

**RESOLUTION 21-14**  
**ACCEPTING THE FISCAL YEAR 2020 INDEPENDENT AUDIT REPORT OF THE**  
**HOUSING AUTHORITY OF THE CITY OF ARLINGTON**

- WHEREAS,** the mission statement of the Housing Authority of the City of Arlington states it will maintain and improve fiscal accountability and operational efficiency; and
- WHEREAS,** the U. S. Department of Housing and Urban Development requires that housing authorities contract with an independent auditor to perform an independent audit annually in accordance with Title 2 Code of Federal Regulation Part 200, and that the results of this audit be electronically submitted to the U.S. Department of Housing and Urban Development within nine (9) months of the close of its fiscal year; and
- WHEREAS,** the Housing Authority of the City of Arlington contracted with Clifton Larson Allen LLP to conduct an audit of its financial statements for Fiscal Year 2020; and
- WHEREAS,** Clifton Larson Allen LLP has completed an audit of the Housing Authority of the City of Arlington for Fiscal Year 2020.

**NOW THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS:**

**THAT** the Executive Director, or her designee, is hereby authorized to accept the Fiscal Year 2020 Independent Audit Report submitted by Clifton Larson Allen LLP, identified herein as Exhibit A, and submit the audit report to the U.S Department of Housing and Urban Development as required.

**PRESENTED AND PASSED** on this 24<sup>th</sup> day of February 2021, by a vote of 4 ayes and 0 nays at a regular meeting of the Board of the Commissioners of the Housing Authority of the City of Arlington, Texas.

  
\_\_\_\_\_  
Stephanie Gillespie, Chair

SEAL.

ATTEST:

  
\_\_\_\_\_  
Mindy Cochran, Executive Director/ Secretary

## **MEMORANDUM**

**TO:** Housing Authority of the City of Arlington Board of Commissioners  
**FROM:** Mindy Cochran, Executive Director/Secretary  
**DATE:** February 24, 2021  
**SUBJECT:** Resolution 21-14, Accepting the Fiscal Year 2020 Independent Audit Report of the Housing Authority of the City of Arlington

### **BACKGROUND:**

The Housing Authority of the City of Arlington (AHA) engaged Clifton Larson Allen LLP (CLA) to conduct an independent audit for Fiscal Year 2020 to maintain compliance with Title 2 Code of Federal Regulation 200. With the completion of this audit, the auditor has completed their first audit of the AHA. The contract provides an option to execute up to four 1-year renewals.

### **DISCUSSION**

CLA conducted an audit of the AHA's financial statements for all programs and activities for FY2020, which ended September 30, 2020. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards* issued by the Comptroller General of the United States, the provision of the Single Audit Act, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

These governing standards require that the auditor obtain reasonable assurance whether the financial statements are free of material misstatements, whether caused by error, fraudulent financial reporting, or misappropriation of assets. The audit also includes an assessment of the accounting principles used and significant estimates made by management. CLA has also performed tests of the AHA's internal controls over financial reporting to provide reasonable assurance regarding the achievement of the following objectives:

- (1) The AHA properly records and prepares reliable financial statements for its programs; and
- (2) The AHA maintains accountability over its assets and demonstrates compliance with laws, regulations, and other compliance requirements; and
- (3) Transactions are executed in compliance with federal laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on the programs administered by the AHA; and
- (4) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

The audit performed by CLA included testing of the AHA's financial records and a review of programmatic records to test compliance with applicable regulations. CLA's audit report reflects a "finding free" audit report indicating that the AHA is compliant with applicable laws, regulations, and other regulatory requirements.

**RECOMMENDATION**

Staff recommends that the Housing Authority of the City of Arlington Board of Commissioners accept the Fiscal Year 2020 audit report of the Housing Authority of the City of Arlington submitted by Clifton Larson Allen LLP.

# **EXHIBIT A**

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
(A COMPONENT UNIT OF THE CITY OF ARLINGTON, TEXAS)**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**



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AUDIT, TAX, AND  
CONSULTING

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Housing Authority of the City of Arlington, Texas  
Arlington, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the City of Arlington, Texas (the Authority), (a component unit 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 Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2020, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The 2019 financial statements of the Authority were audited by other auditors whose report dated March 13, 2020, expressed an unmodified opinion on those statements.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 –7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedules as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial data schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 financial data schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Board of Commissioners  
Housing Authority of the City of Arlington, Texas

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Arlington, Texas  
February 23, 2021

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**INTRODUCTION**

As management of the Housing Authority of the City of Arlington, Texas (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**MISSION AND ORGANIZATIONAL STRUCTURE**

The mission of the Authority is to advocate for and pursue affordable housing opportunities for low-income persons in Arlington by:

- Establishing partnerships with public or private community service providers.
- Effectively communicating with internal and external constituencies.
- Attracting and retaining knowledgeable staff and board members by supporting professional development and personal opportunities.
- Maintaining and improving fiscal accountability and operational efficiency.

The Authority is governed by a five-member Board of Commissioners appointed by the Mayor of the City of Arlington. The Authority operates as an independent metropolitan public housing authority and is considered a discrete component unit of the City of Arlington. The Authority's thirty-three (33) employees are City of Arlington employees.

**FINANCIAL HIGHLIGHTS**

The liabilities of the Authority were less than its assets at the close of the fiscal year 2020 resulting in net position of \$4,907,580.

The Authority's cash balance (including restricted and unrestricted) at September 30, 2020 was \$4,928,939 representing an increase of \$1,367,492 from September 30, 2019.

The Authority had revenues of \$33,489,140 from the U.S. Department of Housing and Urban Development (HUD) operating grants and \$321,600 from other revenue sources for the year ended September 30, 2020 compared to \$31,548,855 and \$335,168, respectively, for the year ended September 30, 2019.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements and notes to financial statements included in this report were prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to governmental entities in the U.S. for proprietary fund types.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of statements of net position, statements of revenues, expenses and changes in net position and statements of cash flows.

The statements of net position present information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statements of revenues, expenses and changes in net position present information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statements of cash flows report the cash flows from operating, investing, capital and related financing activities.

The basic financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations.

The basic financial statements can be found on pages 8 through 10 in this report.

**NOTES TO FINANCIAL STATEMENTS**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found in this report after the basic financial statements.

