

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, 2021

City of Waco, Texas

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**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, 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 January 14, 2022. The financial statements of Baylor Waco Stadium Authority (“BWSA”) and Waco Tourism Public Improvement District (“WTPID”) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with BWSA or WTPID.

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 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 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*.

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.

January 14, 2022



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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, 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 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, 2021.

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* of the State of Texas, 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 *Uniform Grant Management Standards* of the State of Texas. 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated January 14, 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 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 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.

Jaynes. Reitmeier, Boyd + Therrell, P.C.

January 14, 2022

City of Waco, Texas
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2021

(1) Summary of Auditor's Results**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- | | | | | |
|---|-----|-----|---|---------------|
| o Material weakness(es) identified? | ___ | yes | x | no |
| o Significant deficiency(ies) identified? | ___ | yes | x | none reported |

Noncompliance material to financial statements noted?	___	yes	x	no
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Federal Awards

Internal control over major programs:

- | | | | | |
|---|-----|-----|---|---------------|
| o Material weakness(es) identified? | ___ | yes | x | no |
| o 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
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State Awards

Internal control over major programs:

- | | | | | |
|---|-----|-----|---|---------------|
| o Material weakness(es) identified? | ___ | yes | x | no |
| o 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 <i>Uniform Grant Management Standards</i> ?	___	yes	x	no
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City of Waco, Texas

Schedule of Findings and Questioned Costs
(Continued)

(1) Summary of Auditor's Results (continued)

Identification of major federal programs:

<i>Federal Assistance</i>	
<u>Listing Number</u>	<u>Name of Federal Program or Cluster</u>
	CDBG Entitlement Grants Cluster:
14.218	Community Development Block Grant
14.218	COVID-19 - Community Development Block Grant
14.239	HOME Investment Partnership Program
20.106	Airport Improvement Program
20.106	COVID-19 - Airport Improvement Program
	Federal Transit Cluster:
20.507	Federal Transit Urbanized Area Formula Grant
20.507	COVID-19 - Federal Transit Urbanized Area Formula Grant
	Highway Planning and Construction Cluster:
20.205	Metropolitan Planning Grant
20.205	Historic Elm Bike/Ped Infrastructure
21.023	COVID-19 - Emergency Rental Assistance

Identification of major state programs:

<u>Grant Number</u>	<u>Name of State Program or Cluster</u>
3748202	Texas Anti-Gang Program
3748203	Texas Anti-Gang Program
URB 2102 (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?

yes no

Auditee qualified as state low-risk auditee?

yes no

City of Waco, TexasSchedule 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, 2021

None

City of Waco, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Grantor/Pass-Through Grantor/Program or Cluster/Title	Federal Assistance Listing 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	\$ -	\$ 1,070,781
Peer for Women, Infants and Children	10.557	2017-049805-001	-	184,829
Extra for Women, Infants and Children	10.557	2017-049805-001	-	92,160
COVID-19	10.557	2017-049805-001	-	53,214
Registered Dietician	10.557	2017-049805-001	-	96,805
Clinical Lactation Practicum	10.557	2017-049805-001	-	62,994
Total passed through the Texas Health and Human Services Commission			-	1,560,783
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
Passed through the Texas Health and Human Services Commission:				
SNAP-ED for Women, Infants, and Children	10.561	2017-049805-001	-	32,310
Passed through the Texas Department of State Health Services				
Obesity Prevention Program	10.561	HHS000743500006	-	37,347
Total SNAP Cluster			-	69,657
Total U.S. Department of Agriculture			-	1,630,440
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
CDBG - Entitlement Grants Cluster:				
COVID-19 Community Development Block Grant	14.218	B20MW480029	-	348,052
Community Development Block Grant	14.218	B-15,16,17,18,19-MC-48-0029	250,489	1,296,656
Total CDBG Entitlement Grants Cluster			250,489	1,644,708
HOME Investment Partnership Program	14.239	M-15,16,17,18,19-MC-48-0202	173,400	690,129
HOME Investment Partnership Program	14.239	loan program - non cash assistance	-	2,941,950
			173,400	3,632,079
Continuum of Care Grant:				
Continuum of Care	14.267	TX0240L6T041608	12,002	12,002
Continuum of Care	14.267	TX0240L6T041709	61,554	61,554
			73,556	73,556
Lead Based Paint Hazard Reduction	14.900	TXLHB0703-18	-	398,723
Total Direct Programs			497,445	5,749,066
Passed through the Brazos Valley Council of Governments:				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	5607/4-553-04	-	48,892
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	5607/5-553-01	-	4,299
Total passed through the Brazos Valley Council of Governments			-	53,191
Passed through the Heart of Texas Homeless Coalition:				
Continuum of Care 2018	14.267	TX0527L6T041800	-	2,600
Continuum of Care 2019	14.267	TX0555L6T041900	-	20,428
Total passed through the Heart of Texas Homeless Coalition			-	23,028
Total U.S. Department of Housing and Urban Development			497,445	5,825,285

City of Waco, Texas

Schedule of Expenditures of Federal Awards (Continued)

