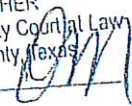


FILED  
AT 5:00 O'CLOCK PM  
MAY 16 2025

**AGENDA**  
**ANGELINA COUNTY & CITIES HEALTH DISTRICT**  
**Board of Health Meeting**

AMY FINCHER  
County Clerk, County Court at Law  
Angelina County, Texas  
By 

**When: 7:00 a.m., Wednesday, May 21, 2025**

**Where: Classroom/205 Shands Building**

[https://teams.microsoft.com/join/19%3ameeting\\_MDFINWExYmQtMzY4YS00NmI1LWFINzctZiE5NDNiYTQ3MDE4%40thread\\_v2/0?context=%7b%22Tid%22%3a%22b47be331-a44c-4dfb-88cb-12b914a1b9a7%22%2c%22Oid%22%3a%22d3f1f36f-b72e-4c27-a7fb-c6165355beb0%22%7d](https://teams.microsoft.com/join/19%3ameeting_MDFINWExYmQtMzY4YS00NmI1LWFINzctZiE5NDNiYTQ3MDE4%40thread_v2/0?context=%7b%22Tid%22%3a%22b47be331-a44c-4dfb-88cb-12b914a1b9a7%22%2c%22Oid%22%3a%22d3f1f36f-b72e-4c27-a7fb-c6165355beb0%22%7d)

**Meeting ID: 258 752 213 080**

**Passcode: SE6nv2su**

- A. Welcome
- B. Public forum
- C. Discuss and Consider the Approval of Minutes from April 9, 2025 2
- D. Discuss and Consider Approval of FY2024 Annual Independent Fiscal Audit Report - Todd, Hamaker, & Johnson Accounting Firm Presenting 5
- E. Discuss and Consider Approval of Revised Policies and Procedures:
  - Finance Policies: 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 811, 812 66
  - Administrative Policy: 203 87
  - Benefits Policy: 302 116
  - Conduct Policy: 401 91
  - Patient Contact Policy: 700 95
  - Information Technology and Security Policy: 1100 97
- F. Discuss and Consider the Approval of the Holiday Schedule for FY 2026 117
- G. Adjourn
- H. Executive Session: Per Texas Local Government Code, Section 551.074, Personnel Matters: Evaluation of the ACCHD Administrator. 118

**ANGELINA COUNTY & CITIES HEALTH DISTRICT  
BOARD OF HEALTH BOARD MEETING  
Classroom/205 Shands Building  
April 9, 2025.**

**BOH MEMBERS PRESENT**

Dr. Jerry Johnson  
Trey Wilkerson  
Dr. Karina Urquia  
Kenneth Jeffrey  
Dr. Kyle King  
Dr. Brittany Hanes  
Jesse Moody  
Dr. Christina Graves  
Pete Johnson  
Todd Ricks  
Emily Todd-Parker

**STAFF PRESENT**

Kristina Childress, Administrator  
Dr. Kindrell Tucker, Medical Director  
Kaleb Ricks, Finance Assistant  
Yesenia Cabral-Fletcher, Director of Operations

**BOH MEMBERS NOT PRESENT**

Pam Hooks

**GUESTS PRESENT**

Krystal Garcia Riley – Attorney

The meeting was called to order by Mr. Moody at 7:02 AM, with a quorum present.

**Item A. Welcome**

Mr. Moody welcomed the Board and thanked everyone for their attendance.

**Item B. Public Forum**

No comments were made.

**Item C. Discuss and Consider Approval of Minutes from February 12, 2025**

Mr. Moody presented the minutes for the board members' consideration and approval. After review, Dr. Johnson made a motion to approve the minutes from February 12, 2025. Second, to the motion by Dr. King. All were in favor, and no one opposed.

**Item D. Discuss and Consider Approval of Minutes Correction from October 30, 2024.**

Mr. Moody presented the minutes for the board's consideration and approval. After review, Dr. Johnson made a motion to approve the minutes from October 30, 2025. Second, to the motion by Mr. Ricks. All were in favor, and no one opposed.

**Item E. Discuss and Consider Approval of Financial Report FY25**

Ms. Childress presented the FY25 financial report for the Board's consideration. Total revenue and total expenditure were presented and discussed. The cost of operations are in positive margin. Ms. Childress reminded the board members on the vacant finance position. Candidates are being interviewed. Dr. Hanes asked a question on TexPool. This item will be discussed in the investment section. Dr. King asked if there were any budget amendments. Kristina informed the board that there were no amendments for this reporting period, however, there will be amendments reflected in the next reporting period. Mr. Moody asked a question on why the item under Local Grants is at 1132.05%. Ms. Childress will follow up on the item and report back to the Board. After discussion, Dr. King made a motion to approve the financial report for FY25. Second, the motion made by Dr. Johnson. MCU.

**Item F. Discuss and Consider Approval of Investment Report**

Ms. Childress presented the investment report. The TexPool is in process. Mr. Kaleb reported on the inquiring for contact changes, which were submitted. Other changes in progress are to the bank and signature blocks. No other questions or concerns were reported on the investment report. After the discussion, Mr. Jeffrey made a motion to approve the investment report. Second, the motion made by Dr. Johnson. All were in favor, and no one opposed.

**Item G. Discuss and Consider Approval of Proposal for Health District Building Repairs**

Mr. Kaleb discussed that the previous bid had expired, however, an updated bid was acquired. The location of the repair was described and discussed. Additional cost for repair of tile in waiting area was described and discussed. Bid was provided by the vendor, Langston Construction Incorporated, for a total of \$25,556 with alternate 1 of \$3480 and alternate 2 of \$1700 additional cost. The board asked if previous repairs have been made to prevent further damage. Ms. Childress reported repairs have been made previously. Mr. Pete Johnson made a motion to approve the cost for repairs. Second motion by Dr. Johnson. All were in favor, and no one opposed.

**Item H. Discuss and Consider Update on the Status of Health Services Agreement with Angelina County Detention Center.**

Ms. Childress provided an update on several conversations with the Warden. Information on the liability insurance application was received for around \$30,000. Board members requested an exact amount. Ms. Childress will follow up on the item and report back to the Board. Ms. Childress and Dr. Tucker reported that they met with Denton County Public Health to gain insights into the medical operations of their detention center, including expectations, challenges, operational costs, and resources allocated to run the facility efficiently. Implementing a medical service agreement with Angelina County Detention Center would require an administrator on site, 24-hour medical staff coverage, and Medical Director coverage. There would be costly legal bills and possibly a designated legal team. Staff correctional health care certification would need to be considered. Board members agreed that this is not an agreement the Angelina County & Cities Health District should pursue at this time.

**Item I. Discuss and Consider Approval of Revised Health District Investment Policy.**

Ms. Cabral-Fletcher and Attorney Riley discussed changes to the finance position within the policy, with efforts to avoid changing or revising the policy due to title change. Attorney Riley discussed that one or more finance officers can be appointed by the Board. Mr. Wilkerson made a motion to approve the changes to the policy. All were in favor, and no one opposed. Mr. Moody signed the updated policy.

**Item J. Discussed and Gathered Feedback regarding Health District Strategic Planning, Programs, and Activities.**

Ms. Childress discussed specialist access and reimbursement limitations. The specialty provider expressed concerns about continuing to serve our clients if fees were not revisited. The specialist is currently paid at Medicaid rate but requesting the Medicare rate. Dr. Tucker expressed his concerns with complications and the burden this might cause our patients, getting sicker, and increasing volume for our ER hospital services. Dr. Tucker will reach out to other institutions to seek support. Guidance and feedback from the Board were requested. The Board suggested that UT Tyler Medical Institution might be an option. The Board did not approve an increase in rates due to violations of contract agreements, grant rules, and state and federal regulations.

Ms. Childress discussed the status of the updated cooperative agreement with member governments. The City of Lufkin and the City of Diboll have signed the updated cooperative agreement. We are waiting for other member governments from the City of Zavalla, City of Huntington, and City of Hudson to provide the signed updated cooperative agreement. On March 12, Angelina County Commissioner's Court approved the agreement with requested changes. Mr. Moody requested an updated version of the cooperative agreement in order for him to follow up. Ms. Childress will follow up on the item and report back to the Board.

Ms. Childress provided an update on Human Resources such as the vacancy of the finance position. <sup>3</sup> Ms.

Childress introduced Mrs. Cabral-Fletcher as new Operations Director and complimented Mr. Kaleb for his outstanding job in the Finance department. Ms. Childress also discussed a contingency plan for the Finance department if the hiring of the finance manager position is delayed. The contingency plan would be to contract an accountant if needed. The Board supported offering a higher salary after a probationary period to the favorable candidate.

Ms. Childress discussed the need for the Board to evaluate her performance, considering she has been in the position for two years in May 2025. Mr. Wilkerson suggested that the Board as a whole needs to discuss and provide the evaluation. Mr. Moody suggested this will need to be an executive session at the next meeting.

Ms. Childress discussed the Health District Strategic Planning update and thanked Board members that attended the kickoff. Dr. Wheeler of NOPA Leadership will be facilitating the event on April 15, 2025, at the Lufkin Convention Center from 8-3:30 pm. The Health District will continue operations with a skeleton crew. The next strategic planning committee meeting will be on May 7, 2025.

Ms. Childress requested a professional photo from all Board members for the Health District website update.

Mr. Moody requested updates on the compensatory time policy and payout to the previous Finance Director. Ms. Childress provided information on the need to honor the policy, considering we have team members that will be working beyond 24 hours in case of an emergency. Attorney Riley made suggestions for provisions within the policy that should state who will approve in case of an emergency. Board members emphasized the need to honor the 24-hour Comp time allocation rather than paying out beyond 24 hours of comp time. Ms. Childress suggested that we collaborate with Attorney Riley to revise the policy.

#### **Item K. Discussed and Consider Approval regarding Zavalla WIC Office Closure**

Ms. Childress discussed challenges with the Zavalla WIC office. Challenges include finding a new location, considering the previous location is no longer available due to fire and no water access. In addition, the volume at the Zavalla location is low, with an active participation of 8 in the last 6 months. The nearest alternative is the Huntington clinic. The Diboll clinic is also available for services. Hours of operation for those clinics were shared. Board members asked about the process for staff allocation. Ms. Childress provided information on allocating the staff to our main office. Clients will be notified of the closure of the Zavalla office if approved by Texas WIC. Mr. Pete Johnson made a motion to approve the closure of the Zavalla WIC office. The second motion by Dr King. All were in favor, and no one opposed.

#### **Item L. Adjourn.**

The meeting adjourned at 7:50 am.



ANGELINA COUNTY & CITIES  
HEALTH DISTRICT

May 19, 2025

Todd, Hamaker & Johnson, LLP  
517 South First Street  
Lufkin, TX 75901

This representation letter is provided in connection with your audit(s) of the financial statements of Angelina County and Cities Health District, which comprise the respective financial position of the governmental activities, the discretely presented component unit, the major fund as of August 31, 2024, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 19, 2025, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 9, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.





## ANGELINA COUNTY & CITIES HEALTH DISTRICT

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been (or will be) posted to the District's general ledger.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

### Information Provided

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the District Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - o Management,
  - o Employees who have significant roles in internal control, or
  - o Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.



ANGELINA COUNTY & CITIES  
HEALTH DISTRICT

- 18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

**Government—specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 27) We have appropriately disclosed all information for conduit debt obligations in accordance with GASBS No. 91.
- 28) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the depreciation schedule, financial statements and disclosures, and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill,



## ANGELINA COUNTY & CITIES HEALTH DISTRICT

knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the depreciation schedule, financial statements and disclosures, and schedule of expenditures of federal awards.

- 31) The District 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.
- 32) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.
- 35) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34, as amended, and GASBS No. 84
- 36) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 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.
- 37) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 38) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) 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.
- 41) 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.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 43) Special and extraordinary items are appropriately classified and reported.
- 44) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.





## ANGELINA COUNTY & CITIES HEALTH DISTRICT

- 46) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 47) We have appropriately disclosed the District'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 and have determined that net position is properly recognized under the policy.
- 48) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 49) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 50) We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASBS) No. 102 Certain Risk Disclosures, No. 103 Financial Reporting Model Improvements, and No. 104 Disclosure of Certain Capital Assets as discussed in the Notes to the Financial Statements. The District is therefore unable to disclose the impact that adopting GASBS No. 102 through 104 will have on its financial position and the results of its operations when the Statements are adopted.
- 51) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied 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), including requirements relating to preparation of the schedule of expenditures of federal awards.
  - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
  - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
  - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated



## ANGELINA COUNTY & CITIES HEALTH DISTRICT

surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, if applicable.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.





ANGELINA COUNTY & CITIES  
HEALTH DISTRICT

- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that 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 award provided to the subrecipient.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.



ANGELINA COUNTY & CITIES  
HEALTH DISTRICT

- y) We are responsible for and have (or will) ensured the reporting package does not contain protected personally identifiable information.
- z) We are responsible for and have (or will) accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb) We have disclosed to you all contracts or other agreements with service organizations, if applicable, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Kristina Childress, Administrator

Kindrell Tucker, MD, Medical Director



**ANGELINA COUNTY AND CITIES  
HEALTH DISTRICT**

**AUDITED FINANCIAL STATEMENTS  
AND COMPLIANCE REPORTS**

**AUGUST 31, 2024**

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## INTRODUCTORY SECTION

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### PRINCIPAL OFFICIALS

Dr. Kindrell Tucker.....Medical Director  
Kristina Childress.....Administrator  
Lindsey Christian.....Financial Director

### BOARD OF DIRECTORS

Mr. Jesse Moody.....Director  
Mr. Ricky Conner.....Director  
Dr. Jerry Johnson.....Director  
Mayor Trey Wilkerson.....Director  
Mr. Pete Johnson.....Director  
Dr. Emily Todd-Parker.....Director  
Dr. Christina Graves.....Director  
Dr. Karina Urquia.....Director  
Ms. Brittany Hanes.....Director  
Mayor Todd Ricks.....Director  
Dr. Kyle King.....Director  
Mayor Richard Brunk.....Director

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Angelina County and Cities Health District  
Lufkin, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and the major fund of Angelina County and Cities Health District (District) as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund, as of August 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Angelina County and Cities Health District, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Angelina County and Cities Health District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing

standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Angelina County and Cities Health District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Angelina County and Cities Health District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-11 and 36-37, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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. The information has been subjected to the auditing procedures applied in the audit of 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025 on pages 39-40, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

May 19, 2025

As management of Angelina County and Cities Health District (the "District"), we offer readers of the financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended August 31, 2024. We encourage readers to consider the information presented here and the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's overall assets exceeded its total liabilities by \$2,289,624 (*net position*) at August 31, 2024. Of this amount, \$1,598,190 (*unrestricted net position*) is available to meet the ongoing obligations to the District.
- The overall assets of the District increased by \$19,684 during the fiscal year. Overall cash, cash equivalents, and certificates of deposit decreased by \$128,487; overall receivables increased by \$119,127; and net capital assets decreased by \$41,771.
- The District had no long-term debt outstanding at year end and no debt was incurred during the year.
- Excluding capital grant revenues, overall revenues increased by \$385,612. Overall expenses increased by \$565,718 from the prior year.
- Overall revenues exceeded expenses (or an increase in net position) by \$105,119.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

**Government-wide Financial Statements.** The *government-wide financial statements* (pages 14 to 15) are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These statements provide both short-term and long-term information about the District.

These statements include Angelina County and Cities Health District Endowment Trust ("Endowment Trust"), a component unit of the District. The entity, although legally separate from the District, is included in the financial statements because the board of the Endowment Trust consists of members of the District's board.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

**Fund Financial Statements.** The *governmental fund financial statements* (pages 17 to 20) focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported as expenditures in the year due.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 34 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, net position may serve as a useful indicator of a government's financial position. At August 31, 2024, the District's assets exceeded its liabilities by \$2,289,624.

A portion of the District's net position, \$691,434, reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, equipment, and infrastructure), less any related debt used to acquire those assets that remains outstanding. The District uses these capital assets to provide services to individuals we serve; consequently, these assets are not available for future spending.

None of the District's net position was restricted at August 31, 2024. The remaining balance of its net position, or \$1,598,190, is unrestricted in nature.

At the end of the current fiscal year, the District reports a positive balance in all categories of net position.

#### **The District's Net Position**

	Governmental Activities	
	2024	2023
Current and other assets	\$ 2,621,293	\$ 2,559,838
Capital assets	691,434	733,205
Total assets	3,312,727	3,293,043
Long-term liabilities	27,188	37,635
Other liabilities	995,915	1,070,903
Total liabilities	1,023,103	1,108,538
Net position		
Invested in capital assets, net of related debt	691,434	733,206
Unrestricted	1,598,190	1,451,299
Total net position	\$ 2,289,624	\$ 2,184,505

The following table provides a summary of the District's operations for the year ended August 31, 2024. Governmental activities increased in the District's net position by \$105,119.

