

CITY OF AMARILLO, TEXAS

SINGLE AUDIT –
FEDERAL AND STATE AWARDS
SUPPLEMENTARY FINANCIAL REPORT
Year Ended September 30, 2020

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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, 2020, 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 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 financial statement. 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.

CMM S CPAs & ADVISORS PLLC

Amarillo, Texas
February 23, 2021



**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, 2020. 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, 2020.

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 items 2020-001 and 2020-002. 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 2020-001 and 2020-002 that we consider to be significant deficiencies.

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 23, 2021, 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.

CMMS CPAs & Advisors PLLC

Amarillo, Texas
February 23, 2021

CITY OF AMARILLO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended September 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
<u>FEDERAL AWARDS</u>				
U.S. Department of Agriculture				
<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	2017-049839-01	\$ -	\$ 1,317,511
Total CFDA No. 10.557				<u>1,317,511</u>
Total U.S. Department of Agriculture				<u>1,317,511</u>
U.S. Department of Energy				
<i>Pass-through from:</i>				
State Energy Conservation Office AIP Grant CP1704	81.214	CP1704; CMD 17-6218JM		236,525
Total U.S. Department of Energy				<u>236,525</u>
U.S. Department of Health and Human Services				
<i>Pass-through from:</i>				
Texas Department of State Health Services				
Immunization Division - Locals	93.268	HHS000119700003		99,069
Immunization Division - Noncash	93.268	HHS000119700003		488,721
Total CFDA No. 93.268				<u>587,790</u>
PPCPS/Hazards	93.069	537-18-0125-00001		246,341
Total CFDA No. 93.069				<u>246,341</u>
Tuberculosis Prevention and Control and Laboratory Program	93.116	HHS000046600007		44,269
Total CFDA No 93.116				<u>44,269</u>
RLSS/LPHS	93.911	HHS000485600029		69,283
Total CFDA No 93.911				<u>69,283</u>
State Medicaid	93.778	HHS000537900287		44,318
Total CFDA No 93.778				<u>44,318</u>
Healthy Texas Babies Grant Program	93.994	HHS000093000001		109,573
Healthy Texas Babies Grant Program	93.994	HHS000093000001		5,905
Total CFDA No 93.994				<u>115,478</u>
Community and Clinical Health Bridge	10.561	HHS000743500001		31,305
COVID-19 Public Health Emergency Response	93.354	HHS000770900001		617,620
DSHS-IDCU / COVID	93.323	HHS000812700008		20,461
U.S. Committee for Refugees & Immigrants Refugee Medical Screening	93.566	2020-AMATX-04		99,932
Total U.S. Department of Health and Human Services				<u>1,876,797</u>
U.S. Department of Housing & Urban Development				
<i>Direct:</i>				
Section 8 Housing Choice Vouchers	14.871	-		10,336,505
Public Housing CARES Act	14.871	-		55,916
Total CFDA No 14.871				<u>10,392,421</u>
Supportive Housing for Persons with Disabilities (5 Yr Mainstream)	14.879	-		597,295
Mainstream CARES Act	14.879	-		11,836
Total CFDA No 14.879				<u>609,131</u>
Family Self-Sufficiency Program	14.896	-		3,188
Community Development Block Grant/Entitlement Grants	14.218	-		1,345,962
<i>Subrecipients:</i>				
Catholic Charities of the Texas Panhandle			35,000	
Catholic Charities of the Texas Panhandle CARES			62,318	
Panhandle Workforce Development Board d.b.a. Workforce Solutions Panhandle			60,000	
Panhandle Regional Planning Commission			25,000	
Guyon Saunders Resource Center			23,000	
Another Chance House			21,275	
Amarillo Activity Youth Center			94,850	
Maverick Boys and Girls Club of Amarillo			15,000	
Martha's Home CARES			20,000	
Community Development Block Grant/Entitlement Grants CARES - 2020	14.218	-		263,151
Community Development Block Grant/Entitlement Grants - 2018	14.218	-		131,467
Community Development Block Grant/Entitlement Grants - 2015	14.218	-		32,689
Community Development Block Grant/Entitlement Grants - 2014	14.218	-		147,844
Total CFDA No 14.218				<u>1,921,113</u>