Grantor/Pass-Through Grantor/Program or Cluster/Title	Federal Assistance Listing Number	Grantor / Pass Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Justice</u>				
Direct Programs:				
COVID-19 - JAG 2020 Coronavirus Emergency Assistance	16.034	2020-VD-BX-0718	\$ -	\$ 39,984
			-	39,984
JAG 2019 Byrne Justice Assistance	16.738	2019-DJ-BX-0366	25,827	32,059
JAG 2020 Byrne Justice Assistance	16.738	2020-DJ-BX-0710	8,755	35,281
			34,582	67,340
Total Direct Programs			34,582	107,324
Passed through the State Governor's Office - Criminal Justice Division:				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	4158801	-	202,086
Waco Family Violence Unit Detectives & Coordinator	16.588	2868007	-	2,973
Waco Family Violence Unit Detectives & Coordinator	16.588	2868006	-	56,705
Total passed through the State Governor's Office - Criminal Justice Division			-	261,764
Total U.S. Department of Justice			34,582	369,088
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Airport Improvement Program (FAA)	20.106	3-48-0220-042-2019	-	93,698
Airport Improvement Program (FAA)	20.106	3-48-0220-043-2019	-	90,000
Airport Improvement Program (FAA)	20.106	3-48-0220-045-2020	-	1,450,461
COVID-19 - Airport Improvement Program (FAA)	20.106	3-48-0220-046-2020	-	2,686,090
Airport Improvement Program (FAA)	20.106	3-48-0220-039-2018	-	261
Airport Improvement Program (FAA)	20.106	3-48-0220-047-2020	-	66,872
COVID-19 - Airport Improvement Program (FAA)	20.106	3-48-0220-048-2021	-	630,240
			-	5,017,622
Federal Transit Cluster:				
COVID-19 - Federal Transit Urbanized Area Formula Grant	20.507	TX-2020-174-00	-	2,432,042
Federal Transit Urbanized Area Formula Grant	20.507	TX-2020-079-00	-	1,359,819
Federal Transit Urbanized Area Formula Grant	20.507	TX-2018-088-00	-	16,726
Total Federal Transit Cluster			-	3,808,587
Total Direct Programs			-	8,826,209
Passed through the Texas Department of Transportation:				
Highway Planning and Construction Cluster:				
Metropolitan Planning Grant - FHWA-PL 112	20.205	50-21XF0007	-	413,902
Historic Elm Bike/Ped Infrastructure	20.205	CSJ#0909-22-182	-	341,322
Total Highway Planning and Construction Cluster			-	755,224
Transit Services Programs Cluster:				
Enhanced Mobility of Seniors - Individuals with Disabilities	20.513	ED2101(09)074_19	-	176,371
Enhanced Mobility of Seniors - Individuals with Disabilities	20.513	ED1906(09)054_17	-	48,326
Total Transit Services Program Cluster			-	224,697
Highway Safety Cluster:				
Selective Traffic Enforcement Program	20.600	2021-WACOPD-S-1YG-00007	-	63,074
Total Highway Safety Cluster			-	63,074
Total passed through Texas Department of Transportation			-	1,042,995
Total U.S. Department of Transportation			-	9,869,204

City of Waco, Texas

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

Grantor/Pass-Through Grantor/Program or Cluster/Title	Federal Assistance Listing Number	Grantor / Pass Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Treasury</u>				
Passed through McLennan County:				
COVID-19 - Emergency Rental Assistance	21.023	2101112484	\$ -	\$ 1,690,672
Total passed through McLennan County			-	1,690,672
Total U.S. Department of Treasury			-	1,690,672
<u>Institute of Museum and Library Services</u>				
Passed through the Texas State Library & Archives Commission:				
Interlibrary Loan Reimbursement Program	45.310	902278	-	6,430
Total passed through the Texas State Library & Archives Commission			-	6,430
Total Institute of Museum and Library Services			-	6,430
<u>U.S. Department of Health and Human Services</u>				
Passed through the Texas Department of State Health Services:				
CPS-Bioterrorism Preparedness	93.069	537-18-0150-00001 #4	-	133,408
CPS-Bioterrorism Preparedness	93.069	537-18-0150-00001 #5	-	44,304
			-	177,712
Tuberculosis Prevention and Control - Federal	93.116	HHS000686100026	-	14,526
Tuberculosis Prevention and Control - Federal	93.116	HHS000686100026	-	19,332
			-	33,858
COVID-19 - Immunizations Branch - Locals Supplemental	93.268	HHS0000119700015 Amend#2	-	14,279
Immunizations Branch - Locals	93.268	HHS0000119700015 Amend#2	-	118,218
Immunizations Branch - Locals	93.268	HHS0000119700015 Amend#3	-	17,270
COVID-19 - Vaccine Capacity Grant	93.268	HHS001019500031	-	463,280
			-	613,047
COVID-19 - IDCU/SUR	93.323	HHS000812700033	-	13,493
			-	13,493
COVID-19 - CPS	93.354	HHS000772300001	-	148,726
			-	148,726
HIV Prevention	93.940	HHS000077800025	-	104,284
HIV Prevention	93.940	HHS000077800025 Amend #1	-	154,249
HIV Prevention	93.940	HHS000077800025 Amend #2	-	15,301
			-	273,834
RLSS - Local Public Health System	93.991	HHS000485600005	-	87,504
RLSS - Local Public Health System	93.991	HHS001029900001	-	10,500
TEXAS Healthy Communities	93.991	HHS000438400008 Amend #1	-	95,729
TEXAS Healthy Communities	93.991	HHS000438400008 Amend #2	-	34
			-	193,767
Healthy Babies	93.994	537-18-0364-00001 Amend #4	-	38,786
			-	38,786
Total passed through the Texas Department of State Health Services			-	1,493,223

