

City of Arlington, Texas

Single Audit Reports

September 30, 2021

City of Arlington, Texas
September 30, 2021

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City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2021
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Award Number	Passed Through to Subrecipients	Federal & State Expenditures
FEDERAL AWARDS				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0008	\$ -	\$ (7)
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-48-0008	99	652
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-48-0008	333	1,794
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-48-0008	98	387
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-48-0008	621	1,025
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-DW-48-0001	450	485
Total CDBG – Entitlement Grants Cluster			<u>1,601</u>	<u>4,336</u>
Emergency Solutions Grants Program (2019)	14.231	E-19-MC-48-0009	7	7
Emergency Solutions Grants Program (2020)	14.231	E-20-MC-48-0009	148	160
Emergency Solutions Grants Program (2021)	14.231	E-21-MC-48-0009	12	14
COVID-19 Emergency Solutions Grants Program COVID	14.231	E-20-MW-48-008	600	710
Total Emergency Solutions Grants Program			<u>767</u>	<u>891</u>
Home Investment Partnerships Program (2018)	14.239	M-18-MC-48-0212	-	358
Home Investment Partnerships Program (2019)	14.239	M-19-MC-48-0212	-	298
Home Investment Partnerships Program (2020)	14.239	M-20-MC-48-0212	323	387
Home Investment Partnerships Program (2021)	14.239	M-21-MC-48-0212	-	25
Total Home Investment Partnerships Program			<u>323</u>	<u>1,068</u>
Total Department of Housing and Urban Development			<u>2,691</u>	<u>6,295</u>
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 2020)	93.103	G-T-1910-08329	-	1
(Retail Program Standards Community Engagement)	93.103	G-MP-1910-08361	-	5
Total Retail Program Standards			<u>-</u>	<u>6</u>
Total Department of Health and Human Services			<u>-</u>	<u>6</u>
DEPARTMENT OF EDUCATION				
Pass-through Workforce Solutions for Tarrant County:				
Adult Education Basic – Grants to States (Adult Education and Literacy 2020-2021)	84.002	20-SPC-AEL-002	-	184
Adult Education Basic – Grants to States (Adult Education and Literacy 2020-2021)	84.002	21-SPC-AEL-002	-	42
Total Adult Education Basics - Grants to States			<u>-</u>	<u>226</u>
Total Department of Education			<u>-</u>	<u>226</u>

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended September 30, 2021
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Award Number	Passed Through to Subrecipients	Federal & State Expenditures
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)	66.468	62813	-	249
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2017)	66.458	73752	-	444
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2018)	66.458	73788	-	872
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2019)	66.458	73827	-	1,083
Total Capitalization Grants for Clean Water State Revolving Funds			-	2,399
Total Pass-through Texas Water Development Board			-	2,648
Pass-through North Texas Council of Governments:				
Diesel Emission Reduction Act (DERA) National Grants	66.039		-	77
Total Pass-through North Texas Council of Governments			-	77
Total Environmental Protection Agency			-	2,725
EXECUTIVE OFFICE OF THE PRESIDENT				
Direct Programs:				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	Not Specified	-	11
DEPARTMENT OF JUSTICE				
Direct Programs:				
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2017)	16.710	2017-UL-WX-0015	-	715
Public Safety Partnership and Community Policing Grants (Cops School Violence Prevention)	16.710	2018-SV-WX-0084	-	141
Public Safety Partnership and Community Policing Grants (Cops Mental Health and Wellness)	16.710	2019-MH-WX-0015	-	75
Total Public Safety Partnership and Community Policing Grants			-	931
Criminal Justice Department Coverdell Forensic Sciences Improvement	16.742	4153301	-	90
Criminal and Juvenile Justice and Mental Health Collaboration Programs (Justice and Mental Health)	16.745	2018-MO-BX-0036	-	5
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1481	-	236
Total Direct from the Department of Justice			-	1,262
Pass-through Office of the Governor – Criminal Justice Division:				
Crime Victim Assistance (Critical Incident Stress Debriefing)	16.575	VA-37042-01	-	12
Crime Victim Assistance (Intimate Partner Violence Counselor)	16.575	VA-38502-01	-	149
Crime Victim Assistance (Family Violence Intervention and Prevention)	16.575	VA-20362-10	-	13
Total Crime Victim Assistance			-	174
Pass-through Office of the Governor – Criminal Justice Division:				
Violence Against Women (Intimate Partner Violence Detective)	16.588	WF-37525-01	-	2
Pass-through City of Fort Worth:				
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 19)	16.738	2019-DJ-BX-0250	-	60
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 20)	16.738	2020-DJ-BX-0259	-	83
Total Edward Byrne Memorial Justice Assistance Grant Program			-	143

The accompanying notes are an integral part of this Schedule.

