

Federal and State Financial Assistance Programs

**City of Arlington, Texas**

September 30, 2017

**City of Arlington, Texas**

Federal and State Financial Assistance Programs

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas (the “City”) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 6, 2018.

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

**Internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and other matters**

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

#### **Intended purpose**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dallas, Texas  
March 6, 2018



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

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

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**Report on compliance for each major federal and state program**

We have audited the compliance of the City of Arlington, Texas (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget’s *OMB Compliance Supplement* and the State of Texas *Single Audit Circular* (Single Audit Circular) that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2017. The City’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Our audit of, and opinion on, the City’s compliance for each major federal and state program does not include the operations of the Arlington Housing Authority, (a discretely presented component unit), which received federal awards for the year ended September 30, 2017 that are not included in the accompanying schedule of findings and questioned costs. The Arlington Housing Authority engaged other auditors to audit its compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Single Audit Circular.

**Management’s responsibility**

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

**Auditor’s responsibility**

Our responsibility is to express an opinion on compliance for each of the City’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Single Audit Circular*. Those standards, the Uniform Guidance, and the Single Audit Circular 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, 2017.

**Report on internal control over compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal and state program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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



Dallas, Texas  
March 15, 2018



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED  
BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS *SINGLE AUDIT CIRCULAR***

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

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We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and our report thereon dated March 6, 2018, expressed unmodified opinions on these financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Texas *Single Audit Circular*, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Grant Thornton LLP*

Dallas, Texas  
March 6, 2018

**City of Arlington, Texas**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

September 30, 2017  
(Amounts in thousands)

<u>Federal Grantor/Pass-through Granter/Program Title</u>	<u>Grant Award Number</u>	<u>Federal CFDA Number</u>	<u>Federal &amp; State Expenditures</u>	<u>Pass-Through to Sub- Recipients</u>
<b>FEDERAL AWARDS</b>				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	B-14-MC-48-0008	14.218	\$ 682	\$
Community Development Block Grants/Entitlement Grants	B-15-MC-48-0008	14.218	316	
Community Development Block Grants/Entitlement Grants	B-16-MC-48-0008	14.218	1,411	342
Community Development Block Grants/Entitlement Grants	B-17-MC-48-0008	14.218	<u>280</u>	<u>111</u>
Total CDBG - Entitlement Grants Cluster			2,689	453
Emergency Solutions Grants Program (2015)	E-15-MC-48-0009	14.231	25	23
Emergency Solutions Grants Program (2016)	E-16-MC-48-0009	14.231	180	162
Emergency Solutions Grants Program (2017)	E-17-MC-48-0009	14.231	<u>59</u>	<u>58</u>
Total Emergency Solutions Grants Program			264	243
Home Investment Partnerships Program (2014)	M-14-MC-48-0212	14.239	81	
Home Investment Partnerships Program (2015)	M-15-MC-48-0212	14.239	172	5
Home Investment Partnerships Program (2016)	M-16-MC-48-0212	14.239	792	45
Home Investment Partnerships Program (2017)	M-17-MC-48-0212	14.239	<u>71</u>	<u>52</u>
Total Home Investment Partnerships Program			<u>1,116</u>	<u>102</u>
Total Department of Housing and Urban Development			<u>4,069</u>	<u>798</u>
ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
Brownfields Assessment and Cleanup Cooperative Agreements (Brownfields Petroleum Assessment)	BF-00F21601-0	66.818	22	
Brownfields Assessment and Cleanup Cooperative Agreements (Brownfields Hazardous Substances Assessment)	BF-00F22201-0	66.818	<u>29</u>	
Total Brownfields Grants			51	
Pass-through Texas Water Development Board:				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2016)	73723	66.458	610	
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2014)	73679	66.458	887	
Capitalization Grants for Clean Water State Revolving Funds (Clean Water Loan 2010)	72313	66.458	<u>87</u>	
Total Texas Water Development Board			<u>1,584</u>	
Total Environmental Protection Agency			\$ <u>1,635</u>	

See Notes to Schedule of Expenditures of Federal Awards

**City of Arlington, Texas**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued

September 30, 2017  
(Amounts in thousands)

