



City of North Richland Hills, Texas

Single Audit Reports

September 30, 2024



City of North Richland Hills, Texas
Table of Contents
September 30, 2024

Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to the Schedules of Expenditures of Federal and State Awards.....	3
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> – Independent Auditor’s Report.....	4
Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the Texas Grant Management Standards (TxGMS) – Independent Auditor’s Report	6
Schedule of Findings and Questioned Costs.....	9
Summary Schedule of Prior Audit Findings.....	12

City of North Richland Hills, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Commerce				
Direct Program:				
<i>Economic Development Cluster</i>				
Economic Adjustment Assistance	11.307		\$ -	\$ 2,332,619
<i>Total Economic Development Cluster</i>			-	2,332,619
Total Department of Commerce			-	2,332,619
Department of Justice				
Passed through from:				
Office of the Governor - Criminal Justice Division				
Crime Victim Assistance	16.575	3544405		199,348
Violence Against Women Formula Grants	16.588	3367206	-	74,905
Direct Programs:				
Bulletproof Vest Partnership Program	16.607		-	16,875
Public Safety Partnership and Community Policing Grants	16.710		-	331,995
Passed through from:				
Office of the Governor - Criminal Justice Division				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4448501, 4734101	-	239,901
Direct Program:				
Equitable Sharing Program	16.922		-	31,493
Total Department of Justice			-	894,517
Department of Transportation				
Passed through from:				
Texas Department of Transportation				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	2024-Nrichland-S-1YG-00005	-	27,998
<i>Total Highway Safety Cluster</i>			-	27,998
Total Department of Transportation			-	27,998
Department of Treasury				
Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	2,007,238
Total Department of Treasury			-	2,007,238
Institute of Museum and Library Services				
Passed through from:				
Texas State Library and Archives Commission				
Grants to States	45.310	903741	-	7,490
Total Institute of Museum and Library Services			-	7,490
Department of Homeland Security				
Direct Program:				
Homeland Security Grant Program	97.067		-	2,224
Passed through from:				
Office of the Governor - Homeland Security Grants Division				
Homeland Security Grant Program	97.067	4894501	-	71,409
Total Department of Homeland Security			-	73,633
Total Federal Awards Expended			\$ -	\$ 5,343,495

**City of North Richland Hills, Texas
Schedule of Expenditures of State Awards
Year Ended September 30, 2024**

Program Title	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total State Expenditures
Texas Attorney General's Office			
State Forfeiture Program	None Provided	\$ -	\$ 2,915
Total Texas Attorney General's Office		<u>-</u>	<u>2,915</u>
Texas Department of Transportation			
North Richland Hills - NETS	MGA-2022-2026-NETS-054	-	116,134
Main Street & Sinder Extension	0902-90-154		205,971
Freeway Blocking Truck	0902-90-254		109,153
Total Texas Department of Transportation		<u>-</u>	<u>431,258</u>
Texas Office of the Governor - Homeland Security Grants Division			
North Texas Anti-Gang Center (TAG)	2022-TA-ST-0001, 2024-TA-ST-0002	-	3,022,060
Total Texas Office of the Governor - Homeland Security Grants Division		<u>-</u>	<u>3,022,060</u>
Total State Awards Expended		<u>\$ -</u>	<u>\$ 3,456,233</u>

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (Schedules) include the federal and state award activity of the City of North Richland Hills, Texas (City) under programs of the federal and state government for the year ended September 30, 2024. The information in the Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Texas Grant Management Standards (TxGMS). Because the Schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and TxGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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*

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of North Richland Hills, Texas
North Richland Hills, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Richland Hills, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.

Forvis Mazars, LLP

**Dallas, Texas
April 21, 2025**

Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and the Texas Grant Management Standards (TxGMS)

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of North Richland Hills, Texas
North Richland Hills, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of North Richland Hills, Texas' (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Texas Grant Management Standards* (TxGMS) that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2024. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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 federal and state programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal and 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*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and TxGMS. Our responsibilities under those standards, the Uniform Guidance 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 City 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 federal and state program. Our audit does not provide a legal determination of the City'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 City's federal and 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 City'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*, the Uniform Guidance and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 the City's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, 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 City'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 City'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 the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the City'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 federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 federal or 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 federal or 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 “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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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 the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and TxGMS

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 City, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We have issued our report thereon dated April 21, 2025, 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 schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and TxGMS and are 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 schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Dallas, Texas
April 21, 2025**

City of North Richland Hills, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted?

- Yes No

Federal and State Awards

4. Internal control over major federal and state awards programs:

Significant deficiency(ies) identified? Yes None reported

Material weakness(es) identified? Yes No

5. Type of auditor's report issued on compliance for the major federal and state programs:

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a) or TxGMS?

- Yes No

**City of North Richland Hills, Texas
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2024**

(Continued)

7. Identification of the major federal and state programs:

Federal Awards

Cluster/Program	Assistance Listing Number
Economic Development Cluster	11.307
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027

State Award

Name of State Program	Contract Number
North Texas Anti-Gang Center (TAG)	2022-TA-ST-0001, 2024-TA-ST-0002

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Federal Awards – Auditee qualified as a low-risk auditee?

Yes No

Section II – Financial Statement Findings

Reference Number	Finding
2024-001	<p>Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition: The City's year-end closing procedures were not performed adequately, which resulted in initial errors in year-end balances and reconciliation, and required various City and auditor-proposed adjustments to ensure financial statements were presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p>Cause: Internal controls and review processes were not in place or were not followed to ensure all year-end close related activity was completed accurately and timely.</p> <p>Effect: Adjustments to various accounts were necessary in order to materially present the financial statements in accordance with GAAP.</p> <p>Recommendation: We suggest that the City develop an accounting policies and procedures manual to indicate all items to be completed during the year-end close and the individuals responsible for each item. Year-end procedures need to be evaluated and adjusted to ensure account balances are reconciled accurately and timely.</p> <p>Views of Responsible Officials and Planned Corrective Actions: We understand the importance of the financial reporting process and the City plans to implement controls and processes to improve the accuracy and timeliness of financial information.</p>

Section III – Federal and State Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

City of North Richland Hills, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

Reference Number	Summary of Finding	Status
2023-001	<p>Criteria: Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p>Condition: The City's financial statements required a prior period adjustment for proper financial statement presentation. The results of our audit test work indicated the City did not properly record unearned revenue and operating grants and contributions revenue in the prior year in connection with resources that had been received, but not yet earned, related to grant funds received in advance of incurring eligible expenditures.</p> <p>Cause: Internal controls and review processes were not in place to ensure financial statement line items were properly recorded in the annual financial statements.</p> <p>Effect: The beginning net position of the 2022 government-wide financial statements with respect to the City's governmental activities was restated in order to confirm with GAAP.</p>	Resolved.