

**CITY OF AMARILLO, TEXAS**

**SINGLE AUDIT –  
FEDERAL AND STATE AWARDS  
SUPPLEMENTARY FINANCIAL REPORT**  
Year Ended September 30, 2019

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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***

The Honorable Mayor and Members of the City Council  
City of Amarillo, 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 Amarillo, 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 February 25, 2020.

***Internal Control Over Financial Reporting***

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 of 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.

*Connor McMillon Mitchell : Shennum PLLC*

Amarillo, Texas  
February 25, 2020

**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 Uniform Grants Management Standards**

The Honorable Mayor and Members of the City Council  
City of Amarillo, Texas

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

We have audited the City of Amarillo, Texas (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the State of Texas Uniform Grants Management Standards 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 statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Texas Uniform Grants Management Standards. Those standards, the Uniform Guidance, and the State of Texas Uniform Grants Management Standards 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 and 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 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and State of Texas Uniform Grants Management Standards which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion of each major federal and state program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Uniform Grants 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 and 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 and 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 and 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Uniform Grants Management Standards***

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, 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 issued our report thereon dated February 25, 2020, 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 Uniform Grants Management Standards and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 Uniform Grants Management Standards. Accordingly, this report is not suitable for any other purpose.

*Connor McKillion Mitchell & Shennum PLLC*

Amarillo, Texas  
February 25, 2020

**CITY OF AMARILLO, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended September 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
<b><u>FEDERAL AWARDS</u></b>				
<b>U.S. Department of Agriculture</b>				
<i>Pass-through from:</i>				
Texas Department of State Health Services				
Special Supplemental Nutrition Program for Women, Infants, and Children WIC Card Participation	10.557	2017-049839	\$ -	\$ 1,472,744
Total CFDA No. 10.557				<u>1,472,744</u>
Texas Department of Agriculture				
Summer Food Service Program (SFSP)	10.559	01526		317,945
Farmers' Market Nutrition Program (FMNP)	10.572	01526		4,137
Total U.S. Department of Agriculture				<u>1,794,826</u>
<b>U.S. Department of Energy</b>				
<i>Pass-through from:</i>				
State Energy Conservation Office				
AIP Grant CP1704	81.214	CP1704; CMD 17-6218JM		199,068
Total U.S. Department of Energy				<u>199,068</u>
<b>U.S. Department of Health and Human Services</b>				
<i>Pass-through from:</i>				
Texas Department of State Health Services				
Immunization Division - Locals	93.268	HHS000119700003		120,755
Immunization Division - Noncash	93.268	2017-001037-01		837,502
Total CFDA No. 93.268				<u>958,257</u>
PPCPS/Hazards	93.074	537-18-0125-00001		254,239
Total CFDA No. 93.074				<u>254,239</u>
Tuberculosis Prevention and Control and Laboratory Program	93.116	HHS000046600001		44,269
Tuberculosis Prevention and Control and Laboratory Program	93.116	HHS000046600001		1,665
Total CFDA No 93.116				<u>45,934</u>
RLSS/LPHS	93.911	537-18-0183-00001		91,775
RLSS/LPHS	93.911	HHS0004856000029		15,687
Total CFDA No 93.911				<u>107,462</u>
State Medicaid	93.778			57,502
Total CFDA No 93.778				<u>57,502</u>
HIV Prevs	93.940	2016-001198		105,125
Healthy Texas Babies Grant Program	93.994	HHS000093000001		6,127
Healthy Texas Babies Grant Program	93.994	HHS000093000001		82,023
Total CFDA No 93.994				<u>88,150</u>
U.S. Committee for Refugees & Immigrants				
Refugee Medical Screening	93.566	2019-AMATX-03		253,661
Total U.S. Department of Health and Human Services				<u>1,870,330</u>
<b>U.S. Department of Housing &amp; Urban Development</b>				
<i>Direct:</i>				
Supportive Housing for Persons with Disabilities (5 Yr Mainstream)	14.181	-		276,469
Family Self-Sufficiency Program	14.896	-		14,520
Total CFDA No 14.896				<u>14,520</u>
Community Development Block Grant/Entitlement Grants	14.218	-		1,183,183
<i>Subrecipients:</i>				
Catholic Charities of the Texas Panhandle		-	40,000	-
Panhandle Workforce Development Board d.b.a. Workforce Solutions Panhandle		-	80,000	-
Panhandle Regional Planning Commission		-	25,000	-
Guyon Saunders Resource Center		-	23,000	-
Amarillo Wesley Community Center, Inc.		-	52,900	-
Amarillo Activity Youth Center		-	57,150	-
Maverick Boys and Girls Club of Amarillo		-	15,000	-
Maverick Boys and Girls Club of Amarillo		-	44,275	-
Community Development Block Grant/Entitlement Grants - 2017	14.218	-		205,503
Community Development Block Grant/Entitlement Grants - 2016	14.218	-		90,120
Community Development Block Grant/Entitlement Grants - 2015	14.218	-		27,368
Total CFDA No 14.218				<u>1,506,174</u>

