

City of Arlington, Texas

Single Audit Reports

September 30, 2020

City of Arlington, Texas

September 30, 2020

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**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***

Independent Auditor's Report

The Honorable Mayor, City Council and City Manager
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 (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 March 3, 2021, which contained a reference to the reports of other auditors. Our report includes a reference to other auditors who audited the financial statements of the Arlington Housing Authority, a discretely presented component unit, 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, component units included in the financial statements of the aggregate discretely presented component units, 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) as a basis for designing 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 entity'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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 financial statements. 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*.

City's Response to the Finding

The City's response to the 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 the financial statements, and accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
March 3, 2021

**Report on Compliance for Each Major Federal and State Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal and State Awards Required by the Uniform Guidance and
the State of Texas Uniform Grant Management Standards**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Arlington, Texas' (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) 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.

The City's basic financial statements include the operations of the Arlington Housing Authority, a component unit, which expended \$33,202,035 in federal awards which are not included in the City's schedule of expenditures of federal awards during the year ended September 30, 2020. Our audit, described below, did not include the operations of the Arlington Housing Authority because the entity engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and UGMS, issued by the Texas Comptroller of Public Accounts. Those standards, the Uniform Guidance and 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 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 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, 2020.

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 our 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 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and UGMS

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Arlington, Texas, 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 March 3, 2021 which contained unmodified opinions on these financial statements and references to the reports of other auditors. 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 UGMS 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.

BKD, LLP

Dallas, Texas
March 24, 2021

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards
September 30, 2020
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass- Through to Sub- recipients
FEDERAL AWARDS				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	B-17-MC-48-0008	14.218	\$ 17	\$ -
Community Development Block Grants/Entitlement Grants	B-18-MC-48-0008	14.218	1,070	-
Community Development Block Grants/Entitlement Grants	B-19-MC-48-0008	14.218	2,162	392
Community Development Block Grants/Entitlement Grants	B-20-MC-48-0008	14.218	263	96
Community Development Block Grants/Entitlement Grants	B-20-MW-48-0008	14.218	71	47
Total CDBG - Entitlement Grants Cluster			3,583	535
Emergency Solutions Grants Program (2018)	E-18-MC-48-0009	14.231	4	4
Emergency Solutions Grants Program (2019)	E-19-MC-48-0009	14.231	188	167
Emergency Solutions Grants Program (2020)	E-20-MC-48-0009	14.231	85	76
Emergency Solutions Grants Program COVID	E-20-MW-48-008	14.231	122	112
Total Emergency Solutions Grants Program			399	359
Home Investment Partnerships Program (2017)	M-17-MC-48-0212	14.239	133	-
Home Investment Partnerships Program (2018)	M-18-MC-48-0212	14.239	201	-
Home Investment Partnerships Program (2019)	M-19-MC-48-0212	14.239	539	12
Home Investment Partnerships Program (2020)	M-20-MC-48-0212	14.239	31	-
Total Home Investment Partnerships Program			904	12
Total Department of Housing and Urban Development			4,886	906
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-through National Association of County and City Health Officials:				
Food and Drug Administration Research (Retail Program Standards Training)	G-T-1809-06098	93.103	1	
(Retail Program Standards Training Fall 2019)	G-T-1909-07465	93.103	3	
(Retail Program Standards Community Engagement)	G-MP-1910-08361	93.103	13	
Total Retail Program Standards			17	
Total Department of Health and Human Services			17	
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	199	
Adult Education Basic - Grants to States (Adult Education and Literacy 2020-2021)	20-SPC-AEL-002	84.002	57	
Total Adult Education Basics - Grants to States			256	
Total Department of Education			256	