**SUPPLEMENTARY INFORMATION**

The financial data schedules are presented for purposes of additional analysis and can be found on pages 25-28 of this report. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The schedule of expenditures of federal awards can be found on page 34 of this report.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**The Authority as a Whole  
Assets, Liabilities, and Net Position Comparison**

	2020	2019	2018	2020 / 2019 Change	2019 / 2018 Change
<b>Assets:</b>					
Current Assets	\$ 6,341,770	\$ 4,942,765	\$ 5,175,944	\$ 1,399,005	\$ (233,179)
Noncurrent Assets	536,225	391,227	226,578	144,998	164,649
Total Assets	<u>\$ 6,877,995</u>	<u>\$ 5,333,992</u>	<u>\$ 5,402,522</u>	<u>\$ 1,544,003</u>	<u>\$ (68,530)</u>
<b>Liabilities:</b>					
Current Liabilities	\$ 1,559,323	\$ 446,635	\$ 376,718	\$ 1,112,688	\$ 69,917
Long-Term Liabilities	411,092	324,459	350,732	86,633	(26,273)
Total Liabilities	<u>1,970,415</u>	<u>771,094</u>	<u>727,450</u>	<u>1,199,321</u>	<u>43,644</u>
<b>Net Position:</b>					
Unrestricted	4,302,661	3,842,786	3,512,342	459,875	330,444
Restricted	289,229	496,055	936,152	(206,826)	(440,097)
Net Investment in Capital Assets	315,690	224,057	226,578	91,633	(2,521)
Total Net Position	<u>4,907,580</u>	<u>4,562,898</u>	<u>4,675,072</u>	<u>344,682</u>	<u>(112,174)</u>
Total Liabilities and Net Position	<u>\$ 6,877,995</u>	<u>\$ 5,333,992</u>	<u>\$ 5,402,522</u>	<u>\$ 1,544,003</u>	<u>\$ (68,530)</u>

**2020 Comparative Analysis**

Total assets increased by \$1,544,003 from 2019 to 2020 and liabilities increased by \$1,199,321, resulting in an increase in net position of \$344,682. Cash increased by \$1,367,492, accounts receivable increased by \$108,880, and investments decreased by \$24,826. The increase in liabilities is due to unearned revenue of \$1,317,728 related to the Housing Choice Voucher and Mainstream CARES Act funding received during fiscal year 2020. Overall, the Authority's net position is \$344,682 more than the prior year.

**2019 Comparative Analysis**

Total assets decreased by \$68,530 from 2018 to 2019 and liabilities increased by \$43,644, resulting in a decrease in net position of \$112,174. Cash increased by \$7,423, accounts receivable decreased by \$105,678, and investments increased by \$29,737. The increase in liabilities is due to an increase in other current liabilities. Overall, the Authority's net position is \$112,174 less than it was in the prior year.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Revenues, Expenses, and Changes in Net Position**

	2020	2019	2018	2020 / 2019 Change	2019 / 2018 Change
Revenue:					
HUD Operating Grants	\$ 31,004,841	\$ 29,028,986	\$ 28,202,382	\$ 1,975,855	\$ 826,604
HUD Administrative Revenue	2,484,299	2,519,869	2,473,262	(35,570)	46,607
Other Revenue	321,600	335,168	589,525	(13,568)	(254,357)
Total Revenue	<u>33,810,740</u>	<u>31,884,023</u>	<u>31,265,169</u>	<u>1,926,717</u>	<u>618,854</u>
Expenses and Loss:					
Administrative Expenses	3,131,249	2,714,198	2,985,435	417,051	(271,237)
Housing Assistance Payments	30,312,135	29,257,263	27,497,033	1,054,872	1,760,230
Depreciation	22,674	24,736	22,499	(2,062)	2,237
Loss on Sale of Assets	-	-	224,907	-	(224,907)
Total Expenses	<u>33,466,058</u>	<u>31,996,197</u>	<u>30,729,874</u>	<u>1,469,861</u>	<u>1,266,323</u>
Net Increase (Decrease) in Net Position	<u>\$ 344,682</u>	<u>\$ (112,174)</u>	<u>\$ 535,295</u>	<u>\$ 456,856</u>	<u>\$ (647,469)</u>

**2020 Comparative Analysis**

Total revenue increased from 2019 to 2020 by \$1,926,717 due mostly to the increase in housing assistance payment (HAP) and administrative fee revenues from the HUD Housing Choice Voucher program along with increased funding from the CARES Act. Total expenses increased from 2019 to 2020 by \$1,469,861. For 2020, revenue exceeded expenses by \$344,682, an increase of \$456,856 from 2019.

**2019 Comparative Analysis**

Total revenue increased from 2018 to 2019 by \$618,854 due mostly to the increase in housing assistance payment (HAP) and administrative fee revenues from the HUD Housing Choice Voucher program. Total expenses increased from 2018 to 2019 by \$1,266,323. The Authority also incurred a loss on property held for sale in the amount of \$224,907 in the year ended 2018, which was not repeated in 2019. For 2019, expenses exceeded revenue by \$112,174, a decrease of \$647,469 from 2018.

**PROGRAM HIGHLIGHTS**

During fiscal year 2020, the Authority served an average of 3,242 families each month through its rental assistance and homeless programs. The Authority is a HUD designated high performing agency for the 18th consecutive year. There were eleven Family Self Sufficiency (FSS) participants who graduated from the FSS program, which served a total of 135 clients during the year.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**FACTORS AFFECTING FY2021 BUDGET**

Funding for CY2021 is expected to be announced in March 2021. Housing Assistance Payment (HAP) funding for the Authority will continue to be based on Voucher Management System (VMS)-reported information. The Authority expects to serve approximately 3,420 families each month in 2021 under the HCV program, while utilizing nearly 100% of available HAP funding. The Authority's FY21 administrative budget is based on a 78% pro-rata factor for units leased.

In March of 2020, the World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing. Although tenant collections may decrease in fiscal year 2021, we expect an increase in federal funding in connection with the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was signed into law on March 27, 2020.

