

## Tarrant County

Results of the Audit Fiscal Year 2020



**Deloitte & Touche LLP**

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April 14, 2021

The Honorable Judge and  
Members of the Commissioners Court of  
Tarrant County, Texas  
100 East Weatherford  
Fort Worth, TX 76169

Dear Judge Whitley and County Commissioners:

We have performed an audit of the basic financial statements of Tarrant County (the "County") as of and for the year ended September 30, 2020 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and have issued our report thereon dated April 14, 2021, which included a reference to other auditors.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the County is responsible.

This report is intended solely for the information and use of management, the Members of Commissioners Court, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Deloitte & Touche LLP*

cc: The Management of Tarrant County

## **Our Responsibility under Generally Accepted Auditing Standards**

Our responsibility under generally accepted auditing standards has been described in our engagement letter dated September 23, 2020, a copy of which has been provided to you. As described in that letter, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the County's financial statements for the year ended September 30, 2020, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of Commissioners Court are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or Commissioners Court of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

## **Significant Accounting Policies**

The County's significant accounting policies are set forth in Note 1 to the County's 2020 financial statements.

We have evaluated the significant qualitative aspects of the County's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

## **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Our assessment of the significant qualitative aspects of the County's particularly sensitive accounting estimates has been attached to this report as Appendix A.

## **Uncorrected Misstatements**

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. We have attached to this letter, as Appendix B, a summary of uncorrected misstatements we presented to management during the current audit engagement that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **Other Information in the Comprehensive Annual Financial Report**

When audited financial statements are included in documents containing other information such as the County's Comprehensive Annual Financial Report ("AFR"), we read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We have read the other information in the County's AFR and have inquired as to the methods of measurement and presentation of such information. We did not note any material inconsistencies or obtain knowledge of a material misstatement of fact in the other information.

### **Disagreements with Management**

We have not had any disagreements with management related to matters that are material to the County's 2020 financial statements.

### **Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants**

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2020.

### **Significant Findings or Issues Discussed, or Subject of Correspondence, with Management Prior to Our Initial Engagement or Retention**

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

### **Other Significant Findings or Issues Arising from the Audit Discussed, or Subject of Correspondence, with Management**

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Commissioners Court.

### **Significant Difficulties Encountered in Performing the Audit**

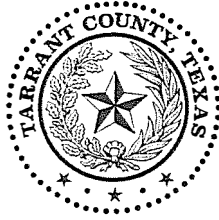
In our judgment, we received the full cooperation of the County's management and staff and had unrestricted access to the County's senior management in the performance of our audit.

### **Management's Representations**

We have made specific inquiries of the County's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the County is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Appendix B, those representations we obtained from management.

\* \* \* \* \*

| Overview  | Qualitative Assessment   |
|---|--|
| <b>Net Pension Liability—Accounting Estimate</b>  |  |
| <p>The measurement of the County’s net pension liability and related costs for employers is subject to numerous actuarial assumptions including, but not limited to, the discount rate, expected return on plan assets, and mortality tables. As it relates to the liability, the Texas County and District Retirement System engages a third-party actuarial firm to assist in measuring the costs and obligations and performs procedures to evaluate the results. The County reviews the reasonableness of the assumptions used and records the appropriate adjustment to the liability based on these actuarial results.</p> <p>The County’s net pension liability as of September 30, 2020 was approximately \$227 million, a decrease of approximately \$116 million from prior year.</p> | <p>We involved Deloitte actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to test the completeness and accuracy of the demographic data provided to the third-party actuarial firm. Based on the procedures performed, the methodology and underlying assumptions of the net pension liability appear reasonable.</p> |
| Overview  | Qualitative Assessment   |
| <b>Total Other Postemployment Benefits (OPEB) Liability—Accounting Estimate</b>   |  |
| <p>The measurement of the County’s total OPEB liability for employees is subject to numerous actuarial assumptions including, but not limited to, the discount rate, healthcare cost trend rates, and mortality tables. Biennially, Tarrant County engages a third-party actuarial firm to assist in measuring the OPEB obligation and the County performs procedures to evaluate the results. The County records the appropriate adjustment to the liability based on these actuarial results.</p> <p>The County’s total OPEB liability as of September 30, 2020 was approximately \$184 million, an increase of \$21 million from prior year.</p>   | <p>We involved Deloitte actuarial specialists to assess the reasonableness of the methodologies used and selected assumptions. Further, we performed detailed procedures to test the completeness and accuracy of the demographic data provided to the third-party actuarial firm. Based on the procedures performed, the methodology and underlying assumptions of the OPEB liability appear reasonable.</p>        |