#### Change in Net Position

	Governmental Activities	
	2024	2023
Program revenues		
Charges for services	\$ 494,757	\$ 541,415
Operating grants/contributions	6,459,484	5,975,029
Capital grants/contributions	-	-
General revenues		
County and cities	86,395	86,395
Building lease	294,003	294,003
Management agreement	-	73,333
Unrestricted investment earnings	41,998	20,856
Gain (loss) on sale of assets	-	-
Other miscellaneous	992	986
Total revenues	<u>7,377,629</u>	<u>6,992,017</u>
Expenses		
Administration	416,064	445,059
Women, Infants and Children	652,926	636,037
Primary Health Care	3,937,797	3,566,205
Preventative Care	817,872	790,911
Public Health Preparedness	408,096	289,478
Environmental	164,622	125,730
Community Health Initiatives	494,224	496,571
Interest	986	1,206
Indirect	379,923	335,595
Total expenses	<u>7,272,510</u>	<u>6,706,792</u>
Increase (decrease) in net position	105,119	285,225
Net position - beginning of year	<u>2,184,505</u>	<u>1,899,280</u>
Net position - end of year	<u>\$ 2,289,624</u>	<u>\$ 2,184,505</u>

#### GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The District uses fund accounting to ensure and demonstrate compliance with finance related requirements.

**Governmental Funds (pages 17 to 20).** As mentioned earlier, *governmental funds* provide information regarding *spendable* resources. Such information is useful in assessing the District's financing and cash requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of August 31, 2024, the District's governmental funds reported a total fund balance of \$1,598,786. The fund balance is comprised of \$7,465 in prepaid items and \$409,625 in inventory. The remaining balance of \$1,181,696 is unassigned. During the year, the fund balance in the governmental fund increased by \$147,057 as a result of operations.

**General Fund Budget.** A comparison of the general fund budget and actual results is presented as required supplementary information on page 36. Total revenues were higher than budgeted amounts by \$140,565. Expenditures were lower than budgeted amounts by \$6,492.

## **CAPITAL ASSETS**

The District's investment in capital assets as of August 31, 2024, totaled \$691,434 (net of accumulated depreciation/amortization). This investment includes land and other capital assets such as buildings, improvements, and equipment.

### **Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Buildings	\$ 623,000	\$ 631,000
Furniture and equipment	12,258	18,453
Vehicles	10,666	16,761
Leasehold improvements	45,510	46,991
Total capital assets, net	<u>\$ 691,434</u>	<u>\$ 733,205</u>

## **DEBT ADMINISTRATION**

As of August 31, 2024, the District had no outstanding long-term debt and no debt was incurred during the year.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

For fiscal year 2025, the District approved a budget of \$7,366,600 with no anticipated deficit. The future economic concerns of the Health District include potential federal and state legislative action that could impact grant revenues and other revenues, local grant funds, and potential facility maintenance cost.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of Angelina County and Cities Health District's finances for all those with an interest in the District's finances. Questions about this report or requests for additional information should be addressed to the Administrator, Angelina County and Cities Health District, 503 Hill Street, Lufkin, Texas 75904.



## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**ANGELINA COUNTY AND CITIES HEALTH DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2024**

	Primary Government		Component Unit
	Governmental Activities	Total	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 843,794	\$ 843,794	\$ 86,318
Accounts receivable			
Primary care, net of allowance for contractual adjustments of \$6,179	64,495	64,495	-
Grants	472,215	472,215	-
County and cities	796,457	796,457	-
Other	650	650	-
Prepaid items	7,465	7,465	-
Inventory	409,625	409,625	-
Noncurrent assets			
Capital assets, net of accumulated depreciation	691,434	691,434	-
Right of use assets, net of accumulated amortization	26,592	26,592	-
<b>TOTAL ASSETS</b>	<u>3,312,727</u>	<u>3,312,727</u>	<u>86,318</u>
<b>LIABILITIES</b>			
Accounts payable	82,713	82,713	-
Accrued expenses	47,776	47,776	-
Unearned revenue	865,426	865,426	-
Noncurrent liabilities			
Operating leases			
Due within one year	10,765	10,765	-
Due in more than one year	16,423	16,423	-
<b>TOTAL LIABILITIES</b>	<u>1,023,103</u>	<u>1,023,103</u>	<u>-</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	691,434	691,434	-
Restricted donations	-	-	11,408
Unrestricted	1,598,190	1,598,190	74,910
<b>TOTAL NET POSITION</b>	<u>\$ 2,289,624</u>	<u>\$ 2,289,624</u>	<u>\$ 86,318</u>

See accompanying notes to the financial statements.

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position									
	Expenses			Program Revenues			Primary Government		Component Unit	
	Administration and Indirect Allocation	Expenses after Allocation of Administration and Indirect	Changes for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total			
<b>Primary government</b>										
Governmental activities										
Administration	\$ 416,064	\$ (396,946)	\$ 19,118	\$ 19,118	\$ -	\$ -	\$ (63,978)	\$ -	-	
Women, Infants and Children	632,926	120,029	772,955	708,977	-	-	27,845	(63,978)	-	
Primary Health Care	3,937,797	361,935	4,299,732	4,113,449	-	-	27,845	27,845	-	
Preventative Care	817,872	99,160	917,032	710,309	-	-	(136,945)	(136,945)	-	
Public Health Preparedness	408,096	74,798	482,894	405,457	-	-	(77,457)	(77,457)	-	
Environmental	164,622	30,264	194,886	210,851	-	-	15,965	15,965	-	
Community Health Initiatives	494,224	90,683	584,907	502,194	-	-	(82,713)	(82,713)	-	
Interest	986	-	986	-	-	-	(986)	(986)	-	
Indirect	379,923	(379,923)	-	-	-	-	-	-	-	
Total governmental activities	7,272,510	-	7,272,510	494,757	6,459,484	-	(318,269)	(318,269)	-	
<b>Total primary government</b>	\$ 7,272,510	\$ -	\$ 7,272,510	\$ 494,757	\$ 6,459,484	\$ -	\$ (318,269)	\$ (318,269)	-	
Component Unit	\$ 80	\$ -	\$ 80	\$ -	\$ 4,000	\$ -	-	-	3,920	

86,395	86,395	-
294,003	294,003	-
41,998	41,998	751
992	992	-
423,388	423,388	751
105,119	105,119	4,671
2,184,505	2,184,505	81,647
\$ 2,280,624	\$ 2,280,624	\$ 86,318

## **FUND FINANCIAL STATEMENTS**



**ANGELINA COUNTY AND CITIES HEALTH DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2024**

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 843,794	\$ 843,794
Accounts receivable		
Primary care, net of allowance for contractual adjustments of \$6,179	64,495	64,495
Grants	472,215	472,215
County and cities	796,457	796,457
Other	650	650
Prepaid items	7,465	7,465
Inventory	409,625	409,625
<b>TOTAL ASSETS</b>	<b>\$ 2,594,701</b>	<b>\$ 2,594,701</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 82,713	\$ 82,713
Accrued expenses	47,776	47,776
Unearned revenue	865,426	865,426
<b>Total liabilities</b>	<b>995,915</b>	<b>995,915</b>
<b>FUND BALANCE</b>		
Nonspendable		
Prepaid items	7,465	7,465
Inventory	409,625	409,625
Unassigned	1,181,696	1,181,696
<b>Total fund balance</b>	<b>1,598,786</b>	<b>1,598,786</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,594,701</b>	<b>\$ 2,594,701</b>

See accompanying notes to the financial statements.

**ANGELINA COUNTY AND CITIES HEALTH DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2024**

Amounts reported for governmental activities in the government-wide statement of net position are different because:

Total fund balances - governmental funds balance sheet	\$ 1,598,786
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	691,434
Right of use assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	26,592
Long-term liabilities, including operating leases, are not due and payable in the current period and therefore, are not reported in the governmental funds.	<u>(27,188)</u>
Net position of governmental activities	<u>\$ 2,289,624</u>

**ANGELINA COUNTY AND CITIES HEALTH DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2024**

	General Fund	Total Governmental Funds
<b>REVENUES</b>		
County and cities	\$ 86,395	\$ 86,395
State of Texas contracts	2,524,112	2,524,112
Environmental	210,851	210,851
Prevention and other	373,601	373,601
Primary care	1,770,235	1,770,235
Donated pharmaceuticals	2,076,435	2,076,435
Building lease	294,003	294,003
Investment income	41,998	41,998
Total revenues	<u>7,377,630</u>	<u>7,377,630</u>
<b>EXPENDITURES</b>		
Personnel	3,363,757	3,363,757
Contractual	499,613	499,613
Utilities and maintenance	252,399	252,399
Office	137,494	137,494
Medical	2,517,130	2,517,130
Travel	38,952	38,952
Furniture and equipment	27,843	27,843
Rental/lease	12,870	12,870
Building rent	294,003	294,003
Other	86,512	86,512
Total expenditures	<u>7,230,573</u>	<u>7,230,573</u>
<b>EXCESS (DEFICIENCY) OF</b>		
REVENUES OVER EXPENDITURES	<u>147,057</u>	<u>147,057</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,451,729</u>	<u>1,451,729</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,598,786</u>	<u>\$ 1,598,786</u>

See accompanying notes to the financial statements.

**ANGELINA COUNTY AND CITIES HEALTH DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2024**

Amounts reported for governmental activities in the government-wide statement of activities are different because:

Net change in fund balance - governmental fund	\$ 147,057
Governmental funds report capital outlays as expenditures.	14,000
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.	(55,771)
The amortization of right of use assets used in governmental activities is not reported in the governmental funds.	(10,614)
Amount attributed to operating lease principal is an expenditure in the governmental funds, but is not reported as an expense in the statement of activities.	<u>10,447</u>
Change in net position of governmental activities	<u>\$ 105,119</u>

See accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Introduction

The financial statements of Angelina County and Cities Health District ("ACCHD" or "the District") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies used by the District are discussed below.

### Reporting Entity

Angelina County and Cities Health District is a political subdivision of the State of Texas. The District is an independent special purpose governmental entity and is governed by a Board of Directors.

Basic operations of the District are financed by county and city contributions, grants, primary care, environmental, personal health, investment earnings and other revenues. The District receives federal, state and local grant funds to finance specific programs. There were no special gifts for long-range projects and plans in the current period.

The financial reporting entity should consist of the primary government and all component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is not included in any other governmental "reporting entity", and there is one component unit included within the reporting entity.

**Discretely Presented Component Unit.** Angelina County and Cities Health District Endowment Trust ("Endowment Trust") was formed on October 30, 2008 and is legally separate, tax-exempt 501(c)(3) organization. The board of the Endowment Trust consists of members of the District's board. The Endowment Trust receives charitable contributions from the community and grantors to be used to provide funds for the use and benefit of the District in accordance with the donor's restrictions, if any. The Endowment Trust may distribute funds solely to assist the District in providing "essential public health services". Because the Endowment Trust raises and holds resources for the benefit of the District, the Endowment Trust is considered a component unit of the District as required by GASB Statement No. 39 and is discretely presented in the District's government-wide financial statements. Separate financial statements of the Endowment Trust are not issued.

### Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the activities of the District as a whole. *Governmental activities* include programs normally supported by program revenues and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other revenue sources not properly included with program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **New Accounting Pronouncements**

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment to GASB 62* (“GASB 100”), is intended to enhance accounting and financial reporting for accounting changes and error corrections. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2023. Implementation of GASB 100 had no effect on the District’s financial disclosures.

GASB Statement No. 101, *Compensated Absences* (“GASB 101”), is intended to update the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2023. The effects of implementing GASB 101 on the District’s financial disclosures have not been evaluated by management.

GASB Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), is intended to improve financial reporting and disclosure of certain concentrations or constraints and related events that have occurred or have begun to occur. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2024. The effects of implementing GASB 102 on the District’s financial disclosures have not been evaluated by management.

GASB Statement No. 103, *Financial Reporting Model Improvements* (“GASB 103”), is intended to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2025. The effects of implementing GASB 103 on the District’s financial disclosures have not been evaluated by management.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (“GASB 104”), updates required disclosure information relating to capital assets. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2025. The effects of implementing GASB 104 on the District’s financial disclosures have not been evaluated by management.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and donations are recognized as revenue in the fiscal year in which grantor eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are generally recorded when the related liability is incurred, as under accrual accounting. Debt service expenditures, both principal and interest, are recorded only when payment is due.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Revenues from county and cities, grants, primary care, personal health, management agreement, donated facilities and investment earnings are susceptible to



accrual. All other revenues are considered to be measurable and available only when cash is received by the District.

The District has the following major governmental fund:

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

##### **Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents include investments with original maturities of three months or less and are stated at fair value.

ACCHD is required by the Public Funds Collateral Act (Government Code, chapter 2257) to maintain security for all deposits of funds that exceed coverage provided by the Federal Deposit Insurance Corporation ("FDIC").

The Public Funds Investment Act (Government Code, chapter 2256) (the "Act") requires the government to adopt, implement, and publicize a written investment policy which primarily emphasizes safety of principal and liquidity, and addresses investment diversification, yield, and maturity. Additionally, the policy must address the quality and capability of investment management and include the types of investments in which the entity may invest its funds, as well as the maximum allowable stated maturity of any individual investment, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio of pooled fund groups, and bid requirements for certificates of deposit.

The Act authorizes invest in any of the following financial instruments:

- U.S. Treasury securities which have a liquid market; direct obligations of the State of Texas, and other obligations that are guaranteed by the State of Texas or United States of America;
- obligations of states, agencies, counties, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;
- fully insured or collateralized certificates of deposit at commercial banks;
- repurchase agreements collateralized by U.S. Treasury or U.S. Government Agency securities in accordance with a master repurchase agreement;
- joint pools of political subdivisions in the State of Texas which invest in instruments and follow practices allowed by current law (the pool must be continuously rated no lower than "AAA" or "AAA-m" by at least one nationally recognized rating service).

### **Fair Value of Financial Instruments**

The District, including component units, categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value. It established a three-level hierarchy that describes the inputs used to measure assets and liabilities.

Those three levels are as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets and liabilities in active markets that the government can access at the measurement date.

Level 2 inputs are inputs (other than quoted prices within Level 1) that are observable for an asset or liability, either directly or indirectly

Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

### **Receivables**

The District provides an allowance for uncollectible accounts in an amount equal to patient fees estimated to be uncollectible based on aging of patient fees receivable at year end. There was not a balance in the allowance for uncollectible accounts at August 31, 2024.

An allowance for contractual adjustments is recorded for the difference in amounts billed and expected third-party reimbursements. The balance in the allowance for contractual adjustments was \$6,179 at August 31, 2024.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

### **Inventory**

The District records purchases of medical supplies as expenditures, utilizing the purchase method of accounting for inventory.

Donated pharmaceuticals are valued at cost or average wholesale price (lower of cost or market) using the first in, first out ("FIFO") method.

### **Capital Assets and Depreciation**

Capital assets include any real property or personal property that has a value or cost of \$5,000 or more and useful life of no less than one year. Such assets are recorded at cost in the government-wide financial statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

Costs incurred for normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The estimated useful lives are as follows:

Buildings	9 to 25 years
Furniture and equipment	5 to 10 years
Vehicles	5 years
Leasehold improvements	10 years

#### **Deferred Outflow and Inflows of Resources**

*Deferred Outflows of Resources.* In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

*Deferred Inflows of Resources.* In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

#### **Compensated Absences**

The district accrues its liability for accumulated unpaid benefits. Employees are entitled to paid vacation (annual leave) and sick leave days depending on job classification, length of service and other factors. Any unused sick leave will not be paid upon termination of employment, and therefore is not accrued. Each employee is allowed to carry forty hours annual leave over from one fiscal year to the next.

#### **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year incurred. Long-term obligations consisted solely of operating lease liabilities at August 31, 2024.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Net Position and Fund Balance

In the government-wide financial statements, the difference between the District's total assets and total liabilities represents *net position*. Net position is displayed in three components as follows:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes or other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

In the governmental fund financial statements, *fund balances* are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes due to constraints imposed on resources either (a) externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Directors – the government's highest level of decision making authority. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

*Unassigned* – all other spendable amounts.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources have been applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **Budgetary Information**

The Financial Director annually submits a proposed operating budget for the fiscal year ending August 31. After a public hearing on the proposed budget, the official budget is approved by the Board of Directors in August preceding the applicable fiscal year. Generally, District policy provides for the following:

- Budget amendments are generally made prior to the expenditure of funds for positions or activities not included in the original budget.
- Transfers to a line item which were not in the original budget must be approved.

