

GALVESTON COUNTY HEALTH DISTRICT

SINGLE AUDIT AND
INDEPENDENT AUDITORS' REPORTS

FISCAL YEAR ENDED SEPTEMBER 30, 2020



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Galveston County Health District

Fiscal Year Ended September 30, 2020

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District
Texas City, Texas

We have audited the financial statements of the governmental activities and each major fund of Galveston County Health District (the "District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated April 2, 2021, which contained unmodified opinions on those financial statements.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 2-4, 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* (the "Uniform Guidance"), 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 fiscal year 2020 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bankole, Okoye & Associates PC

Bankole, Okoye & Associates PC
Houston, Texas
April 2, 2021

Galveston County Health District

Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2020

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Direct Programs:				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	\$ -	\$ 1,416,721
Grants for New and Expanded Services under the Health Center Program	93.527	N/A	-	2,503,917
Total for Health Center Program Cluster			-	3,920,638
Provider Relief Fund	93.498	N/A	-	145,671
Total for U.S. Department of Health and Human Services Direct Programs			-	4,066,309
Passed Through Texas Department of State Health Services:				
Public Health Emergency Preparedness	93.069	537-18-0188-00001	-	70,482
Public Health Emergency Preparedness	93.069	537-18-0174-00001	-	211,259
HPP and PHEP Aligned Cooperative Agreements	93.074	537-18-0174-00001	-	5,000
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HHS000048400001	-	13,050
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	HHS000686100016	-	39,589
Immunization Cooperative Agreements	93.268	HHS000119700012	-	116,969
Public Health Crisis Response	93.354	HHS000371500020	-	48,328
Public Health Crisis Response	93.354	HHS000768900001	-	336,914
HIV Prevention Activities Health Department Based	93.940	2016-004097	-	50,145
HIV Prevention Activities Health Department Based	93.940	HHS000077800003	-	102,203
HIV Prevention Activities Health Department Based	93.940	HHS000288900004	-	107,708
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	HHS000288900004	-	77,603
Preventive Health and Health Services Block Grant	93.991	HHS000485600015	-	128,509
Total for Texas Department of State Health Services			\$ -	\$ 1,307,758

The accompanying notes are an integral part of this schedule.

Galveston County Health District

Schedule of Expenditures of Federal Awards, *Continuation*
 Fiscal Year Ended September 30, 2020

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through Texas Health and Human Services Commission:				
Social Services Block Grant	93.667	529-17-0023-00015	\$ -	\$ 17,619
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	529-17-0023-00015	-	53,240
Maternal and Child Health Services Block Grant to the States	93.994	HHS000136500013	-	38,238
Total for Texas Health and Human Services Commission			-	109,097
Passed Through National Association of County & City Health Officials:				
Medical Reserve Corps Small Grant Program	93.008	MRC 18/20-0334	-	562
Passed Through The County of Galveston:				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		-	140,324
Total for U.S. Department of Health and Human Services			-	5,624,051
U.S. Department of Agriculture				
Passed Through Texas Health and Human Services Commission:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2017-049803-001	-	898,950
Total for U.S. Department of Agriculture			-	898,950
U.S. Environmental Protection Agency				
Passed Through Texas Commission on Environmental Quality:				
Performance Partnership Grants	66.605	582-18-80090	-	93,070
Passed Through General Land Office:				
Beach Monitoring and Notification Program Implementation Grants	66.472	16-101-000-9301	-	104,602
Beach Monitoring and Notification Program Implementation Grants	66.472	21-043-002	-	12,879
Total for General Land Office			-	117,481
Total for U.S. Environmental Protection Agency			\$ -	\$ 210,551

The accompanying notes are an integral part of this schedule.

Galveston County Health District

Schedule of Expenditures of Federal Awards, *Continuation*
 Fiscal Year Ended September 30, 2020

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Homeland Security				
Passed Through Texas Department of Public Safety:				
Disaster Grants - Public Assistance	97.036	4332DRTXP0000001	-	\$ 7,259
Passed Through Texas Commission on Environmental Quality:				
Homeland Security Biowatch Program	97.091	582-19-90034	-	133,321
Total for U.S. Department of Homeland Security			-	140,580
Total Expenditures of Federal Awards			\$ -	\$ 6,874,133

The accompanying notes are an integral part of this schedule.

GALVESTON COUNTY HEALTH DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2020

Note 1 - The Organization

The Galveston County Health District (the “District”) receives federal grants to provide community health and related services to low-income families throughout the Galveston County, pursuant to the public health administration component of its charter.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activities of the District under programs of the federal government for the fiscal year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the District’s operations, it is not intended to and does not present the net position or changes in net position of the District.

