

**City of Waco, Texas**  
Compliance and Internal Control Reports  
Under *Government Auditing Standards*, the *Uniform Guidance*,  
and *Uniform Grant Management Standards* of the State of Texas  
Schedules of Expenditures of Federal and State Awards  
September 30, 2018

# City of Waco, Texas

## Table of Contents

	<u>Page</u>
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 Reports on Compliance for Each Major Federal and State Program; on Internal Control Over Compliance; and on the Schedules of Federal and State Awards Required by the <i>Uniform Guidance</i> and <i>Uniform Grant Management Standards</i> of the State of Texas	3
Schedule of Findings and Questioned Costs	6
Summary Schedule of Prior Audit Findings	8
Schedule of Expenditures of Federal Awards	9
Schedule of Expenditures of State Awards	13
Notes to Schedules of Expenditures of Federal and State Awards	14



JAYNES REITMEIER BOYD & THERRELL, P.C.  
Certified Public Accountants  
5400 Bosque Blvd., Ste. 500 | Waco, TX 76710  
P.O. Box 7616 | Waco, TX 76714  
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

**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***

To the Honorable Mayor and Members of the City Council  
City of Waco, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas (the “City”), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 12, 2019. The financial statements of Baylor Waco Stadium Authority (“BWSA”) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with BWSA.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the basic 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 basic 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’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 over financial reporting 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 financial reporting 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 over financial reporting 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 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 12, 2019



JAYNES REITMEIER BOYD & THERRELL, P.C.  
Certified Public Accountants  
5400 Bosque Blvd., Ste. 500 | Waco, TX 76710  
P.O. Box 7616 | Waco, TX 76714  
Main 254.776.4190 | Fax 254.776.8489 | jrbt.com

**INDEPENDENT AUDITOR’S REPORTS ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE; AND ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE *UNIFORM GUIDANCE AND UNIFORM GRANT MANAGEMENT STANDARDS OF THE STATE OF TEXAS***

To the Honorable Mayor and Members of the City Council  
City of Waco, Texas:

**Report on Compliance for Each Major Federal and State Program**

We have audited the compliance of the City of Waco, Texas (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) *Compliance Supplement* and the *Uniform Grant Management Standards* of the State of Texas 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, 2018. 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 federal and state statutes, regulations, 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; 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 the *Uniform Grant Management Standards* of the State of Texas. Those standards and the Uniform Guidance 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, 2018.

### **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 or 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 the Uniform Guidance and *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 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 were not 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 *Uniform Grant Management Standards*. 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 *Uniform Grant Management Standards* of the State of Texas**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Waco, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated February 12, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and *Uniform Grant Management Standards* of the State of Texas, 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 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 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.

*Jaymes. Reitmeyer, Boyd + Therrell, P.C.*

February 12, 2019

**City of Waco, Texas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2018**

(1) Summary of Auditors' Results

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes      x   no
- Significant deficiency(ies) identified? \_\_\_ yes      x   none reported
- Noncompliance material to financial statements noted? \_\_\_ yes      x   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ yes      x   no
- Significant deficiency(ies) identified? \_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ?

\_\_\_ yes      x   no

**State Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ yes      x   no
- Significant deficiency(ies) identified? \_\_\_ yes      x   none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Management Standards?

\_\_\_ yes      x   no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG - Entitlement Grants Cluster
14.239	HOME Investment Partnership Program
20.507	Federal Transit Cluster

Identification of major state programs:

<u>Grant Number</u>	<u>Name of State Program or Cluster</u>
URB 1803 (09)	Public Transportation - Urban State Funds

Dollar threshold used to distinguish between type A and type B federal programs:

\$   750,000  

Dollar threshold used to distinguish between type A and type B state programs:

\$   300,000  

Auditee qualified as federal low-risk auditee?

  x   yes    \_\_\_ no

Auditee qualified as state low-risk auditee?

  x   yes    \_\_\_ no

**City of Waco, Texas**

Schedule of Findings and Questioned Costs  
(Continued)

(2) Financial Statement Findings

None noted.

(3) Federal Award Findings and Questioned Costs

None noted.

(4) State Award Findings and Questioned Costs

None noted.

## City of Waco, Texas

### Summary Schedule of Prior Audit Findings

September 30, 2018

#### *2017-001 – Controls during Implementation of Comprehensive Information Technology System*

On October 1, 2016, the City implemented a new comprehensive information technology system for purchasing, inventory, payables, and financial reporting. During the initial months of the implementation, interim budgetary financial reports that are provided to the City Council and monthly bank reconciliations could not be completed timely.

