

CITY OF WICHITA FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

CITY OF WICHITA FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance and the State of Texas Single Audit Circular, and Schedule of Expenditures of Federal and State Awards	1-2
Schedule of Expenditures of Federal and State Awards	3-5
Notes to Schedule of Expenditures of Federal and State Awards	6
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>	7-8
Schedule of Findings and Questioned Costs	9
Corrective Action Plan	10
Summary Schedule of Prior Audit Findings	11



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR ▪ P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control Over Compliance
Required by the Uniform Guidance and the State of Texas Single
Audit Circular, and Schedule of Expenditures of Federal and State Awards

The Honorable Mayor and Members of the City Council
City of Wichita Falls, Texas

Report on Compliance for Each Major Program

We have audited the **City of Wichita Falls, Texas'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas Single Audit Circular 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 of Wichita Falls, Texas'** major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the **City of Wichita Falls, Texas'** 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 for 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 State of Texas Single Audit Circular. Those standards, the Uniform Guidance, and the State of Texas Single Audit Circular 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 of Wichita Falls, Texas'** 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 on the **City of Wichita Falls, Texas'** compliance.

Opinion on Each Major Federal and State Program

In our opinion, the **City of Wichita Falls, Texas** 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 of Wichita Falls, Texas** 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, we considered the **City of Wichita Falls, Texas**' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, 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 of Wichita Falls, Texas**' 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 considered to be material weaknesses. However, material weaknesses may exist that may not have 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 the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards

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 Wichita Falls, Texas** as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the **City of Wichita Falls, Texas**' basic financial statements. We have issued our report thereon dated March 27, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State of Texas Single Audit Circular, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.


EDGIN, PARKMAN, FLEMING & FLEMING, PC

CITY OF WICHITA FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-Through <u>Grantor/ Program Title</u>	Contract <u>Number</u>	Federal CFDA <u>Number</u>	Expenditures and <u>Indirect Costs</u>	Amount Relating to Pass-Through <u>to Subrecipients</u>
FEDERAL AWARDS:				
<u>U.S. Department of Agriculture</u>				
Passed Through Texas Department of State Health Services:				
Special Supplemental Food Program for Women, Infants and Children	2017-049834-001	10.557	\$ 717,817	\$ -
Total U.S. Department of Agriculture			717,817	-
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Community Development Block Grant/ Entitlement Grant	B-14-MC-48-0030	14.218	10,507	-
Community Development Block Grant/ Entitlement Grant	B-15-MC-48-0030	14.218	279,280	-
Community Development Block Grant/ Entitlement Grant	B-16-MC-48-0030	14.218	309,580	-
Community Development Block Grant/ Entitlement Grant	B-17-MC-48-0030	14.218	572,170	273,398
Section 8 Rental Voucher/Certificate Program TX498VO	TX498VO	14.871	3,619,804	-
HOME Investment Partnership Program	M-13-MC-48-0214	14.239	4,193	-
HOME Investment Partnership Program	M-14-MC-48-0214	14.239	8,801	-
HOME Investment Partnership Program	M-15-MC-48-0214	14.239	25,671	-
HOME Investment Partnership Program	M-16-MC-48-0214	14.239	56,030	-
HOME Investment Partnership Program	M-17-MC-48-0214	14.239	47,156	-
Total U.S. Department of Housing and Urban Development			4,933,192	273,398
<u>U.S. Department of Justice</u>				
Direct Programs:				
Bureau of Justice Assistance: Local Law Enforcement Block Grant	2017-DJ-BX-0492	16.592	31,297	-
Total U.S. Department of Justice			31,297	-
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Federal Aviation Administration: Airport Improvement Grant	3-48-0227-019-2017	20.106	1,000,000	-
Airport Improvement Grant	3-48-0227-014-2015	20.106	11,000	-
Airport Improvement Grant	1403KICKP	20.106	237,919	-
Airport Improvement Grant	1703KICKP	20.106	1,500,000	-
Total Federal Aviation Administration			2,748,919	-

CITY OF WICHITA FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONT'D.) FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-Through <u>Grantor/ Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures and Indirect Costs</u>	<u>Amount Relating to Pass-Through to Subrecipients</u>
FEDERAL AWARDS (CONT'D.):				
Direct Programs:				
Federal Transit Administration:				
Federal Transit Capital and Operating Assistance Formula Grants	N/A	20.507	1,253,617	-
Total Federal Transit Administration			1,253,617	-
Passed Through Texas Department of Transportation:				
Highway Planning and Construction	PL0011(28)	20.205	221,990	-
Total Texas Department of Transportation			221,990	-
Total U.S. Department of Transportation			4,224,526	-
<u>U.S. Department of Health and Human Services</u>				
Passed Through Texas Department of State Health Services:				
Tuberculosis Prevention and Control	2016-001404-00	93.116	28,018	-
HIV Prevention Activities-CTRPN	2016-001340	93.940	125,682	-
Preventive Health and Health Services Grant - Community and Rural Health	537-18-0254.0001	93.991	139,731	-
Total U.S. Department of Health and Human Services			293,431	-
<u>U.S. Department of Homeland Security</u>				
Passed Through Texas Department of Public Safety - Division of Emergency Management:				
Emergency Management Assistance Fire Grant	17TX-EMPG-1017	97.042	111,932	-
Assistance to Firefighters Grant	EMW-2015-FR-00099	97.044	67,893	-
Total U.S. Department of Homeland Security			179,825	-
Total Expenditures of Federal Awards			10,380,088	273,398