<u>Federal Grantor/Pass-through Granter/Program Title</u>	<u>Grant Award Number</u>	<u>Federal CFDA Number</u>	<u>Federal &amp; State Expenditures</u>	<u>Pass-Through to Sub- Recipients</u>
EXECUTIVE OFFICE OF THE PRESIDENT				
Direct Programs:				
High Intensity Drug Trafficking Areas Program (HIDTA)	Not Specified	95.001	\$ 16	
DEPARTMENT OF JUSTICE				
Direct Programs:				
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2015)	2015-UL-WX-0026	16.710	623	
Public Safety Partnership and Community Policing Grants (Cops Hiring Program 2016)	2016-YL-WX-0011	16.710	<u>478</u>	
Total Public Safety Partnership and Community Policing Grants			<u>1,101</u>	
Pass-through Office of the Governor - Criminal Justice Division:				
Crime Victim Assistance (Response Team Counselor 16)	VA-19291-09	16.575	162	
Crime Victim Assistance (Family Violence Intervention and Prevention 16)	VA-20362-09	16.575	<u>163</u>	
Total Crime Victim Assistance			<u>325</u>	
Pass-through Office of the Governor - Criminal Justice Division:				
Edward Byrne Memorial Justice Assistance Grant Program (Cartridge Print Project)	3112401	16.738	43	
Edward Byrne Memorial Justice Assistance Grant Program (Canine Police Service Dog)	3144501	16.738	21	
Pass-through City of Fort Worth:				
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 15)	2015-DJ-BX-0699	16.738	105	
Edward Byrne Memorial Justice Assistance Grant Program (Justice Assistance Grant 14)	2014-DJ-BX-0297	16.738	<u>42</u>	
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>211</u>	
Pass-through City of Dallas:				
Missing Children's Assistance (Internet Crimes Against Children 17)	2016-MC-FX-K034	16.543	<u>13</u>	
Total Department of Justice			<u>1,650</u>	
DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster				
Direct Programs:				
Federal Transit_Formula Grants (Handitran – Capital/Capital Maintenance)	TX-90-Y139	20.507	448	
Federal Transit_Formula Grants (Handitran – Capital Maintenance)	TX-2016-040	20.507	120	
Federal Transit_Formula Grants (Handitran – Operating)	1531-2018-1	20.507	842	
Federal Transit_Formula Grants (Metro Arlington Express (MAX))	TX-2016-040	20.507	<u>350</u>	
Subtotal Federal Transit Cluster			1,760	
Motor Carrier Safety Assistance (Commercial Motor Vehicle Safety 16)	FM-MHP-0261-16-01-00	20.218	<u>206</u>	
Highway Planning and Construction Cluster				
Direct Programs				
Highway Planning and Construction (Center to Center Communication System)	CSJ0902-48-758	20.205	39	
Highway Planning and Construction (Signal Timing)	CSJ0902-48-835 & 836	20.205	<u>118</u>	
Subtotal Direct			157	

See Notes to Schedule of Expenditures of Federal Awards

**City of Arlington, Texas**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued

September 30, 2017  
(Amounts in thousands)