The City had to develop in-house custom reports to provide the interim budgetary versus actual financial information to the City Council as the software did not provide standardized reports. Further, the City requested additional on-site training and created system modifications that allowed staff to complete monthly bank reconciliations. By the end of the fiscal year, the City was able to develop custom reports, provide interim financial reports to the City Council, and implement processes to ensure timely reporting to those charged with governance. The City was also able to resolve the training inefficiencies and complete final bank reconciliations.

We concur with the City's plans to continue to prioritize the timely review of interim financial statements since oversight provided by those charged with governance is a key element in the overall control structure for the City. Additionally, we recommend that the City continue to cross-train employees as needed to ensure timely performance of bank reconciliations each month.

#### *Management's Response*

The City concurs with the findings as presented and understands the critical need for timely bank reconciliations and interim financial reporting. It should be noted that these were temporary issues related to the information technology system conversion as described above and are now corrected. Management and the Budget and Audit Committee, which is comprised of City Council members, were kept informed of the status of the issues and the overall implementation of the new system throughout the course of the fiscal year.

#### *Status*

Corrective action was taken.

## City of Waco, Texas

### Schedule of Expenditures of Federal Awards

Year Ended September 30, 2018

Grantor/Pass-Through Grantor/Program or Cluster/Title	CFDA Number	Grantor / Pass Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through the Texas Health and Human Services Commission:				
Supplemental Food Program for Women, Infants and Children	10.557	2017-049805-001	\$ -	\$ 1,067,627
Peer for Women, Infants and Children	10.557	2017-049805-001	-	177,586
Intern	10.557	2017-049805-001	-	88,641
Registered Dietician	10.557	2017-049805-001	-	118,951
Clinical Lactation Practicum	10.557	2017-049805-001	-	60,449
Obesity Prevention Project	10.557	2017-049805-001	-	15,426
Total Passed through the Texas Health and Human Services Commission			-	1,528,680
Total U.S. Department of Agriculture			-	1,528,680
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
CDBG - Entitlement Grants Cluster: Community Development Block Grant	14.218	0029	450,008	1,981,203
Continuum of Care Grant:				
Continuum of Care	14.267	TX0240L6T041608	-	55,812
Continuum of Care	14.267	TX0240L6T041507	-	1,197
			-	57,009
HOME Investment Partnership Program	14.239	M-13, 14, 15,16,17-MC-48- 0202	239,639	495,630
HOME Investment Partnership Program	14.239	loan program - non-cash assistance	-	4,572,348
			239,639	5,067,978
Total Direct Programs			689,647	7,106,190
Passed through the Brazos Valley Council of Governments:				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	5607/2-553-01	-	31,055
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	5607-553-05	-	22,063
Total passed through the Brazos Valley Council of Governments			-	53,118
Passed through the Heart of Texas Homeless Coalition:				
Continuum of Care 2015	14.267	TX0409L6T041500	-	24,683
Continuum of Care 2016	14.267	TX0461L6T041600	-	33,440
Total passed through the Heart of Texas Homeless Coalition			-	58,123
Total U.S. Department of Housing and Urban Development			689,647	7,217,431
<u>U.S. Department of Justice</u>				
Direct Programs:				
JAG 2015 Byrne Justice Assistance	16.738	2015-DJ-BX-0907	2,201	14,728
JAG 2016 Byrne Justice Assistance	16.738	2016-DJ-BX-0719	2,892	8,863
JAG 2017 Byrne Justice Assistance	16.738	2017-DJ-BX-0532	10,962	27,772
Total Direct Programs			16,055	51,363