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
September 30, 2020
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass- Through to Sub- recipients
FEDERAL AWARDS				
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 2019)	62813	66.468	3,599	
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2018)	73788	66.458	2,846	
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2017)	73752	66.458	1,054	
Total Capitalization Grants for Clean Water State Revolving Funds			<u>3,900</u>	
Total Pass-through Texas Water Development Board			<u>7,499</u>	
Total Environmental Protection Agency			<u>7,499</u>	
EXECUTIVE OFFICE OF THE PRESIDENT				
Direct Programs:				
High Intensity Drug Trafficking Areas Program (HIDTA)	Not Specified	95.001		18
DEPARTMENT OF JUSTICE				
Direct Programs:				
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2015)	2015-UL-WX-0026	16.71		(114)
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2016)	2016-YL-WX-0011	16.710		(202)
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2017)	2017-UL-WX-0015	16.710		648
Public Safety Partnership and Community Policing Grants (Cops School Violence Prevention)	2018-SV-WX-0084	16.710		213
Public Safety Partnership and Community Policing Grants (Cops Mental Health and Wellness)	2019-MH-WX-0015	16.710		<u>25</u>
Total Public Safety Partnership and Community Policing Grants				<u>570</u>
Criminal and Juvenile Justice and Mental Health Collaboration Programs (Justice and Mental Health)	2018-MO-BX-0036	16.745		29
Coronavirus Emergency Supplemental Funding Program	2020-VD-BX-1481	16.034		166
Asset Forfeiture - Equitable Sharing	None noted	16.922		<u>25</u>
Total Direct from the Department of Justice				<u>790</u>
Pass-through Office of the Governor - Criminal Justice Division:				
Crime Victim Assistance (Critical Incident Stress Debriefing)	VA-37042-01	16.575		53
Crime Victim Assistance (Intimate Partner Violence Counselor)	VA-38502-01	16.575		129
Crime Victim Assistance (Family Violence Intervention and Prevention 19)	VA-20362-10	16.575		<u>230</u>
Total Crime Victim Assistance				412
Pass-through Office of the Governor - Criminal Justice Division:				
Violence Against Women (Intimate Partner Violence Detective)	WF-37525-01	16.588		66
Pass-through City of Fort Worth:				
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 16)	2016-DJ-BX-0716	16.738		16
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 17)	2017-DJ-BX-0841	16.738		109
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 18)	2018DJ-BX-0876	16.738		113
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 19)	2019-DJ-BX-0250	16.738		<u>51</u>
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>289</u>

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
September 30, 2020
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass-Through to Sub-recipients
FEDERAL AWARDS				
Pass-through City of Dallas:				
Missing Children's Assistance (Internet Crimes Against Children 17)	2019-MC-FX-K056	16.543	15	
Total Department of Justice			<u>1,572</u>	
DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster				
Direct Programs:				
Federal Transit Formula Grants (Handitran - Capital/Capital Maintenance)	TX-2018-026	20.507	207	
Federal Transit Formula Grants (Handitran - Capital Maintenance)	TX-2019-008	20.507	56	
Federal Transit Formula Grants (Handitran - Operating 2020)	None noted	20.507	359	
Federal Transit Formula Grants (CARES Handitran - Operating/Capital/Capital Maintenance)	TX-2020-156	20.507	1,461	
Federal Transit Formula Grants (Ride Share)	TX-2019-008	20.507	15	
Federal Transit Formula Grants (Ride Share 2019 grant)	None noted	20.507	301	
Federal Transit Formula Grants (CARES Ride Share)	TX-2020-156	20.507	<u>1,432</u>	
Subtotal Federal Transit Cluster			<u>3,831</u>	
Public Transportation Innovation (RAPID)	TX-2020-084	20.53	36	
Commercial Vehicle Information Systems and Networks (Commercial Motor Vehicle Safety 20)	FM-MHP-0478-19-01-00	20.237	<u>131</u>	
Total Direct from the Department of Transportation			<u>3,998</u>	
Pass-through Texas Department of Transportation:				
Highway Safety Cluster				
State and Community Highway Safety (STEP Comprehensive)	2020-Arlington-S-1YG-00006	20.600	157	
State and Community Highway Safety (STEP CMV)	2020-Arlington-S-CMV-00008	20.600	<u>50</u>	
Total Highway Safety Cluster			<u>207</u>	
Highway Planning and Construction Cluster				
Pass-through Texas Department of Transportation - Federal Highway Administration				
Highway Planning and Construction Julia Burgen Park Trail)	CSJ 0902-90-085	20.205	37	
Highway Planning and Construction (Lynn Creek Linear Park Trail Extension)	CSJ 0902-90-025	20.205	<u>565</u>	
			602	
Pass-through North Texas Central Council of Governments:				
Traffic Signal Data Sharing	482015564M40030	20.205	<u>20</u>	
Total Highway Planning and Construction Grants			622	
Airport Improvement Program - CARES	1402ARLNG	20.106	<u>69</u>	
			<u>69</u>	
Total Department of Transportation			<u>4,896</u>	

