

GALVESTON COUNTY, TEXAS

FEDERAL SINGLE AUDIT REPORT

**Fiscal Year Ended
September 30, 2023**

GALVESTON COUNTY, TEXAS

FEDERAL SINGLE AUDIT REPORT

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**INDEPENDENT AUDITOR'S 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**

Honorable County Judge and
Members of the Commissioners' Court
Galveston County, 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, each major fund, and the aggregate remaining fund information of Galveston County, Texas (the "County"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 30, 2024.

Report on 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) as a basis for designing 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 the 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 County'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



Report on Compliance and Other Matters

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 30, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAMS AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable County Judge
and Members of the Commissioners’ Court
Galveston County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Galveston County, Texas’ (the “County”) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended September 30, 2023. The County’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

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 federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County’s federal programs.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 programs 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 programs 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 programs 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 Auditor's Responsibilities for the Audit of Compliance section above 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon, dated April 30, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 30, 2024

GALVESTON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed through the Texas Department of Agriculture:				
National School Lunch Program (Child Nutrition Cluster)	10.555	084-01250	\$ 197,157	\$ -
Total Passed through the Texas Department of Agriculture			<u>197,157</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>197,157</u>	<u>-</u>
<u>U.S. Department of Commerce</u>				
Passed through the Texas General Land Office:				
Texas Coastal Management Program, Cycle 27	11.419	23-020-012-D606	21,350	-
Total Passed through Texas General Land Office:			<u>21,350</u>	<u>-</u>
Total U.S. Department of Commerce			<u>21,350</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the Texas General Land Office:				
Community Development Block Grants - Non-Housing Grant	14.228	DRS10052	2,317,747	-
Frenchman's Creek Acquisition	14.228	20-066-046-C455	3,001,867	-
Subtotal Assistance Listing 14.228			<u>5,319,614</u>	<u>-</u>
Total Passed through the Texas General Land Office			<u>5,319,614</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>5,319,614</u>	<u>-</u>
<u>U.S. Department of the Interior</u>				
Direct program:				
Gulf of Mexico Energy Security Act (GoMESA)	15.435	42919	39,052	-
Total Direct Program			<u>39,052</u>	<u>-</u>
Total U.S. Department of the Interior			<u>39,052</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Direct programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738 *	2020-DJ-BX-0637	25,987	21,930
Edward Byrne Memorial Justice Assistance Grant Program	16.738 *	15PBJA-21-GG-01879-JAGX	8,693	-
Subtotal Assistance Listing 16.738			<u>34,680</u>	<u>21,930</u>
State Criminal Alien Assistance Program (SCAAP)	16.606	15PBJA-21-RR-05003-SCAA	119,364	-
Equitable Sharing Program	16.922	TX0840000	51,717	-
Total Direct Programs			<u>205,761</u>	<u>21,930</u>
Passed through the Office of the Governor - Texas Criminal Justice Division:				
Project Safe Neighborhoods Program (South)	16.609	4240302	37,416	-
Violence Against Women Formula Grants - Prosecutor	16.588	2704111	300	-
Violence Against Women Formula Grants - Prosecutor	16.588	2704110	73,345	-
Violence Against Women Formula Grants - Prosecutor	16.588	3111107	79,824	-
Subtotal Assistance Listing 16.588			<u>153,469</u>	<u>-</u>
Law Enforcement Enhancement Project	16.738 *	4426901	95,970	-
Total Passed through the Office of the Governor - Texas Criminal Justice Division			<u>286,855</u>	<u>-</u>
Total U.S. Department of Justice			<u>492,616</u>	<u>21,930</u>

(cont.)

The accompanying notes are an integral part of this schedule.

