

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, 2019

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, 2019, 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, 2020. 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 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 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.

January 14, 2020



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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, 2019. 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, 2019.

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, 2019, 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, 2020, 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.

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

January 14, 2020

City of Waco, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

(1) Summary of Auditors' 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

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

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 Uniform Grant Management Standards? yes x no

Identification of major federal programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|--|
| 10.557 | Special Supplemental Nutrition Program for Women, Infants and Children (WIC) |
| 20.106 | Airport Improvement Program |

City of Waco, Texas

**Schedule of Findings and Questioned Costs
(Continued)**

(1) Summary of Auditors' Results (continued)

Identification of major state programs:

| <u>Grant Number</u> | <u>Name of State Program or Cluster</u> |
|----------------------|---|
| 537-18-0045-00001-01 | TB State Grant |
| 2016-1449-00 | TB State Grant |
| 2016-001324-07 | HIV Prevention State |
| 2016-001324-09 | HIV Prevention State |
| 537-18-0292-00001 | IDCU Epi Disease Surveillance |
| HHS000436300026 | IDCU Epi Disease Surveillance |
| HHS0000119700015 | Immunization Branch - Locals |
| 5609/2-553-02 | HIV/State Services |
| 5609/2-553-03-R | HIV/State Services Supplemental |
| 5609/2-553-02 | HIV/State Services |

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

(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, 2019

None

City of Waco, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

| 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 | \$ - | \$ 1,178,440 |
| Peer for Women, Infants and Children | 10.557 | 2017-049805-001 | - | 142,889 |
| Extra | 10.557 | 2017-049805-001 | - | 10,392 |
| Registered Dietician | 10.557 | 2017-049805-001 | - | 102,321 |
| Clinical Lactation Practicum | 10.557 | 2017-049805-001 | - | 73,635 |
| Obesity Prevention Project | 10.557 | 2017-049805-001 | - | 5,109 |
| Total passed through the Texas Health and Human Services Commission | | | <u>-</u> | <u>1,512,786</u> |
| Total U.S. Department of Agriculture | | | <u>-</u> | <u>1,512,786</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Direct Programs: | | | | |
| CDBG - Entitlement Grants Cluster: | | | | |
| Community Development Block Grant | 14.218 | B-14, 15, 16, 17, 18-MC-48-0029 | 370,954 | 1,336,355 |
| HOME Investment Partnership Program | 14.239 | M-14, 15, 16, 17, 18-MC-48-0202 | 350,076 | 539,784 |
| HOME Investment Partnership Program | 14.239 | loan program - non-cash assistance | - | 4,172,753 |
| | | | <u>350,076</u> | <u>4,712,537</u> |
| Continuum of Care Grant: | | | | |
| Continuum of Care | 14.267 | TX0240L6T041608 | - | 6,841 |
| Continuum of Care | 14.267 | TX0240L6T041709 | - | 61,890 |
| | | | <u>-</u> | <u>68,731</u> |
| Lead Based Paint Hazard Reduction | 14.900 | TXLHB0703-18 | - | 11,783 |
| Total Direct Programs | | | <u>721,030</u> | <u>6,129,406</u> |
| Passed through the Brazos Valley Council of Governments: | | | | |
| Housing Opportunities for Persons with AIDS (HOPWA) | 14.241 | 5607/2-553-01 | - | 19,285 |
| Housing Opportunities for Persons with AIDS (HOPWA) | 14.241 | 5607/3-553-01 | - | 45,273 |
| Total passed through the Brazos Valley Council of Governments | | | <u>-</u> | <u>64,558</u> |
| Passed through the Heart of Texas Homeless Coalition: | | | | |
| Continuum of Care 2016 | 14.267 | TX0461L6T041600 | - | 9,759 |
| Continuum of Care 2017 | 14.267 | TX0499L6T041700 | - | 44,967 |
| Total passed through the Heart of Texas Homeless Coalition | | | <u>-</u> | <u>54,726</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>721,030</u> | <u>6,248,690</u> |
| <u>U.S. Department of Justice</u> | | | | |
| Direct Programs: | | | | |
| JAG 2016 Byrne Justice Assistance | 16.738 | 2016-DJ-BX-0719 | 284 | 284 |
| JAG 2017 Byrne Justice Assistance | 16.738 | 2017-DJ-BX-0532 | 20,084 | 29,036 |
| JAG 2018 Byrne Justice Assistance | 16.738 | 2018-DJ-BX-0861 | 31,383 | 32,017 |
| Total Direct Programs | | | <u>51,751</u> | <u>61,337</u> |