The budget as presented in the financial statements reflects the final budget as amended by the Board of Directors. Unexpended appropriations lapse at the end of the fiscal year.

### **Deficit Fund Balance**

Generally accepted accounting principles require disclosure of individual funds that have deficit fund balances at year end. There were no deficit fund balances at August 31, 2024.

*(Remainder of this page left blank intentionally.)*

## DETAILED NOTES ON ALL FUNDS

### ASSETS

#### Deposits and Investments

*Interest Rate Risk.* Interest rate risk is the risk that the fair value of the investment will be adversely affected by changes in interest rates. The District's investment policy does not limit investment maturities on money market mutual funds.

*Custodial Credit Risk -- Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's policy and the Public Funds Collateral Act require funds on deposit at depository banks to be collateralized to the extent that the deposits exceed FDIC coverage.

*Primary Government.* As of August 31, 2024, the District's deposits held by depository banks totaled \$879,439. All deposits were fully collateralized by securities pledged by the depository banks with a total value of \$1,463,215, in addition to FDIC coverage.

*Component Unit.* As of August 31, 2024, the Endowment Trust's cash held by depository banks totaled \$86,318. All deposits were fully insured by FDIC coverage.

*Investments.* At August 31, 2024, neither the District nor the Endowment Trust had investments.

#### Pharmacy Inventory and Donated Pharmaceuticals

The District operates an in-house pharmacy. During the year ended August 31, 2024, the District recognized \$2,076,435 in revenue for donated pharmaceuticals from various drug companies. These donations have been recognized in other revenues on the statement of revenues, expenditures and changes in fund balances. Purchases of pharmaceuticals were made as needed through a supplier. At August 31, 2024, the District had \$409,625 in pharmacy inventory, \$337,695 of which were donated pharmaceuticals.

#### Receivables

Grants receivable are for reimbursement of expenditures and fees for service provided under various grants. All amounts are expected to be collected within the year. A summary of these receivables follows:

Receivables:	Amount
Woman, Infants and Children - Administration	\$ 116,066
Woman, Infants and Children - Peer Counseling	26,005
Woman, Infants and Children - Registered Dietician	19,381
Woman, Infants and Children - Lactation Consultant	8,917
Woman, Infants and Children - Special Projects	20,524
TB	3,233
HIV	41,020
CSHCN	9,272
Immunization	9,448
Immunization - COVID 2	7,963
Maternal and Child Health Services - Title V	2,933
Public Health Emergency Preparedness	28,566
Ebola EPI	3,471

Receivables - *continued*

	<u>Amount</u>
STD/TB Federal	3,147
PHWF	10,955
Health Equity	4,557
PHIG	27,871
BCCS	5,617
BRLHO	4,118
PHC State	71,231
CCHB	18,993
THRIVE	28,927
Total grants receivable (net of allowance for uncollectibles of \$0)	<u>\$ 472,215</u>

County and cities receivables are for the remaining Angelina County – primary health care contribution and regular county and cities contributions to the District. All amounts are expected to be collected within one year. A summary of these receivables follows:

Angelina County – primary health care contribution	\$ 793,612
County and cities	<u>2,845</u>
Total (net of allowance for uncollectibles of \$0)	<u>\$ 796,457</u>

**Capital Assets**

Changes in capital assets for the year ended August 31, 2024 are as follows:

*Primary Government*

*Governmental activities*

	<u>Balance 08/31/2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 08/31/2024</u>
Capital assets, being depreciated				
Buildings	\$ 706,795	\$ -	\$ -	\$ 706,795
Furniture and equipment	135,207	-	-	135,207
Vehicles	30,475	-	-	30,475
Leasehold improvements	229,313	14,000	-	243,313
Total being depreciated	<u>1,101,790</u>	<u>14,000</u>	<u>-</u>	<u>1,115,790</u>
Less accumulated depreciation:				
Buildings	(55,795)	(28,000)	-	(83,795)
Furniture and equipment	(116,754)	(6,195)	-	(122,949)
Vehicles	(13,714)	(6,095)	-	(19,809)
Leasehold improvements	(183,322)	(15,481)	-	(197,803)
Total accumulated depreciation	<u>(368,585)</u>	<u>(55,771)</u>	<u>-</u>	<u>(424,356)</u>
Total being depreciated, net	<u>733,205</u>	<u>(41,771)</u>	<u>-</u>	<u>691,434</u>
Total capital assets, net	<u>\$ 733,205</u>	<u>\$ (41,771)</u>	<u>\$ -</u>	<u>\$ 691,434</u>



Depreciation expense was charged to functions of the government-wide statement of activities as follows:

Administration	\$ 1,245
Woman, Infants, and Children	8,424
Primary Health Care	25,403
Preventative Care	6,960
Public Health Preparedness	5,250
Environmental	2,124
Community Health Initiatives	6,365
Totals	<u>\$ 55,771</u>

#### Right of Use Assets

A summary of changes in assets under operating leases for the year ended August 31, 2024 follows:

##### Primary Government

##### Governmental activities

	Balance 08/31/2023	Additions	Disposals	Balance 08/31/2024
Right of use assets	\$ 52,473	\$ -	\$ -	\$ 52,473
Accumulated amortization	(15,267)	(10,614)	-	(25,881)
Total right of use assets, net	<u>\$ 37,206</u>	<u>\$ (10,614)</u>	<u>\$ -</u>	<u>\$ 26,592</u>

Amortization expense was charged to functions of the government-wide statement of activities as follows:

Administration	\$ 237
Woman, Infants, and Children	1,604
Primary Health Care	4,834
Preventative Care	1,325
Public Health Preparedness	999
Environmental	404
Community Health Initiatives	1,211
Totals	<u>\$ 10,614</u>

#### LIABILITIES

##### Accrued Expenses

At August 31, 2024, accrued expenses were composed of the following:

	Accrued Expenses
Annual leave	\$ 48,904
Employee insurance and other	(1,547)
Accrued payroll taxes	419
Totals	<u>\$ 47,776</u>

## Unearned Revenue

At August 31, 2024, unearned revenue consisted of the following:

	Unearned Revenue
County and Cities	\$ 15,790
Endowment Trust	6,558
Episcopal Health Foundation	54,302
Local grants	178,250
Other	610,626
Totals	<u>\$ 865,426</u>

## Operating Leases

Operating lease activity for the year ended August 31, 2024 was as follows:

	Balance 08/31/23	Additions	Reductions	Balance 08/31/24	Due Within One Year
<i>Governmental activities</i>					
Operating leases	\$ 37,635	\$ -	\$ (10,447)	\$ 27,188	\$ 10,765

*Copiers.* In January, 2022, the City entered into a six year operating lease for the use of six copiers requiring monthly payments of \$1,095 through January 2027. In January, 2023, the City entered into a six year operating lease for the use of one copier requiring monthly payments of \$122 through January 2028. The City has indicated no intention to purchase the assets at the end of the lease terms. The liability has been calculated using an imputed interest rate of 3.00%. Interest expense of 1,206 was charged to the government-wide statement of activities. During the year, the City paid \$14,828 under the contracts, including \$3,395 for insurance and other services.

The annual requirements for the operating lease follows:

Year Ending August 31,	Governmental Activities	
	Principal	Interest
2025	\$ 10,765	\$ 668
2026	11,093	341
2027	4,724	66
2028	606	5
Totals	<u>\$ 27,188</u>	<u>\$ 1,080</u>

## RENTAL EXPENSES

During the year, the District leased office space, and storage facilities under lease agreements. The office space leases generally provide for the payment of real estate taxes and other related expenses by the District.

Rental expense under these agreements totaled \$11,100 for office space and \$5,170 for storage facilities for the year ended August 31, 2024.

## **HEALTH CARE COVERAGE**

During the year end August 31, 2024, employees of the District were covered by health, life, accidental death and dismemberment, vision and dental insurance plans. Employees paid \$70 per month and the District paid the remainder for health, life, accidental death and dismemberment, vision and dental insurance premiums to the appropriate administrator and employees, at their option, authorized payroll withholdings to pay contributions or premiums for other insurance coverage such as additional life insurance, lower health insurance deductibles or dependent coverage. The District has health and dental coverage through Blue Cross Blue Shield, vision coverage through Vision Service Protection and life insurance through MetLife. Premiums for other insurance were paid to licensed insurers.

## **DONATED FACILITIES**

The District has entered into a lease agreement for facilities with CHI St. Luke's Health Memorial (Memorial). The annual rent is \$1 for the lease. Since the annual rent is below prevailing market rates, building rent totaling \$294,003 has been recognized in the financial statements as the fair rental value of the donated facilities.

## **DEFERRED COMPENSATION PLAN**

On September 1, 2008, the District established the Angelina County and Cities Health District 457b Plan (457b Plan) which is a defined contribution pension plan. This 457b Plan is administered by Southside Bank. The plan was established as a Governmental Eligible 457b Plan and can be amended at any time. Employees can contribute a percentage of their salary up to the annual maximum elective deferral and the District matches 4% of the employees' compensation. The employees contributed \$85,851 and the District's matching contribution was \$39,117 for the year ended August 31, 2024.

## **CONTINGENCIES AND UNCERTAINTIES**

The District has received several federal and state grant awards. These awards are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. The District's management believes that any liability for reimbursement which may arise as the result of these audits would not be material to the financial position of the District.

## **OTHER INFORMATION**

### **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; medical and malpractice claims; errors and omissions, injuries to employees; natural disasters; and others. The District provides commercial insurance coverage for these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses.

The District purchases workers' compensation insurance coverage from the Deep East Texas Self Insurance Fund (the "Fund"), a public entity risk pool, which is self-sustaining through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves. The District pays a monthly premium to the Fund for its workers' compensation insurance coverage. By participating in the pool, the District is not responsible for its own paid claims; consequently,

risks associated with workers' compensation are passed to the pool. The members of the Fund have no known premium liabilities for workers' compensation coverage in excess of their contracted annual premiums. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund's liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. Independent auditors conduct a financial audit at the close of each plan year and, as of the most recent audit, the Fund has adequate assets to cover more than 100% of all liabilities.

The District maintains insurance coverage covering property and automobile liability risks of loss with Texas Municipal League Intergovernmental Risk Pool (the "Pool"), a self-insurance pool created by its members to provide various coverages to participating members. Excess insurance is purchased to provide additional financial stability to the pool. Catastrophic losses that exceed the Pool's self-insured retention are secured by excess insurance purchased from domestic A-rated companies. The Pool's retention is \$10,000,000 per occurrence in excess of member deductibles for property and automobile physical damage coverage and up to \$10,000,00 for liability coverage. Settled claims did not exceed the coverage for each of the past three fiscal years.

#### **Subsequent Events**

Management has evaluated subsequent events through May 19, 2025, the date when the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**ANGELINA COUNTY AND CITIES HEALTH DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

	Original Adopted Budget	Final Appropriated Budget	Actual Amounts	Variances Favorable (Unfavorable)
<b>REVENUES</b>				
County and cities	\$ 143,992	\$ 143,992	\$ 86,395	\$ (57,597)
State of Texas contracts	2,801,924	3,040,826	2,524,112	(516,714)
Environmental	212,200	212,200	210,851	(1,349)
Prevention and other	442,800	442,800	373,601	(69,199)
Primary health care	1,763,244	1,763,244	1,770,235	6,991
Donated pharmaceuticals	1,300,000	1,300,000	2,076,435	776,435
Building lease	294,003	294,003	294,003	-
Investment income	40,000	40,000	41,998	1,998
Total revenues	<u>6,998,163</u>	<u>7,237,065</u>	<u>7,377,630</u>	<u>140,565</u>
<b>EXPENDITURES</b>				
Personnel	3,665,503	3,868,266	3,363,757	504,509
Contractual	555,298	572,089	499,613	72,476
Utilities and maintenance	310,500	311,143	252,399	58,744
Office	168,059	169,934	137,494	32,440
Medical	1,825,000	1,828,786	2,517,130	(688,344)
Travel	38,400	51,468	38,952	12,516
Furniture and equipment	-	-	27,843	(27,843)
Rental/lease	16,800	17,030	12,870	4,160
Building rent	294,003	294,003	294,003	-
Other	124,600	124,346	86,512	37,834
Total expenditures	<u>6,998,163</u>	<u>7,237,065</u>	<u>7,230,573</u>	<u>6,492</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	147,057	147,057
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,451,729</u>	<u>1,451,729</u>	<u>1,451,729</u>	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,451,729</u>	<u>\$ 1,451,729</u>	<u>\$ 1,598,786</u>	<u>\$ 147,057</u>

## **BUDGETS AND BUDGETARY PROCESS**

The Financial Director annually submits a proposed operating budget for the fiscal year ending August 31. After a public hearing on the proposed budget, the official budget is approved by the Board of Directors in August preceding the applicable fiscal year. Generally, District policy provides for the following:

- Budget amendments are generally made prior to the expenditure of funds for positions or activities not included in the original budget.
- Transfers to a line item which were not in the original budget must be approved.

The budget as presented in the financial statements reflects the final budget as amended by the Board of Directors. Unexpended appropriations lapse at the end of the fiscal year.



## **COMPLIANCE SECTION**

**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**

To the Board of Directors  
Angelina County and Cities Health District  
Lufkin, 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, the discretely presented component unit, and the major fund of Angelina County and Cities Health District (the "District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Angelina County and Cities Health District's basic financial statements and have issued our report thereon dated May 19, 2025.

**Report on 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 opinions 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**Report on Compliance and Other Matters**

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

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

May 19, 2025

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

To the Board of Directors  
Angelina County and Cities Health District  
Lufkin, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Angelina County and Cities Health District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2024. The District'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, Angelina County and Cities Health 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 year ended August 31, 2024.

***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; 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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Angelina County and Cities Health District 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 Angelina County and Cities Health District'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 Angelina County and Cities Health District's federal programs.

### ***Auditors' 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 Angelina County and Cities Health District'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 generally accepted auditing standards, *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 Angelina County and Cities Health District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Angelina County and Cities Health District'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 Angelina County and Cities Health District'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 Angelina County and Cities Health District'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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 Auditors' 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

*Todd, Hamaker & Johnson, LLP*

Todd, Hamaker & Johnson, LLP  
Lufkin, Texas

May 19, 2025

U.S. Department of Agriculture

*Passed through Texas Health and Human Services Commission*

Special Supplemental Nutrition Program  
for Women, Infants, and Children

Total for CFDA 10.557

Total U.S. Department of Agriculture:

10.557	HHS000800500001	\$	708,977	\$	-
			708,977		-
			708,977		-

U.S. Department of Health and Human Services

*Passed through Texas Department of State Health Services*

Public Health Emergency Preparedness

Public Health Emergency Preparedness

Total for CFDA 93.069

Project Grants and Cooperative Agreements  
for Tuberculosis Control Programs

Total for CFDA 93.116

Immunization Cooperative Agreements

COVID-19 Immunization Cooperative Agreements

Total for CFDA 93.268

COVID-19 Public Health Emergency Response:  
Cooperative Agreement for Emergency Response:  
Public Health Crisis Response

Total for CFDA 93.354

93.069	HHS001311200001		109,370	-
93.069	HHS001439500001		28,566	-
			137,936	-
93.116	HHS001096400003		13,072	-
			13,072	-
93.268	HHS001331300002		148,192	-
93.268	HHS001019500001		58,712	-
			206,904	-
93.354	HHS001074400001		217,433	-
			217,433	-

U.S. Department of Health and Human Services - continued

*Passed through Texas Department of State Health Services*

Activities to Support State, Tribal, Local and  
Territorial Health Department Response  
to Public Health or Healthcare Crises

Total for CFDA 93.391

93.391	HHS001057600004	45,180	-
		45,180	-

*Passed through Texas Health and Human Services Commission*

Medicaid Cluster: Medical Assistance Program

Total for CFDA 93.778

93.778	HHS000537900028	56,295	-
		56,295	-

Cancer Prevention and Control Programs for State,  
Territorial and Tribal Organizations

Total for CFDA 93.898

93.898	HHS001341700001	61,721	-
		61,721	-

*Passed through Texas Department of State Health Services*

HIV Prevention Activities Health Department Based

Total for CFDA 93.940

93.940	HHS000937100001	99,719	-
		99,719	-

Centers for Disease Control and Prevention Collaboration  
with Academia to Strengthen Public Health

Total for CFDA 93.967

93.967	HHS001308500001	208,102	-
		208,102	-

Preventive Health and Health Services Block Grant

Preventive Health and Health Services Block Grant

Total for CFDA 93.991

93.991	HHS001324900004	11,107	-
93.991	HHS001186500001	165,000	-
		176,107	-



U.S. Department of Health and Human Services - continued

<i>Passed through Texas Department of State Health Services</i>				
Maternal and Child Health Services Block Grant to the States	93.994	HHS000704400001	119,761	-
<i>Passed through Texas Health and Human Services Commission</i>				
Maternal and Child Health Services Block Grant to the States	93.994	HHS000136500010	23,965	-
Total for CFDA 93.994			143,726	-
Total Expenditures of Federal Awards:			<u>\$ 2,075,172</u>	<u>\$ -</u>

**NOTE 1 – Summary of Significant Accounting Policies**

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards ("Schedule") are reported on the accrual basis of accounting and accordingly, all significant receivables, payables, and other liabilities are included. Where applicable, such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 2 – Indirect Cost Rate**

Angelina County and Cities Health District (the "District") has elected to use the 10% de minimis indirect cost rate allowed under the *Uniform Guidance*.