City of Waco, Texas

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

Grantor/Pass-Through Grantor/Program or Cluster/Title	Federal Assistance Listing Number	Grantor / Pass Through Grantor Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>				
Passed through the Brazos Valley Council of Governments:				
Ryan White Part B Service Delivery (RWSD)	93.917	5608/5-553-01	\$ -	\$ 177,776
Ryan White Part B Service Delivery (RWSD)	93.917	5608/4-553-03	-	149,979
State-R	93.917	5608/SR2-553-02	-	74,611
COVID-19 - Ryan White CARES	93.917	5608/4-553-01C	-	734
State-R	93.917	5608/SR3-553-01	-	30,216
Total passed through the Brazos Valley Council of Governments			-	433,316
Passed through Texas Health and Human Services Commission:				
Medicaid Cluster:				
Title XIX Medicaid Administrative Claiming	93.778	HHS000537900178	-	262,694
Total passed through Texas Health and Human Services Commission			-	262,694
Total U.S. Department of Health and Human Services			-	2,189,233
<u>U. S. Department of Homeland Security</u>				
Passed through the State Department of Public Safety:				
Emergency Management Performance Grant	97.042	PENDING AWARD	-	50,908
Total passed through the State Department of Public Safety			-	50,908
Passed through the Texas Office of the Governor Homeland Security Grants Division:				
2020 State Homeland Security Program	97.067	3950801	-	36,881
2020 State Homeland Security Program	97.067	EMW 2019 SS 00054	-	32,396
2019 State Homeland Security Program	97.067	EMW 2019 SS 00034 S01	-	12,460
Total passed through the Texas Office of the Governor Homeland Security Grants Division			-	81,737
Total U.S. Department of Homeland Security			-	132,645
Total Expenditures of Federal Awards			\$ 532,027	\$ 21,712,997

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, 2021

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	HHS000468000001 amend #1	\$ -	\$ 37,695
TB State Grant	HHS000468000001 amend #2	-	1,819
IDCU Epidemic Disease Surveillance	HHS000436300026 Amend #2	-	6,995
IDCU Epidemic Disease Surveillance	HHS000436300026	-	75,412
Immunization Branch - Locals	HHS0000119700015 Amend#1	-	180,749
RLSS - Local Public Health System	HHS000485600005	-	64,294
RLSS - Local Public Health System		-	14,046
Healthy Texas Babies	537-18-0364-00001 Amend #4	-	47,889
Healthy Texas Babies	537-18-0364-00001 Amend#4	-	5,612
		<u>-</u>	<u>434,511</u>
Passed through the Brazos Valley Council of Governments:			
HIV/State Services	5609/2-553-04	-	72,224
HIV/State Services	5609/4-553-01	-	4,288
Total passed through the Brazos Valley Council of Governments		<u>-</u>	<u>76,512</u>
Total Texas Department of State Health Services		<u>-</u>	<u>511,023</u>
<u>Texas Department of Transportation</u>			
Public Transportation - Urban State Funds	URB 2102 (09)	-	267,399
Routine Airport Maintenance Program	M2109WACO	-	40,476
Total Texas Department of Transportation		<u>-</u>	<u>307,875</u>
<u>Texas Division of Emergency Management</u>			
Texas Intrastate Fire Mutual Aid System	200148	-	1,384
Total Texas Division of Emergency Management		<u>-</u>	<u>1,384</u>
<u>State of Texas Comptroller's Office</u>			
Police LEOSE Grant		-	18,817
Total State of Texas Comptroller's Office		<u>-</u>	<u>18,817</u>
<u>State of Texas Office of the Governor</u>			
Texas Anti-Gang Program	3748202	-	617,561
Texas Anti-Gang Program	3748203	-	42,970
Total State of Texas Office of the Governor		<u>-</u>	<u>660,531</u>
<u>Texas Commission on Environmental Quality</u>			
Household Hazardous Waste Management	20-11-01	-	20,000
Total Texas Commission on Environmental Quality		<u>-</u>	<u>20,000</u>
Total Expenditures of State Awards		<u>\$ -</u>	<u>\$ 1,519,630</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, 2021

(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, 2021. 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 the cost principles contained in Uniform Guidance, and “frequently asked questions” (“FAQs”) and other guidance issued by the U.S. Department of the Treasury, 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, 2021 consists of the following:

City of Waco, TexasNotes 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, 2021</u>
14.239	HOME Investment Partnership Program	<u>\$ 3,015,087</u>