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
September 30, 2020
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass- Through to Sub- recipients
FEDERAL AWARDS				
DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY				
<i>Homeland Security Cluster</i>				
<i>Pass-through Texas Office of the Governor - Homeland Security Grants Division</i>				
Homeland Security Grant Program (UASI 17 EOD Sustainment)	2944303	97.067	319	
Homeland Security Grant Program (UASI 17 First Responder)	2977803	97.067	308	
Homeland Security Grant Program (UASI 17 Tactical Sustainment)	2978703	97.067	16	
Homeland Security Grant Program (UASI 18 Critical Infrastructure/Key Resources)	2978304	97.067	159	
Homeland Security Grant Program (UASI 18 EOD Sustainment)	2944304	97.067	68	
Homeland Security Grant Program (UASI 18 First Responder)	2977804	97.067	242	
Homeland Security Grant Program (UASI 18 Intelligence Sustainment)	2978504	97.067	111	
Homeland Security Grant Program (UASI 18 Management & Administration)	2978904	97.067	42	
Homeland Security Grant Program (UASI 18 Law Enforcement Planning)	2978604	97.067	61	
Homeland Security Grant Program (UASI 18 Fire Planning)	2978004	97.067	87	
Homeland Security Grant Program (UASI 18 Special Ops Sustainment)	2978204	97.067	180	
Homeland Security Grant Program (UASI 18 Special Response Team)	2978404	97.067	517	
Homeland Security Grant Program (UASI 18 Tactical Sustainment)	2978704	97.067	145	
Homeland Security Grant Program (UASI 19 EOD Sustainment)	2944305	97.067	11	
Homeland Security Grant Program (UASI 19 First Responder)	2977805	97.067	198	
Homeland Security Grant Program (UASI 18 Intelligence Sustainment)	2978505	97.067	79	
Homeland Security Grant Program (UASI 18 Management & Administration)	2978905	97.067	42	
Homeland Security Grant Program (UASI 18 Law Enforcement Planning)	2978605	97.067	143	
Homeland Security Grant Program (UASI 18 Fire Planning)	2978005	97.067	129	
Homeland Security Grant Program (UASI 18 Special Ops Sustainment)	2978205	97.067	80	
Homeland Security Grant Program (UASI 18 Special Response Team)	2978405	97.067	428	
<i>Total Homeland Security Grant Program</i>			3,365	
<i>Total Texas Office of the Governor - Homeland Security Grants Division</i>			3,365	
<i>Pass-through Texas Department of Public Safety - Division of Emergency Management</i>				
Emergency Management Performance Grants (Emergency Management Assistance SLA-50)	06-TX-EMPG-004	97.042	54	
Emergency Management Performance Grants (Disaster Assistance Flooding)	FEMA-4332-DR	97.042	1	
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Covid-19 Pandemic)	DR-4485-TX	97.036	190	
Disaster grants - Hurricane Laura	EM-3540-TX	97.036	66	
<i>Total pass-through Texas Dept of Public Safety-Division of Emergency Management</i>			3,676	
Total Department of Homeland Security - Federal Emergency Management Agency			3,676	

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
September 30, 2020
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass- Through to Sub- recipients
FEDERAL AWARDS				
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-through Texas State Library and Archives Commission:				
Grants to States (Special Projects 2020)	SPP-20001	45.310	53	
Grants to States (Texas Reads 20)	TXR-20001	45.310	10	
Grants to States (Interlibrary Loan Lending)	901733	45.310	1	
Total Institute of Museum and Library Services			64	
DEPARTMENT OF TREASURY				
Asset Forfeiture - Equitable Sharing	None noted	21.016	137	
Pass-through Tarrant County:				
Corona Virus Relief Fund	None noted	21.019	4,408	
Total Department of Treasury			4,545	
NATIONAL ENDOWMENT FOR THE ARTS				
Promotion of the Arts and Grants (Art Works Creativity Connects)	1856680-59-19	45.024	10	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 27,439	\$ 906
STATE AWARDS				
TEXAS DEPARTMENT OF TRANSPORTATION:				
Routine Airport Maintenance Program 20	M2002ARLN	N/A	\$ 50	
Handitran Operating	51309010219	N/A	342	
Total Texas Department of Transportation			392	
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS				
Homeless Housing and Services Program 2020	63206010005	N/A	197	
Homeless Housing and Services Program Youth 2020	18206010005	N/A	12	
Homeless Housing and Services Program End Homelessness 2020	30206010001	N/A	29	
Homeless Housing and Services Program Set Aside 2020	63206010005	N/A	1	
Homeless Housing and Services Program 2021	63216010005	N/A	4	
Homeless Housing and Services Program 2020 CARES	63206010005	N/A	2	
Total Texas Department of Housing and Community Affairs			245	

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
September 30, 2020
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Grant Award Number	Federal CFDA Number	Federal & State Expenditures	Pass- Through to Sub- recipients
FEDERAL AWARDS				
OFFICE OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION				
Direct:				
Truancy Prevention 21	3536401	N/A	17	
Truancy Prevention 20	3536402	N/A	208	
			<u>225</u>	
Pass Through City of North Richland Hills				
Texas Anti-Gang	2848905	N/A	8	
			<u>8</u>	
Total Office of the Governor - Criminal Justice Division			233	
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION				
Innovation Zone	ARL-20001		44	
TEXAS DEPARTMENT OF PUBLIC SAFETY				
Tarrant County Auto Theft Task Force 2019	608-19-2200000	N/A	179	
Tarrant County Auto Theft Task Force 2020	608-20-2200000	N/A	16	
Total Texas Department of Public Safety			<u>195</u>	
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 1,109</u>	
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u><u>\$ 28,548</u></u>	

City of Arlington, Texas
Notes to Schedule of Expenditures of Federal and State Awards
September 30, 2020

(1) Basis of Accounting

The Schedule of Expenditures of Federal and State Awards (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 UGMS.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(2) Reporting Entity

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 and UGMS for the Housing Authority of the City, which was audited by other auditors and is reported on separately.