**NOTE 3 – Basis of Presentation**

**General.** The Schedule includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2024. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. Expenditures included in the Schedule are reported exclusive of non-federal matching funds.

**Relationship to Federal Financial Reports.** For some awards, amounts included in federal financial reports filed by the District with grantor agencies may differ due to accruals that are included in subsequent reports filed with the agencies and varying program year ends.

**NOTE 4 – Other**

Pass-through entity identifying numbers are presented where available.

## Section I – Summary of Auditors' Results

## Financial Statements

Type of auditors' report issued:

unmodified

- Material weakness(es) identified? \_\_\_\_\_ yes ✓ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes ✓ none reported

Non-compliance material to financial statements noted?

           yes       ✓       no

### *Federal Awards*

**Internal control over major programs:**

- 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 § 516(a) of the *Uniform Guidance*?

yes ☒ no

Identification of major programs:

Federal Assistance  
Listing Number(s)

Name of Federal Program or Cluster  
Special Supplemental Nutrition Program  
for Women, Infants, and Children

10.557

Dollar threshold used to distinguish between type A and type B federal programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

✓ yes            no

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## Section II – Financial Statements Audit Findings

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None.

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Section III – Major Federal Award Programs Audit Findings and Questioned Costs

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None.

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Financial Statements Audit Findings

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None.

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Major Federal Award Programs Audit Findings

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None.

**Angelina County &  
Cities Health District**

**Personnel Policy/Procedure  
Policy Number 800**

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**Administrator**

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**Chairman of the Board**

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**Subject: Paystub Access**

**Effective Date: May 21, 2025**

**Supersedes: May 26, 2004**

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**Policy:**

Angelina County & Cities Health District will ensure all employees have access to their paystubs. If an employee needs a copy of their paystub, the employee will notify the Finance Manager or designee in the finance department via email or verbally. The Finance Manager or designee will ensure the paystub is available after 11:00 am on the scheduled payday. Anyone picking up a paystub for another employee must submit written authorization to administration from that employee before the paystub is released to the designee. In the event that direct deposit is not available due to system failure, employees will be dispersed a paycheck. Each employee will be responsible for collecting their paychecks from their department leaders or from Administration.

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**Administrator**

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**Chairman of the Board**

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**Subject: Independent Contract Labor**

**Effective Date: May 21, 2025**

**Supersedes: July 9, 2003**

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**Policy:**

Angelina County & Cities Health District (ACCHD) ensures all individuals whose services are accepted by contractual agreement complete an Independent Contractor Agreement and Backup Withholding Form before the first working day. No checks will be issued to independent contractors unless such Independent Contractor Agreement and Backup Withholding Form have been completed. Independent contractors must comply with all health requirements that apply to employees, volunteers, temporary workers, and independent contractors, including but not limited to Policy #202. Independent contractors are not eligible for Health District benefits or any other benefits for which employees of the ACCHD may be eligible. Independent contractors will be sent a 1099 form listing all amounts paid by ACCHD over \$600 or the statutory limit. For all amounts that are over \$600, reference the ACCHD's policy titled "Purchasing Systems."



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Administrator

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Chairman of the Board

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**Subject:** Suspension Without Pay

**Effective Date:** May 21, 2025

**Supersedes:** June 20, 1994

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**Policy:**

Angelina County & Cities Health District (ACCHD) establishes guidelines and procedures for the applicability of employee suspension without pay.

**Reason For Suspension:**

An employee may be suspended without pay for a period not to exceed thirty calendar days. Employees may be suspended without pay for a first or subsequent violation of any policy, rule, or regulation. Employees may also be suspended without pay for any illegal activities; serious misconduct, or serious infractions.

**Officials Authorized to Suspend:**

Any suspension without pay must be authorized by the Administrator or the Medical Director.

**Procedures for Employees Who Have and Have Not Completed the Probationary Period:**

Any employee can be suspended without pay, independent of the probationary period. Employees who are subject to suspension must be informed in writing of the suspension reason(s). These reasons should be consistent with the terms within the Employee Policy Manual. The written document should contain information such as:

1. Reason for suspension.
2. Effective date of suspension.
3. End date of suspension.
4. Information on how the employee can file a grievance to rebut the allegations.

**Administrator Responsibility:**

The Administrator applying the suspension without pay procedure must provide written evidence to support or justify the action of suspension without pay.

**Submission of Personnel Actions:**

Personnel suspension actions will be submitted by the appointing authority, indicating the time and date the suspension is in effect, to the Administrator. The section of the Personnel Action designated for Type of Action must include the following:

1. Suspension Without Pay.
2. A copy of both letters referencing this Policy title and number.
3. Verification that the completed documentation was forwarded to the appropriate administrative personnel for document filing.
4. A separate Personnel Action describing the cessation of the suspension.

**Responsibility of the Administrative Staff:**

The Administrative Staff will be responsible for processing the personnel actions. A copy of the completed appropriate documentation will be placed in the employee's personnel folder along with a copy of the letter advising the employee of suspension.

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Administrator

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Chairman of the Board

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**Subject:** Classification of Employees

**Effective Date:** May 21, 2025

**Supersedes:** July 9, 2003

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**Policy:**

Angelina County & Cities Health District ("ACCHD") groups employees based on categories. These categories are listed as exempt, non-exempt, regular full-time, part-time, and temporary. All employees, regardless of classification, are required to document their hours worked in a timesheet.

**Exempt Employee:**

An exempt employee is defined as one who primarily engages in executive, administrative, or professional work in nature, as defined by the Fair Labor Standards Act, as amended. This category is eligible for all ACCHD employee benefits. (Refer to the Compensatory Time policy for additional information.)

**Non-Exempt Employee:**

A non-exempt employee is defined as one who performs services and receives wages that are subject to payroll law and are eligible for all ACCHD employee benefits. (Refer to the policy on Compensatory Time for additional information.)

**Regular Full-Time Employee:**

A regular, full-time employee is defined as a personnel member who is regularly scheduled to work 36 hours per week and is eligible for all ACCHD employee benefits.

**Part-Time Employee:**

A part-time employee is defined as a personnel member who is regularly scheduled to work less than 36 hours per week and is not eligible for ACCHD employee benefits except for pro-rated annual and sick leave.

**Temporary Employee:**

A temporary employee is defined as a personnel member who works full-time or part-time for a specified period and is not eligible for ACCHD employee benefits.

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Administrator

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Chairman of the Board

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**Subject: Purchasing System**

**Effective Date: May 21, 2025**

**Supersedes: July 28, 2010**

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**Policy:**

Angelina County & Cities Health District (ACCHD) establishes a process for purchasing systems. All purchases must be properly approved. All supporting purchasing documentation must be supplied to the purchasing clerk before ordering. The purchase order should include information regarding the purchase and include the program to which the expenditure is to be charged. All purchase requisitions will be submitted to the program supervisor for preliminary approval. The Administrator will approve all purchases. The designee can approve the purchase in the absence of the Administrator.

**Procedure:**

1. A purchase order number will be issued by the purchasing clerk for all approved purchase requisitions. The purchase requisition and the purchase order will be retained by the purchase clerk for a period of 3 years. All incoming purchases will be verified by the purchasing clerk and matched with the corresponding purchase requisition and purchase order.
2. The purchasing clerk is responsible for matching invoices with supporting purchase documentation and giving the information to the finance department (or, if there is no acting Financial Director, then to the Administrator or Financial Manager) for payment.
3. A copy of the check and the supporting purchase documentation will be returned to the purchasing clerk for filing under the vendor's name.
4. All individual items with an anticipated purchase price of \$500 or more will require three verifiable verbal or written quotes.
5. All individual items that have an anticipated purchase price of \$5,000 or more must be approved by the Board of Health and will require competitive sealed bids, except for individual items that have been approved for purchase by a grantor agency or foundation.
6. All individual items or services that have an anticipated purchase price of \$10,000 or more must be approved by the Board of Health and are required to be purchased by the

competitive sealed bid process.

7. Grouping purchases of items or services for a specific project or purpose (for example, furnishing an exam room or building a network system) can be considered as an individual item and subject to the purchasing policies above.

The individual who signs the delivery ticket is responsible for assuring accuracy and ensuring perishable merchandise is refrigerated.

Disbursements made for routine activities such as utilities, telephone service, administrative fees, insurance, payroll taxes, etc., will not require a purchase requisition.

**Angelina County &  
Cities Health District**

**Personnel Policy/Procedure  
Policy Number 805**

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**Administrator**

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**Chairman of the Board**

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**Subject: Supporting Documentation for Disbursements**

**Effective Date: May 21, 2025**

**Supersedes: March 10, 2010**

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**Policy:**

Angelina County & Cities Health District (ACCHD) will maintain all supporting documentation, such as invoices, receiving reports, approval forms, purchase orders, copies of checks, etc., for each disbursement. These documents will be filed and will be available for retrieval for a period of 3 years. The purchasing clerk will be responsible for maintaining and organizing the original documentation for all disbursements. See the policy titled Purchasing Systems for purchasing procedures.

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Administrator

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Chairman of the Board

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**Subject: Cash Receipts and Cash Control**

**Effective Date: May 21, 2025**

**Supersedes: March 10, 2010**

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**Policy:**

Angelina County & Cities Health District (ACCHD) controls and maintains all cash receipts to protect the entity from any misappropriation. Physical access to cash receipts and cash receipt records is limited to authorized personnel. All cash received shall be deposited promptly in the ACCHD's bank account.

**Opening Mail Procedures:**

1. A team member who reconciles the general ledger and bank accounts shall open the bank mail.
2. A listing of cash and/or checks received should be prepared by a team member who is independent of any bank reconciliation/general ledger duties.
3. The listing should include name, amount, invoice number, and date of check.
4. A copy will be made of all checks received in the mail and attached to the cash receipt listing.
5. All checks will be properly endorsed upon receipt.
6. All cash and/or checks received in the mail will be deposited daily.

**Daily Operation Receipts Procedure:**

1. All departments will use pre-numbered cash receipts for each daily cash transaction and enter each receipt into a computer database.
2. All checks will be properly endorsed upon receipt.
3. Daily cash receipts and monies will be reconciled to a printout, summarizing daily cash transactions by authorized personnel.
4. All monies will be given to Administration on a daily basis, in its intact and properly secured format.
5. Deposits will be prepared daily by a team member who is independent of bank reconciliation/general ledger duties.

6. All daily printouts, receipts, and deposit slips will be given to the responsible team member in the finance department.
7. The Finance Director, if there is a current or if not, then the Administrator and or Finance Manager, or designee will review and enter the information into the General Ledger.
8. Day Sheet totals will be compared with the daily cash deposited on a daily basis. Any overages or shortages shall be reported to the Administrator.

Cash will not be used to pay expenses.

Employees are not allowed to cash personnel checks at the Angelina County & Cities Health District.



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**Administrator**

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**Chairman of the Board**

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**Subject: Petty Cash**

**Effective Date: May 21, 2025**

**Supersedes: March 10, 2010**

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**Policy:**

Angelina County & Cities Health District (ACCHD) maintains a Petty Cash Fund to cover incidental office expenses. The funds will be available to make necessary purchases when issuing a check is impractical. A Petty Cash Agent will be assigned to maintain the fund records and keep the fund properly secured.

**Procedures:**

1. The Petty Cash Fund is to be used for expenses of under \$75.00 and must have administrative approval.
2. A cash receipt must be submitted before reimbursement is made.
3. A record will be maintained listing the purpose of the expenditure. If money is to be given in advance of purchase, the person receiving the money will sign a receipt before the money is disbursed.
4. A reconciliation of the fund will be completed on a monthly basis by the Petty Cash Agent and reviewed by the Finance Director, or if not, then the Administrator and or Finance Manager or designee.
5. A petty cash report will be prepared on a monthly basis.
6. The monthly report will contain itemized transactions and will be submitted for reimbursement to replenish the petty cash fund.
7. Any discrepancies will be reported to the Administrator.

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Administrator

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Chairman of the Board

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**Subject:** Government Accounting Standards Board (GASB) 54

**Effective Date:** May 21, 2025

**Supersedes:** February 22, 2012

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**Background:** The Governmental Accounting Standards Board (GASB) adopted Statement 54, a new standard for governmental fund balance reporting and governmental fund type definitions, which became effective in governmental fiscal years starting after June 15, 2010.

**Policy:** Angelina County & Cities Health District ("ACCHD") elects to implement GASB 54 requirements and to apply such requirements to its financial statements beginning with the current fiscal year. The fund balance of the ACCHD measures the net financial resources available to finance expenditures of future periods.

The ACCHD's Unassigned General Fund Balance shall be maintained to provide ACCHD with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The fund balance ACCHD may be committed for a specific purpose or source by formal action of the Board of Health. Amendments or modifications of the committed fund balance must also be approved by a formal action of the Board of Health. When it is appropriate for fund balance to be assigned, the Board of Health delegates the authority to assign funds to ACCHD's Administrator or Finance Director/Finance Manager. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, funds shall be expended in the following order: restricted, committed, assigned, and unassigned.

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Administrator

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Chairman of the Board

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**Subject: Travel Reimbursement**

**Effective Date: May 21, 2025**

**Supersedes: November 1, 2023**

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**Policy:**

The Angelina County & Cities Health District (ACCHD) promotes education and enhances training for employees by reimbursing travel expenses that are pre-approved and within pre-established guidelines. Employees will be reimbursed for travel expenses incurred on official ACCHD business. Travel expenses shall be defined as mileage, lodging, meals, car rental, parking fees, airfare, and/or other travel costs related to official business, which have been pre-approved by the department supervisor and the Administrator.

**Employee Responsibility:**

1. Complete all travel forms within specific time limits.
2. Provide accurate information regarding travel.
3. Notify the supervisor and Finance Director, or if not, then the Administrator and/or Finance Manager or designee when changes occur in travel plans.

**Supervisor Responsibility:**

1. Ensure all travel documents are accurate and authentic.
2. Immediately notify the Finance Director, or if not, then the Administrator and/or Finance Manager or designee, in writing, if an employee with prearranged travel plans has been terminated.

Failure to follow travel reimbursement procedures may result in travel claim processing delays and forfeiture of reimbursements. An employee who abuses the Travel Reimbursement Policy and Procedure will be subject to disciplinary action.

**Travel Expenditure Reimbursement:**

All of the expenses must be kept at a reasonable level. Original receipts must be obtained and attached to the Travel Expense Voucher Form for reimbursement. Credit card receipts are not acceptable. The Travel Expense Voucher Form must be submitted to the departmental supervisor with original receipts five working days after the trip. Non-reimbursable travel expenses include valet parking, gifts or mementos, alcohol, and gratuities.

**1. Mileage:**

- a. Track actual mileage driven (odometer readings), multiplied by the current IRS mileage reimbursement rate. Alternatively, mileage driven can be calculated from an official Texas map with the City of Lufkin designated as the point of origin.
- b. For routine in-county destinations, such as satellite clinics, supervisors may establish a standard mileage rate in lieu of odometer readings.
- c. Mileage reimbursement within the City of Lufkin is limited to grant-approved travel, the Environmental Program's approved activities, and other operational travel pre-approved by the Administrator.
- d. A Personal Vehicle Mileage Log must be submitted to the department supervisor five working days following out-of-county travel or five days following the end of the month calendar for in-county travel.

**2. Lodging:**

- a. The actual cost of the room is not to exceed \$200, excluding tax, per night, except when the purpose of the trip requires lodging at a particular hotel or if the hosting agency has secured special room rates at a particular hotel.

**3. Meals:**

- b. Reimbursement for meals is not to exceed \$15 per meal as determined by the Meal Reimbursement Determination Form, and will not exceed \$60 daily.
- c. Reimbursement is excluded for seminars located within the City of Lufkin.

