

City of Denton, Texas

Federal and State Single Audit Reports

Year Ended September 30, 2021



C O N T E N T S

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 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 State of Texas <i>Uniform Grant Management Standards</i>	3
Schedule of Expenditures of Federal and State Awards	6
Notes to Schedule of Expenditures of Federal and State Awards	9
Schedule of Findings and Questioned Costs.....	10



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*

The Honorable Mayor and City Council of
City of Denton, 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 City of Denton, Texas, (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2022.

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) 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 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. 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 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*.

The Honorable Mayor and City Council of
City of Denton, Texas

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
March 30, 2022



Independent Auditor's 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 State of Texas *Uniform Grant Management Standards*

The Honorable Mayor and City Council of
City of Denton, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Denton, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* issued by the Texas Governor's Office of Budget and Planning 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the statutes, regulations, contracts, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and 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 audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Uniform Grant Management Standards* (UGMS) issued by the Texas Governor's Office of Budget and Planning. Those standards, Uniform Guidance and UGMS, 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the City'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 federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City, 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 federal and state programs for the year ended September 30, 2021.

The Honorable Mayor and City Council of
City of Denton, Texas

Report on Internal Control over Compliance

Management of the City 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 City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and UGMS, 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 City'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 federal or 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 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 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 the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and City Council of
City of Denton, Texas

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform
Guidance and UGMS**

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 30, 2022 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 federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and 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
March 30, 2022

City of Denton, Texas
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
FEDERAL AWARDS				
<u>U.S. Department of Housing and Urban Development</u>				
Direct Awards:				
Community Development Block Grant	B-16-MC-48-0036	14.218	\$ 2,858	\$ -
Community Development Block Grant	B-17-MC-48-0036	14.218	78,373	-
Community Development Block Grant	B-19-MC-48-0036	14.218	401,831	272,772
Community Development Block Grant	B-20-MC-48-0036	14.218	503,570	277,183
COVID-19 - Community Development Block Grant CARES	B-20-MW-48-0036	14.218	529,359	-
Total CDBG Entitlement Grants Cluster			1,515,991	549,955
Home Investment Partnerships Program	M-15-MC-48-0223	14.239	82,008	-
Home Investment Partnerships Program	M-16-MC-48-0223	14.239	22,625	3,673
Home Investment Partnerships Program	M-17-MC-48-0223	14.239	195,699	-
Home Investment Partnerships Program	M-18-MC-48-0223	14.239	171,599	132,854
Home Investment Partnerships Program	M-19-MC-48-0223	14.239	329,335	84,140
Home Investment Partnerships Program	M-20-MC-48-0223	14.239	124,803	-
Subtotal - Assistance Listing # 14.239			926,069	220,667
Total Direct Awards			2,442,060	770,622
Passed through Texas Department of Housing and Community Affairs (TDHCA):				
COVID-19 - Community Development Block Grant CARES	B-20-DW-48-0001	14.228	187,444	187,444
COVID-19 - Emergency Solutions Grant CARES	E-20-DW-48-0001	14.231	1,039,136	1,039,136
Total Passed Through Texas Department of Housing and Community Affairs			1,226,580	1,226,580
Total U.S. Department of Housing and Urban Development			3,668,640	1,997,202
<u>U.S. Department of Justice</u>				
Direct Awards:				
U.S. Marshals Violent Offenders Task Force	VOTF	16.000	73,191	-
North Texas Organized Crime Task Force	NTOCTF	16.000	11,011	-
Subtotal - Assistance Listing # 16.000			84,202	-
COVID-19 - Coronavirus Emergency Supplemental Funding Program	2020-VD-BX-0934	16.034	79,337	-
National Sexual Assault Kit Initiative	2019-AK-BX-0026	16.833	73,471	20,151
Equitable Sharing Program	TX0610200	16.922	74,070	-
Total Direct Awards			311,080	20,151
Passed through Texas Office of the Governor - Criminal Justice Division (CJD):				
Victim Assistance Coordinator	2019-V2-GX-0011	16.575	82,894	-
Total U.S. Department of Justice			393,974	20,151
<u>U.S. Department of Labor</u>				
Passed through Texas Workforce Commission:				
COVID-19 - Unemployment Insurance - 50% Chargeback Credit	N/A	17.225	85,206	-
Total U.S. Department of Labor			85,206	-
<u>Federal Aviation Administration</u>				
Passed through Texas Department of Transportation Aviation Division:				
Airport West Side Runway Grant	N/A	20.106	112	-
COVID-19 - Airport Grant - CARES Act	20CRDENTIN	20.106	157,000	-
COVID-19 - Airport Coronavirus Relief Grant	21CRDENTIN	20.106	57,000	-
Total Federal Aviation Administration			214,112	-