**City of Waco, Texas**

**Schedule of Expenditures of Federal Awards  
(Continued)**

Grantor/Pass-Through Grantor/Program or Cluster/Title	CFDA Number	Grantor / Pass Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Justice (continued)</u>				
Passed through the State Governor's Office - Criminal Justice Division:				
Waco Family Violence Unit Detectives & Coordinator	16.588	2868003	\$ -	\$ 60,940
Waco Family Violence Unit Detectives & Coordinator	16.588	2868004	-	6,356
Total passed through the State Governor's Office - Criminal Justice Division			-	67,296
Total U.S. Department of Justice			16,055	118,659
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Airport Improvement Program (FAA)	20.106	3-48-0220-037-2015	-	10,724
Airport Improvement Program (FAA)	20.106	3-48-0020-036-2015	-	521
Airport Improvement Program (FAA)	20.106	3-48-0020-038-2018	-	46,804
Airport Improvement Program (FAA)	20.106	3-48-0220-041-2018	-	22,950
			-	80,999
Federal Transit Cluster:				
Federal Transit Urbanized Area Formula Grant	20.507	TX-2018-001-00	-	70,165
Federal Transit Urbanized Area Formula Grant	20.507	TX-90-Y117-00	-	15,358
Federal Transit Urbanized Area Formula Grant	20.507	TX-2018-088-00	-	2,459,141
Federal Transit Urbanized Area Formula Grant	20.507	TX-2016-045-00	-	88,371
			-	2,633,035
Total Direct Programs			-	2,714,034
Passed through the Texas Department of Transportation:				
Highway Planning and Construction Cluster:				
Metropolitan Planning Grant - FHWA-PL 112	20.205	50-18XF0007	-	620,527
Total Highway Planning and Construction Cluster			-	620,527
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors - Individuals with Disabilities	20.513	ED1803(09) 054_17	-	229,663
Enhanced Mobility of Seniors - Individuals with Disabilities	20.513	ED1903(09) 059_18	-	18,900
Enhanced Mobility of Seniors - Individuals with Disabilities	20.513	ED 1703(09)	-	85,934
Total Transit Services Program Cluster			-	334,497
Highway Safety Cluster:				
Selective Traffic Enforcement Program	20.600	2018-WACOPD-S-1YG-0038	-	89,416
Total Highway Safety Cluster			-	89,416
Total passed through Texas Department of Transportation			-	1,044,440
Total U.S. Department of Transportation			-	3,758,474

**City of Waco, Texas**

**Schedule of Expenditures of Federal Awards  
(Continued)**

<u>Grantor/Pass-Through Grantor/Program or Cluster/Title</u>	<u>CFDA Number</u>	<u>Grantor / Pass Through Grantor Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>Institute of Museum and Library Services</u>				
Passed through the Texas State Library & Archives Commission:				
Interlibrary Loan Reimbursement Program	45.310	LS-00-15-0044-17/900883	\$ -	\$ 24,870
Total Institute of Museum and Library Services			-	24,870
<u>U.S. Department of Health and Human Services</u>				
Passed through the Texas Department of State Health Services:				
CPS-Bioterrorism Preparedness	93.074	537-18-0150-0001	-	134,329
CPS-Bioterrorism Preparedness	93.074	537-18-0150-0001-01	-	39,619
			-	173,948
Tuberculosis Prevention and Control - Federal	93.116	HHS000036000018	-	20,345
Tuberculosis Prevention and Control - Federal	93.116	2016-001406-01	-	1,080
			-	21,425
Immunizations Branch - Locals	93.268	537-18-0067-00001	-	135,013
Immunizations Branch - Locals	93.268	HHS0000119700015	-	11,330
			-	146,343
RLSS - Local Public Health System	93.758	537-18-00253-00001 yr2	-	22,290
RLSS - Local Public Health System	93.758	537-18-00253-00001 yr1	-	149,482
			-	171,772
TEXAS Healthy Communities	93.991	2016-003835B	-	42,403
			-	42,403
Healthy Babies	93.994	537-18-0364-00001	-	64,868
Healthy Babies	93.994	537-18-0364-00001-01	-	1,816
			-	66,684
Total Passed through the Texas Department of State Health Services			-	622,575
Passed through the Brazos Valley Council of Governments:				
Ryan White Part B Service Delivery (RWSD)	93.917	5608-553-03	-	195,997
Ryan White Part B Service Delivery (RWSD) Supplemental	93.917	5608-553-02-S/5608-553-01-S	-	43,962
Ryan White Part B Service Delivery (RWSD) Supplemental	93.917	5608/2-553-S2-02	-	20,516
Ryan White Service Delivery (RWSD)	93.917	5608/2-553-03	-	116,777
Total Passed through the Brazos Valley Council of Governments			-	377,252
Passed through Texas Health and Human Services Commission:				
Medicaid Cluster:				
Title XIX Medicaid Administrative Claiming	93.778	529-16-0106-0002A	-	169,232
Total Passed through Texas Health and Human Services Commission			-	169,232
Total U.S. Department of Health and Human Services			-	1,169,059