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended September 30, 2021
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Award Number	Passed Through to Subrecipients	Federal & State Expenditures
FEDERAL AWARDS				
Pass-through City of Dallas:				
Missing Children's Assistance (Internet Crimes Against Children 20)	16.543	2020-MC-FX-K056	-	16
Total Department of Justice			-	1,597
DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster				
Direct Programs:				
Federal Transit Formula Grants (Handitran – Capital Maintenance)	20.507	TX-2021-032	-	105
Federal Transit Formula Grants (Handitran – Capital Maintenance)	20.507	TX-2019-008	-	29
COVID-19 Federal Transit Formula Grants (CARES Handitran – Operating/Capital/Capital Maintenance)	20.507	TX-2020-156	-	2,043
Federal Transit Formula Grants (Ride Share 2021 grant)	20.507	TX-2021-32	-	437
COVID-19 Federal Transit Formula Grants (CARES Ride Share)	20.507	TX-2020-156	-	5,490
Subtotal Federal Transit Cluster			-	8,104
Public Transportation Innovation (RAPID)	20.530	TX-2020-084	-	895
Commercial Vehicle Information Systems and Networks (Commercial Motor Vehicle Safety 20)	20.237	FM-MHP-0478-19-01-00	-	112
Total Direct from the Department of Transportation			-	9,111
Pass-through Texas Department of Transportation:				
Highway Safety Cluster				
State and Community Highway Safety (STEP Comprehensive 2021)	20.600	2021-Arlington-S-1YG-00025	-	104
State and Community Highway Safety (STEP CMV 2021)	20.600	2021-Arlington-S-CMV-00013	-	39
Total Highway Safety Cluster			-	143
Highway Planning and Construction Cluster				
Pass-through Texas Department of Transportation – Federal Highway Administration				
Highway Planning and Construction (Julia Burgen Park Trail)	20.205	CSJ 0902-90-085	-	79
Highway Planning and Construction (Lynn Creek Linear Park Trail Extension)	20.205	CSJ 0902-90-025	-	(56)
			-	23
Total Department of Transportation			-	9,277

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended September 30, 2021
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Award Number	Passed Through to Subrecipients	Federal & State Expenditures
FEDERAL AWARDS				
DEPARTMENT OF HOMELAND SECURITY – FEDERAL EMERGENCY MANAGEMENT AGENCY				
<i>Homeland Security Cluster</i>				
Pass-through Texas Office of the Governor – Homeland Security Grants Division				
Homeland Security Grant Program (UASI 18 EOD Sustainment)	97.067	2944304	-	167
Homeland Security Grant Program (UASI 18 First Responder)	97.067	2977804	-	145
Homeland Security Grant Program (UASI 18 Management & Administration)	97.067	2978904	-	(19)
Homeland Security Grant Program (UASI 18 Fire Planning)	97.067	2978004	-	(28)
Homeland Security Grant Program (UASI 19 EOD Sustainment)	97.067	2944305	-	223
Homeland Security Grant Program (UASI 19 First Responder)	97.067	2977805	-	262
Homeland Security Grant Program (UASI 19 Intelligence Sustainment)	97.067	2978505	-	152
Homeland Security Grant Program (UASI 19 Management & Administration)	97.067	2978905	-	41
Homeland Security Grant Program (UASI 19 Law Enforcement Planning)	97.067	2978605	-	39
Homeland Security Grant Program (UASI 19 Fire Planning)	97.067	2978005	-	93
Homeland Security Grant Program (UASI 19 Special Ops Sustainment)	97.067	2978205	-	339
Homeland Security Grant Program (UASI 19 Special Response Team)	97.067	2978405	-	474
Homeland Security Grant Program (UASI 20 EOD Sustainment)	97.067	2944305	-	12
Homeland Security Grant Program (UASI 20 First Responder)	97.067	2977805	-	36
Homeland Security Grant Program (UASI 20 Intelligence Sustainment)	97.067	2978505	-	223
Homeland Security Grant Program (UASI 20 Management & Administration)	97.067	2978905	-	67
Homeland Security Grant Program (UASI 20 Law Enforcement Planning)	97.067	2978605	-	77
Homeland Security Grant Program (UASI 20 Fire Planning)	97.067	2978005	-	174
Homeland Security Grant Program (UASI 20 Special Ops Sustainment)	97.067	2978205	-	123
Homeland Security Grant Program (UASI 20 Special Response Team)	97.067	2978405	-	426
Total Homeland Security Grant Program			-	<u>3,026</u>
Total Texas Office of the Governor – Homeland Security Grants Division			-	<u>3,026</u>
Pass-through Texas Department of Public Safety – Division of Emergency Management				
Emergency Management Performance Grants (Emergency Management Assistance SLA-50)	97.042	06-TX-EMPG-004	-	39
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Covid-19 Pandemic)	97.036	DR-4485-TX	-	777
Disaster grants – Hurricane Laura	97.036	EM-3540-TX	-	1
Disaster grants – Winter Event 2021	97.036	EM-3554	-	477
Vaccination Site Drive 4485	97.036	DR 4485	-	1,027
COVID-19 – COVID Vaccination Local	97.036		-	683
Hazard Mitigation Grants (Hazard Mitigation Flood Relief)	97.039	DR-4423-052	-	(377)
Total pass-through Texas Dept of Public Safety-Division of Emergency Management			-	<u>2,627</u>
Total Department of Homeland Security - Federal Emergency Management Agency			-	<u>5,653</u>

