

Federal and State Financial Assistance Programs

City of Arlington, Texas

September 30, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The Honorable Mayor, City Council and City Manager
The City of Arlington, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, 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 March 3, 2020.

Our report includes a reference to other auditors who audited the financial statements of the Arlington Housing Authority, the Arlington Tourism Public Improvement District, and the Arlington Convention and Visitors Bureau, Inc., as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Arlington Convention and Visitors Bureau, Inc. and the Arlington Tourism Public Improvement District, audited by other auditors, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Arlington Convention and Visitors Bureau, Inc. and the Arlington Tourism Public Improvement District.

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 design 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 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 the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Intended purpose

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 report is not suitable for any other purpose.



Dallas, Texas
March 3, 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS *UNIFORM GRANT MANAGEMENT STANDARDS*

The Honorable Mayor, City Council and City Manager
The City of Arlington, Texas

Report on compliance for each major federal and state program

We have audited the compliance of the City of Arlington, Texas (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of its 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.

Our audit of, and opinion on, the City’s compliance for each major federal and state program does not include the operations of the Arlington Housing Authority, (a discretely presented component unit), which received federal awards for the year ended September 30, 2019 that are not included in the accompanying schedule of expenditures of federal and state awards. The Arlington Housing Authority engaged other auditors to audit its compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *UGMS*.

Management’s responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to the City’s federal and state programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Uniform Grant Management Standards (UGMS)*. Those standards, the Uniform Guidance, and the UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on each major federal and state program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

Report on internal control over compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal and state program to design audit 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 UGMS, 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.

As described in our Report on Compliance for Each Major Federal and State Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

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 a 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. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the UGMS. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Dallas, Texas
March 3, 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS *UNIFORM GRANT MANAGEMENT STANDARDS*

The Honorable Mayor, City Council and City Manager
The City of Arlington, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, 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 our report thereon dated March 3, 2020, expressed unmodified opinions on these financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Texas *Uniform Grant Management Standards*, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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.



Dallas, Texas
March 3, 2020

City of Arlington, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2019

(Amounts in thousands)

Federal Grantor/Pass-through Granter/Program Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass-Through to Sub-
FEDERAL AWARDS				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Program:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	B-14-MC-48-0008	14.218	\$ (204)	\$ -
Community Development Block Grants/Entitlement Grants	B-16-MC-48-0008	14.218	450	-
Community Development Block Grants/Entitlement Grants	B-17-MC-48-0008	14.218	955	-
Community Development Block Grants/Entitlement Grants	B-18-MC-48-0008	14.218	1,225	356
Community Development Block Grants/Entitlement Grants	B-19-MC-48-0008	14.218	404	133
Total CDBG - Entitlement Grants Cluster			2,830	489
Emergency Solutions Grants Program (2018)	E-18-MC-48-0009	14.231	175	162
Emergency Solutions Grants Program (2019)	E-19-MC-48-0009	14.231	79	79
Total Emergency Solutions Grants Program			254	241
Home Investment Partnerships Program (2016)	M-16-MC-48-0212	14.239	61	-
Home Investment Partnerships Program (2017)	M-17-MC-48-0212	14.239	275	9
Home Investment Partnerships Program (2018)	M-18-MC-48-0212	14.239	540	-
Home Investment Partnerships Program (2019)	M-19-MC-48-0212	14.239	39	-
Total Home Investment Partnerships Program			915	9
Total Department of Housing and Urban Development			3,999	739
DEPARTMENT OF JUSTICE				
Direct Program:				
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2015)	2015-UL-WX-0026	16.710	126	
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2016)	2016-YL-WX-0011	16.710	660	
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2017)	2017-UL-WX-0015	16.710	633	
Public Safety Partnership and Community Policing Grants (Cops School Violence Prevention)	2018-SV-WX-0084	16.710	55	
Total Public Safety Partnership and Community Policing Grants			1,474	
Criminal and Juvenile Justice and Mental Health Collaboration Programs (Justice and Mental Health)	2018-MO-BX-0036	16.745	57	
Asset Forfeiture - Equitable Sharing		16.922	38	
Total Direct from the Department of Justice			1,569	
Pass-through Office of the Governor - Criminal Justice Division:				
Crime Victim Assistance (Critical Incident Stress Debriefing)	VA-37042-01	16.575	31	
Crime Victim Assistance (Response Team Counselor 18-19)	VA-19291-10	16.575	180	
Crime Victim Assistance (Family Violence Intervention and Prevention 19)	VA-20362-10	16.575	213	
Total Crime Victim Assistance			424	
Pass-through Office of the Governor - Criminal Justice Division:				
Coverdell Nat'l Forensic Sciences Improve Act (Crime Lab Improvement)	3709401	16.742	182	
Pass-through City of Fort Worth:				
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 16)	2016-DJ-BX-0716	16.738	20	
Pass-through City of Dallas:				
Missing Children's Assistance (Internet Crimes Against Children 17)	2016-MC-FX-K034	16.543	13	
Total Department of Justice			2,208	
DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster				
Direct Program:				
Federal Transit Formula Grants (Handitran - Capital/Capital Maintenance)	TX-90-Y139	20.507	98	
Federal Transit Formula Grants (Handitran - Capital Maintenance)	TX-2016-040	20.507	541	
Federal Transit Formula Grants (Handitran - Capital/Capital Maintenance)	TX-2018-026	20.507	1,003	
Federal Transit Formula Grants (Handitran - Capital Maintenance)	TX-2019-008	20.507	100	
Federal Transit Formula Grants (Handitran - Operating 2019)	None noted	20.507	842	
Federal Transit Formula Grants (Ride Share)	TX-2019-008	20.507	793	
Federal Transit Formula Grants (Ride Share)	TX-2018-026	20.507	237	
Subtotal Federal Transit Cluster			3,614	