<u>Federal Grantor/Pass-through Granter/Program Title</u>	<u>Grant Award Number</u>	<u>Federal CFDA Number</u>	<u>Federal &amp; State Expenditures</u>	<u>Pass-Through to Sub- Recipients</u>
Pass-through Texas Department of Transportation - Federal Highway Administration				
Highway Planning and Construction (Gateway Monument and Landscaping)	CSJ 1068-02-144	20.205	\$ 211	
Highway Planning and Construction (Lynn Creek Linear Park Trail Extension)	CSJ 0902-90-025	20.205	71	
Highway Planning and Construction (River Legacy Park Hike/Bike Trail)	CSJ 0902-90-024	20.205	53	
Highway Planning and Construction (Green Ribbon 303 Median Landscaping)	CSJ 2208-01-068	20.205	250	
Highway Planning and Construction (South Cooper St Safe School Crossing)	CSJ 0747-04-073	20.205	<u>56</u>	
Total Pass-through			<u>641</u>	
Total Highway Planning and Construction Cluster			798	
Highway Safety Cluster				
Pass-through Texas Department of Transportation:				
State and Community Highway Safety (STEP Comprehensive)	2017-Arlington-S-1YG-0036	20.600	264	
National Priority Safety Programs (STEP Click It or Ticket)	2017-Arlington-CIOT-0042	20.616	<u>3</u>	
Total Highway Safety Cluster			<u>267</u>	
Total Department of Transportation			<u>3,031</u>	
DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY				
Direct Programs:				
Cooperating Technical Partners	2014-CA-K00273-S01	97.045	<u>37</u>	
Pass-through Texas Office of the Governor - Homeland Security Grants Division				
Homeland Security Grant Program (UASI 15 Management & Administration)	2978901	97.067	28	
Homeland Security Grant Program (UASI 15 Law Enforcement Training)	2978801	97.067	4	
Homeland Security Grant Program (UASI 15 Law Enforcement Tactical Sustainment)	2978701	97.067	26	
Homeland Security Grant Program (UASI 15 Law Enforcement Planning)	2978601	97.067	53	
Homeland Security Grant Program (UASI 15 Equipment for Regional Bomb Squads - X-Ray)	2944301	97.067	37	
Homeland Security Grant Program (UASI 15 Law Enforcement Crisis Consequence)	2978401	97.067	53	
Homeland Security Grant Program (UASI 15 Law Enforcement Critical Infrastructure/Key Resources)	2978301	97.067	19	
Homeland Security Grant Program (UASI 15 Hazardous Materials Sustainment)	2978201	97.067	12	
Homeland Security Grant Program (UASI 15 Fire Department Training and Exercise)	2978101	97.067	20	
Homeland Security Grant Program (UASI 15 Fire Department Planning)	2978001	97.067	86	
Homeland Security Grant Program (UASI 15 Crisis Consequence)	2977801	97.067	171	
Homeland Security Grant Program (UASI 15 Critical Infrastructure/Key Resources)	2977701	97.067	116	
Homeland Security Grant Program (UASI 15 Law Enforcement Fusion)	2978501	97.067	62	
Homeland Security Grant Program (UASI 16 Management & Administration)	2978902	97.067	52	
Homeland Security Grant Program (UASI 16 Fire Planning)	2978002	97.067	166	
Homeland Security Grant Program (UASI 16 EOD Sustainment)	2944302	97.067	5	
Homeland Security Grant Program (UASI 16 Hazardous Materials Sustainment)	2978202	97.067	19	
Homeland Security Grant Program (UASI 16 EOC and Command)	2977802	97.067	24	
Homeland Security Grant Program (UASI 16 Special Response Team)	2978402	97.067	126	
Homeland Security Grant Program (UASI 16 Law Enforcement Planning)	2978602	97.067	160	
Homeland Security Grant Program (UASI 16 Intelligence Sustainment)	2978502	97.067	60	
Homeland Security Grant Program (UASI 16 Tactical Sustainment)	2978702	97.067	<u>107</u>	
Total Texas Office of the Governor - Homeland Security Grants Division			<u>1,406</u>	

See Notes to Schedule of Expenditures of Federal Awards

City of Arlington, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - Continued

September 30, 2017  
(Amounts in thousands)