**4. Airfare:**

- a. Provide receipts of the actual cost of airfare, including shuttle or taxi between the hotel and the airport.
- b. Airfare is to be prepaid when possible.

**5. Vehicle Rental:**

- a. Provide receipts of the actual cost of the vehicle rental and the cost of rental insurance. Use a compact car if available.
- b. Insurance must be purchased with all car rentals.

**6. Hotel Parking:**

- a. Provide receipts of hotel parking actual cost.

**Travel Advance:**

1. An employee may request a travel advance by submitting a Travel Advance Request Form to the departmental supervisor two weeks prior to an approved trip.
2. The advance may not exceed 80% of the travel expenses when the expenses include

mileage, and up to 100% when the travel expenses do not include mileage.

3. Following the completion of the trip, the Travel Expense Voucher must be submitted with original receipts to the departmental supervisor five days after the trip.

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Administrator

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Chairman of the Board

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**Subject: ACCHD Issues Credit Card**

**Effective Date: May 21, 2025**

**Supersedes: New Policy**

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**Policy:**

The Angelina County & Cities Health District (ACCHD) will issue credit cards to employees based on their job functions, for pre-approved purchases, and for business purposes. These guidelines describe the appropriate and unacceptable uses of the ACCHD credit cards. Use of ACCHD-issued credit cards guidelines must be followed. Compliance failure will result in the discontinuation of credit card privileges and potentially disciplinary action. The employee designated as the credit card holder is responsible for ensuring the card's safety and protection. **A receipt for each purchase must be obtained, attached to a completed purchase requisition, and submitted to administration for processing within 5 working days after the purchase.**

**Financial Responsibility and Liability**

Employees entrusted with such credit cards shall follow these guidelines and only use for business, essential purposes. Employees must not use the credit card for any personal expenses. If the employee uses the credit card for unauthorized purchases, the cost of such purchase(s) will be recovered in full from the employee's next paycheck. Any balance remaining will be deducted in full from subsequent paychecks until the wage advance is fully repaid. Such deductions may take the employee's pay below minimum wage for the pay period(s) in question. Alternatively, the employee can immediately reimburse the ACCHD for total expenses. If an employee uses the credit card for personal purposes, the employee will be in violation of this policy and is subject to corrective action, up to and including termination.

**Agreement for Wage Deductions Associated with Improper Use of Health District-Issued Credit Cards**

I, \_\_\_\_\_, hereby certify that I understand and agree to abide by the ACCHD policy regarding use of issued credit cards. This policy has been

explained to me, and I have received a copy of this policy. By signing this acknowledgement, I agree to the following:

The credit card is provided exclusively for ACCHD expenditures sanctioned by ACCHD. Any and all personal use of the card is prohibited. ACCHD may monitor and audit my credit card usage. I have no expectations of privacy for credit card transactions. I am personally responsible for reimbursing ACCHD for any and all unauthorized charges, fees, late expenses, and accrued interest on unauthorized charges.

**In addition, I agree, consent, and authorize ACCHD to deduct from my wages and compensation, in any one or more paychecks, the actual amount of unauthorized charges, fees, and late expenses, as well as all interest accrued on such unauthorized charges, until the amount is repaid in full. I further agree that if I make any personal transactions, I am financially responsible for any such expenses. If such an amount would take my pay below minimum wage for the workweek in question, the deductions will be in two or more equal increments that will not take my pay below minimum wage for any workweek involved.**

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**Employee Signature**

**Date**

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Administrator

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Chairman of the Board

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**Subject: Accounts Payable/Cash Disbursement Procedures**

**Effective Date: May 21, 2025**

**Supersedes: July 28, 2010**

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**Policy:** The Angelina County & Cities Health District (ACCHD) implements procedures to ensure the accountability of financial records.

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**Accounts Payable/Cash Disbursement Procedures:**

1. All original invoices and supporting documentation will be submitted to the Finance Director, or if not, then the Administrator and/or Finance Manager or designee for review and proper expenditure coding using cost centers relative to ACCHD programs and funding sources.
2. After review and coding, the finance department will accurately enter invoices into the accounts payable module of the accounting system, including the correct vendor code, invoice date, general description of goods or services, and the amount of the invoice. The accounting system automatically generates an invoice due date in the system.
3. After the invoices have been entered, an invoice master list is generated for review and proofing by the Administrator and/or designee. A manual calculation of the invoices to be paid will be compared to the invoice master list to ensure the accuracy of the cash disbursements.
4. The Administrator will review original invoices and supporting documentation and sign the invoice master list designating approval for the disbursement of funds. If there are any questions or concerns about the amounts, the Finance Director, or if not, then the Finance Manager or designee should provide the necessary information before making any disbursements.
5. The Administrator provides the final approval for check preparation, after which the Finance Director, or if not, then the Finance Manager or designee prepares the disbursements within the accounting system and prints the checks.



6. All cash disbursements are to be made by check unless the item is considered a petty cash item.
  - a. All prepared cash disbursement checks require two signatures.
  - b. Authorized signatures include the Administrator, Medical Director, and a Board of Health member.
  - c. The Administrator can designate a backup check signer when necessary.
7. After checks have been signed, the Finance Director or, if not, then the Administrator or Finance Manager will close out the cash disbursement process by posting the invoices and checks to the general ledger.
8. Supporting reports, including the approved invoice master list, will be maintained for each cash disbursement run.
9. A copy of the check will be attached to the original invoice and supporting documentation designating payment of the invoice.

**Payroll Procedures:**

1. ACCHD employees are paid semi-monthly with pay dates on the 15<sup>th</sup> and the last day of the month unless the pay date falls on a weekend or holiday.
2. The Finance Director, or, if not, then the Administrator and/or Finance Manager, prepares the semi-monthly payroll, incorporating approved salaries, employee deductions, and any employee status changes.
3. Timesheets are to be prepared by all staff members and submitted monthly.
4. Time should be entered daily into the electronic timesheet.
5. Directors and managers are responsible for reviewing the timesheets for accuracy, appropriateness, and the correct allocation of worked time between designated programs and activities.
6. Directors and managers will immediately alert the Administrator or designee if an employee has reached a leave without pay status.
7. All timesheets will include the signature of the employee and the director/manager.
8. A payroll proofing listing is generated by the Finance Director, or if not, then the Finance Manager or designee, and submitted to the Administrator for approval before printing the payroll checks.
9. The Administrator will review and sign the payroll proofing listing, designating approval for the disbursement of funds.
10. If there are any questions or concerns about the amounts, the Finance Director, or if not the Finance Manager should provide the necessary information before running any disbursements.
11. The Administrator provides the final approval for check preparation, after which the Finance Director, or if not, then the Finance Manager prepares the payroll disbursements within the accounting system and prints the checks.
12. All payroll disbursements are to be made by direct deposit.

13. If checks are being disbursed, all prepared payroll checks will require two signatures. Authorized signatures include the Administrator, Medical Director, and a Board of Health member. The Administrator will designate a backup check signer when necessary.
14. After checks have been signed, the Finance Director, or, if not, then the Administrator and/or Finance Manager will close out the payroll process by posting the payroll and checks to the general ledger.
15. Supporting reports, including the approved payroll master list, will be maintained for each payroll disbursement run.

**Property/Fixed Asset Inventory and Records (Reference Material – Contractor’s Financial Procedures Manual (CFPM)).**

Angelina County & Cities Health District will maintain property records for all fixed assets purchased with local funding that meet the \$5,000 per unit threshold and have a useful life of more than one year. In addition, property records will:

1. Be maintained for all property acquired with state grant funds according to the state’s financial procedures and guidelines.
2. Property records will include a description of the property, serial number when available, total acquisition cost, an acquisition date, and a disposition date.
3. A physical inventory of local property and property acquired with DSHS funds will be conducted annually and reconciled to ACCHD property records.
4. Staff responsible for inventory control will seek written approval from ACCHD management and from the state prior to the disposal or reassignment of inventory items.
5. State approvals will be maintained and available for review.
6. The ACCHD will securely purge all computers, media equipment, or copiers with digital memories and storage capacities of all confidential, sensitive, or personal information prior to disposal, repurposing, or physically destroying inventory.
7. ACCHD will develop and maintain property control systems to safeguard against loss, damage, or theft of property.
8. ACCHD will maintain an insurance policy to mitigate property loss, damage, or theft of property.

**Subcontractor Services and Fiscal Monitoring Plan**

Angelina County & Cities Health District will monitor subcontractors, who provide authorized services, to ensure compliance with policies and basic DSHS requirements for services provided with DSHS funds, including:

1. An annual license review and verification.
2. Clinical record review biannually.
3. Eligibility and billing review.
4. Facility on-site review.
5. Annual client satisfaction evaluation process.
6. Client Abuse Training.

7. Fiscal monitoring of the subcontractor will occur during the clinical record review process to ensure invoicing for services correlates to services provided.
8. All subcontractor invoices for provided services will undergo an administrative review for accuracy and client eligibility to receive services.
9. ACCHD will maintain applicable programmatic and fiscal review records of subcontractors.

**Procurement Procedures:**

The Angelina County & Cities Health District will seek to purchase goods and services that meet the best value for money, efficiency, and effectiveness using sound business practices to ensure a robust procurement process.

1. ACCHD staff will follow the process as outlined in the ACCHD Purchasing System policy.
2. ACCHD will follow purchasing practices as established under federal or state purchasing guidelines as outlined in grant-funded contracts.
3. Efforts will be made to utilize historically underutilized businesses in Texas.

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Administrator

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Chairman of the Board

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**Subject: Child Abuse Screening, Documenting and Reporting for ACCHD and WIC**

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**Effective Date: May 24, 2025**

**Supersedes: October 30, 2024**

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**Policy:**

Article II of the General Appropriations Act and Texas Family Code Policy states local agencies must comply with the provisions of state law related to reporting suspected child sexual abuse of minors, including those minors who are pregnant or postpartum (postpartum includes breastfeeding women). The Angelina County & Cities Health District ("ACCHD") adopts and complies with the Texas Department of Family and Protective Services ("DFPS") for Child Abuse Screening, Documenting, and Reporting Policy for Contractors and Providers. This policy applies to all programs and services provided within ACCHD, including the WIC program. The purpose of this policy is to protect children from abuse and to comply with state and federal laws.

Any employee and professional (either permanent or temporary), or any volunteer who has cause to believe that a child has been abused or that a child is a victim of a sexual offense, must immediately report to the ACCHD Administration and report via the DFPS website.

**For WIC:** The 48-hour reporting requirements begin during a certification when "yes" is selected for any of the affirmative defense questions.

The employee and the ACCHD Administration will work together to report to the local law enforcement agency or to the DFPS. If an emergency situation arises, 911 will be called. The employee reporting the information will comply and provide their name and ACCHD phone number as required by law. Reporters' names are confidential by law.

1. Child abuse includes the following acts or omissions by any person:
  - a. Mental or emotional injury to a child that results in an observable and material impairment in the child's growth, development, or psychological functioning.
  - b. Causing or permitting the child to be in a situation in which the child sustains a mental or emotional injury that results in an observable and material impairment in the child's growth, development, or psychological functioning.
  - c. Physical injury that results in substantial harm to the child or the genuine threat of substantial harm from physical injury to the child, including an injury that is inconsistent with the history or explanation given, and excluding an accident.
  - d. Failure to make a reasonable effort to prevent an action by another person that results in physical injury that results in substantial harm to the child.
  - e. Sexual conduct harmful to a child's mental, emotional, or physical welfare
  - f. Failure to make a reasonable effort to prevent such harmful sexual conduct.
  - g. Compelling or encouraging the child to engage in sexual conduct.
  - h. Causing, permitting, encouraging, engaging in, or allowing the photographing, filming, or depicting of a child, if the person knew or should have known that

the resulting photograph, film, or depiction of the child is obscene or pornographic.

- i. Causing, permitting, or encouraging a child to use controlled substances.
2. A report shall be made when a child under the age of 17:
  - a. Has any indication of child abuse.
  - b. Has given birth to a child.
  - c. Has a positive pregnancy test or verbal declaration of pregnancy.
  - d. Has a positive diagnosis or was treated for STD acquired in a manner other than through perinatal transmission or transfusion.
  - e. Is married but reports sexual contact with a person who is not his or her spouse.
  - f. Is sexually active. (A minor seeking birth control does not trigger a report.)
  - g. When the alleged or suspected abuse or neglect involves a person responsible for the care, custody, or welfare of the child, a report must be made to DFPS.
3. ACCHD (Except WIC) does not recognize any affirmative defense; therefore, all child abuse under the age of 17 will be reported (including the critical reporting of minors under 14 years of age).

**Procedure:**

1. Administration and the staff reporting the abuse will fax a report using the DSHS Child Abuse Reporting Form within the Texas Department of Family and Protective Services Abuse Hotline Website <https://www.txabusehotline.org/> within 48 hours of the time that the abuse is first suspected. You must create an account on the hotline web page. For help creating an account, call the DFPS Help Desk at 877-642-4777.
2. An online report confirmation number will be system-generated along with a report identification number. Staff should document in the medical record the report identification number along with other relevant reporting information, or print the submitted report and scan it into the patient's EMR.
3. If the situation is urgent and needs to be investigated within 24 hours, call 800-252-5400 or call 911 or a local law enforcement agency.
4. State law requires that the following information be reported via the Texas Abuse Hotline Website (listed below):
  - a. Name, age, and address of the child.
  - b. Name of person making report and contact information.
  - c. Brief description of the situation.
  - d. Current injuries, medical problems, or behavioral problems.
  - e. Parents' names and names of siblings in the home (if applicable).
  - f. Explain how you know about this situation.
  - g. The person involved.
  - h. The person you suspect is being abused.
  - i. The person you suspect is responsible for the abuse.
  - j. Others living in the home, and anyone else who can provide information about the incident.
  - k. Provide detailed information on the specific concerns and reasons you have for reporting the incident.
  - l. Provide detailed information regarding domestic violence, drug and alcohol abuse, living conditions, and other safety concerns (e.g., weapons, gang involvement, or if there are people, pets, or conditions that could be a danger).
5. Staff will include reporting documentation in the individual client's EMR and make it available for inspection by the investigating agency.

6. Information will be collected in the normal course of serving the client, and no additional questions will be asked.
7. All staff of the ACCHD will be trained annually on child abuse screening, documentation, and reporting. New staff will be trained in this policy and its required procedures during the initial employment orientation process.

**WIC Only Procedures:**

**Purpose:** To report suspected cases of child sexual abuse to the DFPS and ensure compliance with state law.

**Authority:** Article II of the General Appropriations Act and Texas Family Code.

**Policy:** Local Agencies must comply with the provisions of state law related to reporting suspected child sexual abuse of minors, including those minors who are pregnant or postpartum (postpartum includes breastfeeding women).

**Definitions:** Professional – For WIC reporting purposes, all staff, including volunteers, who interact with clients are considered professionals and must report within 48 hours. The 48 hours reporting requirements begin during a certification when “yes” is selected for any of the affirmative defense questions.

**For Minors Who Are Pregnant or Postpartum**

1. Local Agency (“LA”) staff who interact with clients must report minors who are pregnant or postpartum (postpartum includes breastfeeding women). LA staff are considered professionals and must report within 48 hours (see definition).
2. Staff must enter all required information (e.g., Name, DOB, Participant Category, Gender) when creating a record in the MIS. The MIS will automatically send an underage report to DFPS for minors under 14 years of age. Reports will be sent in real time once the record with the DOB and category is created and saved in the system. Family Demographics questions one and two will be auto-populated with the information entered when saving a record.
3. The MIS will prompt staff with an alert message to complete affirmative defense questions for minors 14 to 17 years of age. The system will require staff to complete the affirmative defense form before the certification can be completed.
  - a. If ‘Yes’ to either question 1 or 2 is selected, then a report will automatically be sent to DFPS when the record is saved. Staff MUST then ask the corresponding follow-up question(s) 1a and/or 2a.
  - b. Questions 3 and 4 are optional to ask, but must be answered if known. If ‘Yes’ to either question 3 or 4 is selected, a report will automatically be emailed to DFPS when the record is saved.
  - c. Question 5 provides additional details to investigators about the incident being reported and must be answered if known. The details entered will be displayed in the Family Demographics section of the report. The system will require staff to complete the affirmative defense questions before the certification can be completed. Affirmative defense questions and the Child Sexual Abuse Reporting Flowchart (for minors 14 to under 17 years of age are outlined in the Guidelines section below.