City of Arlington, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2019

(Amounts in thousands)

Federal Grantor/Pass-through Granter/Program Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass-Through to Sub-
FEDERAL AWARDS				
Commercial Vehicle Information Systems and Networks (Commercial Motor Vehicle Safety 17)	FM-MHP-0303-17-01-00	20.237	171	
Total Direct from the Department of Transportation			<u>3,785</u>	
Pass-through Texas Department of Transportation:				
Highway Safety Cluster				
State and Community Highway Safety (STEP Comprehensive)	2019-Arlington-S-1YG-0035	20.600	175	
Pass-through Texas Department of Transportation - Federal Highway Administration:				
Highway Planning and Construction Cluster				
Highway Planning and Construction				
(Lynn Creek Linear Park Trail Extension)	CSJ 0902-90-025	20.205	324	
(River Legacy Park Hike/Bike Trail)	CSJ 0902-90-024	20.205	(240)	
(Green Ribbon 303 Median Landscaping)	CSJ 2208-01-068	20.205	2	
(South Cooper St Safe School Crossing)	CSJ 0747-04-073	20.205	152	
(On-Street Autonomous Shuttle)	CSJ 0902-90-107	20.205	186	
(SH180 Bike/Pedestrian Trail)	CSJ 0008-07-034	20.205	<u>87</u>	
Total Highway Planning and Construction Cluster Grants			<u>511</u>	
Total Department of Transportation			<u>4,471</u>	
DEPARTMENT OF TREASURY				
Asset Forfeiture - Equitable Sharing		21.016	31	
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Pass-through Humanities Texas				
Promotion of the Humanities Federal/State Partnership (Black History Month)	2019-5566	45.129	<u>1</u>	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-through Texas State Library and Archives Commission:				
Grants to States (Library Impact 1 2019)	IMP-19001	45.310	9	
Grants to States (Library Impact 2 2019)	IMP-19009	45.310	10	
Grants to States (Library Impact 3 2019)	IMP-19017	45.310	10	
Grants to States (Special Projects 2019)	SPP-19002	45.310	62	
Grants to States (Texas Reads 2019)	TXR-19001	45.310	10	
Grants to States (Interlibrary Loan Lending)	901211	45.310	<u>2</u>	
Total Institute of Museum and Library Services			<u>103</u>	
ENVIRONMENTAL PROTECTION AGENCY				
Pass-through Texas Water Development Board:				
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds				
(Drinking Water Loan 2018)	62750	66.468	9,101	
(Drinking Water Loan 2019)	62813	66.468	<u>2,308</u>	
			11,409	
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds				
(Clean Water Loan 2017)	73752	66.458	1,835	
(Clean Water Loan 2010)	72313	66.458	<u>1,162</u>	
			<u>2,997</u>	
Total Texas Water Development Board			<u>14,406</u>	
Total Environmental Protection Agency			<u>14,406</u>	