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards – Continued

For the Year Ended September 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. Department of Transportation</u>				
Passed through Texas Department of Transportation:				
State and Community Highway Safety Grant	2021-DentonPD-S-1YG-00032	20.600	\$ 21,054	\$ -
Total U.S. Department of Transportation			21,054	-
<u>U.S. Department of Treasury</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				
Passed through Denton County, Texas Commissioners Court	N/A	21.027	6,136	-
COVID-19 - Coronavirus Relief Fund	N/A	21.019	2,823,227	-
Total U.S. Department of Treasury			2,829,363	-
<u>National Endowment for the Arts</u>				
Passed through Texas Commission on the Arts:				
COVID-19 - Texas Rescue Plan Grant	21-77748499	45.025	2,406	-
Total National Endowment for the Arts			2,406	-
<u>National Endowment for the Humanities</u>				
Passed through Humanities Texas:				
COVID-19 - Library Relief Grant	2020-5909	45.129	2,768	-
Total National Endowment for the Humanities			2,768	-
<u>Institute of Museum and Library Services</u>				
Passed through Texas State Library and Archives Commission (ISLAC):				
Interlibrary Loan Program	LS-246193-OLS-20	45.310	18,358	-
TexTreasures Grant Program	LS-246193-OLS-20	45.310	24,820	-
Special Projects Grant Program	LS-246193-OLS-20	45.310	54,058	-
COVID-19 - CARES-Cycle 2 Grant Program	LS-246561-OLS-20	45.310	20,928	-
Total Institute of Museum and Library Services			118,164	-
<u>U.S. Department of Health and Human Services</u>				
Direct Awards:				
COVID-19 - Provider Relief Fund Program	N/A	93.498	61,281	-
Total U.S. Department of Health and Human Services			61,281	-
<u>U.S. Department of Homeland Security</u>				
Direct Awards:				
USSS North Texas Financial Crimes Task Force	USSS	97.000	4,405	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2016-FH-00195	97.083	17,719	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	EMW-2019-FH-00862	97.083	167,676	-
Subtotal - Assistance Listing # 97.083			185,395	-
Total Direct Awards			189,800	-
Passed through Texas A&M Engineering Extension Office:				
National Urban Search & Rescue Response System	47-100-769	97.025	38,089	-
Passed through Texas Division of Emergency Management (IDEM):				
COVID-19 - Disaster Grants - Public Assistance	N/A	97.036	100,182	-
Disaster Grants - Public Assistance - TIFMAS	N/A	97.036	12,091	-
COVID-19 - Disaster Grants - Public Assistance - Vaccination	N/A	97.036	11,210	-
Disaster Grants - Public Assistance - Winter Storm	N/A	97.036	8,763	-
Disaster Grants - Public Assistance - Wildfire Season 2020	N/A	97.036	3,298	-
Total Passed Through Texas Division of Emergency Management (IDEM)			135,544	-
Passed through Office of the Governor - Homeland Security Grants Division:				
2020 UASI Specialized Regional Response Teams Sustainment	EMW-2020-SS-00054	97.067	132,416	-
2020 SHSP-EOD X-Ray Equipment Enhancement	EMW-2020-SS-00054	97.067	46,488	-
Total passed through Office of the Governor - Homeland Security Grants Division			178,904	-
Total U.S. Department of Homeland Security			542,337	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,939,305	\$ 2,017,353