**LOOKING AHEAD**

The Authority will continue to maximize utilization of its HAP and administrative funding in pursuit of providing affordable housing opportunities for qualified individuals and families in Arlington. In the upcoming fiscal year, the Authority will continue administering the Amy Young Barrier Removal Program, a housing rehabilitation program that makes accessibility modifications to homes occupied by person with physical disabilities. The Authority will continually seek ways to improve current services, provide additional services, and work with community partners towards meeting the housing needs of low-income individuals and families.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's business, financial position, and fiscal accountability for the funds it generates and receives. If you have questions about any information in this report, contact the Arlington Housing Authority at (817) 276-6770.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash - Unrestricted	\$ 2,969,963	\$ 2,606,498
Cash - Restricted	1,738,441	787,779
Investments	1,271,330	1,296,156
Accounts Receivable, HUD	93,465	80,703
Accounts Receivable - Other, Net	238,735	147,400
Accrued Investment Receivable	4,896	113
Prepaid Expenses	24,940	24,116
Total Current Assets	6,341,770	4,942,765
<b>NONCURRENT ASSETS</b>		
Cash - Restricted	220,535	167,170
Capital Assets, Net	315,690	224,057
Total Noncurrent Assets	536,225	391,227
Total Assets	\$ 6,877,995	\$ 5,333,992
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 35,439	\$ 80,614
Accrued Wages and Payroll Taxes Payable	47,371	50,721
Accrued Compensated Absences - Current Position	20,621	19,533
Unearned Revenue	1,317,728	-
Other Current Liabilities	138,164	295,767
Total Current Liabilities	1,559,323	446,635
<b>LONG-TERM LIABILITIES</b>		
Accrued Compensated Absences - Noncurrent Portion	190,557	161,332
Other Noncurrent Liabilities	220,535	163,127
Total Long-Term Liabilities	411,092	324,459
Total Liabilities	1,970,415	771,094
<b>NET POSITION</b>		
Unrestricted	4,302,661	3,842,786
Restricted	289,229	496,055
Net Investment in Capital Assets	315,690	224,057
Total Net Position	4,907,580	4,562,898
Total Liabilities and Net Position	\$ 6,877,995	\$ 5,333,992

See accompanying Notes to Basic Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUE</b>		
HUD Subsidies	\$ 33,489,140	\$ 31,548,855
Other Revenues	279,025	258,544
Total Operating Revenue	<u>33,768,165</u>	<u>31,807,399</u>
<b>OPERATING EXPENSES</b>		
Housing Assistance Payments	30,312,135	29,257,263
Administrative	2,314,514	2,188,878
Tenant Services	295,044	271,284
Utilities	21,126	23,410
Ordinary Maintenance and Operations	92,904	88,837
General	407,661	141,789
Depreciation	22,674	24,736
Total Operating Expenses	<u>33,466,058</u>	<u>31,996,197</u>
<b>OPERATING INCOME (LOSS)</b>	302,107	(188,798)
<b>NONOPERATING INCOME</b>		
Investment Income	42,575	76,624
<b>CHANGE IN NET POSITION</b>	344,682	(112,174)
Net Position - Beginning of Year	<u>4,562,898</u>	<u>4,675,072</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 4,907,580</u>	<u>\$ 4,562,898</u>

See accompanying Notes to Basic Financial Statements.



**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Gross Receipts	\$ 34,794,106	\$ 31,698,963
Other Income Receipts	187,690	213,829
Total Receipts	34,981,796	31,912,792
Payments to Vendors	(916,945)	(578,299)
Payments to Employees	(2,238,123)	(2,157,769)
Housing Assistance Program	(30,412,330)	(29,194,259)
Total Disbursements	(33,567,398)	(31,930,327)
Net Cash Provided (Used) by Operating Activities	1,414,398	(17,535)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	(114,307)	(22,215)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	67,401	47,173
<b>NET INCREASE IN CASH</b>	1,367,492	7,423
Cash - Beginning of Year	3,561,447	3,554,024
<b>CASH - END OF YEAR</b>	\$ 4,928,939	\$ 3,561,447
<b>RECONCILIATION TO STATEMENTS OF NET POSITION</b>		
Cash - Unrestricted	\$ 2,969,963	\$ 2,606,498
Cash - Restricted (Current)	1,738,441	787,779
Cash - Restricted (Noncurrent)	220,535	167,170
Total	\$ 4,928,939	\$ 3,561,447
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 302,107	\$ (188,798)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	22,674	24,736
Changes in Operating Assets and Liabilities:		
Accounts Receivable - HUD	(12,762)	137,045
Accounts Receivable - Other	(86,500)	(42,998)
Allowance for Doubtful Accounts	(9,618)	11,345
Prepaid Expenses	(824)	(2,509)
Accounts Payable	(45,175)	(14,220)
Accrued Wages and Payroll Taxes Payable	(3,350)	7,907
Accrued Compensated Absences	30,313	(13,046)
Unearned Revenue	1,317,728	-
Other Current Liabilities	(100,195)	72,123
Other Noncurrent Liabilities	-	(9,120)
Net Cash Provided (Used) by Operating Activities	\$ 1,414,398	\$ (17,535)

See accompanying Notes to Basic Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS**

The Housing Authority of the City of Arlington, Texas (Authority) is organized under the laws of the state of Texas for purposes of engaging in the development, acquisition, leasing, operation, and administration of a Housing Choice Voucher Program.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Housing Choice Voucher Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans or grants to assist in financing the acquisition, construction and/or leasing of housing units, to make housing assistance payments, and to make annual contributions (subsidies) for the purpose of maintaining the low-rent character of the local housing program.

On September 17, 2007, the Emergency Housing Assistance Corporation (EHAC) was formed under the Texas Non-Profit Corporation Act at the behest of the Authority to expedite staffing, facilities, and equipment requirements to administer the Disaster Housing Assistance Program funded by the Federal Emergency Management Administration (FEMA), previously administered by HUD. The initial purpose of the EHAC was to provide emergency housing and the prevention of homelessness to victims of Hurricanes Katrina and Rita. Funds remain available to provide emergency assistance and relief to persons affected by natural disasters as needed or requested.