City of Arlington, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2019

(Amounts in thousands)

Federal Grantor/Pass-through Granter/Program Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass-Through to Sub-
FEDERAL AWARDS				
DEPARTMENT OF EDUCATION				
Pass-through Workforce Solutions for Tarrant County:				
Adult Education Basic - Grants to States (Adult Education and Literacy 2019-2020)	19-SPC-AEL-002	84.002	50	
Adult Education Basic - Grants to States (Adult Education and Literacy 2018-2019)	18-SPC-AEL-002	84.002	<u>115</u>	
Total Department of Education			<u>165</u>	
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-through Workforce Solutions for Tarrant County:				
Temporary Assistance for Needy Families (Adult Education and Literacy 2018-2019)	18-SPC-AEL-002	93.558	<u>12</u>	
			12	
Pass-through National Association of County and City Health Officials:				
Food and Drug Administration Research (Retail Program Standards Mentorship Program)	5U50FD005933-03	93.103	8	
(Retail Program Standards Training)	G-T-1809-06098	93.103	2	
(Retail Program Standards Self Assessment)	G-SP-1809-06067	93.103	<u>3</u>	
			13	
Total Department of Health and Human Services			<u>25</u>	
EXECUTIVE OFFICE OF THE PRESIDENT				
Direct Program:				
High Intensity Drug Trafficking Areas Program (HIDTA)	Not Specified	95.001	14	
DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY				
Direct Program:				
Countering Violent Extremism Grant Program	2017-V6-B113-P410- -4101-D	97.132	37	
Homeland Security Cluster				
Pass-through Texas Office of the Governor - Homeland Security Grants Division:				
Homeland Security Grant Program (UASI 16 EOD Sustainment)	2944302	97.067	313	
Homeland Security Grant Program (UASI 16 Critical Infrastructure/Key Resources)	2978302	97.067	294	
Homeland Security Grant Program (UASI 16 Hazardous Materials Sustainment)	2978202	97.067	205	
Homeland Security Grant Program (UASI 16 EOC and Command)	2977802	97.067	50	
Homeland Security Grant Program (UASI 16 Active Shooter)	2977902	97.067	85	
Homeland Security Grant Program (UASI 16 Special Response Team)	2978402	97.067	85	
Homeland Security Grant Program (UASI 16 Intelligence Sustainment)	2978502	97.067	135	
Homeland Security Grant Program (UASI 17 Special Response Team)	2978403	97.067	336	
Homeland Security Grant Program (UASI 17 EOD Sustainment)	2944303	97.067	108	
Homeland Security Grant Program (UASI 17 Critical Infrastructure/Key Resources)	2978303	97.067	172	
Homeland Security Grant Program (UASI 17 First Responder)	2977803	97.067	47	
Homeland Security Grant Program (UASI 17 Intelligence Sustainment)	2978503	97.067	69	
Homeland Security Grant Program (UASI 17 Management & Administration)	2978903	97.067	22	
Homeland Security Grant Program (UASI 17 Law Enforcement Planning)	2978603	97.067	30	
Homeland Security Grant Program (UASI 17 Fire Planning)	2978003	97.067	69	
Homeland Security Grant Program (UASI 17 Special Ops Sustainment)	2978203	97.067	125	
Homeland Security Grant Program (UASI 17 Tactical Sustainment)	2978703	97.067	395	
Homeland Security Grant Program (UASI 18 Critical Infrastructure/Key Resources)	2978304	97.067	163	
Homeland Security Grant Program (UASI 18 EOD Sustainment)	2944304	97.067	4	
Homeland Security Grant Program (UASI 18 First Responder)	2977804	97.067	5	
Homeland Security Grant Program (UASI 18 Intelligence Sustainment)	2978504	97.067	84	
Homeland Security Grant Program (UASI 18 Management & Administration)	2978904	97.067	67	
Homeland Security Grant Program (UASI 18 Law Enforcement Planning)	2978604	97.067	117	
Homeland Security Grant Program (UASI 18 Fire Planning)	2978004	97.067	208	
Homeland Security Grant Program (UASI 18 Special Ops Sustainment)	2978204	97.067	51	
Homeland Security Grant Program (UASI 18 Special Response Team)	2978404	97.067	145	
Homeland Security Grant Program (UASI 18 Tactical Sustainment)	2978704	97.067	<u>106</u>	
Total Texas Office of the Governor - Homeland Security Grants Division			<u>3,490</u>	