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Grant Award Number</u>	<u>Federal CFDA Number</u>	<u>Federal &amp; State Expenditures</u>	<u>Pass-Through to Sub-Recipients</u>
Pass-through Texas Department of Public Safety-Division of Emergency Management				
Emergency Management Performance Grants (Emergency Management Assistance SLA-50)	06-TX-EMPG-004	97.042	\$ 49	
Emergency Management Performance Grants (Disaster Assistance Hurricane Harvey)	FEMA-4332-DR	97.042	1	
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Disaster Flood Relief)	FEMA-4223-DR	97.036	<u>187</u>	
Total pass-through Texas Department of Public Safety-Division of Emergency Management			<u>237</u>	
Total Department of Homeland Security - Federal Emergency Management Agency			<u>1,680</u>	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Pass-through Texas State Library and Archives Commission:				
Grants to States (Library Impact 17)	475-17001	45.310	10	
Grants to States (Library Cooperation 17)	479-17001	45.310	65	
Grants to States (Interlibrary Loan Lending)	LS-00-16-0044-16	45.310	<u>2</u>	
Total Institute of Museum and Library Services			<u>77</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$12,158</u>	<u>\$ 798</u>
STATE AWARDS				
TEXAS DEPARTMENT OF TRANSPORTATION:				
Routine Airport Maintenance Program 17	M1602ARLN	N/A	\$ 50	
Handitrans Operating	51309010217	N/A	<u>263</u>	
			313	
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS				
Homeless Housing and Services Program 2017	63160002285	N/A	<u>221</u>	
OFFICE OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION				
Body Worn Camera Program	3195201	N/A	<u>225</u>	
TEXAS DEPARTMENT OF PUBLIC SAFETY				
Tarrant County Auto Theft Task Force 2017	608-17-2200000	N/A	157	
Tarrant County Auto Theft Task Force 2018	608-18-2200000	N/A	<u>13</u>	
			<u>170</u>	
TOTAL EXPENDITURES OF STATE AWARDS			<u>929</u>	
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$13,087</u>	

See Notes to Schedule of Expenditures of Federal Awards

## City of Arlington, Texas

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

September 30, 2017

#### (1) Basis of Accounting

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

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

#### (2) Reporting Entity

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

#### (3) Relationship to Federal Financial Reports

Grant expenditures reports as of September 30, 2017, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

#### (4) Outstanding Loans

In prior years, the City has provided loans through its various Community Development Block Grant programs (CFDA #14.218). The outstanding balance of the loans receivable at September 30, 2017 was \$106,379. There were no new loans receivable in the current year.

The City has an outstanding loan commitment 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, 2017, the outstanding loan payable balance was: TWDB Series 2008 \$20,900,000.

The City has an outstanding loan commitment 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, 2017, the outstanding loan payable balance was: TWDB Series 2010 \$9,025,000.

**City of Arlington, Texas**

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

September 30, 2017

**(4) Outstanding Loans - Continued**

The City has an outstanding loan commitment 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, 2017, the outstanding loan payable balance was: TWDB Series 2014 \$2,905,000.

The City has an outstanding loan commitment 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, 2017, the outstanding loan payable balance was: TWDB Series 2016 \$1,975,000.

The City has an outstanding loan commitment 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, 2017, the outstanding loan payable balance was: TWDB Series 2017 \$4,775,000.

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

Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balances - governmental funds	\$14,754
Plus Texas Water Development Board Loan	1,584
Less intergovernmental awards from sources other than federal and state awards	<u>(3,251)</u>
Total expenditures per schedule of expenditures of federal and state awards	<u>\$13,087</u>

City of Arlington, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2017

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

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

*Federal Awards*

Internal controls over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	No

*State Awards*

Internal controls over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of the State of Texas Single Audit Circular?	No

City of Arlington, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2017

**SECTION I - SUMMARY OF AUDITOR'S RESULTS - Continued**

Identification of major programs:

<u>CFDA/Grant Number/State Identification Number</u>	<u>Name of Federal and State Program or Cluster</u>
<b>Major Federal Programs:</b>	
16.710	Public Safety Partnership and Community Policing Grants (Cops Hiring Program)
20.205	Highway Planning and Construction (Federal-Aid Highway Program)
20.507	Federal Transit_Formula Grants (Handitran -Capital Maintenance, Handitran - Operating, Metro Arlington Express (MAX))
66.458	Capitalization Grants for Clean Water State Revolving Funds

**Major State Program:**

51309010217	Handitran Operating
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Dollar threshold used to distinguish between type A and type B programs:	\$750,000 for federal programs \$300,000 for state programs
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Auditee qualified as low-risk auditee-Federal?	Yes
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Auditee qualified as low-risk auditee-State?	Yes
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**SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

The audit disclosed no findings required to be reported.

**SECTION III - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

The audit disclosed no findings required to be reported.