**City of Waco, Texas**

**Schedule of Expenditures of Federal Awards  
(Continued)**

Grantor/Pass-Through Grantor/Program or Cluster/Title	CFDA Number	Grantor / Pass Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Homeland Security</u>				
Passed through Texas Department of Public Safety:				
Public Assistance Grant - 4223, Severe Storms, Tornadoes, Straight-line Winds and Flooding	97.036	PA-06-TX-4223-PW02244	\$ -	\$ 654,178
Public Assistance Grant - 4223, Severe Storms, Tornadoes, Straight-line Winds and Flooding	97.036	1000346	-	8,561
			<u>-</u>	<u>662,739</u>
Emergency Management Performance Grant	97.042	18TX-EMPG-1296	-	53,460
Total passed through the State Department of Public Safety			<u>-</u>	<u>716,199</u>
Passed through the Texas Office of the Governor Homeland Security Grants Division:				
2017 State Homeland Security Program	97.067	EMW-2017-SS-00005	-	90,749
2016 State Homeland Security Program	97.067	EMW-2016-SS-00056	-	15,625
Total passed through the Texas Office of the Governor Homeland Security Grants Division			<u>-</u>	<u>106,374</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>822,573</u>
Total Expenditures of Federal Awards			\$ <u>705,702</u>	\$ <u>14,639,746</u>

See accompanying notes to schedules of expenditures of federal and state awards.

## City of Waco, Texas

### Schedule of Expenditures of State Awards

Year Ended September 30, 2018

Grantor/Pass-Through Grantor/Program Title	Grant Identifying Number	Passed Through to Subrecipients	Total State Expenditures
<u>Texas Department of State Health Services</u>			
TB State Grant	537-18-0045-00001-01	\$ -	\$ 755
TB State Grant	537-18-0045-0001	-	37,515
RLSS - Local Public Health System	537-18-00253-00001 yr1	-	12,504
HIV Prevention State	2016-001324-07	-	115,416
HIV Prevention State	2016-001324-02	-	40,297
IDCU Epidemic Disease Surveillance - Ebola	537-18-0292-0001	-	47,018
Immunization Branch - Locals	537-18-0067-0001	-	168,387
Immunization Branch - Locals	HHS0000119700015	-	14,130
		<u>-</u>	<u>436,022</u>
Passed through the Brazos Valley Council of Governments:			
HIV/State Services Supplemental	5609-553-04-R	-	100,152
HIV/State Services	5609/2-553-02	-	4,817
HIV/State Services	5609-553-03	-	95,641
Total Passed through the Brazos Valley Council of Governments		<u>-</u>	<u>200,610</u>
Total Texas Department of State Health Services		<u>-</u>	<u>636,632</u>
<u>State of Texas Comptroller's Office</u>			
Police LEOSE Grant		-	18,347
Fire LEOSE Grant		-	1,190
Total State of Texas Comptroller's Office		<u>-</u>	<u>19,537</u>
<u>State of Texas Office of Attorney General</u>			
Other Victim Assistance Grant (OVAG) 2018	1878990	-	38,118
Total State of Texas Office of Attorney General		<u>-</u>	<u>38,118</u>
<u>State of Texas Office of the Governor</u>			
BG-Rifle Resistant Body Armor Grant Program	3444401	-	78,568
National Incident-Based Reporting System (NIBRS)	3204902	-	18,788
Total State of Texas Office of the Governor		<u>-</u>	<u>97,356</u>
<u>Texas Department of Transportation</u>			
Public Transportation - Urban State Funds	URB 1803 (09)	-	607,223
Routine Airport Maintenance Program	M1809WACO	-	41,559
Transit Planning Grant	PLN 1701(09) 24	-	88,681
Total Texas Department of Transportation		<u>-</u>	<u>737,463</u>
Total Expenditures of State Awards		<u>\$ -</u>	<u>\$ 1,529,106</u>

See accompanying notes to schedules of expenditures of federal and state awards.

## City of Waco, Texas

### Notes to Schedules of Expenditures of Federal and State Awards

Year Ended September 30, 2018

(1) Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state award activity of the City of Waco, Texas (the “City”) under programs of federal and state governments for the year ended September 30, 2018. The information in these Schedules 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 *Uniform Grant Management Standards* of the State of Texas. Because the Schedules present only a selected portion of the operations of the City, they are not intended to and do not present the financial position, changes in net position, or cash flows of the City.

(2) Summary of Significant Accounting Policies

Expenditures reported in the accompanying Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Uniform Guidance or the cost principles contained in Office of Management and Budget Circular A-87, *Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Grantor and pass-through grantor identifying numbers are presented where available.

(3) Indirect Cost Rate

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

(4) Federal Loan Program

The federal loan program listed as non-cash assistance on the accompanying schedule of federal awards is administered directly by the City, and balances and transactions relating to this program are included in the City’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedules. The balance of loans outstanding at September 30, 2018 consists of the following:

**City of Waco, Texas**

Notes to Schedules of Expenditures of Federal and State Awards  
(Continued)

(4) Federal Loan Program (continued)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at September 30, 2018</u>
14.239	HOME Investment Partnership Program	<u>\$ 4,172,753</u>