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April 14, 2021

Deloitte & Touche LLP  
2200 Ross Avenue  
Suite 1600  
Dallas, TX 75201-6778

We are providing this letter in connection with your audit of 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 Tarrant County (the "County"), as of and for the year ended September 30, 2020, which collectively comprise the County's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows, as applicable, of the County in accordance with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the basic financial statements of financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, in accordance with GAAP.
- b. 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.
  - To prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in accordance with GAAP. In addition:
  - a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
  - b. Net position components (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
  - c. Deposits and investment securities are properly classified in the category of custodial credit risk.
  - d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
  - e. Required supplementary information is measured and presented within prescribed guidelines.
  - f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.
  - g. The County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and the related net position is properly recognized under the policy.
  - h. The financial statements properly classify all funds and activities, including special and extraordinary items.
  - i. All funds that meet the quantitative criteria in the GASB Codification Section 2200.159 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
  - j. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
  - k. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
  - l. The County has followed its established accounting policy regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.
  - m. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
  - n. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.



2. The County has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.
3. The County has made available to you:
  - a. All minutes of the meetings of the Commissioners Court or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - b. All financial records and related data for all financial transactions of the County and for all funds administered by the County. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the County and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
  - c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal or state agencies.
4. There has been no:
  - a. Action taken by County management that contravenes the provisions of federal laws and state of Texas laws and regulations, or of contracts and grants applicable to the County.
  - b. Communications with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements
5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix A.
6. The County has disclosed to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the County involving:
  - a. Management.
  - b. Employees who have significant roles in the County's internal control.
  - c. Others, where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, analysts, regulators, or others.
9. There are no unasserted claims or assessments that we are aware of or that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*.



10. The methods, significant assumptions, and the data used by us in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, or disclosure that is in accordance with GAAP.
11. We are responsible for the preparation of the Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance") and the *Uniform Grant Management Standards* ("UGMS"), respectively. We have identified and disclosed all of the County's government programs and related activities subject to the OMB Uniform Guidance and the UGMS compliance audits. In addition, we will accurately complete the appropriate sections of the data collection form.
12. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the requirements of the OMB Uniform Guidance and UGMS, and the provisions of grants and contracts relating to the County's operations. We are responsible for understanding and complying with the requirements of the federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of the County's federal and state programs. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. We are responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
13. We have informed you of all investigations or legal proceedings that have been initiated during the year ended September 30, 2020 or are in process as of September 30, 2020.
14. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal and state programs.
15. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.
16. No events have occurred subsequent to September 30, 2020, that require consideration as adjustments to or disclosures in the schedule of federal or state awards and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.
17. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2020.
18. No changes in internal control over compliance or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by the County with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to September 30, 2020.

19. Federal and state awards expenditures have been charged in accordance with applicable cost principles.
20. The Reporting Package that will be submitted to the Federal Audit Clearinghouse (FAC) as defined by the OMB Uniform Guidance section 2CFR200.512(3)(c) will not contain protected personally identifiable information.
21. We have disclosed all contracts or other agreements with service organizations.
22. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal and state statutes, regulations, and terms and conditions of federal and state awards at those organizations.
23. We have:
  - a. Identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program under audit.
  - b. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with federal and state awards, except as disclosed in the Schedule of Findings and Questioned Costs.
  - c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.
  - d. Made available all federal and state awards (including amendments, if any) and any other correspondence relevant to federal and state programs and related activities that have taken place with federal and state agencies or pass-through entities. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements. Federal and state financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedules of Expenditures of Federal and State Awards. The copies of federal and state program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal and state agency or pass-through County, as applicable.
  - e. Identified and disclosed all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards, including the results of other audits, program reviews, or any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance related to the objectives of the audit.
  - f. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal and state awarding agencies and pass-through entities.

