

Tarrant County, Texas

State Single Audit Report for the Year
Ended September 30, 2019

TARRANT COUNTY, TEXAS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable County Judge and Commissioners Court
Tarrant County, Texas

Independent Auditor's Report

We have audited, in accordance with the 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 Tarrant County, Texas (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the Tarrant County Hospital District and the My Health My Resources of Tarrant County, which represent all of the aggregate discretely presented component units, as described in our report on Tarrant County's financial statements. This report does not include the result of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of County'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 County'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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

Dallas, Texas
March 30, 2020

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Honorable County Judge and Commissioners Court
Tarrant County, Texas

Report on Compliance for Each Major State Program

We have audited Tarrant County's (the "County") compliance with the types of compliance requirements described in the State of Texas Uniform Grant Management Standards (UGMS) that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2019. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Tarrant County Hospital District and My Health My Resources of Tarrant County, which received state awards not included in the County's Schedule of Expenditures of State Awards for the year ended September 30, 2019. Our audit, described below, did not include the operations of the Tarrant County Hospital District or My Health My Resources of Tarrant County because the entities engaged other auditors to perform audits in accordance with UGMS, as applicable. This report does not include the results of the other auditors' testing of internal control over compliance or over compliance that are reported on separately by those auditors.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major 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; and UGMS. Those standards and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County'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 state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Programs

In our opinion, the County 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 state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of State Awards Required by the UGMS

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended

September 30 2019, and the related notes to financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 30, 2019, which contained an unmodified opinion on those financial statements. Our report includes reference to other auditors who audited the financial statements of the Tarrant County Hospital District and My Health My Resources of Tarrant County, which represent all of the aggregate discretely presented component units, as described in our report in the County's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the UGMS and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Deloitte & Touche LLP

June 26, 2020

Tarrant County, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2019

State Grantor	Grant/Contract Number	State Expenditures	State Amounts Passed- Through to Subrecipients
STATE FINANCIAL ASSISTANCE:			
TEXAS DEPARTMENT OF STATE HEALTH SERVICES			
State Services	537-18-0013-00001-02	\$ 674,814	\$ 481,544
State Services	537-18-0013-00001-03	35,651	29,584
HIV Care Formula Grants (Ryan White Part B)	537-17-0161-0001-03	7,480	-
Infectious Disease Surveillance and Epidemiology	537-18-0305-00001	165,276	-
Infectious Disease Surveillance and Epidemiology	HHS000436300024	17,143	-
HIV Prevention Activities-Health Department Based (HIV Prevention)	2016-001323-07	114,431	-
HIV Prevention Activities-Health Department Based (HIV Prevention)	2016-001323-09	102,373	-
Housing Opportunities for Persons with AIDS	537-16-0511-00001-02	43,676	43,676
STD/HIV Prevention	2016-001322-01	(148)	-
STD/HIV Prevention	2016-001322-04	501,461	-
STD/HIV Prevention	HHS000288900007	1,521,778	-
TB/PC-Tuberculosis Control	537-18-0043-00001-01	598,955	-
TB/PC-Tuberculosis Control	HHS00048330000101	48,801	-
Immunization Division	537-18-0093-00001	(362)	-
Immunization Division	HHS000108600001	582,223	-
Infectious Disease Control Unit/FLU Lab	537-18-0333-00001	5,042	-
Infectious Disease Control Unit/FLU Lab	HHS000442100006	458	-
Preventive Health and Health Services Block Grant	537-18-0249-00001	187,813	-
Respiratory Virus Surveillance Project	537-18-0102-00001	1,969	-
Total Texas Department of State Health Services		4,608,834	554,804
OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION			
Family Drug Court	1969713	49,984	-
Veterans Court Project	2285210	207,402	-
Veterans Court Project	2285211	21,617	-
Reaching Independence through Self Empowerment (RISE)	2589507	141,635	-
Reaching Independence through Self Empowerment (RISE)	2589508	12,081	-
DIRECT Court Program	2985204	149,000	-
DIRECT Court Program	2985205	15,984	-
Mental Health Diversion Court Program	1828912	3,870	-
Mental Health Diversion Court Program	1828913	95,705	-
Mental Health Diversion Court Program	1828914	7,923	-
Total Office of the Governor, Criminal Justice Division		705,201	-
TEXAS DEPARTMENT OF MOTOR VEHICLES/AUTO BURGLARY AND THEFT PREVENTION AUTHORITY			
Tarrant Regional Auto Crimes Task Force	608-18-2200000	(72)	-
Tarrant Regional Auto Crimes Task Force	608-19-2200000	1,068,658	-
Tarrant Regional Auto Crimes Task Force	608-20-2200000	61,593	-
Total Department of Motor Vehicles/Auto Burglary and Theft Prevention Authority		1,130,179	-