**CITY OF AMARILLO, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, CONTINUED**  
**Year Ended September 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
<b>U.S. Department of Housing &amp; Urban Development (Continued)</b>				
<i>Direct:</i>				
Home Investment Partnership Program - 2018	14.239	-	-	201,463
Home Investment Partnership Program - 2017	14.239	-	-	236,010
Home Investment Partnership Program - 2016	14.239	-	-	245,001
Home Investment Partnership Program - 2015	14.239	-	-	59,945
Total CFDA No 14.239				742,419
Continuum of Care Program-Permanent Housing (Shelter Plus Care)	14.267	-	-	223,408
Continuum of Care Program-Permanent Housing (Shelter Plus Care)	14.267	-	-	176,824
Continuum of Care Program-Planning	14.267	-	-	26,378
Continuum of Care Program-Homeless Management Information System (HMIS)	14.267	-	-	62,828
Total CFDA No 14.267				489,438
Section 8 Housing Choice Vouchers	14.871	-	-	9,363,170
Total Direct				12,392,190
<i>Pass-through from:</i>				
Texas Department of Housing and Community Affairs				
Emergency Shelter Grants Program	14.231	42170002812	-	13,112
<i>Subrecipients:</i>				
Family Support Services		-	3,115	-
The Salvation Army		-	7,057	-
Guyon Saunders Resource Center		-	2,940	-
Total Pass-through				13,112
Total U.S. Department of Housing & Urban Development				12,405,302
<b>U.S. Department of Justice</b>				
<i>Direct:</i>				
Edward Byrne Memorial Justice Assistance Grant- FY15	16.738	-	-	44,576
Equitable Sharing Program	16.922	-	-	102,440
<i>Pass-through from:</i>				
Family Support Services				
Crime Victim Assistance-DVHRTC	16.575	-	-	15,000
Total U.S. Department of Justice				162,016
<b>U.S. Department of Transportation</b>				
<i>Pass-through from:</i>				
Texas Department of Transportation				
Unified Planning Work Program (5303)	20.205	50-19XF0012		331,133
STEP-STEP Comprehensive	20.600	2019-AmarilloPD-S-1YG-038		149,372
Click It or Ticket STEP - Memorial Day Holiday	20.616	2019 AmarilloPD-CIOT-00026		10,381
Total U.S. Department of Transportation				490,886
<b>U.S. Department of Transportation - Federal Transit Administration</b>				
<i>Direct:</i>				
Federal Transit Administration FY2010 Capital & Operations	20.507	-	-	3,307
Federal Transit Administration FY2011	20.507	-	-	57,779
Federal Transit Administration FY2013	20.507	-	-	583
Federal Transit Administration FY2018	20.507	-	-	3,043,691
Total CFDA No. 20.507				3,105,360
Total U.S. Department of Transportation - Federal Transit Administration				3,105,360
<b>U.S. Department of Transportation - Federal Aviation Administration</b>				
<i>Direct:</i>				
Airport Improvement Program - 2013-38	20.106	-	-	50,716
Airport Improvement Program - 2015-39	20.106	-	-	70,302
Airport Improvement Program - 2016-41	20.106	-	-	158,344
Airport Improvement Program - 2017-42	20.106	-	-	555,009
Airport Improvement Program - 2018-43	20.106	-	-	5,342,662
Airport Improvement Program - 2019-44	20.106	-	-	200,166
Total CFDA No. 20.106				6,377,199
Small Community Air Service Development Program	20.930	-	-	65,368
Total CFDA No. 20.930				65,368
Total U.S. Dept. of Transportation - Federal Aviation Administration				6,442,567