- g. Provided to you our views on the reported findings, conclusions, and recommendations for your report.
  - h. Monitored subrecipients to determine that they have expended subawards in compliance with federal and state statutes, regulations, and terms and conditions of the subaward and have met the other pass-through County requirements of OMB Uniform Guidance.
  - i. Issued management decisions for audit findings that relate to federal and state awards made to subrecipients. Such management decisions were issued within six months of acceptance of the audit report by the FAC. Additionally, we have followed up to determine whether the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal and state award provided to the subrecipient from the County.
  - j. Considered the results of the subrecipient's audits and made any necessary adjustments to the County's own books and records.
24. We are responsible for taking corrective action on audit findings and have developed a corrective action plan that meets the requirements of OMB Uniform Guidance and UGMS. We will include in the corrective action plan for current-year findings the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.
25. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
26. We believe that we have properly identified, reported, and classified each component unit of the County and each activity that meets the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Entity*.
27. The County has appropriately identified and recorded all intangible assets under GASB Codification Section 1400.138 – 1400.153, *Intangible Assets*.
28. The County has evaluated the effects of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the "Act") and determined that:
- The prescription drug benefits available under the County's defined benefit postemployment plan to some or all participants for some or all future years are "actuarially equivalent" to Medicare Part D and thus do qualify for the subsidy under the Act.
  - The expected subsidy will not offset or reduce the County's share of the cost of the underlying postemployment prescription drug coverage on which the subsidy is based.
29. The County has appropriately followed the accounting provisions of GASB Codification Section P50.602, *Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*, and provided the disclosures as required as of September 30, 2020.

30. The County has recorded certain investment pools measured at amortized costs as of September 30, 2020. We have evaluated the criteria in paragraph 4 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and have determined that the pools measured at amortized cost meet the criteria for amortized cost reporting.
31. Tax-exempt bonds issued have retained their tax-exempt status.
32. The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 84, *Fiduciary Activities*; GASB Statement No. 87, *Leases*; GASB Statement No. 89 *Accounting for Interest Incurred before the End of a Construction Period*; GASB Statement No. 90, *Majority Equity Interests*, GASB Statement No. 91, *Conduit Debt Obligations*; provisions of GASB Statement No. 92, *Omnibus 2020*, that are not yet effective; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; and provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No.84, and a supersession of GASB Statement No. 32*, that are not yet effective. The County is therefore unable to disclose the impact that adopting GASB Statements No. 84, 87, 89, 90, 91, 92, 93, 94, 96, and 97 will have on its financial position, results of operations, and cash flows when such statement is adopted.
33. We have complied with all applicable provisions of the Foreign Corrupt Practices Act.
34. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for year ended September 30, 2020 taken as a whole. See Appendix A for entries.

Except where otherwise stated below, immaterial matters less than \$ 280,000 collectively for governmental activities and less than \$50,000 collectively for business-type activities are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

35. Except as listed in Appendix A, there are no transactions that have not been properly recorded and reflected in the financial statements
36. The County has no plans or intentions that may affect the carrying value or classification of assets and liabilities.
37. Regarding related parties:
  - a. We have disclosed to you the identity of the County's related parties and all the related-party relationships and transactions of which we are aware.
  - b. To the extent applicable, related parties and all the related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and

guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

38. In preparing the financial statements in accordance with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

- a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.
- b. The effect of the change would be material to the financial statements.

39. There are no:

- a. Instances of identified or suspected noncompliance with laws, regulations, or provisions of contracts or grant agreements whose effects should be considered when preparing the financial statements, or other instances that warrant the attention of those charged with governance.
- b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.
- c. Known actual or likely instances of abuse that have occurred that could be quantitatively or qualitatively material to the financial statements.
- d. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*.

40. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

41. The County has complied with all aspects of contractual agreements that may affect the financial statements.

42. No department or agency of the County has reported a material instance of noncompliance to us.

43. No events have occurred after September 30, 2020, but before April 14, 2021, the date the financial statements were issued, that require consideration as adjustments to, or disclosures in, the financial statements.

44. Regarding required supplementary information:

- a. We confirm that we are responsible for the required supplementary information.
- b. The required supplementary information is measured and presented in accordance with GAAP.