CITY OF AMARILLO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, CONTINUED
Year Ended September 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
U.S. Department of Housing & Urban Development (Continued)				
<i>Direct:</i>				
Home Investment Partnership Program - 2019	14.239	-	-	326,375
<i>Subrecipients:</i>				
Amarillo Habitat for Humanity			23,632	
Home Investment Partnership Program - 2018	14.239	-	-	473,814
<i>Subrecipients:</i>				
Amarillo Habitat for Humanity			35,944	
Home Investment Partnership Program - 2017	14.239	-	-	114,012
Home Investment Partnership Program - 2016	14.239	-	-	5,176
Total CFDA No 14.239				<u>919,377</u>
Continuum of Care Program - HMIS Capacity Building Project	14.621	-	-	52,162
Continuum of Care Program-Permanent Housing (Shelter Plus Care)	14.267	-	-	125,888
Continuum of Care Program-Permanent Housing (Shelter Plus Care)	14.267	-	-	10,680
Continuum of Care Program-Planning	14.267	-	-	8,863
Continuum of Care Program-Homeless Management Information System (HMIS)	14.267	-	-	161,959
Continuum of Care Program-TPC Supporting Housing	14.267	-	-	91,622
Total CFDA No 14.267				<u>399,012</u>
Total Direct				<u>14,296,404</u>
<i>Pass-through from:</i>				
Texas Department of Housing and Community Affairs				
Emergency Shelter Grants Program	14.231	42196110042	-	125,965
Emergency Shelter Grants Program - CARES	14.231	43206110042	-	109,499
Total Pass-through				<u>235,464</u>
Total U.S. Department of Housing & Urban Development				<u>14,531,868</u>
U.S. Department of Justice				
<i>Direct:</i>				
Edward Byrne Memorial Justice Assistance Grant- FY17	16.738	-	-	50,599
<i>Subrecipients:</i>				
Potter County Texas			50,599	
Edward Byrne Memorial Justice Assistance Grant- FY18	16.738	-	-	51,236
<i>Subrecipients:</i>				
Potter County Texas			51,236	
Edward Byrne Memorial Justice Assistance Grant- FY19	16.738	-	-	51,005
<i>Subrecipients:</i>				
Potter County Texas			51,005	
Edward Byrne Memorial Justice Assistance Grant- FY20	16.738	-	-	155,558
Total CFDA No 16.738				<u>308,398</u>
Equitable Sharing Program	16.922	-	-	14,974
<i>Pass-through from:</i>				
Family Support Services				
Crime Victim Assistance-DVHRTC	16.575	-	-	15,000
Total U.S. Department of Justice				<u>338,372</u>
U.S. Department of Transportation				
<i>Pass-through from:</i>				
Texas Department of Transportation				
Unified Planning Work Program (5303)	20.205	50-19XF0012	-	539,429
STEP-STEP Comprehensive	20.600	2020-AmarilloPD-S-1 YG-0055	-	144,610
Total U.S. Department of Transportation				<u>684,039</u>
U.S. Department of Transportation - Federal Transit Administration				
<i>Direct:</i>				
Federal Transit Administration FY2010 Capital & Operations	20.507	-	-	8,940
Federal Transit Administration FY2011	20.507	-	-	89,362
Federal Transit Administration FY2014	20.507	-	-	137,801
Federal Transit Administration FY2015	20.507	-	-	942,320
Federal Transit Administration FY2016	20.507	-	-	560,041
Federal Transit Administration FY2017	20.507	-	-	271,991
Federal Transit Administration FY2018 Capital & Operations	20.507	-	-	1,185,418
Federal Transit Administration FY2019 Capital & Operations	20.507	-	-	273,060
Federal Transit Administration FY2020 Capital & Operations - CARES	20.507	-	-	2,967,701
Total CFDA No. 20.507				<u>6,436,634</u>
Total U.S. Department of Transportation - Federal Transit Administration				<u>6,436,634</u>
U.S. Department of Transportation - Federal Aviation Administration				
<i>Direct:</i>				
Airport Improvement Program - 2018-43	20.106	-	-	1,681,363
Airport Improvement Program - 2019-44	20.106	-	-	65,383
Airport Improvement Program	20.106	-	-	24,096
FAA CARES Act Grant	22.106	-	-	5,947,949
Total CFDA No. 20.106				<u>7,718,791</u>
Total U.S. Dept. of Transportation - Federal Aviation Administration				<u>7,718,791</u>