**CITY OF AMARILLO, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, CONTINUED**  
**Year Ended September 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
<b>U.S. Department of Treasury</b>				
<i>Direct:</i>				
Equitable Sharing Program	21.016	-	-	22,508
Total CFDA No. 21.016				<u>22,508</u>
Total U.S. Department of Treasury				<u>22,508</u>
<b>U.S. Department of Homeland Security</b>				
<i>Direct:</i>				
Assistance to Firefighters Grant Program				
Federal Emergency Management Agency	97.044	-	-	8,507
Total CFDA No. 97.044				<u>8,507</u>
Total Direct				<u>8,507</u>
<i>Pass-through from:</i>				
Texas Dept of Public Safety (to DBA Amarillo-Potter-Randall County)				
Emergency Management Performance Grant	97.042	EMT2019-EP00005		51,381
Total Texas Department of Public Safety				<u>51,381</u>
<i>Pass-through from:</i>				
Texas Office of the Governor				
Homeland Security Grant Program	97.067	3505601	-	29,077
Homeland Security Grant Program	97.067	3385901	-	14,918
Homeland Security Grant Program	97.067	3583101	-	3,661
Homeland Security Grant Program	97.067	3379801	-	46,702
Homeland Security Grant Program	97.067	3630201	-	58,009
Total CFDA No 97.067				<u>152,367</u>
Total Texas Office of the Governor				<u>152,367</u>
Total U.S. Department of Homeland Security				<u>212,255</u>
<b>Environmental Protection Agency</b>				
<i>Pass-through from:</i>				
Texas Water Development Board				
Capitalization Grants for Drinking Water - State Revolving Fund	66.458	L1000431	-	1,364,423
Total Environmental Protection Agency				<u>1,364,423</u>
<b>Institute of Museum and Library Services</b>				
<i>Pass-through from:</i>				
Texas State Library and Archives Commission				
Grants to States	45.310	901379	-	46,377
Total Institute of Museum and Library Services				<u>46,377</u>
<b>U.S. Food and Drug Administration</b>				
<i>Pass-through from:</i>				
Association of Food and Drug Officials				
Self-Assessment of All Nine Standards	93.103	G-SP-1611-03520	-	7,400
Total U.S. Food and Drug Administration				<u>7,400</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 350,437</u>	<u>\$ 28,123,318</u>
<b>STATE AWARDS</b>				<b>State Expenditures</b>
<b>Texas Department of Transportation</b>				
Routine Airport Maintenance Program (RAMP)	N/A	M1804AMRI	-	\$ 35,588
Transit Operating Assistance	N/A	MO #114611	-	545,670
Transit Capital Improvement	N/A	TXDOT-5339-U-2016-AMA-00273	-	54,532
Transit Capital Improvement	N/A	TXDOTPLN-2018-AMA-00059	-	99,999
Transit Capital Improvement	N/A	TXDOT-5339-U-2016-AMA	-	119,817
Total Texas Department of Transportation				<u>855,606</u>

**CITY OF AMARILLO, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, CONTINUED**  
**Year Ended September 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
<b>STATE AWARDS</b>				<b>State Expenditures</b>
<b>Texas Department of State Health Services</b>				
TB/PC-State	N/A	537-18-0027-00001	-	43,409
TB/PC-State	N/A	HHS-000484100005	-	9,638
Total TB/PC-State				<u>53,047</u>
HIV PrevS	N/A	2016-001198C	-	57,995
HIV PrevS	N/A	2016-001198	-	49,021
Total HIV PrevS				<u>107,016</u>
RLSS/LPHS	N/A	537-18-0183-00001	-	7,725
Total RLSS/LPHS				<u>7,725</u>
Hansens/HS Grant Program	N/A	HHS000061800001	-	8,041
Hansens/HS Grant Program	N/A	HHS000328700001	-	12,263
Total Hansens/HS				<u>20,304</u>
IDCU/SUR	N/A	537-18-0308-00001	-	77,828
IDCU/SUR	N/A	HHS000436300002	-	8,103
Total IDCU/SUREB				<u>85,931</u>
Immunization Branch-Locals	N/A	537-18-0070-00001	-	144,900
Total Immunization Branch-Locals				<u>144,900</u>
Total Texas Department of State Health Services				<u>418,923</u>
<b>Texas Commission on Environmental Quality</b>				
Pass-through from:				
Texas LEPC Grant Program	N/A	582-19-91-805	-	10,000
Total Texas Commission on Environmental Quality				<u>10,000</u>
<b>Total Expenditures of State Awards</b>			<b>\$ -</b>	<b>\$ 1,284,529</b>
<b>Total Expenditures of Federal and State Awards</b>			<b>\$ 350,437</b>	<b>\$ 29,407,847</b>