**Reporting Entity**

The Authority is a separate autonomous entity governed by a five-member board of commissioners, appointed by the mayor of the City of Arlington, Texas (City). The Authority is reported as a discrete component unit of the City.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board (GASB) Codification and GASB Statement 61, *Financial Reporting Entity: Omnibus - and amendments of GASB Statements No. 14 and No. 34*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

The EHAC is a component unit of the Authority governed by a three to five-member board of directors, appointed by the Commissioners of the Authority. The EHAC is reported as a blended component unit of the Authority. Blended component units, although separate entities, are in substance, part of the Authority's operations. No separate financial statements exist for the EHAC. Effective November 20, 2019, the board voted to dissolve the EHAC.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS (CONTINUED)**

**Description of a Public Housing Authority**

Funding for the Authority comes primarily from HUD. The Section 8 Housing Choice Voucher Program (HCV) provides rental supplements on behalf of qualifying individuals to the owners of existing private housing units. The Authority processes all applicants for the HCV Program, places approved applicants in housing and pays the owner of the private housing a monthly rental supplement. Under the conditions of an annual contributions contract, HUD reimburses the Authority for the rental supplements and the administrative cost of managing the program.

The Authority operates the following programs:

Housing Choice Voucher Program – This program was authorized by Section 8 of the National Housing Act to provide housing assistance payments to private, not-for-profit, or public landlords to subsidize rent payments for low-income persons. The Housing Choice Voucher Program allows for existing housing units to be used to house eligible low-income families. HUD provides a contracted dollar amount to the Authority which is used to provide rental assistance payment to landlords. This program assists low-income families and individuals in finding and leasing a house or apartment. After inspecting the unit, the Authority assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by HUD through the Authority. For fiscal year 2020, this also includes additional funding received under the Housing Choice Voucher CARES Act funding provisions.

HOME Investment Partnerships Program – HOME Investment Partnerships Program (HOME) is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. HOME provides formula grants to states and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. HOME is the largest federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds are awarded annually as formula grants to participating jurisdictions. The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90% of benefiting families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area. The Authority uses HOME fund to provide rental assistance for up to two years for eligible households.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS (CONTINUED)**

**Description of a Public Housing Authority (Continued)**

Shelter Plus Care Program – The Shelter Plus Care Program (S+C) is a HUD funded rental housing assistance program for persons that are homeless. The S+C program, as part of a local Continuum of Care strategy, provides rental assistance in connection with supportive services. The program provides a variety of permanent housing choices, accompanied by a range of supportive services funded through other sources. S+C assists hard to serve homeless individuals with disabilities and their families. These individuals primarily include those with serious mental illness, chronic problems with alcohol and/or drugs, and HIV/AIDS or related diseases. To ensure that the neediest of the homeless population are being served, grantees must provide needed supportive services - matching rental assistance with an equal amount of supportive services from other sources. Other federal, state, or local sources, as well as private sources may fund the services. In addition to recordkeeping and evaluation that grantees may conduct for their own purposes, they must adhere to HUD-required recordkeeping plus a formalized annual project review (the Annual Progress Report).

Arlington Nurse Family Partnership – The Arlington Nurse Family Partnership (NFP) program is a HUD-funded program designed to provide stable rental housing and necessary supportive services to young women expecting their first child. In partnership with the Tarrant County Health Department, this program will address critical housing, health, and self-sufficiency needs of both the mother and the infant. Eligible participants are first-time pregnant women that meet income and residency requirements who will receive rental assistance and supportive services of registered nurses for up to two (2) years. Participation in similar programs in the past have resulted in improved prenatal health, fewer childhood injuries, fewer subsequent pregnancies, increased maternal employment, and improved school readiness. As part of the local Continuum of Care strategy, the Authority expects an outcome where children are healthy, families, thrive, unhealthy cycles are broken, and the community prospers.

Rapid Rehousing Program – The Rapid Rehousing program (RRH) serves homeless persons to rapidly rehouse them and provides one year of rental assistance and two years of case management. Clients are often referred from the Arlington Life Shelter (ALS), My Health My Resources of Tarrant County (MHMRTC), and AIDS Outreach Center. The target population of RRH program participants may include persons who are victims of domestic abuse, as well as persons with mental disabilities, alcohol/drug dependency, or HIV/AIDS.

The Family Self-Sufficiency (FSS) Program – This program assists eligible families in becoming economically self-sufficient members of the community. The program is voluntary for participants of the Housing Choice Voucher program. During the participant's five-year FSSS contract, they are provided with case management and resources to help them achieve their self-chosen goals. To graduate from the FSS program, participants must obtain full-time employment, be free from welfare, and achieve the goals identified in their contract of participation.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS (CONTINUED)**

**Description of a Public Housing Authority (Continued)**

Mainstream Voucher Program – This program was funded by the Consolidated Appropriations Acts, 2017-2019, the first funding for new mainstream vouchers since 2005. Mainstream vouchers assist nonelderly persons with disabilities. Aside from serving a special population, mainstream vouchers are administered using the same rules as other housing choice vouchers. Funding and financial reporting for the Mainstream Voucher Program is separate from the regular tenant-based voucher program. For fiscal year 2020, this also includes additional funding received under the Mainstream Voucher CARES Act funding provisions.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Accounting**

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The Authority has determined that all its programs shall be accounted for as a single enterprise fund, which is a type of proprietary fund. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included in the statements of net position.

The Authority utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability has been incurred. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority's enterprise fund is grant revenue from HUD. Operating expenses for the Authority include the cost of providing rental assistance to landlords for the benefit of persons participating in the HCV program, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All the Authority's programs are accounted for as one business-type activity reported in a single enterprise fund.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to allowance for uncollectible accounts receivable and depreciation. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

**Budgets**

Budgets for the Housing Choice Voucher Program are adopted and amended on a HUD-prescribed basis. In general, operating budgets are adopted on an annual basis, while the budget for programs supported by the Shelter Plus Care, Rapid Rehousing and HOME funds cover up to one year. Expenditures may not exceed total allocations by program. The budget is a management tool used by the Authority and is not considered a legally adopted budget. Accordingly, the budget is not presented as required supplementary information to the financial statements.

**Investments**

Investments consist of certificates of deposit and are carried at cost which approximates fair value and are legally restricted to investments in HUD-approved securities (principally obligations of the federal government, federal agencies, and federally insured bank deposits).

**Accounts Receivable – Other**

Accounts receivable - other consist primarily of amounts due from repayment agreements and recoupments entered into with current and former voucher participants and property owners, reimbursements from the City of Arlington related to the grants administered, and reimbursements from HUD for the homeless assistance grants. An allowance of \$11,529 and \$35,122 was reserved for potentially uncollectible amounts at September 30, 2020 and 2019, respectively.

