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# **City of North Richland Hills, Texas**

## **Single Audit Report**

Year Ended September 30, 2023

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City of North Richland Hills, Texas  
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Year Ended September 30, 2023

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**City of North Richland Hills, Texas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2023**

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>Department of Commerce</b>				
Direct Program:				
<i>Economic Development Cluster</i>				
Economic Adjustment Assistance	11.307		\$ -	\$ 1,589,934
<b>Total Department of Commerce</b>			-	<b>1,589,934</b>
<b>Department of Justice</b>				
Passed through from:				
Office of the Governor - Criminal Justice Division				
Violence Against Women Formula Grants	16.588	3367206	-	99,449
Direct Programs:				
Bulletproof Vest Partnership Program	16.607		-	15,356
Public Safety Partnership and Community Policing Grants	16.710		-	108,024
Passed through from:				
Office of the Governor - Criminal Justice Division				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4269801	-	68,790
City of Fort Worth				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01878-JAGX, 15PBJA-22-GG-02085-JAGX	-	15,489
Direct Program:				
Equitable Sharing Program	16.922		-	133,888
<b>Total Department of Justice</b>			-	<b>440,996</b>
<b>Department of Transportation</b>				
Passed through from:				
Texas Department of Transportation				
Highway Planning and Construction	20.205	CSJ 0902-90-079	-	98,505
<i>Highway Safety Cluster</i>				
Passed through from:				
Texas Department of Transportation				
State and Community Highway Safety	20.600	2023-Nrichland-S-1YG-00037	-	23,195
Passed through from:				
Toxxcel				
National Highway Traffic Safety Administration (NHTSA)				
Discretionary Safety Grants and Cooperative Agreements	20.614	DTNH2217D00040/693JJ921F000183	-	39,589
<b>Total Department of Transportation</b>			-	<b>161,289</b>
<b>Department of Treasury</b>				
Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		-	4,325,521
Passed through from:				
Office of the Governor - Criminal Justice Division				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	3544404	-	200,902
<b>Total Department of Treasury</b>			-	<b>4,526,423</b>
<b>Institute of Museum and Library Services</b>				
Passed through from:				
Texas State Library and Archives Commission				
Grants to States	45.310	903741	-	7,075
<b>Total Institute of Museum and Library Services</b>			-	<b>7,075</b>
<b>Department of Homeland Security</b>				
Direct Program:				
Homeland Security Grant Program	97.067		-	497
Passed through from:				
Office of the Governor - Homeland Security Grants Division				
Homeland Security Grant Program	97.067	4255101, 4468101	-	62,995
<b>Total Department of Homeland Security</b>			-	<b>63,492</b>
<b>Total Federal Awards Expended</b>			\$ -	<b>\$ 6,789,209</b>

**City of North Richland Hills, Texas**  
**Schedule of Expenditures of State Awards**  
**Year Ended September 30, 2023**

<b>Program Title</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total State Expenditures</b>
<b>Texas Attorney General's Office</b>			
State Forfeiture Program	None Provided	\$ -	\$ 1,676
<b>Total Texas Attorney General's Office</b>		-	<b>1,676</b>
<b>Texas Department of Transportation</b>			
North Richland Hills - NETS	MGA-2022-2026-NETS-054	-	116,134
<b>Total Texas Department of Transportation</b>		-	<b>116,134</b>
<b>Texas Office of the Governor - Criminal Justice Division</b>			
SH-Bullet-Resistant Shield Grant Program	2023-SH-ST-0000	-	61,974
<b>Total Texas Office of the Governor - Criminal Justice Division</b>		-	<b>61,974</b>
<b>Texas Office of the Governor - Homeland Security Grants Division</b>			
North Texas Anti-Gang Center (TAG)	2022-TA-ST-0001, 2024-TA-ST-0002	-	5,866,536
<b>Total Texas Office of the Governor - Homeland Security Grants Division</b>		-	<b>5,866,536</b>
<b>Texas Comptroller of Public Accounts</b>			
LEOSE - Law Enforcement Officer Standards and Education - Peace Officer	None Provided	-	2,631
<b>Total Texas Comptroller of Public Accounts</b>		-	<b>2,631</b>
<b>Total State Awards Expended</b>		<b>\$ -</b>	<b>\$ 6,048,951</b>

**City of North Richland Hills, Texas**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**Year Ended September 30, 2023**

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**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal and state awards (Schedules) includes 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, 2023. The information in this Schedule is 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, or other regulatory requirements, 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.



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## **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, 2023, 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 15, 2024, which contained an emphasis of matter paragraph regarding a correction of an error.

### ***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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

### ***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, LLP**

**Dallas, Texas  
April 15, 2024**



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**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, 2023. 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, 2023.

***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*); and 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*, and 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. 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, 2023, 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 15, 2024, which contained unmodified opinions on those financial statements and an emphasis of matter paragraph regarding a correction of an error. 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, LLP**

**Dallas, Texas  
April 15, 2024**

**City of North Richland Hills, Texas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2023**

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**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 (Continued)**  
**Year Ended September 30, 2023**

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7. Identification of the major federal and state programs:

*Federal Awards*

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

*State Award*

<b>Name of State Program</b>	<b>Contract Number</b>
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. Auditee qualified as a low-risk auditee – Federal?

☐ Yes

☒ No

10. Auditee qualified as a low-risk auditee – State?

☒ Yes

☐ No

City of North Richland Hills, Texas  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2023

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**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
2023-001	<p><b>Criteria:</b> 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><b>Condition:</b> 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><b>Cause:</b> 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><b>Effect:</b> 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> <p><b>Recommendation:</b> Management should implement procedures to help ensure that controls are in place that will allow for the preparation of the financial statements in accordance with GAAP.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions:</b> We agree with the finding and represent the government-wide financial statements with respect to the City's governmental activities are properly reflected as of September 30, 2023.</p>

**Section III – Federal and State Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

City of North Richland Hills, Texas  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2023

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Reference Number	Summary of Finding	Status
No matters are reportable.		