**CITY OF AMARILLO, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended September 30, 2019**

**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) presents the activity of all federal and state Awards programs of the City of Amarillo, Texas, (the City) for the year ended September 30, 2019. The City's reporting entity is defined in the Summary of Significant Accounting Policies to the City's financial statements. Federal and state financial assistance received directly from federal and state agencies, as well as assistance passed through other government agencies, is included on the Schedule. The City did not elect to use the 10% de minimis indirect cost rate.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the Summary of Significant Accounting Policies to the City's financial statements.

**NOTE 3 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal and state financial reports considering timing differences of cash receipts.

**NOTE 4 - FEDERAL AND STATE PROGRAMS**

The City participates in numerous federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required.

**NOTE 5 - NONCASH GRANTS**

The City received vaccines from the Texas Department of State Health Services, Immunization Division (CFDA Number 93.268), for distribution to "Texas Health Step" providers. It continues to receive vaccines from the Division for usage in its own public health facilities. As the City does not purchase these vaccines, the value of the vaccines received by the City during the fiscal year ended September 30, 2019, has been computed to be \$837,502 based on information supplied by the City Department of Public Health. This amount is included in the accompanying Schedule of Expenditures of Federal and State Awards.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended September 30, 2019**

**NOTE 6 - SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amounts Provided to Subrecipients</u>
Community Development Block Grant	14.218	\$ 337,325
Emergency Shelter Grants Program	14.231	<u>13,112</u>
		<u>\$ 350,437</u>

**NOTE 7 - OUTSTANDING LOAN BALANCES**

The City has an outstanding loan payable under the Drinking Water State Revolving Loan Fund from the Texas Water Development Board, as a pass-through agency for the Environmental Protection Agency (CFDA 66.458). There are no longer continuing compliance requirements for the Series 2009C loan, while the Series 2015 are currently subject to single audit requirements. As of September 30, 2019, the outstanding loan balances were:

TWDB Series 2009C	\$ 9,955,000
TWDB Series 2009C – due within one year	<u>905,000</u>
Series 2009C – Total	<u>\$ 10,860,000</u>
TWDB Series 2015	\$ 13,045,000
TWDB Series 2015 – due within one year	<u>815,000</u>
Series 2015 – Total	<u>\$ 13,860,000</u>

This information is an integral part of the accompanying schedule.



**CITY OF AMARILLO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended September 30, 2019**

**SECTION II – Financial Statement Findings**

None

**SECTION III—Major Federal Award Findings and Questioned Costs – Major Federal and State Programs**

**Finding 2019-001**

Program: Community Development Block Grants/Entitlement Grants CFDA# 14.218

Program Requirement: Special Tests

Criteria: Environmental reviews are required on projects.

Condition: Environmental inspections should be performed on all projects including demolitions. Four demolitions did not have inspections performed.

Questioned Costs: None

Context: Testwork was performed on a sample of 37 projects which included five demolitions. Of the five demolitions, four did not have environmental inspections performed.

Effect: Noncompliance with the grant requirements.

Repeat Finding: No

Recommendation: Environmental inspections should be performed on all properties.

Views of Responsible Officials: The City has reviewed and understands the inspection requirements for demolitions. The City will review existing procedures to ensure compliance. The City has implemented procedures to ensure that a certification of final inspection is performed on all demolitions.