CITY OF AMARILLO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, CONTINUED
Year Ended September 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
U.S. Department of Treasury				
<i>Direct:</i>				
Equitable Sharing Program	21.016	-	-	13,995
Total CFDA No. 21.016				<u>13,995</u>
Total Direct				<u>13,995</u>
<i>Pass-through from:</i>				
Texas Department of Emergency Management				
COVID-19 Coronavirus Relief Funding	21.019	-	-	10,995,820
Total CFDA No. 21.019				<u>10,995,820</u>
Total U.S. Department of Treasury				<u>11,009,815</u>
U.S. Department of Homeland Security				
<i>Direct:</i>				
Federal Emergency Management Agency	97.044	-	-	45,446
Total CFDA No. 97.044				<u>45,446</u>
Total Direct				<u>45,446</u>
<i>Pass-through from:</i>				
Texas Dept of Public Safety (to DBA Amarillo-Potter-Randall County)				
Emergency Management Performance Grant	97.042	EMT-2020-EP-00004		49,220
Total Texas Department of Public Safety				<u>49,220</u>
<i>Pass-through from:</i>				
Texas Office of the Governor				
Homeland Security Grant Program	97.067	3829301	-	51,892
Homeland Security Grant Program	97.067	3583101	-	156,339
Homeland Security Grant Program	97.067	3630201	-	2,125
Homeland Security Grant Program	97.067	3857301	-	14,791
Homeland Security Grant Program	97.067	3829201	-	79,752
Total CFDA No 97.067				<u>304,899</u>
Total Texas Office of the Governor				<u>304,899</u>
Total U.S. Department of Homeland Security				<u>399,565</u>
Institute of Museum and Library Services				
<i>Pass-through from:</i>				
Texas State Library and Archives Commission				
Grants to States	45.310	901602	-	33,867
Total Institute of Museum and Library Services				<u>33,867</u>
U.S. Food and Drug Administration				
<i>Pass-through from:</i>				
Association of Food and Drug Officials				
Self-Assessment of All Nine Standards	93.103	G-T-1910-07953	-	808
Self-Assessment of All Nine Standards	93.103	G-T-2002-08579	-	407
Self-Assessment of All Nine Standards	93.103	G-SP-1910-07933	-	3000
Total U.S. Food and Drug Administration				<u>4,215</u>
Total Expenditures of Federal Awards			<u>\$ 568,859</u>	<u>\$ 44,587,999</u>
STATE AWARDS				State Expenditures
Texas Department of Transportation				
Routine Airport Maintenance Program (RAMP)	N/A	M2004AMRI	-	\$ 49,255
Transit Operating Assistance	N/A	STATE-U-2019-AMARILLO-00130	-	<u>521,928</u>
Total Texas Department of Transportation				<u>571,183</u>

CITY OF AMARILLO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, CONTINUED
Year Ended September 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Pass-through To Subrecipients	Federal Expenditures
STATE AWARDS				State Expenditures
Texas Department of State Health Services				
TB/PC-State	N/A	HHS-000484100005	-	65,502
Total TB/PC-State				65,502
HIV PrevS	N/A	2016-001198	-	55,556
HIV PrevS	N/A	HHS-000077800034	-	140,281
Total HIV PrevS				195,837
RLSS/LPHS	N/A	HHS000485600029	-	42,367
Total RLSS/LPHS				42,367
Hansens/HS Grant Program	N/A	HHS000328700001	-	16,217
Total Hansens/HS				16,217
Community Mental Health Grant	N/A	HHS000477100011		4,338
Total Community Health				4,338
IDCU/SUR	N/A	HHS000436300002	-	82,017
Total IDCUSUREB				82,017
Immunization Branch-Locals	N/A	HHS000119700003	-	144,900
Total Immunization Branch-Locals				144,900
Total Texas Department of State Health Services				551,178
Total Expenditures of State Awards			\$ -	\$ 1,122,361
Total Expenditures of Federal and State Awards			\$ 568,859	\$ 45,710,360

*Clustered program required by 2020 Compliance Supplement

CITY OF AMARILLO, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended September 30, 2020

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, 2020. 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, 2020, has been computed to be \$486,721 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, 2020

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	\$ 356,443
Home Investment Partnership Program	14.239	59,576
Edward Byrne Memorial Justice Assistance Grant	16.738	<u>152,840</u>
		<u>\$ 568,859</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 (TWDB), 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 and Series 2020 are currently subject to single audit requirements. As of September 30, 2020, the outstanding loan balances were:

TWDB Series 2009C	\$ 9,050,000
TWDB Series 2009C – due within one year	<u>905,000</u>
Series 2009C – Total	<u>\$ 9,955,000</u>
TWDB Series 2015	\$ 12,225,000
TWDB Series 2015 – due within one year	<u>820,000</u>
Series 2015 – Total	<u>\$ 13,045,000</u>
TWDB Series 2020	\$ 27,075,000
TWDB Series 2020 – due within one year	<u>1,425,000</u>
Series 2020 – Total	<u>\$ 28,500,000</u>

NOTE 8 - REAL ESTATE ASSESSMENT CENTER (REAC) REPORT

For purposes of the REAC Reporting Submission, the CARES Act grants, Mainstream CARES Act CFDA# 14.879 and Public Housing CARES Act CFDA #14.871 are reported as 14.MSC and 14.PHC, respectively.

This information is an integral part of the accompanying schedule.

**CITY OF AMARILLO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020**

SECTION I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified? X yes 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)? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal or State Program or Cluster</u>
------------------------------	---

Major Federal Programs:	
10.557	Special Supplemental Nutritional Program for Women, Infants, and Children
14.239	Home Investment Partnership Program
21.019	COVID-19 Coronavirus Relief Fund
	Federal Transit Cluster:
20.507	Federal Transit Formula Grants
93.354	COVID-19 – Public Health Emergency Response
Major State Programs:	
N/A	Transit Operating Assistance
N/A	Transit Capital Improvement

Dollar threshold used to distinguish between type A and type B programs: \$1,337,640 Federal
\$ 300,000 State

- Auditee qualified as Federal low-risk auditee? X yes no
- Auditee qualified as State low-risk auditee? X yes no

**CITY OF AMARILLO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended September 30, 2020**

SECTION II – Financial Statement Findings

None

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

Finding 2020-001

Program: Special Supplemental Nutrition Program for Women, Infants, and Children CFDA #10.557

Program Requirement: A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity (2 CFR)

Criteria: The City is responsible for complying with program guidelines.

Condition: An invoice dated August 14, 2019 with a balance due amount of \$1,440 was not paid until November 2019. The period of performance for the WIC grant is October 1, 2019 through September 30, 2020. The invoice for the FY 2018-2019 expenditure was not accrued during year end close and was paid in FY 2019-2020.

Context: One deviation was discovered from a sample of 68 expenditures tested.

Cause: The invoice was paid with a credit card in the wrong period of performance.

Effect: Current year grant funds were used to pay a prior period expense.

Questioned Costs: \$1,440

Repeat Finding: No

Recommendation: The City should pay each invoice as it is received and review year end payables for grant invoices that need to be accrued.

Views of Responsible Officials: The City agrees with the recommendation. The City's July 2020 grant reimbursement request was reduced by \$1,440 to adjust for the November 2019 overage. Management will provide additional direction on proper cut off procedures that are currently in place to ensure proper reporting of year end transactions.

CITY OF AMARILLO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended September 30, 2020

Finding 2020-002

Program: HOME Investment Partnership Program Grant CFDA# 14.239

Program Requirement: Eligibility

Criteria: Per the 2020 Compliance Supplement, as required in 24 CFR section 92.209 (c), the participating jurisdiction or entity must select low-income families in accordance with written tenant selection policies and criteria based on both local housing needs and priorities established in the participating jurisdiction's consolidated plan. Proper review and approval is documented on the applications.

Condition: In accordance with City policy, applications are approved by both the Grant Administrator and the Director of Community Development.

Context: Of a sample of eleven tenant-based rental program recipient files, one recipient application was approved by the Grant Administrator but lacked the signature for approval by the Director of Community Development. An additional sample of thirteen tenant based rental recipients was selected for testing in which three applications also did not have the Director of Community Development's approval.

Cause: During the COVID-19 pandemic the City implemented alternative work schedules and workplace modifications to meet the CDC requirements. As a result, the four application forms did not have the approval by the Director of Community Development.

Effect: Noncompliance with City policy.

Questioned Costs: None

Repeat Finding: No

Recommendation: Applications should be approved by appropriate personnel in accordance with City policy.

Views of Responsible Officials: A checklist is now in place that must be completed in its entirety for an application to be eligible for approval. This includes proper screening protocols and approval by appropriate personnel prior to funds being distributed.

**CITY OF AMARILLO, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2020**

SECTION II – Financial Statement Findings

None

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

Finding 2019-001

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

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

Recommendation: Environmental inspections should be performed on all properties.