Note 3 - Summary of Significant Accounting Policies

In accordance with U.S. generally accepted accounting principles, the District accounts for all awards under federal programs on an accrual basis of accounting. Accordingly, expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement by the federal funding agency.

Federal grant funds are considered to be earned to the extent of qualifying expenditures made under the provisions of the grants. When such funds are advanced to the District, they are recorded as deferred revenues until earned. Otherwise, federal grant funds are received on a reimbursement basis from the respective federal program agencies or pass-through entities.

Note 4 – Indirect Cost Rate

The District did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 – Program Income

The District did not generate program income. Accordingly, no program income was used to reduce the amount of federal funds expended in providing the programs. Similarly, any program expenditures funded in cash or kind to meet the District’s matching contributions, where applicable, to grant budgets have not been included in the amounts reported on the Schedule.

GALVESTON COUNTY HEALTH DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FISCAL YEAR ENDED SEPTEMBER 30, 2020

Note 6 - Relationship of the Schedule to Financial Reports Submitted to Grant Awarding Agencies

Expenditures included on the Schedule may differ from amounts reflected in the financial reports submitted to grant awarding agencies and pass-through entities because of the following reasons:

1. Expenses accrued at the end of the District's fiscal year may not have been included in the financial reports submitted to grant awarding agencies until after fiscal year-end.
2. Program matching costs that are reported, where applicable, in the financial reports submitted to awarding agencies are not included in the amounts reported on the Schedule; and
3. Differences may exist between grant periods and the District's accounting period.

Note 7 - Contingencies

Federal grants require the fulfillment of certain conditions set forth in grant agreements, and may be regularly monitored and reviewed by grantors, both during and after the programs. Failure to satisfy the requirements of contract agreements could result in disallowed costs and return of funds to grantors. Management believes that the District is in substantial compliance with grant provisions and requirements and that disallowed costs, if any, will not be significant to affect the amounts and disclosures in the Schedule or the District's basic financial statements.

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

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District
Texas City, Texas

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 and each major fund of the Galveston County Health District (the "District"), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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.

CONTINUATION:

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bankole, Okoye & Associates PC

Bankole, Okoye & Associates PC
Houston, Texas
April 2, 2021

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

Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District
Texas City, Texas

Report on Compliance for Each Major Federal Program

We have audited Galveston County Health District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended September 30, 2020. The District's major federal programs are identified on page 11 in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the District 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 programs for the fiscal year ended September 30, 2020.

CONTINUATION:

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness 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. Accordingly, this report is not suitable for any other purpose.

Bankole, Okoye & Associates PC

Bankole, Okoye & Associates PC
Houston, Texas
April 2, 2021

GALVESTON COUNTY HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FISCAL YEAR ENDED SEPTEMBER 30, 2020

PART 1: SUMMARY OF AUDITORS' RESULTS

Financial Statements Section:

1. The opinion expressed in the independent auditors' report was:
 Unmodified Modified Adverse Disclaimed
2. The independent auditors' report on internal control over financial reporting described:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None reported
3. Noncompliance considered material to financial statements? Yes No

Federal Awards Section:

4. The independent auditors' report on internal control over compliance with requirements applicable to major federal awards programs described:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None reported
5. The opinion expressed in the independent auditors' report on compliance for major federal awards was:
 Unmodified Modified Adverse Disclaimed
6. Any audit findings disclosed that are required to be reported in accordance with §200.516(a) of the Uniform Guidance? Yes No

7. IDENTIFICATION OF MAJOR PROGRAMS:

CFDA Number Name of Federal Program or Cluster

Health Center Program Cluster

93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
93.527	Grants for New and Expanded Services under the Health Care Center Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as low-risk auditee as defined in Section §200.520 of the federal Uniform Guidance? Yes No

GALVESTON COUNTY HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FISCAL YEAR ENDED SEPTEMBER 30, 2020

PART 2: FINANCIAL STATEMENT FINDING SECTION

This section identifies material weaknesses, significant deficiencies, fraud, illegal acts, violation of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a federal Uniform Guidance audit.

No matters were reported.

GALVESTON COUNTY HEALTH DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FISCAL YEAR ENDED SEPTEMBER 30, 2020

PART 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

This section identifies the audit findings required to be reported by Section §200.516, *Audit Findings*, of the federal Uniform Guidance, such as material instances of noncompliance, including questioned costs, and material weaknesses or significant deficiencies in internal control over compliance for federal grant programs, as well as any abuse findings involving federal awards that are material to a major program.

No matters were reported.

GALVESTON COUNTY HEALTH DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CURRENT STATUS FISCAL YEAR ENDED SEPTEMBER 30, 2020

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:

This section reports the current status of prior year audit finding(s).

No findings were reported in the prior year audit.