(3) Relationship to Federal and State Financial Reports

Grant expenditures reports as of September 30, 2020 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.

(4) Outstanding Loans

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, 2020, the outstanding loan payable balances were: TWDB Series 2017 \$10,235,000 and TWDB Series 2019 \$75,525,000.

City of Arlington, Texas

Notes to Schedule of Expenditures of Federal and State Awards (Continued) September 30, 2020

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, 2020, the outstanding loan payable balances were: TWDB Series 2010 \$6,940,000; TWDB Series 2014 \$2,380,000; TWDB Series 2016 \$1,660,000; TWDB Series 2017 \$4,010,000; TWDB Series 2018 \$4,160,000; and TWDB Series 2019 \$4,215,000.

(5) Federal and State Awards Reconciliation (in thousands)

Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 21,191
Plus Texas Water Development Board Loan	7,499
Plus Forfeiture	162
Less intergovernmental awards from sources other than federal and state award	<u>(304)</u>
 Total expenditures per schedule of expenditures of federal and state awards	 <u>\$ 28,548</u>

(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, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified
 Qualified
 Adverse
 Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for the major federal award programs was:

Unmodified
 Qualified
 Adverse
 Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

City of Arlington, Texas
Schedule of Findings and Questioned Costs (Continued)
September 30, 2020

7. The City's major federal programs were:

Cluster/Program	CFDA Number
Federal Transit Cluster	20.507
COVID-19 - Coronavirus Relief Fund	21.019
Clean Water State Revolving Fund Cluster	66.458

8. The threshold used to distinguish between Type A and Type B programs was \$823,170.

9. The City qualified as a low-risk auditee? Yes No

State Awards

10. The independent auditor's report on internal control over compliance for the major state award program disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

11. The opinion expressed in the independent auditor's report on compliance for the major state award program was:

Unmodified Qualified Adverse Disclaimer

12. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

City of Arlington, Texas
Schedule of Findings and Questioned Costs (Continued)
September 30, 2020

13. The City's major state program was:

Cluster/Program
Handitran Operating

14. The threshold used to distinguish between Type A and Type B programs was \$300,000.

The City qualified as a low-risk auditee?

Yes

No

City of Arlington, Texas
Schedule of Findings and Questioned Costs (Continued)
September 30, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2020-001	<p>Criteria or Specific Requirement</p> <p>Management is responsible for the timely and accurate preparation of the City’s comprehensive annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). This includes the design, implementation and maintenance of internal controls over financial reporting to prevent or detect and correct material misstatements of the financial statements.</p> <p>Condition: During the audit of the City’s financial statements, BKD questioned certain accounts and transactions, which resulted in the City investigating these and providing recommended audit adjustments. These adjustments were reviewed by BKD and recorded by management.</p> <p>Effect: Audit adjustments to certain financial statement accounts were recommended by the City and reviewed/accepted by BKD in order to accurately reflect financial data in the City’s financial statements.</p> <p>Cause: Internal controls and review processes were not appropriately followed at a detailed level to ensure all account balances were reported in accordance with accounting principles generally accepted in the United States.</p> <p>Recommendation: We suggest that the City review its policies and procedures with respect to year-end financial reporting to ensure adequate reviews and reconciliations are performed at a level of detail to prevent or detect and correct material misstatements. In order to provide more accurate accounting information, we recommend that the City establish more detailed reconciliation policies and review procedures.</p> <p>Views of Responsible Officials: Concur. The City will review year-end policies and procedures and modify as needed to ensure adequate reviews and reconciliations are performed to prevent or detect material misstatements including:</p> <ul style="list-style-type: none">• Review of all wire transactions completed after 9/30 through field work start date;• Review by Controller or designee of all year-end entries related to bond amortization;• Ensuring proper account set up for recording grant expenditures.

City of Arlington, Texas
Schedule of Findings and Questioned Costs (Continued)
September 30, 2020

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
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No matters are reportable.

City of Arlington, Texas
Summary Schedule of Prior Audit Findings
September 30, 2020

**Reference
Number**

Finding

No matters are reportable.