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>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 | 2868005 | \$ - | \$ 7,673 |
| Waco Family Violence Unit Detectives & Coordinator | 16.588 | 2868004 | - | 64,700 |
| Total passed through the State Governor's Office - Criminal Justice Division | | | - | 72,373 |
| Total U.S. Department of Justice | | | 51,751 | 133,710 |
| <u>U.S. Department of Transportation</u> | | | | |
| Direct Programs: | | | | |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0220-037-2015 | - | 2,958 |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0020-038-2018 | - | 1,114,125 |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0020-039-2018 | - | 384,143 |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0020-040-2018 | - | 154,404 |
| Airport Improvement Program (FAA) | 20.106 | 3-48-0220-041-2018 | - | 740,228 |
| | | | - | 2,395,858 |
| Federal Transit Cluster: | | | | |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-90-Y043 2013 | - | 38,779 |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-2018-001-00 | - | 67,115 |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-2018-088-00 | - | 183,438 |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-2019- | - | 2,732,088 |
| Federal Transit Urbanized Area Formula Grant | 20.507 | TX-2019-065-00 | - | 512,106 |
| | | | - | 3,533,526 |
| Total Direct Programs | | | - | 5,929,384 |
| Passed through the Texas Department of Transportation: | | | | |
| Highway Planning and Construction Cluster: | | | | |
| Metropolitan Planning Grant - FHWA-PL 112 | 20.205 | 50-19XF0007 | - | 486,092 |
| 11th/12th St Gurley Lane Bike/Ped Infrastructure | 20.205 | CSJ#0909-22-181 | - | 318,563 |
| Total Highway Planning and Construction Cluster | | | - | 804,655 |
| Transit Services Programs Cluster: | | | | |
| Enhanced Mobility of Seniors - Individuals with Disabilities | 20.513 | ED1803(09) 054_17 | - | 16,950 |
| Enhanced Mobility of Seniors - Individuals with Disabilities | 20.513 | ED1903(09) 059_18 | - | 240,270 |
| Enhanced Mobility of Seniors - Individuals with Disabilities | 20.513 | ED1906(09) 054_17 | - | 20,670 |
| Total Transit Services Program Cluster | | | - | 277,890 |
| Highway Safety Cluster: | | | | |
| Selective Traffic Enforcement Program | 20.600 | 2019-WACOPD-S-1YG-00072 | - | 116,996 |
| Total Highway Safety Cluster | | | - | 116,996 |
| Total passed through Texas Department of Transportation | | | - | 1,199,541 |
| Total U.S. Department of Transportation | | | - | 7,128,925 |

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 | Through to Subrecipients | Federal Expenditures |
|---|----------------|--|-----------------------------|-------------------------|
| <u>Institute of Museum and Library Services</u> | | | | |
| Passed through the Texas State Library & Archives Commission: | | | | |
| Interlibrary Loan Reimbursement Program | 45.310 | 901280 | \$ - | \$ 22,887 |
| Total passed through the Texas State Library & Archives Commission | | | - | 22,887 |
| Total Institute of Museum and Library Services | | | - | 22,887 |
| <u>U. S. Environmental Protection Agency</u> | | | | |
| Passed through Baylor University: | | | | |
| Environmental Education Grant | 66.951 | 36690131 | - | 4,771 |
| Total passed through Baylor University | | | - | 4,771 |
| Total U.S. Environmental Protection Agency | | | - | 4,771 |
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Passed through the National Association of County and City Health Officials: | | | | |
| CDC Grant Medical Reserve Corp | 93.008 | MRC 15-1332 | - | 34 |
| Total passed through the National Association of County and City Health Officials | | | - | 34 |
| Passed through the Texas Department of State Health Services: | | | | |
| CPS-Bioterrorism Preparedness | 93.074 | 537-18-0150-00001-01 | - | 132,493 |
| CPS-Bioterrorism Preparedness | 93.074 | 537-18-0150-00001-01 | - | 43,190 |
| | | | - | 175,683 |
| Tuberculosis Prevention and Control - Federal | 93.116 | HHS000036000018 | - | 12,342 |
| Tuberculosis Prevention and Control - Federal | 93.116 | HHS000036000018 Amend#1 | - | 23,959 |
| | | | - | 36,301 |
| Immunizations Branch - Locals | 93.268 | HHS000119700015 | - | 119,426 |
| Immunizations Branch - Locals | 93.268 | HHS000119700015 Amend#1 | - | 26,682 |
| | | | - | 146,108 |
| HIV Prevention | 93.940 | 2016-1324-09 | - | 91,498 |
| | | | - | 91,498 |
| RLSS - Local Public Health System | 93.991 | 537-18-00253-00001 yr2 | - | 152,717 |
| RLSS - Local Public Health System | 93.991 | HHS000485600005 | - | 14,718 |
| TEXAS Healthy Communities | 93.991 | 2016-003835B | - | 50,000 |
| | | | - | 217,435 |
| Healthy Babies | 93.994 | 537-18-0364-00001 | - | 96,373 |
| | | | - | 96,373 |
| Total passed through the Texas Department of State Health Services | | | - | 763,398 |
| Passed through the Brazos Valley Council of Governments: | | | | |
| Ryan White Part B Service Delivery (RWSD) | 93.917 | 5608/3-553-01 | - | 136,568 |
| Ryan White Part B Service Delivery (RWSD) Supplemental | 93.917 | 5608/2-553-04 | - | 148,708 |
| Ryan White Part B Service Delivery (RWSD) Supplemental | 93.917 | 5608/2-553-S3-01 | - | 19,760 |
| Ryan White Service Delivery (RWSD) | 93.917 | 5608/3-553-S2-02 | - | 20,000 |
| HIV/State - R | 93.917 | 5608/SR-553-02 | - | 5,083 |
| Total passed through the Brazos Valley Council of Governments | | | - | 330,119 |