**Inter-Program Receivables and Payables**

Inter-program receivables/payables are all classified as either current assets or current liabilities and are the result of the use of a common cash account as the paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances are reconciled. These inter-program receivables and payables have been eliminated in the preparation of the basic financial statements. The detail by program can be found in the financial data schedules included in the supplementary information to the financial statements.

**Prepaid Expenses**

Prepaid expenses consist of payments made to vendors applicable to the next year.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Cash**

The Authority's restricted cash includes the Family Self-Sufficiency (FSS) Escrow balances, Mainstream Voucher HAP, Housing Choice Voucher HAP, and unspent funds received under both the Mainstream and Housing Choice Voucher CARES Act.

During the year ended September 30, 2020, the Authority received \$9,120 more Mainstream Voucher CARES Act program funds than expended, and the HCV Program received \$1,308,608 more CARES Act program funds than expended. As such, these balances are included in restricted cash at fiscal year-end.

Restricted cash balances at September 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Mainstream Voucher CARES Unspent Funds	\$ 9,120	\$ -
Mainstream Voucher HAP	40,473	325,678
Housing Choice Voucher CARES Unspent Funds	1,308,608	-
Housing Choice Voucher HAP	247,791	170,377
FSS Escrow	352,984	458,894
Total	<u>\$ 1,958,976</u>	<u>\$ 954,949</u>

**Capital Assets**

Land, structures, and equipment greater than \$5,000 are recorded at historical cost. Donated capital assets are recorded at their fair value on the date donated. Depreciation, using the straight-line method, is calculated over estimated useful lives as follows:

Equipment	5 Years
Building Improvements	39 Years

**Impairment of Long-Lived Assets**

In accordance with GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off. No such impairment loss was incurred during the years ended September 30, 2020 and 2019.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensation for Future Absences**

Compensated absences are those absences, for which employees will be paid, such as vacation, computed in accordance with GASB No. 16, Accounting for Compensated Absences. The Authority's employees are granted vacation and sick leave in varying amounts. The Authority's employees earn vacation leave for each month of work performed. The accrual rate increases with years of service up to a maximum of 20 days per year for 15 years of service and over. On specified anniversary dates, additional days are credited, up to certain amounts, according to length of service. Accrued vacation is paid to the employees upon termination of employment for employees who have completed at least six months of continuous service. The Authority's employees accumulate 1.25 days of sick leave per month with a maximum accrual of 150 days.

**HUD Subsidies and Contributions**

Subsidies and contributions from HUD are received periodically and represent the most significant source of revenues. The terms of these subsidies and contributions are defined in various contracts. HUD subsidies for ongoing operations and housing assistance payments for each unit rented to qualified tenants are recorded as revenues.

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction, or improvements of those assets. Restricted net position is reported when there are limitations imposed on their use either through enabling legislation adopted by the Authority through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for the same purpose, it is the Authority's policy to consider restricted net position to be depleted before unrestricted net position is applied.

**New Accounting Pronouncements**

During the year ended September 30, 2020, the Authority did not adopt any new GASB accounting standards. The GASB has issued the following statements which will be effective in future years as described below:

Statement No. 87, *Leases*, which is effective for the Authority beginning in fiscal year 2022. This statement will require recognition of certain lease assets and lease liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Authority has not yet determined the impact on implementing the new statement that will be effective in future years.



**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 CASH AND INVESTMENTS**

The Authority's deposits are categorized below to give an indication of the level of collateralization provided to the Authority in connection with its cash and investments. Category 1 includes deposits insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with securities held by the Authority or by its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institutions trust department or agent in the Authority's name. Category 3 represents uncollateralized deposits including bank balances collateralized with securities held by the pledging institutions financial institution or by its trust department or agent but not in the Authority's name.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally insured investments. All the Authority's cash and investments fall within Category 1.

The Authority has demand deposits for years ended September 30, 2020 and 2019 of \$4,928,939 and \$3,561,447, respectively. At September 30, 2020, the Authority had certificates of deposits totaling \$1,253,230 with 0.15 to 0.85 years to maturity and U.S. treasury notes totaling \$18,100 with 0.50 years to maturity. At September 30, 2019 the Authority had certificates of deposit totaling \$961,323 with 0.11 to 0.91 years to maturity and U.S. treasury notes totaling \$334,833 with 0.25 to 1.50 years to maturity.

**Risks**

Interest Rate Risk – In accordance with its investment policy, the Authority manages its exposure to decline in fair values by limiting its investments to those allowed by HUD and its portfolio maturity to less than three years.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority complies with the state of Texas custodial risk policy which states that all bank deposits in excess of the FDIC limit be collateralized.

**NOTE 4 FAIR VALUE MEASUREMENT**

In accordance with GASB Statement 72, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

*Level 1* – Quoted prices for identical assets or liabilities in active markets that the Authority can access.

*Level 2* – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; and model-derived valuations in which all significant inputs are observable in active markets.

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 4 FAIR VALUE MEASUREMENT (CONTINUED)**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth the Authority's Level 1 investments at fair value as of September 30:

	<u>2020</u>	<u>2019</u>
Certificates of Deposit	\$ 1,253,230	\$ 961,323
U.S. Treasury Notes	18,100	334,833
Total	<u>\$ 1,271,330</u>	<u>\$ 1,296,156</u>

**NOTE 5 ACCOUNTS RECEIVABLE – HUD**

Amounts due from HUD consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Housing Choice Vouchers	\$ -	\$ 10,417
Family Self Sufficiency	15,363	-
Shelter Plus Care	78,102	70,286
Total	<u>\$ 93,465</u>	<u>\$ 80,703</u>

**NOTE 6 ACCOUNTS RECEIVABLE – OTHER**

Accounts receivable – other consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Portable Vouchers	\$ 1,035	\$ 9,139
HAP Recoupments	92,792	46,273
Due from Other Government	92,038	37,994
Fraud Recovery	78,374	89,116
Allowance for Doubtful Accounts	(25,504)	(35,122)
Total	<u>\$ 238,735</u>	<u>\$ 147,400</u>

**NOTE 7 DUE TO/(FROM) OTHER PROGRAMS**

Due to/(from) other programs consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Business Activities	\$ 185,503	\$ 118,697
HOME	(92,038)	(37,994)
Shelter Plus Care/Continuum of Care	(78,102)	(70,286)
Family Self Sufficiency	(15,363)	(10,417)
Total	<u>\$ -</u>	<u>\$ -</u>