(Continued)

Tarrant County, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2019

State Grantor	Grant/Contract Number	State Expenditures	State Amounts Passed- Through to Subrecipients
TEXAS DEPARTMENT OF TRANSPORTATION			
Highway Planning & Construction - Courtesy Patrol Program	02-7XXF5002	\$ 72,696	\$ -
Highway Planning & Construction - Courtesy Patrol Program	608-19-2200000	287,315	-
Highway Planning & Construction - Courtesy Patrol Program	608-20-2200000	33,313	-
Total Department of Transportation		393,324	-
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY			
Pass-Through From North Central Texas Council of Governments			
Local Initiatives Projects - Emissions Task Force	582-14-40126	49,726	-
Local Initiatives Projects - Emissions Task Force	582-14-40126	652,069	-
Total Texas Commission on Environmental Quality		701,795	-
TEXAS HEALTH AND HUMAN SERVICES COMMISSION			
State-Based Comprehensive Breast & Cervical Cancer Early Detection Program	529-17-0023-00035-02	59,873	-
Nurse Family Partnership	529-16-0003-00007-03	63,074	-
Total Texas Health and Human Services Commission		122,947	-
TEXAS JUDICIAL COMMISSION ON MENTAL HEALTH			
Tarrant County Mental Health Diversion Program-Program Development & Court Improvement	201-20-055	780	-
Total Texas Judicial Commission on Mental Health		780	-
OFFICE OF THE ATTORNEY GENERAL			
Bilingual Victims Assistance Coordinator	1881473	38,500	-
Bilingual Victims Assistance Coordinator	2098788	3,500	-
Texas Statewide Automated Victim Notification Service (SAVNS)	1877778	77,276	-
Total Office of the Attorney General		119,276	-
TEXAS INDIGENT DEFENSE COMMISSION			
Indigent Defense Formula Grant	212-19-220	1,527,396	-
Indigent Defense Supplemental Capital Defense Formula Grant	212-19-2205C	150,199	-
Total Texas Indigent Defense Commission		1,677,595	-
TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES			
Promoting Safe and Stable Families - CYD Project	24427016	(358)	(358)
Promoting Safe and Stable Families - CYD Project	24427016	280,268	199,043
Promoting Safe and Stable Families - CYD Project	24427016	21,743	11,110
Total Texas Department of Family and Protective Services		301,653	209,795
TEXAS VETERANS COMMISSION FUND			
Tarrant County Veterans Court	VTC_18_0605	148,455	-
Tarrant County Veterans Court	VTC_19_0706	68,035	-
Total Texas Veterans Commission Fund		216,490	-
TOTAL STATE FINANCIAL ASSISTANCE		\$ 9,978,074	\$ 764,599

See Notes to Schedule of Expenditures of State Awards

(Concluded)

TARRANT COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. **Basis of Accounting**—The schedule of expenditures of state awards (the "Schedule") was prepared on the modified accrual basis of accounting. Amounts reported as expenditures in the accompanying Schedule may not agree with the amounts reported in the related state financial reports filed with the grantor agencies because of accruals, which would be included in the next report filed with the agency.

State grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unavailable revenues until earned. The accompanying Schedule is presented on the modified accrual basis of accounting.

The Schedule includes certain program expenditures that were incurred in prior years. The program affected is as follows:

Program Name	CFDA No.	Prior-Year Expenditure Amount
Texas Indigent Defense Commission	N/A—State Award	<u>\$1,677,595</u>

2. The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date for the state project period extends 30 to 90 days beyond the state project period ending date, in accordance with provisions in the awarding documents.
3. The County participates in numerous state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the County has complied with rules and regulations governing the grants, refund of any money received may be required and the collectibility of any related receivable at year-end may be impaired.

TARRANT COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2019

Section I—Summary of Auditors' Results

- Financial Statements
 - Type of auditors' report issued on whether financial statements were prepared in accordance with Generally Accepted Accounting Principles "GAAP": Unmodified
 - Internal control over financial reporting:
 - o Material weakness(es) identified? Yes No
 - o Significant deficiency(ies) identified? Yes None reported
 - Noncompliance material to financial statements noted? Yes No
- State Awards
 - Internal control over major programs:
 - o Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported
 - Type of auditors' report issued on compliance for major programs: Unmodified
 - Any audit findings disclosed that are required to be reported in accordance with UGMS? Yes No
 - Identification of major programs:
 - o Tarrant Regional Auto Crimes Task Force
 - o Emissions Task Force
 - o Highway Planning & Construction Courtesy Patrol Program
 - o Promoting Safe and Stable Families
 - Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
 - Auditee qualified as low-risk auditee? Yes No

Section II—Financial Statements Findings

None reported.

Section III—Award Findings and Questioned Costs

None reported.