The accompanying notes are an integral part of this Schedule.

City of Arlington, Texas
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended September 30, 2021
(in Thousands)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Award Number	Passed Through to Subrecipients	Federal & State Expenditures
FEDERAL AWARDS				
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-through Texas State Library and Archives Commission:				
Grants to States (Special Projects 2021)	45.310	LS-246193-OLS-20	-	28
Grants to States (TexTreasuries 2021)	45.310	LS-246193-OLS-20	-	8
Total Institute of Museum and Library Services			<u>-</u>	<u>36</u>
DEPARTMENT OF TREASURY				
COVID-19 Emergency Rental Assistance Admin and HAP	21.023	None noted	-	(8)
COVID-19 Emergency Rental Assistance Program	21.023	None noted	-	4,127
COVID-19 American Rescue Plan Act	21.027	None noted	-	11,975
Pass-through Tarrant County:				
COVID-19 Corona Virus Relief Fund	21.019	None noted	-	16,864
Total Department of Treasury			<u>-</u>	<u>32,958</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,691	\$ 58,784
STATE AWARDS				
TEXAS DEPARTMENT OF TRANSPORTATION:				
Routine Airport Maintenance Program 21	N/A	M2102ARLN	\$ -	\$ 50
Handitran Operating	N/A	51309010219	-	342
Total Texas Department of Transportation			<u>-</u>	<u>392</u>
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS				
Homeless Housing and Services Program 2020	N/A	63206010005	-	1
Homeless Housing and Services Program Youth 2020	N/A	18206010005	-	20
Homeless Housing and Services Program Set Aside 2020	N/A	63206010005	-	7
Homeless Housing and Services Program 2021	N/A	63216010005	-	88
Homeless Housing and Services Program Youth 2021	N/A	18216010005	-	23
Homeless Housing and Services Program End Homelessness 2021	N/A		-	6
Emergency Rental Assistance Program 2021	N/A	70200001005	-	241
Total Texas Department of Housing and Community Affairs			<u>-</u>	<u>386</u>
FEDERAL AWARDS				
OFFICE OF THE GOVERNOR – CRIMINAL JUSTICE DIVISION				
Direct:				
Truancy Prevention 22	N/A	3536404	-	20
Truancy Prevention 21	N/A	3536401	-	260
			<u>-</u>	<u>280</u>
Total Office of the Governor – Criminal Justice Division			-	280
TEXAS HISTORICAL COMMISSION				
Historic Preservation Fund Grants-In-Aid	N/A	TX-20-10033	-	7
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION				
Innovation Zone	N/A	ARL-20001	-	707
TEXAS DEPARTMENT OF PUBLIC SAFETY				
Tarrant County Auto Theft Task Force 2021	N/A	608-21-2200000	-	172
Tarrant County Auto Theft Task Force 2022	N/A	608-22-2200000	-	14
Total Texas Department of Public Safety			<u>-</u>	<u>186</u>
TOTAL EXPENDITURES OF STATE AWARDS			\$ -	\$ 1,958
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			\$ -	\$ 60,742

The accompanying notes are an integral part of this Schedule.