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 8 CAPITAL ASSETS**

A summary of capital assets for the years ended September 30, 2020 and 2019 is as follows:

	Balance at September 30, 2019	Additions	Retirements	Balance at September 30, 2020
Building Improvements	\$ 562,711	\$ 114,307	\$ -	\$ 677,018
Furniture, Equipment, and Machinery	382,113	-	-	382,113
Less Accumulated Depreciation	(720,767)	(22,674)	-	(743,441)
Total	<u>\$ 224,057</u>	<u>\$ 91,633</u>	<u>\$ -</u>	<u>\$ 315,690</u>

	Balance at September 30, 2018	Additions	Retirements	Balance at September 30, 2019
Building Improvements	\$ 562,711	\$ -	\$ -	\$ 562,711
Furniture, Equipment, and Machinery	359,898	22,215	-	382,113
Less Accumulated Depreciation	(696,031)	(24,736)	-	(720,767)
Total	<u>\$ 226,578</u>	<u>\$ (2,521)</u>	<u>\$ -</u>	<u>\$ 224,057</u>

**NOTE 9 LEASE COMMITMENT**

The Authority leases its building under a renewable operating lease expiring September 30, 2022 with automatic extensions of five-year terms at the option of the Authority. The lease provides for annual rental adjustments based on operating expenses of the lessor. Lease expense incurred during each of the years ended September 30, 2020 and 2019 totaled \$49,042. Future minimum lease payments expected under this lease at September 30, 2020 total \$49,042 per year for the years ending September 30, 2021 through September 30, 2022. The Authority may terminate the lease if it, in its sole discretion, determines that the use and economic viability of the leased premises warrants termination of the lease.

**NOTE 10 LONG-TERM LIABILITIES**

As of September 30, 2020 and 2019, long-term liabilities consisted of the following:

	Balance at September 30, 2019	Additions	Retirements	Balance at September 30, 2020	Amount Due in One Year
Compensated Absences	\$ 180,865	\$ 30,313	\$ -	\$ 211,178	\$ 20,621
FSS Escrow	458,894	-	(105,910)	352,984	132,449
Total	<u>\$ 639,759</u>	<u>\$ 30,313</u>	<u>\$ (105,910)</u>	<u>\$ 564,162</u>	<u>\$ 488,565</u>

	Balance at September 30, 2018	Additions	Retirements	Balance at September 30, 2019	Amount Due in One Year
Compensated Absences	\$ 193,911	\$ -	\$ (13,046)	\$ 180,865	\$ 19,533
FSS Escrow	395,891	63,003	-	458,894	163,127
Total	<u>\$ 589,802</u>	<u>\$ 63,003</u>	<u>\$ (13,046)</u>	<u>\$ 639,759</u>	<u>\$ 689,716</u>

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 11 RELATED PARTIES**

The City provides certain accounting services to the Authority and makes payments on behalf of the Authority. In accordance with the Interlocal Cooperation Agreement, the Authority reimburses the City \$1 per unit leased per month, calculated annually at year end. During the years ended September 30, 2020 and 2019, the Authority was billed \$38,889 and \$41,108, respectively, by the City for accounting services paid by the City on behalf of the Authority. In addition, the City provides health insurance and life insurance coverage for the employees of the Authority. During the years ended September 30, 2020 and 2019, the Authority paid \$243,492 and \$224,220, respectively, to the City for these expenses.

**NOTE 12 CONTRACT COMPLIANCE**

The Authority is responsible for compliance with provisions of contracts and grant agreements. Noncompliance could result in the disallowance of expenditure and a request for reimbursement. In the opinion of the Authority's management, such disallowance, if any, would not be significant to the Authority's financial statements.

**NOTE 13 RETIREMENT PLAN DESCRIPTION**

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 888 administered by TMRS, an agent, multiple-employer public employee retirement system. All eligible employees of the Authority are required to participate in TMRS as they are considered employees of the City.

TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The contribution rate for the employees is 7%, and the city matching ratio is currently 2 to 1, both as adopted by the governing body of the City.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 13 RETIREMENT PLAN DESCRIPTION (CONTINUED)**

**Pension Expense and Liabilities**

Authority personnel are employees of the City. Beginning in fiscal year 2015, and in accordance with GASB 68 and 71, the City's net pension liability is recorded on the face of the financial statements. The City elected to allocate the net pension liability among governmental and business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Component units' contributions total 0.96% of total contributions and are not allocated separately, due to the threshold percentage. The Authority is part of the component units of the City, and therefore, no pension liability is recorded on the books of the Authority.

**NOTE 14 OTHER POST-EMPLOYMENT BENEFITS**

The Authority administers, through the City a single employer, self-funded, defined benefit healthcare plan. The plan provides postretirement health care benefits to eligible retirees and their spouses. An eligible employee can continue health care coverage in retirement if the employee's age plus service is at least 70 with a minimum age requirement of 50 years and a minimum of ten years of service with the City. Employees hired after December 31, 2005 are not eligible for postretirement health care benefits. The City plan has a nonduplication coordination of benefits with Medicare and other primary plans for retirees and/or their dependents.

When an employee retires, it is the policy of the City to transfer any liabilities and associated expenses to the general fund of the City, regardless of the department or component unit in which the employee worked. Therefore, the actuarial accrued liability for all City employees, including those employed by the Authority, is reflected in the City's comprehensive annual financial report and no allocation is shown in the Authority's individual statements.

**NOTE 15 RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses over the coverage period. Insurance coverage provided includes property and casualty, general liability, professional liability, and workers' compensation.

**NOTE 16 ECONOMIC DEPENDENCY**

The Housing Choice Voucher Program is economically dependent on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants. During the years ended September 30, 2020 and 2019, 99% of total revenues were from HUD programs.