**CITY OF AMARILLO, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2019**

**SECTION II – Financial Statement Findings**

None

**SECTION III – Federal and State Award Findings and Questioned Costs – Major Federal and State Programs**

**Finding 2018-001**

*Program:* Federal Program #14.871, Housing Choice Voucher Program

*Condition:* Number (1) - Per test work of 60 HAP expenditures (rental assistance), 1 HQS deficiency was completed after the 30-calendar day period (resulting in completion 5 days late), without any specified PHA-approved extension and no lease abatement to the landlord.

Number (2) - Per test work of 60 HAP expenditures, 1 HQS inspection was not performed during the previous year. The last inspection was performed on 1/13/17.

*Recommendation:* Training of grant requirements with emphasis in HQS requirements.

*Current Status:* Corrected

**CITY OF AMARILLO, TEXAS  
SCHEDULE OF CORRECTIVE ACTION PLAN  
Year Ended September 30, 2019**

**Finding 2019-001**

*Condition:* Environmental inspections should be performed on all projects including demolitions. Four demolitions did not have inspections performed.

*Corrective Action Plan:* See the City's Corrective Action Plan on page 16.



**Corrective Action Plan for the Year Ended September 30, 2019**

**Federal Program:** 14.218 Community Development Block Grants / Entitlement Grants

**Finding 2019-001** Environmental inspections should be performed on all projects, including demolitions. Four demolitions did not have inspections performed.

**Contact Person:** Laura Storrs, Director of Finance

**Anticipated Completion Date:** September 30, 2020

**Recommendation:** Implement procedure to comply with inspection requirements

**Corrective Action Plan:** The City has reviewed and understands the inspection requirements for demolitions. The City will review existing procedures to ensure compliance.

The City has implemented procedures to ensure that a certification of final inspection is performed on all demolitions.



**City of Amarillo, Texas**  
**Summary schedule of prior audit finding**  
**Year ended September 30, 2019**

**Status of prior audit finding**

**2018-001**

**CFDA #:** 14.871 - Housing Choice Voucher Program

**Status:** Corrected

**Independent Auditor's Report on Compliance with  
Requirements Applicable to the Passenger Facility Charge  
Program and on Internal Control Over Compliance in Accordance  
with the Passenger Facility Charge Audit Guide**

The Honorable Mayor and Members of the City Council  
City of Amarillo, Texas

***Report on Compliance for Passenger Facility Charge Program***

We have audited the City of Amarillo, Texas (the City) compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on the City's passenger facility charge program for the year ended September 30, 2019.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its passenger facility charge program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance of the City's passenger facility charge program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program. 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 the passenger facility charge program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Passenger Facility Charge Program***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended September 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide which are described in the accompanying schedule of findings and questioned costs as item PFC 2019-001. Our opinion of each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guide. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Guide that could have a direct and material effect on the City's passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, 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 the Guide 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 the Guide 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 the Guide 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and question costs as item PFC 2019-001, that we consider to be a significant deficiency.

### ***Report on Schedule of Passenger Facility Charges Collected and Expended***

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, 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 issued our report thereon dated February 25, 2020, 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 passenger facility charges collected and expended for the year ended September 30, 2019, is presented for purposes of additional analysis as required by the Federal Aviation Administration and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 Guide. Accordingly, this report is not suitable for any other purpose.

*Connor McMillon Mitchell & Shennum PLLC*

Amarillo, Texas  
February 25, 2020

**CITY OF AMARILLO, TEXAS  
 AMARILLO RICK HUSBAND INTERNATIONAL AIRPORT  
 SCHEDULE OF PASSENGER FACILITY CHARGES (PFCs)  
 COLLECTED AND EXPENDED (AS REPORTED TO FAA)  
 Year Ended September 30, 2019**