City of Arlington, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2019

(Amounts in thousands)

Federal Grantor/Pass-through Granter/Program Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass- Through to Sub-
FEDERAL AWARDS				
Pass-through Texas Department of Public Safety - Division of Emergency Management: Emergency Management Performance Grants (Emergency Management Assistance SLA-50)	06-TX-EMPG-004	97.042	54	
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Disaster Flood Relief)	FEMA-4223-DR	97.036	3	
Hazard Mitigation Grants (Hazard Mitigation Flood Relief)	DR-4223-052	97.039	<u>77</u>	
Total pass-through Texas Dept of Public Safety-Division of Emergency Management			<u>3,624</u>	
Total Department of Homeland Security - Federal Emergency Management Agency			<u>3,661</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 29,084</u>	<u>\$ 739</u>
STATE AWARDS				
TEXAS DEPARTMENT OF TRANSPORTATION				
Routine Airport Maintenance Program 19	M1902ARLN	N/A	\$ 50	
Handtrun Operating	51309010219	N/A	<u>342</u>	
			<u>392</u>	
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS				
Homeless Housing and Services Program 2020	6320601005	N/A	2	
Homeless Housing and Services Program 2019	63196010001	N/A	<u>201</u>	
			<u>203</u>	
OFFICE OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION				
Direct Program:				
Rifle Resistant Body Armor	3497101	N/A	74	
Truancy Prevention 19	3536401	N/A	126	
Truancy Prevention 20	3536402	N/A	12	
Pass-through City of North Richland Hills:				
Texas Anti-Gang	2848904	N/A	<u>7</u>	
Total Office of the Governor - Criminal Justice Division			<u>219</u>	
TEXAS WORKFORCE COMMISSION				
Pass-through Workforce Solutions for Tarrant County:				
Adult Education and Literacy 2018-2019	18-SPC-AEL-002		6	
TEXAS DEPARTMENT OF PUBLIC SAFETY				
Tarrant County Auto Theft Task Force 2019	608-19-2200000	N/A	176	
Tarrant County Auto Theft Task Force 2020	608-20-2200000	N/A	<u>16</u>	
			<u>192</u>	
TOTAL EXPENDITURES OF STATE AWARDS			<u>1,012</u>	
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 30,096</u>	

City of Arlington, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

September 30, 2019

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards (the "Schedule") is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS).

The City of Arlington, Texas (the "City") has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 - REPORTING ENTITY

The City of Arlington, Texas (the "City"), for purposes of the Schedule of Expenditures of Federal and State Awards, includes all the funds of the primary government. This report does not include the results of testing of compliance applicable to each major program or of internal control over compliance in accordance with the Uniform Guidance for the Housing Authority of the City of Arlington, Texas, which was audited by other auditors and is reported on separately.

