Pass-Through Denton County , subtotal</i>			<u>454,142</u>
<i>Pass-Through Ellis County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20276	100,672
	AirCheck Texas - 2017	0761Y17	582-12-20276	9,673
	<i>Pass-Through Ellis County , subtotal</i>			<u>110,345</u>
<i>Pass-Through Johnson County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20277	77,920
	AirCheck Texas - 2017	0761Y17	582-12-20277	10,901
	<i>Pass-Through Johnson County , subtotal</i>			<u>88,821</u>
<i>Pass-Through Kaufman County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20285	44,643
	AirCheck Texas - 2017	0761Y17	582-12-20285	8,319
	<i>Pass-Through Kaufman County , subtotal</i>			<u>52,962</u>
<i>Pass-Through Parker County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20278	55,644
	AirCheck Texas - 2017	0761Y17	582-12-20278	3,501
	<i>Pass-Through Parker County , subtotal</i>			<u>59,145</u>
<i>Pass-Through Rockwall :</i>	AirCheck Texas - 2016	0761Y16	582-12-20279	49,338
	AirCheck Texas - 2017	0761Y17	582-12-20279	3,162
	<i>Pass-Through Rockwall , subtotal</i>			<u>52,500</u>
<i>Pass-Through Tarrant County :</i>	AirCheck Texas - 2016	0761Y16	582-12-20287	1,977,478
	AirCheck Texas - 2017	0761Y17	582-12-20287	183,658
	<i>Pass-Through Tarrant County , subtotal</i>			<u>2,161,136</u>
Total Texas Commission on Environmental Quality				<u>6,585,628</u>

(continued)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

State Grantor / Program Title	Grant Name	NCTCOG Grant Number	Contract Number	State Expenditures
<u>Texas Department of Transportation</u>				
<i>Pass-Through Texas A&M Transportation Institute :</i>	Tti Technical Assistance	07L0043	P460024	5,911
<i>Direct Programs :</i>	Incident Mgt/Sfty Patrol	0782015	18-3XXF1016	238,460
	Its Deploy Plan Conc Ops	0780010	0918-00-259	1,540
	Mpo Planning Tech & Legal	0751011	0902-00-161	9,811
	Reg Jobs Opp Pilot Prgm	0780008	18-4XXF7002	65,399
	Reg Traffic Signal FY 14	0782020	0902-90-003	20,821
	Regional Goods Mvmt FY13	0783058	02-3XXF1009	33,652
	Rtr Administration	0751007	0918-00-238	361,987
	Rtr Agreement 1	0751001	0918-00-197	947,704
	Rtr Agreement 1	0751001	0918-24-174	12,488
	Rtr Agreement 1	0751001	0918-45-877	9,362
	Rtr Agreement 2	0751002	0196-02-119	9,220
	Rtr Agreement 2	0751002	0918-00-174	43,750
	Safety Assurance Review s	0751006	0918-00-229	1,477
	Sec 404 & Mitigation Bank	0751005	0918-00-198	285,396
	Transit Op - Reg Coord	0751010	0918-00-193	371,454
	Utilization Of Shoulder	0751009	0918-00-246	96,908
			<i>Direct Programs , subtotal</i>	2,509,429
Total Texas Dept of Transportation				2,515,340
Total Expenditures of State Awards				\$ 35,878,555

(concluded)

**NORTH CENTRAL TEXAS COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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 administered grants	\$	9,130,586
State administered grants		112,250,105
Local administered grants		149,525
Less: Federally funded grant awards		<u>85,651,661</u>
Per Schedule of Expenditures of State Awards	<u>\$</u>	<u>35,878,555</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.



**North Central Texas
Council of Governments**