GALVESTON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Transportation</u>				
Passed through the Texas Department of Transportation:				
STEP - IDM	20.616	2023-GalCOSO-IDM-00031	\$ 5,987	\$ -
STEP - Comp	20.600	2023-GalCOSO-S-1YG-00018	<u>19,062</u>	<u>-</u>
Total Highway Safety Cluster			<u>25,049</u>	<u>-</u>
Total Passed through the Texas Department of Transportation			<u>25,049</u>	<u>-</u>
Total U.S. Department of Transportation			<u>25,049</u>	<u>-</u>
<u>U.S. Department of Treasury</u>				
Passed through the Office of the Governor - Texas Criminal Justice Division:				
Victims Assistance Coordinator and Outreach Project (VOCA)	21.027 **	2550009	<u>115,724</u>	<u>-</u>
Total Passed Through Office of the Governor - Texas Criminal Justice Division			<u>115,724</u>	<u>-</u>
Passed through the General Land Office:				
Jackson Street Bacliff Drainage Project	21.015	20-065-006-C004	<u>4,073,020</u>	<u>-</u>
Total Passed through the General Land Office			<u>4,073,020</u>	<u>-</u>
Passed through Texas Division of Emergency Management:				
COVID-19 - Emergency Rental Assistance	21.023	ERA2-4245	2,435,943	2,433,797
COVID-19 - State and Local Fiscal Recovery Fund	21.027 **	SLT-4246	<u>13,922,503</u>	<u>1,434,985</u>
Total Passed through the Texas Division of Emergency Management			<u>16,358,446</u>	<u>3,868,782</u>
Total U.S. Department of Treasury			<u>20,547,190</u>	<u>3,868,782</u>
<u>U.S. Election Assistance Commission</u>				
Passed through the Texas Secretary of State:				
2020 HAVA Election Security	90.404	TX18101001-01-084	<u>97,335</u>	<u>-</u>
Total Passed through the Texas Secretary of State			<u>97,335</u>	<u>-</u>
Total U.S. Election Assistance Commission			<u>97,335</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Houston-Galveston Area Council:				
Transportation - Title III-B	93.044	HHS000874100015	162,346	-
Congregate Meals and Home Delivered Meals - Title III C1 & C2	93.045	HHS000874100015	<u>315,157</u>	<u>-</u>
Total Aging Cluster			<u>477,503</u>	<u>-</u>
Total Passed through the Houston-Galveston Area Council			<u>477,503</u>	<u>-</u>
Passed through the Texas Department of Family and Protective Services:				
Foster Care Title IV-E	93.658	285000035	47,453	-
Foster Care Title IV-E	93.658	285100033	<u>518,559</u>	<u>-</u>
Subtotal Assistance Listing 93.658			<u>566,012</u>	<u>-</u>
Total Passed through the Texas Department of Family and Protective Services			<u>566,012</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,043,515</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

(cont.)

GALVESTON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Homeland Security</u>				
Passed through the Texas Water Development Board:				
Flood Mitigation Assistance - Elevation Project	97.029	1500012085	2,472,663	-
Flood Mitigation Assistance - Elevation Project	97.029	1900012527	<u>27,198</u>	-
Subtotal Assistance Listing 97.029			<u>2,499,861</u>	-
Total Passed through the Texas Water Development Board			<u>2,499,861</u>	-
Passed through the Texas Department of Public Safety:				
Emergency Management Assistance/IKE	97.036	FEMA 1791-DR-TX	1,467,816	-
Emergency Management Assistance/Harvey	97.036	FEMA 4322-DR-TX	<u>272,156</u>	-
Subtotal Assistance Listing 97.036			<u>1,739,972</u>	-
Hazard Mitigation Grant Program	97.039	HMGP-DR-4332-TX#25	1,250	-
Hazard Mitigation Grant Program	97.039	HMGP-DR-4332-TX#239	<u>2,065</u>	-
Subtotal Assistance Listing 97.039			<u>3,315</u>	-
Total Passed through the Texas Department of Public Safety			<u>1,743,287</u>	-
Passed through the Texas Division of Emergency Management:				
Urban Area Security Initiative 2022- Regional Planner	97.067	2972308	51,705	-
Urban Area Security Initiative 2021- Regional Planner	97.067	2972307	204	-
Urban Area Security Initiative - 2022 Community Preparedness	97.067	2972208	65,871	-
Urban Area Security Initiative - 2021 Community Preparedness	97.067	2972207	14,799	-
Urban Area Security Initiative - 2021 EOC Enhancements	97.067	3917802	<u>75,000</u>	-
Subtotal Assistance Listing 97.067			<u>207,579</u>	-
Total Passed through the Texas Division of Emergency Management			<u>207,579</u>	-
Total U.S. Department of Homeland Security			<u>4,450,727</u>	-
Total Expenditures of Federal Awards			\$ <u>32,233,605</u>	\$ <u>3,890,712</u>

* Total expenditures for AL# 16.738 were \$130,650.

** Total expenditures for AL# 21.027 were \$14,038,227.

GALVESTON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the County under programs of the federal government for the year ended September 30, 2023. 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). Because the schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net position/fund balance or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

Galveston County, Texas, accounts for federal funding using the modified accrual method of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences, claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Equipment purchases for grant purposes are treated as expenditures in the Schedule of Expenditures of Federal Awards. Federal grant funds are considered to be earned to the extent of qualifying expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenue until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3 - Indirect Costs

The County has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

GALVESTON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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 the Uniform Guidance	No
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Identification of major programs:

Assistance Listing Number:

21.023
21.027
97.029
97.036

Name of Federal Program:

COVID-19 - Emergency Rental Assistance
COVID-19 - State and Local Fiscal Recovery Fund
Flood Mitigation Assistance - Elevation Project
Emergency Management Assistance

Dollar threshold used to distinguish between type A and type B programs	\$967,008
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Auditee qualified as low-risk auditee?	Yes
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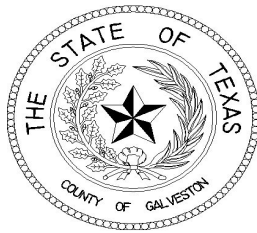
**Findings Relating to the Financial Statements Which
Are Required to be Reported in Accordance With
Generally Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

None.

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