Current Status: Corrected

**CITY OF AMARILLO, TEXAS
SCHEDULE OF CORRECTIVE ACTION PLAN
Year Ended September 30, 2020**

Finding 2020-001

Condition: An invoice dated August 14, 2019 with a balance due amount of \$1,440 was not paid until November 2019. The period of performance for the WIC grant is October 1, 2019 through September 30, 2020. The invoice for the FY 2018-2019 expenditure was not accrued during year end close and was paid in FY 2019-2020.

Corrective Action Plan: See the City's corrective action plan on page 17.

Finding 2020-002

Condition: In accordance with City policy, applications are approved by both the Grant Administrator and the Director of Community Development.

Corrective Action Plan: See the City's corrective action plan on page 18.



Corrective Action Plan for the Year Ended September 30, 2020

Finding 2020-001

Federal Program: CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Contact Person: Debbie Reid, Director of Finance

Anticipated Completion

Date: September 30, 2021

Recommendation: The City should pay each invoice as it is received and review year end payables for grant invoices that need to be accrued or prepaid.

Corrective Action Plan:

Management will incorporate changes to the accrual/deferral process and procedures of expenditures to provide proper cut-off of transactions. Grant departments are responsible for entering expenditures into the City's accounting system using the correct general ledger date with final review occurring in the Accounting department. Management will reiterate this responsibility to the grant departments and the Accounting department will modify year-end communications to ensure that grant departments monitor expenditure invoice/service dates at the end of the City's fiscal year and grant contract periods. Management will periodically review these procedures to ensure that such processes and procedures are adequate to ensure proper cut-off of expenditures at each grand and fiscal-year end.



Corrective Action Plan for the Year Ended September 30, 2020

Finding 2020-002

Federal Program: HOME Investment Partnership Program Grant CFDA# 14.239

Contact Person: Jason Riddlespurger

Anticipated Completion

Date: January 1, 2021

Recommendation: Applications should be approved by appropriate personnel in accordance with City policy.

**Corrective Action
Plan:**

A checklist is now in place that must be completed in its entirety for an application to be eligible for approval. This includes proper screening protocols and approval by appropriate personnel prior to funds being distributed.



City of Amarillo, Texas
Summary schedule of prior audit finding
Year ended September 30, 2020

Status of prior audit finding
2019-001

CFDA #: 14.218 Community Development Block Grants / Entitlement Grants

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, 2020.

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, 2020.



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. 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.

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 23, 2021, 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, 2020, 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.

CMMS CPAs & ADVISORS PLLC

Amarillo, Texas
February 23, 2021

**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, 2020**

	Quarter ended December 31, 2019	Quarter ended March 31, 2020	Quarter ended June 30, 2020	Quarter ended September 30, 2020	Year ended September 30, 2020	Cumulative totals as of September 30, 2019	Cumulative totals as of September 30, 2020
Collections							
PFCs collected	\$ 228,323	\$ 350,730	\$ 102,485	\$ 134,188	\$ 815,726	\$ 15,383,390	\$ 16,199,116
Interest	300	556	60	60	976	25,716	26,692
Total Collections	\$ 228,623	\$ 351,286	\$ 102,545	\$ 134,248	\$ 816,702	\$ 15,409,106	\$ 16,225,808
Expenditures on approved PFC projects included in:							
Project 08-01-C-00-AMA Terminal Construction	\$ -	\$ -	\$ 623,763	\$ 186,000	\$ 809,763	\$ 15,365,229	\$ 16,174,992
Total Expenditures	\$ -	\$ -	\$ 623,763	\$ 186,000	\$ 809,763	\$ 15,365,229	\$ 16,174,992

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, 2020**

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, 2020**

Financial Statement Findings

None

Passenger Facility Charge Findings and Questioned Costs

None

**CITY OF AMARILLO, TEXAS
PASSENGER FACILITY CHARGE PROGRAM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2020**

Findings and Questioned Costs

None

Passenger Facility Charge Findings and Questioned Costs

Finding PFC 2019-001

Program: Passenger Facility Charge Program (PFC)

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

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.

Current Status: Corrected

**CITY OF AMARILLO, TEXAS
PASSENGER FACILITY CHARGE PROGRAM
SCHEDULE OF CORRECTIVE ACTION PLAN
Year Ended September 30, 2020**

None



Corrective Action Plan for the Year Ended September 30, 2020

None



**City of Amarillo, Texas
Summary schedule of prior audit finding
Year ended September 30, 2020**

**Status of prior audit finding
PFC 2019-001**

Status: Corrected