City of Waco, Texas

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

| <u>Grantor/Program or Cluster/Title</u> | <u>Number</u> | <u>Identifying Number</u> | <u>Subrecipients</u> | <u>Expenditures</u> |
|---|---------------|---------------------------|----------------------|---------------------|
| <u>U.S. Department of Health and Human Services</u> (continued) | | | | |
| Passed through Texas Health and Human Services Commission: | | | | |
| Medicaid Cluster: | | | | |
| Title XIX Medicaid Administrative Claiming | 93.778 | HHSC 529-16-0016-00002A | \$ - | \$ 183,890 |
| Total passed through Texas Health and Human Services Commission | | | - | 183,890 |
| Total U.S. Department of Health and Human Services | | | - | 1,277,441 |
| <u>U. S. Department of Homeland Security</u> | | | | |
| Passed through Texas Division of Emergency Management: | | | | |
| Public Assistance Grant - 4223, Severe Storms, Tornadoes, Straight-line Winds and Flooding | 97.036 | 4223 DRTX P0000001PW2244 | - | 32 |
| Emergency Management Performance Grant | 97.042 | EMT-2019-EP-00005 | - | 51,956 |
| Total passed through the Texas Division of Emergency Management | | | - | 51,988 |
| Passed through the Texas Office of the Governor Homeland Security Grants Division: | | | | |
| 2017 State Homeland Security Program | 97.067 | EMW 2018 SS 00022 S01 | - | 17,808 |
| Total passed through the Texas Office of the Governor Homeland Security Grants Division | | | - | 17,808 |
| Total U.S. Department of Homeland Security | | | - | 69,796 |
| Total Expenditures of Federal Awards | | | \$ 772,781 | \$ 16,399,006 |

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, 2019

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Grant Identifying Number</u> | <u>Passed Through to Subrecipients</u> | <u>Total State Expenditures</u> |
|--|-------------------------------------|--|---|
| <u>Texas Department of State Health Services</u> | | | |
| TB State Grant | 537-18-0045-00001-01 | \$ - | \$ 37,213 |
| TB State Grant | 2016-1449-00 | - | 4,624 |
| HIV Prevention State | 2016-001324-07 | - | 62,065 |
| HIV Prevention State | 2016-001324-09 | - | 44,060 |
| IDCU Epidemic Disease Surveillance | 537-18-0292-00001 | - | 78,986 |
| IDCU Epidemic Disease Surveillance | HHS000436300026 | - | 6,846 |
| Immunization Branch - Locals | HHS0000119700015 | - | 180,749 |
| | | <u>-</u> | <u>414,543</u> |
| Passed through the Brazos Valley Council of Governments: | | | |
| HIV/State Services | 5609/2-553-02 | - | 6,998 |
| HIV/State Services Supplemental | 5609/2-553-03-R | - | 93,354 |
| HIV/State Services | 5609/2-553-02 | - | 84,608 |
| Total passed through the Brazos Valley Council of Governments | | <u>-</u> | <u>184,960</u> |
| Total Texas Department of State Health Services | | <u>-</u> | <u>599,503</u> |
| <u>State of Texas Comptroller's Office</u> | | | |
| Police LEOSE Grant | | <u>-</u> | <u>17,773</u> |
| Total State of Texas Comptroller's Office | | <u>-</u> | <u>17,773</u> |
| <u>Texas State Library & Archives Commission</u> | | | |
| Libraries Connecting Texas | | <u>-</u> | <u>3,144</u> |
| Total State Library & Archives Commission | | <u>-</u> | <u>3,144</u> |
| <u>State of Texas Office of the Governor</u> | | | |
| Texas Anti-Gang Program | 3748201 | <u>-</u> | <u>12,106</u> |
| Total State of Texas Office of the Governor | | <u>-</u> | <u>12,106</u> |
| <u>Texas Department of Transportation</u> | | | |
| Public Transportation - Urban State Funds | URB 1903 (09) | - | 605,553 |
| Routine Airport Maintenance Program | M1909WACO | - | 39,198 |
| Total Texas Department of Transportation | | <u>-</u> | <u>644,751</u> |
| Total Expenditures of State Awards | | <u>\$ -</u> | <u>\$ 1,277,277</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, 2019

(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, 2019. 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, 2019 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, 2019</u> |
|--------------------|-------------------------------------|--|
| 14.239 | HOME Investment Partnership Program | <u>\$ 3,059,480</u> |