**For other forms of child abuse:**

Report will be made via the Texas Abuse Hotline

Website: <https://www.txabusehotline.org/Login/Default.aspx>

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Administrator

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Chairman of the Board

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**Subject: Remote Work**

**Effective Date: May 21, 2025**

**Supersedes: August 28, 2024**

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**Policy:**

Angelina County and Cities Health District ("ACCHD") recognizes the importance of providing flexible work options to employees while maintaining operational efficiency and accountability. This policy provides guidelines, procedures, and expectations for employees who may work remotely. It aims to ensure that remote work arrangements are conducted in a manner that aligns with ACCHD's data and cybersecurity procedures.

**Eligibility and Approval:**

1. Remote work arrangements are at the discretion of the employee's supervisor and must be approved by the department head.
2. Employees must have a demonstrated record of meeting performance expectations and adhering to ACCHD policies.
3. Not all positions or job functions may be eligible for remote work, and eligibility will be determined on a case-by-case basis.

**Remote Work Agreement:**

1. Employees participating in remote work must sign a Remote Work Agreement outlining the terms and conditions of the arrangement.
2. The Remote Work Agreement will specify the work schedule, communication expectations, and other relevant details.

**Work Environment:**

1. Employees must create a safe, productive, and professional remote work environment.
2. Adequate and secure internet access is essential, and employees are responsible for any associated costs.

**Work Hours and Attendance:**

1. Remote employees must adhere to their approved work schedule and be available during regular business hours unless alternative arrangements have been approved.
2. Employees must accurately record their work hours and take breaks as ACCHD



policies require.

**Communication and Accessibility:**

1. Remote employees are expected to remain accessible via phone, email, and any other approved communication channels during approved working hours.
2. Employees must promptly respond to requests and communications from colleagues, supervisors, and ACCHD leadership.

**Data Security and Confidentiality:**

1. Employees must complete Data Security and Confidentiality training annually and at any other time required by ACCHD.
2. Employees will be trained in social engineering and phishing scams.
3. Remote employees are responsible for safeguarding confidential and sensitive information and for preventing the disclosure of such information to third parties.
4. ACCHD-provided equipment, software, and data must be used in accordance with ACCHD's data security policies and practices.

**Equipment and Supplies:**

1. ACCHD will provide necessary equipment and supplies for remote work, such as laptops and software licenses.
2. Employees are responsible for the proper use and maintenance of ACCHD equipment.
3. Employees must comply with any and all ACCHD policies regarding the use of ACCHD equipment and supplies.
4. All use of ACCHD equipment and supplies will be monitored and employees have no expectation of privacy with regard to their use of ACCHD equipment and supplies.

**Performance Expectations:**

1. Remote employees will be held to the same performance standards and expectations as on-site employees.
2. Supervisors will regularly assess remote employees' performance and communicate feedback.

**Training and Professional Development:**

Remote employees will complete all necessary training to enhance their remote work effectiveness.

**Remote Work Termination:**

1. ACCHD reserves the right to terminate or modify remote work arrangements at any time, with or without cause and with or without prior notice.
2. Employees may also request to return to on-site work, subject to approval by their supervisor and department head.

**Compliance:**

All remote employees must adhere to this policy and all other ACCHD policies and procedures.

**Review and Revision:**

This policy will be reviewed annually and/or sooner if any changes occur to reflect technological changes, best practices, and operational needs. Any updates to this policy will be effective as of the date of such update.

By participating in remote work, employees acknowledge their understanding and acceptance of the terms outlined in this policy. ACCHD is committed to supporting remote work arrangements that benefit employees and the organization.

**Remote Work Guidelines**

To ensure a safe and functional work environment, employees will implement all of the following necessary security controls to the fullest extent:

1. Employees working remotely will be provided with VPN instructions. Employees must ensure that VPN is utilized for all remote work.
2. Data sharing through external cloud applications (OneDrive, etc.) is restricted to only the Texas Department of State Health Services ("DSHS") or company-approved applications.
3. Only use ACCHD-issued devices for remote work; personal devices are prohibited.
4. Devices used to connect remotely (laptops and PCs) will utilize encryption.
5. Access to Sensitive Company Information, Personally Identifiable Information ("PII"), and electronic Protected Health Information ("ePHI") will be restricted/limited when an employee is not using a secure workspace or device.
6. Incident Response procedures will include response to incidents originating from or affecting employees working remotely.

Employees will be trained on common social engineering and phishing scams Secure workspace:

1. Employees must be able to lock laptops, devices, and any business-relevant information when not in use.
2. Laptops and devices should be locked out of sight and/or in the trunk if left unattended in a vehicle.
3. Any other business-relevant information (i.e., paper documents with sensitive information) should be limited and stored securely; it is preferred not to take paper documents off campus.
4. Remote work staff should know their environment and who is around them.
5. Safely perform conversations without visitors eavesdropping or shoulder surfing.
6. Use screen protectors when necessary.
7. Restrict the use of devices containing business-relevant information.
8. Employees will not let family members, friends, or anyone but themselves use company-owned computers.

**Remote Network Security:**

1. Wireless security
  - a. Always change default Wi-Fi Router passwords
2. Enable WPA-2 or higher encryption.

3. Ensure your local router firmware is up to date.
4. The use of public Wi-Fi should be limited.
5. Always use a VPN when connecting to public Wi-Fi. Never use public Wi-Fi to send sensitive information without a VPN.
6. Ensure devices are secure with antivirus and antimalware software.
7. Ensure passwords are changed periodically (monthly or quarterly).

**Employee Awareness:**

1. Be extremely cautious of email phishing scams.
2. Limit the use of social media to company-related tasks only.
3. Do not reveal business itineraries, corporate info, or daily routines.
4. Staff should know their environment and who is around them.
5. Safely perform conversations without visitors eavesdropping or shoulder surfing.
6. Use screen protectors when necessary.

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Administrator

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Chairman of the Board

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**Subject: Information on Immigration Status**

**Effective Date: May 21, 2025**

**Supersedes: New Policy**

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**Clarification of Non-Applicability of Executive Order GA-46 to the Angelina County & Cities Health District**

On August 8, 2024, Governor Greg Abbott issued **Executive Order GA-46**, requiring hospital providers in the State of Texas to collect and report patient immigration status during hospital intake, as well as to submit quarterly reports to the Texas Health and Human Services Commission (HHSC). These reports are to include the number of emergency visits and inpatient discharges categorized by immigration status, along with the costs of care for individuals who are not lawfully present in the United States.

The Angelina County & Cities Health District (ACCHD) has reviewed the Executive Order in the context of its organizational structure, legal foundation, and public health mission. Based on this review, the Health District has determined that **Executive Order GA-46 does not apply to ACCHD**, and no action is required under its provisions.

**Health District History:**

ACCHD was created under **Chapter 121, Subchapter E of the Texas Health and Safety Code**, through a cooperative agreement between Angelina County and the municipalities of Diboll, Hudson, Huntington, Lufkin, and Zavalla. This agreement, last amended and restated with an effective date of January 1, 2026, clearly defines ACCHD as a **public health entity**—not a hospital system. ACCHD provides essential public health services such as environmental health inspections, communicable disease control, public health education, immunizations, and health preparedness. **ACCHD does not operate hospitals**, nor does it provide emergency or inpatient medical care as defined by the Executive Order.

Executive Order GA-46 explicitly applies to *hospital providers* and imposes no mandates on public health districts, local health departments, or outpatient service providers. No language in the order expands its scope to include entities like ACCHD. Furthermore, the cooperative agreement establishing ACCHD expressly limits ACCHD's authority and function to non-hospital, community-based public health operations. In accordance with both state law and

federal public health obligations, ACCHD provides services to all individuals regardless of immigration status. ACCHD is committed to maintaining the confidentiality, dignity, and health rights of all residents of Angelina County. Staff are not required to inquire about, collect, or report immigration status during the provision of any ACCHD program or service. As a result of this legal and operational analysis, ACCHD affirms that it is **not subject to the requirements of Executive Order GA-46** and will not implement data collection or reporting procedures associated with the order.

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Administrator

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Chairman of the Board

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**Subject: Information Technology (IT) and Security Policy**

**Effective Date: May 21, 2025**

**Supersedes: October 30, 2024**

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**Policy:**

Angelina County & Cities Health District ("ACCHD") will promote a secure environment for the handling, processing, storage, and transmission of sensitive data. This policy ensures compliance with applicable federal and state laws, particularly the Texas Health and Human Services Commission ("HHSC") Data Use Agreement ("DUA"), HIPAA, and related cybersecurity standards. It also aims to protect ACCHD's assets from unauthorized access, disclosure, alteration, and destruction. This policy applies to all ACCHD employees, contractors, interns, volunteers, and third-party service providers who access, handle, or manage sensitive or confidential information in any form, including but not limited to electronic, paper, or verbal. It governs the use of all information systems, computing devices, and network infrastructure owned or operated by ACCHD.

**1. Data Classification and Handling**

**1.1 Data Classification:**

ACCHD handles large volumes of sensitive information, including Protected Health Information ("PHI"), which is regulated under HIPAA and the HHSC DUA. As such, proper data classification is vital to ensuring the confidentiality, integrity, and availability of critical health data. All data collected or processed by ACCHD shall be classified into one of the following four categories:

- a. **Public:** Information intended for public dissemination such as press releases and published reports. Minimal protection is required.
- b. **Internal:** Operational data not meant for public release but not classified as sensitive. Examples include internal meeting schedules and general administrative records.
- c. **Confidential:** Information that, if disclosed, could negatively impact operations, clients, or employees. Includes internal memos, personnel records, and non-public financial information.
- d. **Restricted:** The most sensitive classification, including PHI, Personally Identifiable Information ("PII"), and financial records. Disclosure of Restricted data could result in legal, regulatory, or financial penalties and severely impact community trust.

Due to ACCHD's role as a health agency, Restricted data—particularly PHI—must be treated with the highest level of security and oversight. A data classification matrix will define storage, transmission, access, and disposal controls based on the classification level. This matrix is reviewed and approved annually by the Information Security Officer ("ISO").

#### **1.2 Data Protection:**

- a. Restricted and Confidential data must be encrypted at rest and in transit using industry-standard encryption protocols (e.g., AES-256, TLS 1.2 or higher).
- b. PHI must never be transmitted via unencrypted email or stored on unapproved devices or locations, including personal email accounts or cloud storage services.
- c. Encryption keys must be safeguarded in secure key vaults or Hardware Security Modules ("HSMs") with access restricted to authorized IT staff only.
- d. Sensitive data must be redacted or anonymized whenever possible for analytics or training purposes.

#### **1.3 Physical Security of Paper Records:**

- a. All printed PHI and PII must be stored in locked cabinets in access-controlled areas. Only authorized personnel may retrieve these documents.
- b. Workstations that display PHI must be positioned to prevent unauthorized viewing (e.g., using privacy screens).
- c. Employees must avoid leaving printed PHI in open areas or unattended. Clean desk policies must be enforced.
- d. Printed PHI must be clearly labeled and tracked when transferred between departments.

#### **1.4 Data Disposal:**

- a. Electronic data must be sanitized using DoD 5220.22-M or NIST SP 800-88 Rev 1 methods prior to device retirement or repurposing.
- b. Paper records containing PHI or other Restricted information must be shredded using cross-cut shredders or securely destroyed through certified vendors.
- c. Disposal procedures must be logged, and certificates of destruction must be retained for audit purposes.
- d. Unauthorized disposal or mishandling of sensitive data constitutes a policy violation and may result in disciplinary action, up to and including termination, or legal action.

By clearly identifying and enforcing data classification levels—especially for PHI—ACCHD strengthens its ability to maintain trust, comply with legal obligations, and safeguard the health information of the communities it serves.

## **2. Access Control**

To maintain a secure environment that protects patient health data and sensitive operational systems, ACCHD enforces rigorous access control measures. These controls are foundational to data confidentiality and system integrity, ensuring that users only interact with the resources necessary for their roles. This section outlines the principles, authentication practices, and physical safeguards in place to manage access across the organization.

### **2.1 Least Privilege Principle:**

- a. Access to ACCHD systems, applications, and data must be governed by the principle of least privilege. Each user should have only the minimum access necessary to perform their assigned duties.
- b. Role-specific access must be defined and assigned by department managers in collaboration with IT Security.
- c. Periodic access recertification must be conducted quarterly to verify and update permissions, especially after role changes, leaves of absence, or terminations.

### **2.2 Authentication Requirements:**

- a. All system users must be assigned unique usernames and secure passwords that meet complexity standards (minimum 12 characters, including uppercase, lowercase, numbers, and special characters).
- b. Account lockouts must occur after five failed login attempts and may only be reset by IT administrators.
- c. Passwords must be changed every 180 days and may not be reused within the five previous versions.
- d. Service accounts and application credentials must be tightly controlled, rotated regularly, and never hardcoded into scripts or applications.

### **2.3 Role-Based Access Control ("RBAC"):**

- a. Access rights must be provisioned using a documented RBAC model aligned with job functions and organizational units.
- b. All RBAC roles must be reviewed and approved by the ISO and Human Resources to ensure appropriateness.
- c. Temporary access for projects or audits must be time-limited and automatically expire based on predefined criteria.
- d. Access provisioning and de-provisioning workflows must be tracked via ticketing or identity management systems.

### **2.4 Multi-Factor Authentication ("MFA"):**

- a. MFA is mandatory for access to any system that handles PHI, PII, or financial information, and all remote access.
- b. Acceptable MFA mechanisms include hardware tokens, authenticator apps, biometric identifiers, or SMS verification (used only as a fallback).
- c. Users must be enrolled in MFA during onboarding, and token/device enrollment must be reviewed annually.
- d. Break-glass (emergency access) accounts must have restricted access and be monitored continuously.

### **2.5 Badge-Based Physical Access Control:**

- a. All ACCHD staff must wear and use their assigned ID badges to access secure physical spaces, including offices, clinical areas, data closets, and server rooms.
- b. Badge access logs must be retained and reviewed for anomalies or unauthorized after-hours access.



- c. Lost or stolen badges must be reported immediately to HR and Facilities for deactivation and reissuance.
- d. Tailgating (unauthorized individuals entering behind a badge user) is prohibited, and staff are encouraged to challenge or report violations.

#### **2.6 Access Termination and Review:**

- a. Access must be revoked promptly (within four hours) when an employee separates from ACCHD or transfers roles.
- b. Access reviews must be conducted at least quarterly to verify user accounts, privileges, and role assignments.
- c. Dormant accounts inactive for more than 60 days must be disabled and flagged for review.

#### **2.7 Privileged Access Management (“PAM”):**

- a. Privileged accounts (e.g., root, domain admins, database owners) must be centrally managed using a PAM solution.
- b. Privileged sessions must be logged and monitored, and just-in-time access should be used where feasible.
- c. Administrative access to production environments must require explicit approval and be time limited.

By enforcing layered access controls and continuous privilege management, ACCHD minimizes the risk of unauthorized access and ensures only appropriate access to systems containing PHI and other sensitive data.

### **3. Acceptable Use Policy**

To safeguard Protected Health Information (PHI) and ensure operational continuity, ACCHD mandates strict policies governing the use of computing devices and systems. As a public health entity handling sensitive patient data, the integrity and security of every endpoint—from workstations and laptops to mobile devices—are critical. This section outlines acceptable use standards, restrictions on personal device usage, and responsibilities tied to ACCHD-issued hardware and software. Employees are expected to maintain vigilant and responsible device practices to prevent accidental exposure or unauthorized access to confidential information.

#### **3.1 Acceptable Activities:**

- a. ACCHD computing resources, including desktops, laptops, tablets, and mobile devices, must be used primarily for conducting official business activities.
- b. Users must access only systems, applications, and data necessary to fulfill their work responsibilities.
- c. Occasional personal use is permitted if it does not interfere with work duties, violate this policy, or compromise the security and integrity of ACCHD systems.

#### **3.2 Prohibited Activities:**

- a. Users are strictly prohibited from using ACCHD systems to access, download, or transmit any material that is illegal, offensive, or unrelated to work activities.
- b. Use of ACCHD devices for gaming, unauthorized streaming, personal social media browsing, or cryptocurrency mining is forbidden.

- c. The installation or use of unapproved software, tools, or browser extensions is prohibited.
- d. Users must not attempt to bypass security controls or access restricted systems without proper authorization.

### **3.3 Monitoring and Enforcement:**

- a. All ACCHD systems and networks are subject to monitoring for security, performance, and compliance purposes.
- b. Any use of ACCHD IT assets implies consent to such monitoring.
- c. Violations of the Acceptable Use Policy will be documented, investigated, and may result in disciplinary action up to and including termination or legal action, depending on severity.