## **SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
FINANCIAL DATA SCHEDULE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

Line Item No.	Account Description	14.MSC Mainstream Cares Act Funding	14.896 PIH Family Self-Sufficiency Program	Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.239 HOME Invest Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV Cares Act Funding	Elimination	Total Reporting Entity
<b>CURRENT ASSETS</b>											
111	Cash - Unrestricted	\$ -	\$ -	\$ 1,097,829	\$ -	\$ 20,983	\$ -	\$ 1,851,151	\$ -	\$ -	\$ 2,969,963
113	Cash - Other Restricted	9,120	-	-	-	40,473	-	468,326	1,308,608	-	1,826,527
115	Cash - Restricted for Payment of Current Liability	-	-	-	-	-	-	132,449	-	-	132,449
100	Total Cash	9,120	-	1,097,829	-	61,456	-	2,451,926	1,308,608	-	4,928,939
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	1,035	-	-	1,035
122	Accounts Receivable - HUD Other Projects	-	15,363	-	78,102	-	-	-	-	-	93,465
124	Accounts Receivable - Other Government	-	-	-	-	-	92,038	-	-	-	92,038
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	92,792	-	-	92,792
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	(11,529)	-	-	(11,529)
128	Fraud Recovery	-	-	-	-	-	-	78,374	-	-	78,374
128.1	Allowance for Doubtful Accounts - Fraud Recovery	-	-	-	-	-	-	(13,975)	-	-	(13,975)
129	Accrued Interest Receivable	-	-	-	-	-	-	4,896	-	-	4,896
120	Total Receivables, Net of Allowances	-	15,363	-	78,102	-	92,038	151,593	-	-	337,096
131	Investments - Unrestricted	-	-	568,470	-	-	-	702,860	-	-	1,271,330
142	Prepaid and Other Assets	-	-	-	-	-	-	24,940	-	-	24,940
144	Inter Program - Due From	-	-	185,503	-	-	-	-	-	(185,503)	-
150	Total Current Assets	9,120	15,363	1,851,802	78,102	61,456	92,038	3,331,319	1,308,608	(185,503)	6,562,305
<b>NONCURRENT ASSETS</b>											
162	Buildings	-	-	-	-	-	-	677,018	-	-	677,018
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-	-	382,113	-	-	382,113
166	Accumulated Depreciation	-	-	-	-	-	-	(743,441)	-	-	(743,441)
160	Total Fixed Assets, Net of Accumulated Depreciation	-	-	-	-	-	-	315,690	-	-	315,690
180	Total Noncurrent Assets	-	-	-	-	-	-	315,690	-	-	315,690
190	Total Assets	\$ 9,120	\$ 15,363	\$ 1,851,802	\$ 78,102	\$ 61,456	\$ 92,038	\$ 3,647,009	\$ 1,308,608	\$ (185,503)	\$ 6,877,995

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
FINANCIAL DATA SCHEDULE  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2020**

Line Item No.	Account Description	14.MSC Mainstream Cares Act Funding	14.896 PIH Family Self-Sufficiency Program	Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.239 HOME Invest Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV Cares Act Funding	Elimination	Total Reporting Entity
<b>CURRENT LIABILITIES</b>											
312	Accounts Payable <= 90 Days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,439	\$ -	\$ -	\$ 35,439
321	Accrued Wages and Payroll Taxes Payable	-	-	-	-	-	-	47,371	-	-	47,371
322	Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	20,621	-	-	20,621
342	Unearned Revenue	9,120	-	-	-	-	-	-	1,308,608	-	1,317,728
345	Other Current Liabilities	-	-	-	-	-	-	132,449	-	-	132,449
346	Accrued Liabilities - Other	-	-	-	-	-	-	5,715	-	-	5,715
347	Inter Program- Due to	-	15,363	-	78,102	-	92,038	-	-	(185,503)	-
310	Total Current Liabilities	9,120	15,363	-	78,102	-	92,038	241,595	1,308,608	(185,503)	1,559,323
<b>NONCURRENT LIABILITIES</b>											
353	Non-current Liabilities - Other	-	-	-	-	-	-	220,535	-	-	220,535
354	Accrued Compensated Absences - Noncurrent	-	-	-	-	-	-	190,557	-	-	190,557
350	Total Noncurrent Liabilities	-	-	-	-	-	-	411,092	-	-	411,092
300	Total Liabilities	9,120	15,363	-	78,102	-	92,038	652,687	1,308,608	(185,503)	1,970,415
<b>NET POSITION</b>											
508.4	Net Investment in Capital Assets	-	-	-	-	-	-	315,690	-	-	315,690
511.4	Restricted Net Position	-	-	-	-	40,473	-	248,756	-	-	289,229
512.4	Unrestricted Net Position	-	-	1,851,802	-	20,983	-	2,429,876	-	-	4,302,661
513	Total Net Position	-	-	1,851,802	-	61,456	-	2,994,322	-	-	4,907,580
600	Total Liabilities and Net Position	\$ 9,120	\$ 15,363	\$ 1,851,802	\$ 78,102	\$ 61,456	\$ 92,038	\$ 3,647,009	\$ 1,308,608	\$ (185,503)	\$ 6,877,995



**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
FINANCIAL DATA SCHEDULE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2020**

Line Item No.	Account Description	14.MSC Mainstream Cares Act Funding	14.896 PIH Family Self-Sufficiency Program	Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.239 HOME Invest Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV Cares Act Funding	Elimination	Total Reporting Entity
<b>REVENUES</b>											
70600	HUD PHA Operating Grants	\$ 465	\$ 183,698	\$ -	\$ 693,300	\$ 413,569	\$ 434,959	\$ 31,286,087	\$ 477,062	\$ -	\$ 33,489,140
70800	Other Government Grants	-	-	9,499	-	-	-	-	-	-	9,499
71100	Investment Income - Unrestricted	-	-	3,900	-	-	-	38,675	-	-	42,575
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	34,211	-	-	34,211
71500	Other Revenue	-	-	7,332	-	-	-	227,983	-	-	235,315
70000	Total Revenues	465	183,698	20,731	693,300	413,569	434,959	31,586,956	477,062	-	33,810,740
<b>EXPENSES</b>											
Administrative:											
91100	Administrative Salaries	465	-	3,742	15,019	-	6,711	1,137,070	300,140	-	1,463,147
91200	Auditing Fees	-	-	-	-	-	-	30,000	-	-	30,000
91400	Advertising Expenses	-	-	-	-	-	-	90	-	-	90
91500	Employee Benefit Contributions - Administrative	-	-	1,149	4,662	-	3,289	355,922	117,959	-	482,981
91600	Other Operating - Administrative	-	-	11,774	19,236	-	137	237,639	58,627	-	327,413
91800	Travel Expense	-	-	-	-	-	-	10,547	336	-	10,883
	Total Administrative	465	-	16,665	38,917	-	10,137	1,771,268	477,062	-	2,314,514
Tenant Services:											
92100	Tenant Services - Salaries	-	123,078	-	62,989	-	24,434	-	-	-	210,501
92300	Employee Benefit Contributions - Tenant Services	-	60,620	-	14,375	-	9,548	-	-	-	84,543
	Total Tenant Services	-	183,698	-	77,364	-	33,982	-	-	-	295,044
Utilities:											
93200	Electricity	-	-	-	1,564	-	-	16,134	-	-	17,698
93300	Gas	-	-	-	-	-	-	3,301	-	-	3,301
93400	Fuel	-	-	-	127	-	-	-	-	-	127
	Total Utilities	-	-	-	1,691	-	-	19,435	-	-	21,126
Ordinary Maintenance & Operations:											
94300	Ordinary Maintenance and Operations - Contract Costs	-	-	-	-	-	-	92,904	-	-	92,904
	Total Ordinary Maintenance & Operations	-	-	-	-	-	-	92,904	-	-	92,904