- c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
45. Regarding supplementary information:
  - a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with GAAP and the Government Finance Officers' Association (GFOA) guidelines.
  - b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP and GFOA guidelines.
  - c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.
46. Information and amounts presented in the County's Comprehensive Annual Financial Report relative to OPEB expenses/expenditures, deferred outflows of resources, deferred inflows of resources, liabilities, note disclosures, and required supplementary information does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.
47. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.
48. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments:
  - a. The measurement methods, including the related assumptions, used in determining fair value were appropriate, consistent with market participant assumptions where available without undue cost and effort, and were consistently applied in accordance with GAAP.
  - b. The completeness and adequacy of the disclosures related to fair values are in accordance with GAAP.
  - c. No events have occurred after September 30, 2020, but before April 14, 2021, the date the financial statements were issued that require adjustment to the fair value measurements and disclosures included in the financial statements.
49. The County has determined whether a capital asset has been impaired in accordance with GASB Codification Section 1400.181 – 1400.201, *Impairment of Capital Assets*. In making this determination, the County considered the following factors:
  - a. The magnitude of the decline in service utility is significant.
  - b. The decline in service utility is unexpected.
50. The County has properly identified and accounted for all pollution remediation activities in accordance with GASB Codification Section P40, *Pollution Remediation Obligations*. In performing this assessment, we considered whether one of the five obligating events had occurred and whether a

recognition benchmark had been met. There are currently no other activities that meet the criteria in the standard for recognition of an expenditure.


51. We agree with the findings of management's expert in evaluating the workers compensation, general self-insurance liability, pension and other postemployment benefit liabilities and have adequately considered the qualifications of management's expert in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to management's expert with respect to values or amounts derived in an attempt to bias his or her work, and we are not aware of any matters that have affected the independence or objectivity of management's expert.
52. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.
53. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.
54. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.
55. We believe that all expenditures that have been deferred to future periods are recoverable.
56. The County will adopt the provisions of GASB Statement No. 87, *Leases*, on October 1, 2021. The County has evaluated its leases and has properly classified, recognized, and reported all leases in accordance with the recognition, measurement, financial reporting, and disclosure requirements set forth in GASB Codification Section L20, *Leases*.
57. We have disclosed to you all new or changes to the existing pension and other postemployment benefit plans.
58. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Codification Section P20, *Pension Activities - Reporting for Benefits Provided through Trusts That Meet Specified Criteria - Defined Benefit*.
59. We believe that the actuarial assumptions and methods used to measure postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities, and, where applicable, net position and changes in net position in the financial statements in accordance with GASB Codification Section P52, *Postemployment Benefits Other than Pensions - Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria - Defined Benefit*.
60. We plan to continue to make frequent amendments to our pension or other postemployment benefit plans, which may affect the amortization period of prior service cost.



61. We have no intention of terminating any of our pension or our other postemployment benefit plan or withdrawing from any multiemployer plans or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our pension or our other post-employment benefit plan or multiemployer plans to which we contribute.
62. Regarding tax abatement agreements, in accordance with GASB Codification Section 2300.107, *Notes to the Financial Statements*, we have disclosed to you all:
  - a. Agreements that are entered into by the County; and
  - b. Agreements that are entered into by other governments and that reduce the County's tax revenues.
63. The County has evaluated the effects of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and determined that the related financial reporting considerations are accounted for and reported appropriately under the applicable financial accounting reporting framework.
64. The County believes that damages to public property as a result of Winter Storms Uri and Viola, which began on February 14, 2021 are not significant.