City of Arlington, Texas
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal and state award activity of the City of Arlington, Texas (City) under programs of the federal and state government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

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 and UGMS, or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. These 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.

Note 3: Indirect Cost Rate

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

Note 4: 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.

City of Arlington, Texas
Notes to the Schedule of Expenditures of Federal Awards (Continued)
September 30, 2021

Note 5: Relationship to Federal and State Financial Reports

Grant expenditures reports as of September 30, 2021, 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 6: 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, 2021, the outstanding loan payable balances were: TWDB Series 2017 \$9,630,000 and TWDB Series 2019 \$71,550,000.

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, 2021, the outstanding loan payable balances were: TWDB Series 2010 \$6,245,000; TWDB Series 2014 \$2,210,000; TWDB Series 2016 \$1,555,000; TWDB Series 2017 \$3,755,000; TWDB Series 2018 \$3,915,000; and TWDB Series 2019 \$3,990,000.

Consistent with “Section IV – Other Information” of each of these programs compliance supplement sections, the expenditures are considered subawards and not direct federal loans. Therefore, the amounts included in the SEFA for these programs relate to project expenditures incurred during the audit period under these loans.

Note 7: Federal and State Awards Reconciliation (in thousands)

Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balances – governmental funds	\$	58,247
Plus Texas Water Development Board Loan		2,648
Less intergovernmental awards from sources other than federal and state award		(153)
		(153)
 Total expenditures per schedule of expenditures of federal and state awards	 \$	 60,742
		60,742



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

**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
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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 13, 2022, which contained a reference to the reports of other auditors and an emphasis of matter paragraph related to the adoption of GASB Statements No. 84 and 97. 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, and the financial statements of the Part-Time, Seasonal and Temporary Employees Deferred Income Plan 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., the Arlington Tourism Public Improvement District and the Part-Time, Seasonal and Temporary Employees Deferred Income Plan.

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 opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

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.

FORVIS, LLP

Dallas, Texas
June 13, 2022



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

**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
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, 2021. 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 \$36,787,486 in federal awards which are not included in the City's schedule of expenditures of federal awards during the year ended September 30, 2021. 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 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, 2021.

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 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 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. 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 13, 2022, which contained unmodified opinions on these financial statements, references to the reports of other auditors, and an emphasis of matter paragraph related to the adoption of GASB Statements No. 84 and 97. 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.

FORVIS, LLP

Dallas, Texas
June 30, 2022

City of Arlington, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2021

9. Auditee 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

13. The City's major state programs were:

Cluster/Program

Handitran Operating
Innovation Zone

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

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

City of Arlington, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2021

Section II – Financial Statement Findings

Reference Number	Finding
2021-001	<p>Criteria: Management is responsible for the timely and accurate preparation of the City’s annual comprehensive 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, FORVIS identified certain cash reconciling items, which were not properly cleared through the cash accounts. This resulted in a reclass between liabilities and assets, reducing liabilities and cash by same amounts. This adjustment was proposed by FORVIS and recorded by management.</p> <p>Cause: Subsequent to the system implementation, internal controls and review processes were not appropriately followed at a detailed level to ensure cash and reconciling items were properly recoded and cleared.</p> <p>Effect: An audit adjustment (reclassification) to certain liabilities and cash accounts was proposed by FORVIS and recorded by management of the City in order to accurately reflect liabilities and cash in the City’s financial statements.</p> <p>Recommendation: We suggest that the City review its cash reconciliation policies and procedures with respect to year-end financial reporting subsequent to the system implementation to ensure adequate reviews and reconciliations are performed at a level of detail to prevent or detect and correct material misstatements.</p> <p>Views of responsible officials and planned corrective actions: Concur. The City has reviewed its cash reconciliation policies and procedures with respect to year-end financial reporting to ensure adequate reviews and reconciliations are performed at a detailed level to prevent or detect and correct material misstatements including:</p> <ul style="list-style-type: none"> • Continued staff training for cash transaction business processes in new system • Completing cash settlement transactions monthly in new system

City of Arlington, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2021

Section III – Federal and State Award Findings and Questioned Costs

Reference Number	Finding
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No matters are reportable.

City of Arlington, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2021

Reference Number	Summary of Finding	Status
2020-001	The City's financial statements required a prior period adjustment for proper financial statement presentation. The results of our test work indicated the City did not properly record certain developer accruals, bond amortization, and grant expenditures.	Corrected