NOTE 3 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Grant expenditures reports as of September 30, 2019, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

NOTE 4 - OUTSTANDING LOANS

In prior years, the City has provided loans through its various Community Development Block Grant programs (CFDA #14.218). There was no outstanding balance of the loans receivable at September 30, 2019. There were no new loans receivable in the current year.

The City has outstanding loan commitments 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 #66.468). As of September 30, 2019, the outstanding loans payable balances were as follows:

TWDB Series 2018 \$10,840,000
TWDB Series 2019 \$79,500,000

City of Arlington

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - CONTINUED

September 30, 2019

The City has outstanding loan commitments under the Clean Water State Revolving Loan Fund from the Texas Water Development Board, as a pass through agency for the Environmental Protection Agency (CFDA #66.458). As of September 30, 2019, the outstanding loans payable balances were as follows:

TWDB Series 2010 \$7,365,000
TWDB Series 2014 \$2,555,000
TWDB Series 2016 \$1,765,000
TWDB Series 2017 \$4,265,000
TWDB Series 2018 \$4,405,000
TWDB Series 2019 \$4,435,000

NOTE 5 - FEDERAL AND STATE AWARDS RECONCILIATION (IN THOUSANDS)

Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 15,849
Plus Texas Water Development Board Loan	14,406
Plus Forfeiture	69
Less intergovernmental awards from sources other than federal and state awards	<u>(228)</u>
Total expenditures per schedule of expenditures of federal and state awards	<u>\$ 30,096</u>

NOTE 6 - RELATIONSHIP OF EXPENDITURES

The negative expenditures primarily represent a reallocation of grant expenditures between grant program years or reimbursements of grant expenditures by the General Fund resulting from grant budget overruns in the fiscal year after the year of expenditure recognition.

City of Arlington, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal controls over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	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 section 200.516 of the Uniform Guidance?	No

State Awards

Internal controls over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	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 section 510(a) of the UGMS?	No

City of Arlington

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

September 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS - Continued

Identification of Major Programs:

<u>CFDA/Grant Number/State Identification Number</u>	<u>Name of Federal and State Program or Cluster</u>
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Major Federal Programs:

14.218	Community Development Block Grants
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Major State Program:

51309010219	Handitran Operating
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000 for federal programs \$300,000 for state programs
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Auditee qualified as low-risk auditee-Federal?	No
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Auditee qualified as low-risk auditee-State?	Yes
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SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS

The audit disclosed no findings required to be reported.

SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

The audit disclosed no findings required to be reported.

City of Arlington, Texas

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

September 30, 2019

SECTION IV - Summary Schedule of Prior Year Findings

Finding #:	2018-001
CFDA Number:	97.039
Federal Title:	Hazard Mitigation Grant Program
Federal Agency:	U.S. Department of Homeland Security
Federal Award Number:	DR-4223-052
Program Year:	2017 - 2018
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness and Material Noncompliance

Status of Prior Year Finding:

All future grant projects will be completely separate of other City funded projects that have the same scope of work and will be tracked in the project tracking system e-Builder. Monthly meetings with Real Estate Services now include discussion of the status of scheduled payments for the grant project. The Public Works and Transportation (PWT) Project Manager will create and maintain a project log in e-Builder which will be compared to the quarterly report to ensure all activities have been captured.

The PWT Contract Coordinator runs an e-Builder report each quarter for all invoices processed and paid during the reporting period 5 business days prior to the quarterly report due date. The e-Builder data is verified against the Lawson financial system data. The report is forwarded to the PWT Project Manager with the supporting documentation for verification. The PWT Project Manager reviews the supporting documentation as well as the project log and verifies each activity and payment were completed during the quarter. The PWT Project Manager prepares the quarterly report in accordance with the terms and conditions of the grant. The supervising Senior Engineer reviews and approves no later than 3 business days prior to the quarterly due date. The PWT Project Manager submits the quarterly report to the grant agency and uploads into e-Builder. This finding has been remediated.