### **3.4 Device Usage and PHI Security:**

- a. Due to the sensitive nature of Protected Health Information (PHI), users must refrain from using personal devices to store, process, or transmit PHI unless the device is enrolled in ACCHD's Mobile Device Management ("MDM") platform and explicitly approved by IT.
- b. ACCHD-issued devices must be used for all work involving PHI, financial records, and other forms of Restricted data. This helps maintain full control over endpoint encryption, auditing, remote wiping, and compliance enforcement.
- c. Devices must auto-lock after 5 minutes of inactivity and require password or biometric authentication to unlock.
- d. Lost or stolen devices must be reported immediately to the IT department so remote wipe and security incident protocols can be activated.

### **3.5 Bring Your Own Device ("BYOD") Policy:**

- a. Employees who wish to use personal devices for business purposes must request approval from their supervisor and IT.
- b. Approved devices must comply with ACCHD security configurations, including enforced encryption, remote wipe capabilities, and endpoint security software.
- c. ACCHD reserves the right to revoke BYOD privileges if a device is found non-compliant or if user behavior poses a security risk.

These guidelines are essential for protecting sensitive data, ensuring HIPAA and DUA compliance, and reducing the risk of data breaches through improper device usage. All employees are required to acknowledge and adhere to this Acceptable Use Policy annually.

## **4. Network and System Security**

ACCHD's network and system infrastructure serve as the backbone for delivering critical health services and protecting sensitive information, including PHI and PII. To defend against evolving cyber threats and ensure uninterrupted access to vital systems, robust security measures are required at every layer of the technology environment. This section details the safeguards implemented to secure ACCHD's digital ecosystem, including patching protocols, endpoint protections, firewalls, intrusion detection, remote access controls, and network segmentation. These controls are essential not only for HIPAA compliance but for maintaining public trust in ACCHD's ability to manage and secure health data.

#### **4.1 Patch Management:**

- a. All ACCHD systems must be routinely patched to correct known vulnerabilities. Security patches must be applied within 30 days of release, and critical updates must be deployed within 72 hours.
- b. Patch management procedures must be automated where possible and tracked in a centralized dashboard for oversight and compliance.
- c. Patch testing must occur in a staging environment prior to production deployment to avoid disruptions to clinical and operational services.

#### **4.2 Endpoint Protection:**

- a. Every endpoint device (desktops, laptops, tablets, mobile devices, etc.) must have active antivirus and anti-malware solutions with automatic updates enabled.
- b. ACCHD must deploy Endpoint Detection and Response (“EDR”) technology on all devices handling or accessing PHI to monitor for behavioral anomalies and respond to threats in real time.
- c. Devices must be enrolled in a Mobile Device Management (“MDM”) solution to enforce security policies such as encryption, remote wipe, and compliance checks.

#### **4.3 Firewalls and Intrusion Detection/Prevention Systems (IDS/IPS):**

- a. All incoming and outgoing traffic must be filtered through enterprise-grade, stateful firewalls configured to deny all by default and permit only necessary traffic.
- b. ACCHD must operate intrusion detection and prevention systems at both the perimeter and internal network levels to identify and block malicious activity.
- c. Security appliance logs must be retained for at least 12 months and reviewed regularly by IT Security staff.

#### **4.4 Secure Remote Access:**

- a. Any remote access to ACCHD internal systems must occur via an encrypted Virtual Private Network (“VPN”).
- b. Split tunneling must be disabled to ensure all traffic routes through ACCHD’s secure gateway during VPN sessions.
- c. Remote desktop protocols must be restricted and monitored, and connections must be limited to approved IP addresses where feasible.

#### **4.5 Network Segmentation and Access Control Lists (“ACLs”):**

- a. Network architecture must follow a segmented model with separate VLANs for administrative systems, clinical systems, guest access, and internet-facing services.
- b. ACLs must be used to tightly control systems and users can communicate across segments, minimizing potential attack surfaces.
- c. Sensitive systems (such as those storing PHI or financial data) must be isolated in high-security network zones with strict firewall rules and limited administrative access.

#### **4.6 Wi-Fi and Wireless Security:**

- a. ACCHD wireless networks must use WPA3 encryption or WPA2 at a minimum, with separate SSIDs for staff, guests, and medical devices.

- b. Guest wireless access must be completely segmented from ACCHD's internal network and provide no access to internal systems or data.
- c. Wireless networks must be monitored for rogue access points and unauthorized connections using wireless intrusion detection tools.

#### **4.7 Vulnerability Scanning and Penetration Testing:**

- a. Vulnerability scans must be conducted annually on all ACCHD systems, with remediation plans established for any discovered weaknesses.
- b. Third-party penetration testing must be performed annually to validate the effectiveness of technical controls and identify areas of risk.
- c. Results from vulnerability assessments and penetration tests must be reported to executive leadership and tracked to resolution.

By maintaining strong technical safeguards, layered defense strategies, and continuous monitoring, ACCHD is working to maintain both the resilience of its network infrastructure against evolving threats and the capability of protecting the integrity of systems that manage PHI and other sensitive information.

### **5. Data Backup and Recovery**

Ensuring the availability and integrity of critical data is paramount for ACCHD's ability to deliver uninterrupted healthcare and public health services. In the event of system failure, data corruption, cyberattack, or natural disaster, reliable backup and recovery mechanisms are essential to restoring operations and minimizing data loss—especially when handling PHI. This section outlines ACCHD's approach to data backup, including frequency, encryption, offsite storage, testing, and disaster recovery planning. These measures support resilience, business continuity, and compliance with HIPAA and Texas HHSC data safeguarding requirements.

#### **5.1 Backup Frequency and Storage:**

- a. All mission-critical systems, including those handling PHI, financial records, and electronic health records ("EHR"), must be backed up daily at minimum. More frequent backups (e.g., hourly incremental backups) are encouraged for high-availability systems.
- b. Backup data must be stored in at least two physically and logically separate locations: one on-premises and one off-site (e.g., secure cloud provider or alternate data center).
- c. All backup media, whether physical or virtual—must be encrypted using FIPS 140-2 validated encryption algorithms.
- d. Backup jobs must be monitored for success or failure with automated alerting mechanisms in place.

#### **5.2 Backup Testing and Validation:**

- a. Backup integrity must be tested monthly by performing test restores of selected datasets.
- b. Backup validation reports must be generated, reviewed by the IT department, and retained for a minimum of one year.
- c. Any anomalies or failures discovered during testing must be investigated immediately and addressed within three business days.
- d. The ability to restore individual files, full systems, and encrypted backups must be tested annually to simulate realistic recovery scenarios.

### **5.3 Disaster Recovery Planning ("DRP"):**

- a. ACCHD must maintain a written Disaster Recovery Plan that defines recovery time objectives ("RTO") and recovery point objectives ("RPO") for each key system.
- b. The DRP must include contact lists, roles and responsibilities, step-by-step recovery procedures, and escalation paths.
- c. Disaster recovery plans must address potential threats such as ransomware attacks, natural disasters, hardware failure, and system corruption.
- d. The plan must be reviewed and updated annually, or whenever there is a major change to ACCHD infrastructure, services, or data sensitivity levels.

### **5.4 Disaster Recovery Testing:**

- a. At least once per year, ACCHD must conduct a full-scale disaster recovery test, including the restoration of PHI-containing systems and validation of interdependencies.
- b. Results must be documented in a formal report that includes timing, identified gaps, lessons learned, and corrective actions.
- c. Findings from disaster recovery tests must be presented to the executive team and incorporated into future planning.

### **5.5 Business Continuity Integration:**

- a. Backup and disaster recovery planning is aligned with ACCHD's broader Business Continuity Plan ("BCP") to ensure sustained operations in case of extended outages.
- b. Critical services such as clinical systems, public health reporting tools, and communication platforms must have predefined contingencies.
- c. A communication strategy must be included in the BCP to keep staff, patients, and stakeholders informed during disruptions.

Through diligent backup practices and comprehensive recovery planning, ACCHD safeguards its data assets and ensures operational continuity in the face of technical failures or emergencies. These measures are essential to maintaining compliance with HIPAA and the Data Use Agreement while preserving public trust.

## **6. Physical Security**

While cybersecurity safeguards protect digital assets, physical security controls are equally vital in preventing unauthorized access to ACCHD facilities, equipment, and sensitive information such as PHI. Securing workspaces, server rooms, and storage areas helps ensure that both data and personnel remain protected from theft, tampering, or damage. This section outlines ACCHD's standards for badge-based access control, visitor management, secure storage of physical records, and environmental safeguards. These protocols form a critical layer of defense, reinforcing the confidentiality and integrity of the ACCHD's information systems and clinical operations.

### **6.1 Facility Access Control:**

- a. All ACCHD employees, contractors, and authorized visitors must wear visible, photo-identifiable badges at all times while on premises.
- b. Badges must be used to access all secured areas, including office spaces, clinical environments, and data centers. Tailgating or sharing of access cards is strictly prohibited.

- c. Each badge is individually assigned and must be reported as lost or stolen immediately to security or administration. Replacement badges will only be issued with supervisor authorization.
- d. Badge access logs must be retained for a minimum of 12 months and reviewed periodically for anomalies.

#### **6.2 Server and Network Equipment Protection:**

- a. All IT infrastructure, including servers, network switches, and backup systems, must be housed in secure rooms with restricted badge-based access or key based access.
- b. These areas must be protected with environmental controls (temperature, humidity), uninterruptible power supplies (UPS), and automatic fire suppression systems.
- c. Only authorized IT staff with job-specific clearance may access server rooms. All entries must be logged.

#### **6.3 Visitor Management:**

- a. All visitors must sign in at reception and be issued temporary visitor badges which clearly identify them as non-staff.
- b. Visitors must be accompanied by an ACCHD staff member at all times and are not permitted in secure areas unless escorted by authorized personnel.
- c. Visitor access logs must be retained for at least one year.

#### **6.4 Workstation and Asset Security:**

- a. All employee workstations must be locked when unattended. Devices must automatically lock after 5 minutes of inactivity.
- b. Laptops and mobile devices must be secured in locked storage cabinets when not in use or outside of work hours.
- c. Every ACCHD asset must be tagged, inventoried, and assigned to a specific employee or department. Unauthorized equipment may not be connected to the ACCHD network.

#### **6.5 Security Camera Monitoring:**

- a. Video surveillance must be installed at all facility entry and exit points, server rooms, and other critical locations.
- b. Recordings must be stored securely for at least 30 days and reviewed if physical security incidents occur.
- Camera access must be restricted to authorized security and administrative staff.

The integrity of ACCHD's physical security program plays a critical role in protecting both sensitive health data and staff. Enforcing mandatory badge access and strict entry controls ensures a secure environment that aligns with HIPAA physical safeguard requirements and helps prevent unauthorized access to systems or records.

### **7. Incident Response and Breach Notification**

Despite preventive controls, security incidents—including data breaches, system compromises, or unauthorized access—can and do occur. A structured, timely, and effective response is essential to mitigating harm, restoring operations, and fulfilling legal obligations. ACCHD maintains a comprehensive Incident Response Plan (“IRP”) aligned with NIST best practices and

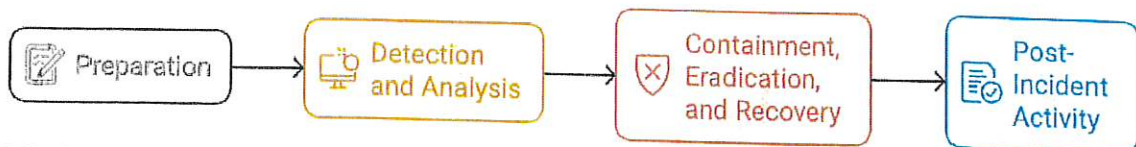
HIPAA breach notification rules to address any event that could impact the confidentiality, integrity, or availability of sensitive data, including PHI. This section outlines the processes for identifying, classifying, responding to, and reporting security incidents assuring that ACCHD remains prepared to act decisively in the face of cyber or physical threats.

### 7.1 Incident Response Framework (Based on NIST 800-61 Revision 2)

ACCHD adopts the National Institute of Standards and Technology (“NIST”) Computer Security Incident Handling Guide framework to provide a structured, consistent approach to managing security incidents. The framework consists of the following phases:

- a. **Preparation:** Establish and maintain incident response capabilities, including documented procedures, trained staff, communication channels, and access to investigation tools. All staff must receive periodic training on recognizing and reporting incidents.
- b. **Detection and Analysis:** Continuously monitor systems and logs for signs of suspicious activity. When an event occurs, determine whether it qualifies as a security incident. Classify incidents by severity (e.g., data breach, malware infection, unauthorized access, system compromise) and by type (see Section 7.6).
- c. **Containment, Eradication, and Recovery:**
  - i. *Containment:* Take immediate steps to limit the impact. This may include isolating infected systems, disabling compromised accounts, or shutting down specific services.
  - ii. *Eradication:* Identify the root cause of the incident and remove all traces of malicious activity. Patch vulnerabilities, clean affected systems, and verify removal of malware or backdoors.
  - iii. *Recovery:* Restore affected systems and services to operational status. Monitor for signs of residual issues and validate system integrity before returning to production.
- d. **Post-Incident Activity:** Conduct a lessons-learned review within five business days of resolving an incident. Document the timeline, affected systems, root cause, and corrective actions. Update response plans and security controls as needed.

### Incident Response Framework



### 7.2 Incident Reporting:

- a. All employees must immediately report suspicious behavior, phishing attempts, data loss, or unauthorized access to the ISO via the designated reporting channel.
- b. High-severity incidents (e.g., PHI breaches, ransomware) must be escalated within one hour to the ISO, Executive Leadership, and Legal/Compliance teams.

### **7.3 Breach Notification Procedures:**

- a. In the event of a breach involving PHI or PII, ACCHD will follow applicable HIPAA breach notification requirements, including:
  - i. Notifying affected individuals without unreasonable delay and no later than 60 days after discovery.
  - ii. Notifying the Texas HHSC and other regulatory agencies as specified by the DUA.
  - iii. For large breaches (500+ individuals), notifying the media and HHS Office for Civil Rights.

### **7.4 Retention and Documentation:**

- a. All incident reports, investigation records, and related communications must be retained for a minimum of six years in compliance with HIPAA.
- b. A centralized incident log must be maintained to track trends, recurring issues, and resolution status.

### **7.5 Coordination with Law Enforcement:**

- a. If criminal activity is suspected, ACCHD may report incidents to law enforcement or state agencies. Coordination must be led by the ISO and the Administrator to ensure legal compliance and minimal disruption to investigations.

### **7.6 Incident Categories:**

To standardize and streamline response procedures, ACCHD classifies incidents into one of the following five categories:

- a. **Category 1 – Unauthorized Access and Disclosure:** Includes any unauthorized access to or sharing of PHI, PII, internal data, or ACCHD systems. Examples: staff accessing records outside of their job duties, accidental disclosure of PHI via email.
- b. **Category 2 – Malware and Malicious Code:** This encompasses infections caused by viruses, ransomware, spyware, or other malicious software. Examples: phishing email downloads malware, ransomware encrypts critical servers.
- c. **Category 3 – Denial of Service and Disruption:** Incidents that result in the interruption of ACCHD operations or services. Examples: DoS attacks on public health websites, power outages affecting critical systems, telecommunications failure.
- d. **Category 4 – Physical Security and Device Compromise:** Includes the theft, loss, or unauthorized physical access to devices containing sensitive information. Examples: lost laptops containing PHI, break-ins to secure areas, unauthorized individuals accessing server rooms.
- e. **Category 5 – Environmental and Natural Disaster Events:** Unexpected events that impact physical or digital infrastructure due to forces beyond human control. Examples: fires that damage server rooms, floods that affect data center operations, earthquakes or hurricanes that disrupt communications and data access. These incidents require both physical safety protocols and data recovery procedures to ensure continued operations and integrity of PHI.



Each category has an associated playbook with tailored containment, communication, and escalation protocols. Incident handlers are required to reference and follow the appropriate playbook during triage and resolution.

A well-executed incident response program ensures that ACCHD can quickly and effectively address security threats, mitigate harm, meet legal obligations, and improve future resilience.

## **8. Training and Awareness**

A well-informed workforce is one of the most effective defenses against security threats and privacy violations. Given the sensitive nature of the data, ACCHD handles—particularly Protected Health Information (PHI)—ongoing training and awareness are essential for ensuring that employees understand their responsibilities and act in accordance with security best practices. This section outlines the organization's approach to security education, including mandatory training programs, role-specific instruction, phishing simulations, and awareness campaigns. By cultivating a culture of security and accountability, ACCHD empowers all personnel to be proactive stewards of data protection and regulatory compliance.

### **8.1 Mandatory Annual Training:**

ACCHD staff, including full-time, part-time, contractors, interns, and volunteers, must complete mandatory annual training on cybersecurity, HIPAA compliance, data privacy, and the proper handling of PHI. This training ensures that employees are aware of their responsibilities and the latest threats that could jeopardize sensitive information. Completion of training is filed in personnel records. Failure to comply may result in suspension of system access until training is completed.