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
FINANCIAL DATA SCHEDULE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2020**

Line Item No.	Account Description	14.MSC Mainstream Cares Act Funding	14.896 PIH Family Self-Sufficiency Program	Business Activities	14.267 Continuum of Care Program	14.879 Mainstream Vouchers	14.239 HOME Invest Partnerships Program	14.871 Housing Choice Vouchers	14.HCC HCV Cares Act Funding	Elimination	Total Reporting Entity
	Insurance Premiums:										
96110	Property Insurance	\$ -	\$ -	\$ -	\$ 482	\$ -	\$ -	\$ 569	\$ -	\$ -	\$ 1,051
96120	Liability Insurance	-	-	-	-	-	-	2,514	-	-	2,514
96130	Workmen's Compensation	-	-	-	-	-	-	3,294	-	-	3,294
	Total Insurance Premiums	-	-	-	482	-	-	6,377	-	-	6,859
	General Expenses:										
96200	Other General Expenses	-	-	-	-	325,748	-	37,530	-	-	363,278
96210	Compensated Absences	-	-	-	-	-	-	20,620	-	-	20,620
96600	Bad Debt - Other	-	-	-	-	-	-	16,904	-	-	16,904
	Total General Expenses	-	-	-	-	325,748	-	75,054	-	-	400,802
96900	Total Operating Expenses	465	183,698	16,665	118,454	325,748	44,119	1,965,038	477,062	-	3,131,249
97000	Excess Operating Revenue over Operating Expenses	-	-	4,066	574,846	87,821	390,840	29,621,918	-	-	30,679,491
97300	Housing Assistance Payments	-	-	36,229	574,846	363,671	390,840	28,796,783	-	-	30,162,369
97350	HAP Portability - In	-	-	-	-	-	-	149,766	-	-	149,766
97400	Depreciation	-	-	-	-	-	-	22,674	-	-	22,674
90000	Total Expenses	465	183,698	52,894	693,300	689,419	434,959	30,934,261	477,062	-	33,466,058
10000	Excess (Deficiency) of Operating Revenues over (Under) Expenses	-	-	(32,163)	-	(275,850)	-	652,695	-	-	344,682
	Memo Account Information										
11030	Beginning Equity	-	-	1,819,244	-	337,306	-	2,406,348	-	-	4,562,898
11040	Prior Period Adjustments, Equity Transfers	-	-	64,721	-	-	-	(64,721)	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	2,746,531	-	-	2,746,531
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	247,791	-	-	247,791
11190	Unit Months Available	-	-	32	858	600	435	45,168	-	-	47,093
11210	Number of Unit Months Leased	-	-	32	740	492	404	38,897	-	-	40,565

## **SINGLE AUDIT REPORT**



**INDEPENDENT AUDITORS' 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***

Board of Commissioners  
Housing Authority of the 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 Housing Authority of the City of Arlington, Texas (the Authority) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 23, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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*.

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



**CliftonLarsonAllen LLP**

Arlington, Texas  
February 23, 2021



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners  
Housing Authority of the City of Arlington, Texas  
Arlington, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the City of Arlington, Texas' (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2020. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

### ***Opinion on Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

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

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority's internal control over compliance.

*A deficiency in internal control over compliance* 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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal 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 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, as defined above. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Arlington, Texas  
February 23, 2021

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number	Federal Expenditures
Direct Awards:			
<b>U.S. Department of Housing and Urban Development</b>			
Housing Voucher Cluster			
Section 8 Housing Choice Voucher	14.871	N/A	\$ 30,998,982
HCV CARES Act Funding	14.HCC	N/A	477,062
Mainstream Voucher Program	14.896	N/A	413,569
Mainstream CARES Act Funding	14.MSC	N/A	465
Total Housing Voucher Cluster			<u>31,890,078</u>
Family Self Sufficiency Program	14.896	N/A	183,698
Continuum of Care Program	14.267	N/A	693,300
			<u>876,998</u>
Pass-Through Awards:			
<b>U.S. Department of Housing and Urban Development</b>			
<b>City of Arlington</b>			
HOME Investment Partnerships Program	14.239	N/A	434,959
Total Expenditures of Federal Awards			<u><u>\$ 33,202,035</u></u>

See accompanying Note to Schedule of Expenditures of Federal Awards.



**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Housing Authority of the City of Arlington under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Housing Authority of the City of Arlington, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Housing Authority of the City of Arlington.

**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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 INDIRECT COST RATE**

The Housing Authority of the City of Arlington has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
SCHEDULE OF FINDINGS AND QUESTION COSTS  
YEAR ENDED SEPTEMBER 30, 2020**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

**Identification of Major Federal Programs**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
14.871/14.HCC/14.879/14.MSC	Section 8 Housing Choice Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ \_\_\_\_\_ 1,004,674 \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no

**HOUSING AUTHORITY OF THE CITY OF ARLINGTON, TEXAS  
SCHEDULE OF FINDINGS AND QUESTION COSTS  
YEAR ENDED SEPTEMBER 30, 2020**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a)

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**Section IV – Prior Year Major Federal Program Findings**

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There were no findings in the prior year that were required to be reported in accordance with Section 510(a) of OMB Circular A-133.