B. Glen Whitley, County Judge



S. Renee Tidwell, County Auditor

# APPENDIX A

Tarrant County  
**SUMMARY OF UNCORRECTED MISSTATEMENTS  
 FOR YEAR ENDED SEPTEMBER 30, 2020**

| <u>Governmental Activities</u>   |                        | Assets /<br>Liabilities<br>DR / (CR) | Beginning Fund<br>Balance/Net<br>Position<br>DR / (CR) | Revenue/<br>Expenditures<br>DR / (CR) |
|--|------------------------|--------------------------------------|--|---------------------------------------|
| <b>Description</b>   | <b>Account Balance</b> |                                      |  |                                       |
| Recording a prepayment of expenses associated with a pandemic research contract that had not yet been incurred     | Prepaid Account        | \$ 732,220                           | -  | -                                     |
|  | Expense                | -                                    | -  | \$ (732,220)                          |
| Recording unearned revenue for grant expenses not yet incurred on a pandemic research contract                     | Revenue                | -                                    | -  | \$ 732,220                            |
|  | Unearned Revenue       | \$ (732,220)                         | -  | -                                     |
| Reclassifying expenses from the Emergency Supplemental Grant to the Coronavirus Relief Fund                        | Accounts Receivable    | \$ (4,112,429)                       |  |                                       |
|  | Unearned Revenue       | \$ 4,112,429                         |  |                                       |
|  |                        | <u>\$ -</u>                          | <u>\$ -</u>  | <u>\$ -</u>                           |
| <u>Grants Fund</u>   |                        |                                      |  |                                       |
| Recording a prepayment of expenditures associated with a pandemic research contract that had not yet been incurred | Prepaid Account        | \$ 732,220                           | -  | -                                     |
|  | Expenditures           | -                                    | -  | \$ (732,220)                          |
| Recording unearned revenue for grant expenditures not yet incurred on a pandemic research contract                 | Revenue                | -                                    | -  | \$ 732,220                            |
|  | Unearned Revenue       | \$ (732,220)                         | -  | -                                     |
| Reclassifying expenditures from the Emergency Supplemental Grant to the Coronavirus Relief Fund                    | Accounts Receivable    | \$ (4,112,429)                       |  |                                       |
|  | Unearned Revenue       | \$ 4,112,429                         |  |                                       |
|  |                        | <u>\$ -</u>                          | <u>\$ -</u>  | <u>\$ -</u>                           |
| <u>Business Type Activities -Enterprise Fund</u>   |                        |                                      |  |                                       |
| Recording the accrual of Utilities   | Utility Expenses       |                                      |  | \$ (15,920)                           |
|  | Accounts Payable       | \$ (28,391)                          |  |                                       |
|  | Beginning Net Position |                                      | \$ 44,311  |                                       |
|  |                        | <u>\$ (28,391.00)</u>                | <u>\$ 44,311.00</u>                                    | <u>\$ (15,920.00)</u>                 |

## APPENDIX A - CONTINUED

| Misstatements communicated in the prior year that have an impact on the current year           | Assets / Liabilities DR / (CR) | Beginning Fund Balance/Net Position DR / (CR) | Revenue/ Expenditures DR / (CR) |
|--|--------------------------------|---|---------------------------------|
| <b><u>Governmental Activities</u></b>  |                                |   |                                 |
| <i>Factual</i>   |                                |   |                                 |
| Expense  |                                |   | \$ 461,287                      |
| Repair and Maintenance expenses recorded in the prior year that relate to the current year     | Beginning Net Position         | \$ (461,287)                                  |                                 |
| <i>Extrapolated</i>  |                                |   |                                 |
| Expense  |                                |   | \$ 1,266,651                    |
| Repair and Maintenance expenses recorded in the prior year that relate to the current year     | Beginning Net Position         | \$ (1,266,651)                                |                                 |
|  | <u>\$ -</u>                    | <u>\$ (1,727,938)</u>                         | <u>\$ 1,727,938</u>             |
| <b><u>General Fund</u></b>   |                                |   |                                 |
| <i>Factual</i>   |                                |   |                                 |
| Expenditure  |                                |   | \$ 33,656                       |
| Repair and Maintenance expenditures recorded in the prior year that relate to the current year | Beginning Fund Balance         | \$ (33,656)                                   |                                 |
| <i>Extrapolated</i>  |                                |   |                                 |
| Expenditure  |                                |   | \$ 1,266,651                    |
| Repair and Maintenance expenditure recorded in the prior year that relate to the current year  | Beginning Fund Balance         | \$ (1,266,651)                                |                                 |
|  | <u>\$ -</u>                    | <u>\$ (1,300,307)</u>                         | <u>\$ 1,300,307</u>             |
| <b><u>Capital Projects</u></b>   |                                |   |                                 |
| Expenditure  |                                |   | \$ 427,631                      |
| Repair and Maintenance expenditures recorded in the prior year that relate to the current year | Beginning Fund Balance         | \$ (427,631)                                  |                                 |
|  | <u>\$ -</u>                    | <u>\$ (427,631)</u>                           | <u>\$ 427,631</u>               |