	<u>Quarter ended December 31, 2018</u>	<u>Quarter ended March 31, 2019</u>	<u>Quarter ended June 30, 2019</u>	<u>Quarter ended September 30, 2019</u>	<u>Year ended September 30, 2019</u>	<u>Cumulative totals as of September 30, 2018</u>	<u>Cumulative totals as of September 30, 2019</u>
Collections							
PFCs collected	\$ 343,851	\$ 261,257	\$ 350,977	\$ 442,609	\$ 1,398,694	\$ 13,984,696	\$ 15,383,390
Interest	485	1,234	770	610	3,099	22,617	25,716
Total Collections	<u>\$ 344,336</u>	<u>\$ 262,491</u>	<u>\$ 351,747</u>	<u>\$ 443,219</u>	<u>\$ 1,401,793</u>	<u>\$ 14,007,313</u>	<u>\$ 15,409,106</u>
Expenditures on approved PFC projects included in:							
Project 08-01-C-00-AMA Terminal Construction	\$ -	\$ -	\$ 657,083	\$ 751,088	\$ 1,408,171	\$ 13,957,058	\$ 15,365,229
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,083</u>	<u>\$ 751,088</u>	<u>\$ 1,408,171</u>	<u>\$ 13,957,058</u>	<u>\$ 15,365,229</u>

See accompanying notes to schedule of passenger facility charges collected and expended

**CITY OF AMARILLO, TEXAS**  
**NOTES TO SCHEDULE OF PASSENGER FACILITY**  
**CHARGES COLLECTED AND EXPENDED**  
**Year Ended September 30, 2019**

**NOTE 1 - GENERAL**

The accompanying Schedule of Passenger Facility Charges Collected and Expended presents the activity of all passenger facility charges of the City of Amarillo, Texas.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented using the cash basis of accounting.

This information is an integral part of the accompanying schedule.

**CITY OF AMARILLO, TEXAS  
PASSENGER FACILITY CHARGE PROGRAM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2019**

**Financial Statement Findings**

None

**Passenger Facility Charge Findings and Questioned Costs**

**Finding PFC 2019-001**

Program: Passenger Facility Charge Program (PFC)

Program Requirement: Special Notification and Reporting Requirements Program Requirement No. 3

Criteria: Pursuant to the Passenger Facility Charge Audit Guide to Public Agencies (APP-530) Special Notifications and Reporting Requirements number 3, public agencies are required to have a process in place to track air carrier remittances and reporting and to notify carriers of their obligations when the remittances and reporting are not in accordance with section 158.65

Condition: Quarterly reports, which support amounts remitted by air carriers to the City, were not obtained from the air carriers on a consistent basis.

Questioned Costs: None

Context: Ten out of twenty-seven air carriers selected for testing did not have a quarterly report with the PFC charge remittance.

Effect: Noncompliance with the reporting requirements.

Repeat Finding: No

Recommendation: The City should implement a process to track air carrier remittances and reporting and to notify carriers of their obligations when the remittances and reporting are not in accordance with section 158.65.

Views of Responsible Officials: See the City's PFC Corrective Action Plan on page 26.

**CITY OF AMARILLO, TEXAS  
PASSENGER FACILITY CHARGE PROGRAM  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2019**

**Findings and Questioned Costs**

None

**CITY OF AMARILLO, TEXAS  
PASSENGER FACILITY CHARGE PROGRAM  
SCHEDULE OF CORRECTIVE ACTION PLAN  
Year Ended September 30, 2019**

**Finding PFC 2019-001**

Condition: Quarterly reports, which support amounts remitted by air carriers to the City, were not obtained from the air carriers on a consistent basis.

Corrective Action Plan: See the City's PFC Corrective Action Plan on page 26.



**Corrective Action Plan for the Year Ended September 30, 2019**

**Program:** Passenger Facility Charge Program

**Finding PFC 2019-001** Quarterly reports which support amounts remitted by air carriers to the City, were not obtained from the air carriers on a consistent basis.

**Contact Person:** Michael W. Connor

**Anticipated Completion Date:** September 30, 2020

**Recommendation:** Implement corrective action plan.

**Corrective Action Plan:** When the Department of Aviation receives a PFC payment and/or a PFC report from an air carrier, the department's Office Manager will confirm that the payment amount matches the reported amount due. The Department of Aviation will forward all matched PFC payments and PFC reports to the Accounting Department in a locked transmittal bag and will not commingle PFC materials with non-PFC materials. The Accounting Department will acknowledge receipt of both the PFC payment(s) and PFC report(s) via an e-mail to the Department of Aviation's Office Manager.