City of Denton, Texas
Schedule of Expenditures of Federal and State Awards – Continued
For the Year Ended September 30, 2021

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
STATE AWARDS			
<u>Office of the Texas Attorney General</u>			
Chapter 59 Asset Forfeiture Award	N/A	\$ 46,461	\$ -
Total Office of the Texas Attorney General		46,461	-
<u>Texas Department of Transportation</u>			
Airport Maintenance Grant	M2118DNTO	50,000	-
RTR-Mayhill Road - From IH35 East to US 380	0918-46-246	2,448,331	-
RTR-Bonnie Brae Road - From IH35 East to US 377	0918-46-245	4,510,626	-
RTR-Mckinney Street (Formerly FM 426)	0918-46-298	4,149,921	-
RTR-Hickory Creek Road Project	0918-46-290	938,054	-
RTR-N TX Blvd Roundabout	0918-46-281	174,285	-
Total Regional Toll Revenue (RTR) Transportation Projects		12,221,217	-
Total Texas Department of Transportation		12,271,217	-
<u>Texas A&M Engineering Extension Service</u>			
Urban Search & Rescue Response System	47-100-769	89,260	-
Total Texas A&M Engineering Extension Service		89,260	-
<u>Texas Commission on the Arts</u>			
Cultural District Grant Program	21-48499	28,000	-
Total Texas Commission on the Arts		28,000	-
<u>North Central Texas Council of Governments</u>			
Solid Waste Implementation Grant	21-04-08	21,240	-
Total North Central Texas Council of Governments		21,240	-
<u>Texas Commission on Environmental Quality</u>			
Light-Duty Motor Vehicle Purchase or Lease Incentive Program	582-21-24367-LD	2,500	-
Light-Duty Motor Vehicle Purchase or Lease Incentive Program	582-21-24368-LD	2,500	-
Total Texas Commission on Environmental Quality		5,000	-
<u>Texas Comptroller of Public Accounts</u>			
Fire-Law Enforcement Officer Standards & Education	N/A	2,693	-
Total Texas Comptroller of Public Accounts		2,693	-
TOTAL EXPENDITURES OF STATE AWARDS		\$ 12,463,871	\$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		\$ 20,403,176	\$ 2,017,353

City of Denton, Texas

Notes to Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2021

Note 1. General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards of the City of City of Denton, Texas (the City). The City's reporting entity is defined in Note 1 to the financial statements. Federal and state awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included on the schedule. 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 State of Texas *Uniform Grant Management Standards* (UGMS). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the City's basic financial statements.

Note 3. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule may not agree with amounts reported in the related federal and state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

Note 4. Indirect Costs

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

City of Denton, Texas

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Basic Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ___Yes XNo
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ___Yes XNone reported

Noncompliance which is material to the basic financial statements noted?

___Yes XNo

Federal and State Awards:

Internal control over major programs:

- Material weakness(es) identified? ___Yes XNo
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ___Yes XNone reported

An unmodified opinion was issued on compliance for each major program.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or State of Texas *Uniform Grant Management Standards*?

___Yes XNo

Identification of major programs:

<u>Assistance Listing Number/Grant Identification Number</u>	<u>Name of Federal and State Program or Cluster</u>
Major Federal Program:	
14.218	CDBG Entitlement Grants Cluster
14.239	Home Investment Partnerships Program
14.231	COVID-19 Emergency Solutions Grant
21.019	COVID-19 Coronavirus Relief Fund

Major State Program:

Regional Toll Revenue (RTR) Transportation Projects

Dollar threshold used to distinguish Between type A and type B programs:

\$750,000 for federal programs
\$373,916 for state programs

City of Denton, Texas
Schedule of Findings and Questioned Costs – Continued
For the Year Ended September 30, 2021

Auditee qualified as low-risk for federal single audit? X Yes No

Auditee qualified as low-risk for state single audit? X Yes No

Section II - Financial Statement Findings

None

Section III - Federal and State Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Year Findings and Questioned Costs

None