CITY OF WICHITA FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONT'D.) FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Contract Number	Federal CFDA Number	Expenditures and Indirect Costs	Amount Relating to Pass-Through to Subrecipients
STATE AWARDS:				
<u>Texas Department of State Health Services</u>				
Direct Programs:				
Tuberculosis - Prevention and Control	2018-001442-00	N/A	74,216	-
Immunizations - Epidemiology	2018-000035-00	N/A	242,418	-
Bioterrorism	2018-001104-00	N/A	116,518	-
Infectious Disease Control Unit / Surveillance and EpidemiologyEbola Activities	537-18-0291-00001	N/A	64,087	-
Community Diabetes Education Program Tier 2	2016-003874-C	N/A	241,955	-
Tobacco Prevention and Control	2016-003737-A-05	N/A	168,792	-
Comprehensive Cancer Cont. Prog.	2016-003834-B	N/A	126,858	-
Healthy Community Project	2016-003834-B	N/A	45,590	-
PHEP Cooperative Agreement	HH500140600001	N/A	4,054	-
Community Clinical Linkage	537-17-0280-0001	N/A	125,561	-
Total Texas Department of State Health Services			1,210,049	-
<u>Texas Department of Transportation</u>				
Direct Programs:				
Transit Planning, Capital and Operating Formula Grant	URB 1702 (04) State	N/A	437,026	-
Fare Collection System	TX-2017-010	N/A	147,027	-
Enhanced Mobility	TX-2017-054	N/A	125,075	-
RAMP Grant - Municipal Airport	M1403WFAL	N/A	94,225	-
RAMP Grant - Kickapoo Airport	M1403KICK	N/A	94,721	-
Airport Improvement	1703KICKP	N/A	509,449	-
Police Traffic Enforcement	2017-WichitaP-S-RFR	N/A	87,821	-
Total Texas Department of Transportation			1,495,344	-
<u>Office of the Governor</u>				
Direct Program:				
Facial Recognition Software	3323801	N/A	59,000	-
TMPC - Defense Economic Adjustment Assistance	TMPC1801-01-10	N/A	11,474	-
Total Office of the Governor			70,474	-
Total Expenditures of State Awards			2,775,867	-
Total Expenditures of Federal and State Awards			\$ 13,155,955	\$ 273,398

CITY OF WICHITA FALLS, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2018

Note 1 - GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state awards of the **City of Wichita Falls, Texas** (City). The City reporting entity is defined in Note 1 to the City's financial statements. All financial assistance received directly from federal or state agencies, as well as federal or state financial assistance passed through other government agencies, is included on these schedules.

Note 2 - BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. Most federal and state grant funds were accounted for in the Special Revenue Funds, a component of the Governmental Fund types. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Federal and state grant funds are ordinarily considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Note 3 - CONTINGENCIES

The City participates in numerous federal and state programs, on both a direct and state pass-through basis, as well as on a service-provider basis. Principal among these are Community Development Block Grants, Section 8 Housing Assistance, the Home Investment Partnership Agreement Program, and the Airport Improvement Grant.

In connection with these programs, the City is required to comply with specific terms and agreements as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives.

Since such programs are subject to audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the City expects the resulting liability to be immaterial.

Note 4 - DE MINIMIS INDIRECT COST RATE

Entities that receive federal awards for which an indirect cost rate has never been negotiated may elect to charge a de minimis indirect cost rate of ten percent of modified total direct costs. The City did not elect to charge the de minimis rate to any of its federal awards during the year ended September 30, 2018.



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR ▪ P.O. Box 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Mayor and Members of the City Council
City of Wichita Falls, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Wichita Falls, Texas** as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the **City of Wichita Falls, Texas'** basic financial statements, and have issued our report thereon dated March 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 provided, 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 of Wichita Falls, Texas'** 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 of Wichita Falls, Texas'** 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 of Wichita Falls, Texas'** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


EDGIN, PARKMAN, FLEMING & FLEMING, PC

Wichita Falls, Texas
March 27, 2019

CITY OF WICHITA FALLS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2018

A. Summary of Auditor's Results

An unmodified opinion was issued on the financial statements.

The audit disclosed no significant deficiencies relating to the audit of the financial statements in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.

The audit disclosed no noncompliance that is material to the financial statements.

The audit disclosed no significant deficiencies relating to the audit of the major federal and state award programs in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and the State of Texas Single Audit Circular.

An unmodified opinion was issued on compliance for major programs.

The audit disclosed no audit findings that are required to be reported in this schedule under the Uniform Guidance.

Major programs are as follows:

Federal:

14.871

Section 8 Rental Voucher Program

20.507

Federal Transit Capital and Operating Assistance Formula Grants

State:

Tobacco Prevention and Control Grant

Transit Planning, Capital and Operating Formula Grant

Airport Improvement Grant

The threshold used to distinguish between Type A and Type B programs was \$750,000 for federal programs and \$300,000 for state programs.

The City was classified as a low-risk auditee in the context of the Uniform Guidance and the State of Texas Single Audit Circular.

B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

C. Findings and Questioned Costs for Federal and State Awards

None

CITY OF WICHITA FALLS, TEXAS

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2018

There were no findings in the current year.

CITY OF WICHITA FALLS, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

There were no findings in the prior year.