### **8.2 Role-Based Security Training:**

Specialized training is required for personnel with elevated responsibilities, such as system administrators, network engineers, developers, and those with direct access to PHI or sensitive data. This training includes:

- Secure system configuration.
- Access control principles.
- Encryption standards.
- Vulnerability management.
- Incident response execution.

### **8.3 Onboarding and Refresher Courses:**

New hires must complete a security orientation before receiving access to any ACCHD systems or physical facilities. Refresher training will be provided semi-annually or in response to significant policy updates, system upgrades, or major incidents.

### **8.4 Phishing and Social Engineering Simulations:**

Quarterly phishing simulations are conducted to measure user awareness and responsiveness to real-world attack scenarios. Staff who fail simulations will be required to complete remedial training. Additional social engineering assessments (e.g., vishing, tailgating tests) may be performed to evaluate and strengthen employee vigilance.

### **8.5 Security Awareness Campaigns:**

ACCHD will regularly conduct internal awareness campaigns through posters, newsletters, emails, and team meetings to reinforce best practices in:

- Email and password hygiene.
- Identifying suspicious links and attachments.
- Proper data disposal procedures.
- Physical security, including badge usage and visitor control.

### **8.6 Badge Access Awareness:**

Because physical security is essential to protecting PHI, all employees must visibly display their ACCHD-issued ID badges while on-site and use them to access secure areas. Staff will be trained on:

- Never sharing or lending badges.
- Reporting lost or stolen badges immediately.
- Ensuring doors close securely after entry.
- Challenging unknown or unbadged individuals in restricted zones.

### **8.7 Measurement and Continuous Improvement:**

Training effectiveness will be evaluated using assessments, simulations, and post-incident reviews. Feedback will be incorporated into future training materials, and awareness levels will be tracked as a performance indicator for organizational security posture. By embedding a culture of security awareness, ACCHD ensures that its workforce remains the first line of defense against cyber threats and human error, particularly when handling sensitive health information.

## **9. Third-Party and Vendor Security**

Vendors and third-party service providers play a critical role in ACCHD's operations, but they also introduce potential risks to data privacy and system integrity. To safeguard Protected Health Information (PHI) and ensure regulatory compliance, all external partners must adhere to the same rigorous security standards as internal staff. This section defines the policies governing vendor selection, contract requirements, security assessments, monitoring, and breach accountability. Through careful oversight and clear expectations, ACCHD ensures that its partnerships support, not compromise, the confidentiality, availability, and integrity of its data and services.

### **9.1 Contractual and Compliance Requirements:**

All third-party vendors, contractors, or partners with access to ACCHD systems, data, or facilities must sign a DUA, Business Associate Agreement ("BAA") if PHI is involved, and a Non-Disclosure Agreement ("NDA"). These documents ensure that all third parties are contractually obligated to maintain the same security standards ACCHD is held to under HIPAA, the Texas HHSC DUA, and other applicable regulations.

### **9.2 Security and Risk Assessments:**

Vendors that store, process, or transmit PHI or PII on behalf of ACCHD must undergo a security risk assessment before onboarding. This includes a review of the vendor's:

- a. Security policies and procedures.

- b. Data encryption practices.
- c. Access controls.
- d. Breach notification processes.
- e. Compliance with frameworks such as HIPAA or NIST.

Risk assessments must be updated annually or if the vendor changes service scope, infrastructure, or data handling practices.

### **9.3 Ongoing Monitoring and Audits:**

ACCHD reserves the right to audit any vendor systems or practices relevant to its data security. This may include on-site inspections, penetration testing (where applicable), documentation review, and review of SOC 2 or HIPAA audit reports. Any findings must be remediated within a defined and agreed-upon timeframe.

### **9.4 Cloud Service Providers ("CSPs"):**

All CSPs used by ACCHD must support HIPAA compliance and provide written assurances of adherence to applicable security frameworks. PHI stored in cloud environments must be:

- a. Encrypted at rest and in transit.
- b. Segregated from other customer environments (via logical separation).
- c. Monitored via activity logs and alerting mechanisms.
- d. Accessible only to authorized personnel using multi-factor authentication.

### **9.5 Access and Data Minimization:**

Vendors must follow the principle of least privilege, ensuring only personnel with a legitimate business need can access ACCHD systems or data. Access must:

- a. Be time-bound and role-based.
- b. Require individual user accounts.
- c. Be disabled promptly once no longer needed.

### **9.6 Incident and Breach Responsibilities:**

Third parties must immediately report any suspected or actual security incident, data breach, or policy violation involving ACCHD data to the ISO. Breach response responsibilities, timelines, and penalties for non-compliance must be clearly defined in vendor contracts.

### **9.7 Termination and Offboarding:**

Upon termination of a contract, vendors must return or destroy all ACCHD data according to secure data disposal guidelines. Written confirmation or a certificate of data destruction must be submitted to the ISO. All access credentials and system permissions must be revoked within 24 hours of contract termination.

Through rigorous vetting, monitoring, and contractual enforcement, ACCHD ensures that all third-party relationships uphold its high standards for protecting PHI and sensitive information.

## **10. Policy Management and Compliance**

Effective security policies are only meaningful if they are actively maintained, enforced, and aligned with evolving risks and regulations. ACCHD's commitment to safeguarding sensitive data, including PHI, requires ongoing oversight of its information security policies and practices.

This section details the governance structure for policy development, review, auditing, enforcement, and user acknowledgment. It also outlines internal and external compliance responsibilities, ensuring that ACCHD meets the expectations of HIPAA, the Texas HHSC Data Use Agreement, and other applicable regulatory bodies while fostering a culture of accountability across the organization.

#### **10.1 Policy Ownership and Governance:**

The ACCHD Designated ISO is responsible for maintaining, updating, and enforcing this Information Security Policy. The ISO must coordinate with executive leadership, compliance officers, IT management, and legal counsel to ensure that the policy aligns with organizational objectives and complies with all relevant regulations, including HIPAA, HITECH, and the Texas HHSC Data Use Agreement.

#### **10.2 Policy Review and Updates:**

This policy must be reviewed and formally approved on an annual basis or upon any significant change in:

- a. Federal or state regulations.
- b. Organizational structure or processes.
- c. Threat landscape or risk posture.
- d. Implementation of new systems, vendors, or infrastructure.

All revisions must be logged with version history, including the date, author, reviewer, and summary of changes.

#### **10.3 Internal Compliance Audits:**

ACCHD shall conduct internal audits of its security and privacy practices at least annually. Audits shall assess:

- a. Adherence to technical and administrative safeguards.
- b. Implementation of access controls and logging.
- c. Incident response preparedness.
- d. Data classification and handling practices.
- e. Vendor compliance and contract enforcement.

Audit findings must be documented in an internal report and shared with executive leadership. Identified deficiencies must be addressed through a formal corrective action plan with clear owners and deadlines.

#### **10.4 Regulatory Compliance and External Audits:**

As a covered entity under HIPAA and a data custodian for the Texas HHSC, ACCHD must be prepared for regulatory assessments, including:

- a. HIPAA audits conducted by the HHS Office for Civil Rights ("OCR").
- b. Data Use Agreement compliance assessments by HHSC.
- c. Any other audits as mandated by state or federal authorities.

The ISO is responsible for coordinating all regulatory responses and maintaining required documentation.

### **10.5 Enforcement and Disciplinary Actions:**

Violations of this policy, whether intentional or accidental, may result in disciplinary action including, but not limited to:

- a. Mandatory retraining.
- b. Revocation of system access.
- c. Written reprimands.
- d. Suspension or immediate termination of employment.
- e. Legal action, if warranted.

Disciplinary measures must be consistent, fair, and documented in accordance with ACCHD's Human Resources policies.

### **10.6 User Acknowledgment and Awareness:**

All employees, contractors, and third-party users must read and acknowledge the ACCHD Information Security Policy annually via a signed agreement or electronic form.

Acknowledgment will confirm:

- a. Understanding of their responsibilities.
- b. Agreement to comply with the policy.
- c. Awareness of the consequences of non-compliance.

By establishing a robust policy governance structure, ongoing audit programs, and strong enforcement mechanisms, ACCHD maintains a culture of accountability and regulatory alignment across the organization.

## **11. Privacy and Confidentiality**

At the core of ACCHD's mission is a responsibility to protect the privacy of the individuals it serves. As a HIPAA-covered entity, ACCHD must uphold the strictest standards for safeguarding PHI and PII. This section outlines the principles and practices that govern how sensitive information is collected, accessed, used, shared, and protected. It also defines the rights of individuals under HIPAA, the importance of data minimization, and the responsibilities of staff to maintain confidentiality in both digital and physical environments. These measures are vital to maintaining public trust and regulatory compliance.

### **11.1 HIPAA Compliance and Commitment to Privacy:**

As a covered entity under the Health Insurance Portability and Accountability Act ("HIPAA"), ACCHD is legally and ethically obligated to protect the confidentiality, integrity, and availability of PHI. All privacy and confidentiality practices at ACCHD are guided by HIPAA's Privacy Rule, Security Rule, and Breach Notification Rule, as well as by the Texas Health and Safety Code and HHSC Data Use Agreement requirements. PHI includes any individually identifiable health information that relates to a person's physical or mental condition, treatment, or payment history. All staff must understand that mishandling PHI can lead to regulatory penalties, civil lawsuits, and loss of community trust.

### **11.2 Data Minimization and Use Limitation:**

- a. ACCHD shall only collect, use, and disclose the minimum amount of PHI necessary to accomplish a legitimate business or healthcare purpose (Minimum Necessary Standard).
- b. All data requests and disclosures must be documented and reviewed to ensure they align with authorized purposes.

- c. Systems handling PHI must be configured to limit access and viewing to relevant personnel based on role.

### **11.3 Patient Rights and Information Transparency:**

Patients have specific rights under HIPAA, including the right to:

- a. Access and obtain a copy of their health records.
  - b. Request corrections to inaccurate data.
  - c. Receive an accounting of disclosures.
  - d. Request restrictions on the use or disclosure of their information.
  - e. File complaints with ACCHD's Privacy Officer or the HHS Office for Civil Rights.
- ACCHD will establish clear procedures to respond to such requests in accordance with federal and state laws and within the required timeframes.

### **11.4 Confidentiality Agreements:**

All employees, contractors, and volunteers must sign confidentiality agreements upon hire and re-sign annually. These agreements confirm the individual's understanding of their obligation to:

- Protect PHI and other sensitive data from unauthorized access, use, or disclosure.
- Report suspected breaches or violations immediately.

Refrain from accessing records not relevant to their job duties

### **11.5 Workplace and Verbal Privacy Practices:**

- a. Conversations involving PHI must be conducted in private areas whenever possible.
- b. Staff must avoid discussing patient details in hallways, public areas, or over unsecured communication channels.
- c. Computer screens displaying PHI should not be visible to unauthorized individuals, and privacy screens should be used where applicable.

### **11.6 Physical and Technical Protections of Confidential Data:**

- a. All printed PHI must be stored in locked areas and shredded when no longer needed.
- b. Access to systems storing PHI must be protected by user authentication, access control logs, and automatic timeout settings.
- c. Mobile devices used to access or transmit PHI must be encrypted and enrolled in ACCHD's MDM platform.

**11.7 Training and Reinforcement:** All staff must complete annual HIPAA and privacy training to reinforce best practices and legal responsibilities. Real-world case studies, scenario-based exercises, and recent breach examples will be incorporated to build practical knowledge and awareness. By embedding HIPAA principles into its daily operations, ACCHD demonstrates its unwavering commitment to the protection of individual privacy and the responsible stewardship of sensitive health information.

## **12. Logging and Monitoring**

Continuous visibility into system activity is essential for detecting threats, ensuring accountability, and responding effectively to incidents involving sensitive data. Logging and monitoring are core components of ACCHD's security architecture, enabling proactive oversight of system access, data interactions, and potential vulnerabilities. This section describes the

organization's standards for audit logging, real-time monitoring, log retention, and forensic readiness. By capturing and analyzing security-relevant events, ACCHD strengthens its ability to detect anomalies, trace unauthorized actions, and demonstrate compliance with HIPAA and other regulatory frameworks.

#### **12.1 System Logging Requirements:**

To ensure accountability and support forensic investigations, ACCHD requires that all critical systems, including those that handle PHI, financial data, user access, and configuration changes, generate and maintain detailed log files. These logs must include:

- a. User authentication and login attempts (successful and failed).
- b. Changes to access rights and user roles.
- c. System configuration changes.
- d. File access, creation, deletion, and modification activities involving sensitive data.
- e. Security alerts and intrusion detection/prevention events.

#### **12.2 Log Retention and Protection:**

- a. All audit logs must be retained for a minimum of 12 months, with longer retention as required by HIPAA or legal proceedings.
- b. Logs must be stored in secure, tamper-resistant systems that prevent unauthorized modification or deletion.
- c. Log storage systems must support access control, encryption, and hashing to ensure confidentiality and integrity.
- d. Archived logs must be backed up as part of the organization's disaster recovery plan.

#### **12.3 Real-Time Monitoring and Alerting:**

- a. ACCHD will employ a Security Information and Event Management (SIEM) solution to aggregate and analyze log data in real time.
- b. The SIEM system must be configured with alerts for suspicious behavior such as excessive login failures, data exfiltration indicators, off-hours system access, privilege escalations, and malware signatures.
- c. Alerts must be triaged and investigated promptly by the IT security team.

#### **12.4 Access to Logs:**

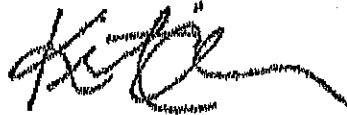
- a. Access to system and security logs shall be restricted to authorized personnel only.
- b. All access to logs must itself be logged, reviewed, and retained.
- c. Auditors and investigators must receive read-only access under the principle of least privilege.

#### **12.5 Periodic Review and Audit of Logs:**

- a. ACCHD security personnel must perform monthly reviews of system logs to identify anomalies, trends, and gaps in compliance.
- b. Findings from log reviews must be documented and addressed through remediation efforts, including user education or system reconfiguration.
- c. Annual audits must include a full review of log integrity, completeness, and compliance with logging policies.

Angelina County &  
Cities Health District

Personnel  
Policy/Procedure Policy  
Number 302



Administrator

  
Chairman of the Board

Subject: Compensatory Time  
Effective Date: April 30, 2024  
Supersedes: June 19, 1996

**Policy:** The Angelina County & Cities Health District will provide compensatory time to employees for excess hours worked while performing required duties outside of normal duty hours. The employee's direct supervisor must preapprove all compensatory time before being earned. Employees should plan their work schedule so that the requirement for compensatory time is kept at an absolute minimum. Employees are expected to arrange their travel schedules to permit travel while on official business during regular working hours. In some cases, it may be necessary for an employee to travel while on official business at times other than during work hours, and the employee will be given credit for travel times as working time.

All non-exempt employees shall earn overtime compensatory time for any time they work in excess of 40 hours in a workweek. Such overtime compensatory time shall be at the rate of one and one-half hours for each hour they work in excess of 40 hours in a workweek. Leave pursuant to overtime compensatory time on a one-and-a-half basis must be taken as soon as convenient after it is earned.

Regular compensatory time is granted to all exempt employees and to all non-exempt employees who work more than 40 hours in any given week for overtime spent at work other than normal duty hours. Regular compensatory time will be granted on a one-to-one basis, and such leave must be taken as soon as it is convenient after being earned. At no time will an individual carry a compensatory time balance greater than 24 hours.

All overtime must be documented on the employee timesheet on a monthly basis. Any employee requesting compensatory time must submit a leave request to their immediate supervisor documenting compensatory time earned. Compensatory time will be used before any other type of leave.

Upon termination of employment, an employee shall be paid for unused compensatory time earned at a compensation rate not less than (1) the average regular rate received by such employee during the last three years of the employee's employment or (2) the final regular rate received by such employee, whichever is higher.



**Angelina County & Cities Health District  
Proposed FY2026 Holiday Schedule**

<b>Holiday</b>	<b>Date</b>	<b>Week Day</b>
Labor Day	09/01/25	Monday
Thanksgiving	11/27/25	Thursday
Christmas Eve Day	12/24/25	Wednesday
Christmas Day	12/25/25	Thursday
New Year's Day	01/01/26	Thursday
Martin Luther King Jr. Day	01/19/26	Monday
President's Day	02/16/26	Monday
Memorial Day	05/25/26	Monday
Personal Day		**

\*\* The personal day is to be designated by the employee with supervisor's approval. The personal day must be taken as a full work day. If the day is not used during the fiscal year, it will be forfeited.