

Galveston County
Health District

SINGLE AUDIT REPORTS

Fiscal Year Ended
September 30, 2013

Galveston County Health District

SINGLE AUDIT REPORTS
Year Ended September 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
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	1-2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR	3-4
SCHEDULES	
<i>SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS</i>	6-7
<i>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS</i>	8
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	9-10
<i>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</i>	11



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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 Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Galveston County Health District, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Galveston County Health District's basic financial statements, and have issued our report thereon dated January 13, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Galveston County Health 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 Galveston County Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of Galveston County Health 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Galveston County 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.

A handwritten signature in black ink that reads "Sam Karp & Co." The signature is written in a cursive, flowing style.

Sugar Land, Texas
January 13, 2014



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF
TEXAS SINGLE AUDIT CIRCULAR**

To Galveston County United Board of Health
Coastal Health & Wellness Governing Board
Galveston County Health District

Report on Compliance for Each Major Federal and State Program

We have audited Galveston County Health District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Galveston County Health District's major federal and state programs for the year ended September 30, 2013. Galveston County Health District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Galveston County Health District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular, issued by the Governor of the State of Texas. Those standards, OMB Circular A-133 and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Galveston County Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Galveston County Health District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Galveston County 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 and state programs for the year ended September 30, 2013.

Report on Internal Control over Compliance

Management of Galveston County Health District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Galveston County Health District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Galveston County Health District's internal control over compliance.

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

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities and each major fund of Galveston County Health District, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Galveston County Health District's basic financial statements. We issued our report thereon dated January 13, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Texas Single Audit Circular 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 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 and state awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 OMB Circular A-133 and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



Sugar Land, Texas
January 13, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Galveston County Health District

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2013

FEDERAL GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CONTRACT TERM	EXPENDITURES
FEDERAL AWARDS:				
US Department of Health and Human Services				
<u>Direct Program</u>				
Public Health	93.224	6 H80CS00344-11-02	4/1/12-3/31/13	\$ 988,847
Public Health	93.224	6 H80CS00344-12-02	4/1/13-3/31/14	988,846
Total HHS Direct Program				1,977,693
<u>Passed Through Texas Department of State Health Services</u>				
TB PC-FED (120-111)	93.116	2014-001420-00	9/1/13-8/31/14	2,476
STD/HIV (120-121)	93.940	2013-041113-004	9/1/12-8/31/13	199,816
STD/HIV (120-121)	93.940	2014-001343-00	9/1/13-8/31/14	18,580
IMM/LOCALS (120-130)	93.268	2013-041113-007	9/1/12-8/31/13	228,593
IMM/LOCALS (120-130)	93.268	2014-001049-00	9/1/13-8/31/14	16,876
CPS/CRI (120-144)	93.069	2013-041113-002	9/1/12-8/31/13	74,392
CPS/CRI (120-144)	93.069	2014-001143-00	9/1/13-8/31/14	5,937
PPCPS/Hazards (120-145)	93.069	2013-041113-006	9/1/12-8/31/13	193,231
PPCPS/Hazards (120-145)	93.069	2014-001144-00	9/1/13-8/31/14	19,152
PPCS/Risk Based (120-146)	93.069	2012-040283-001	11/15/11-7/31/13	17,249
LHD-49/GIS Contractor (120-190)	93.069	2013-041113-005	9/1/12-8/31/13	14,583
LHD-50/Incident Command (120-191)	93.069	2013-041113-005	9/1/12-8/31/13	4,680
LHD-11BP1/Computer (120-192)	93.069	2013-041113-005	9/1/12-8/31/13	3,264
LHD-12BP1/Plotter (120-193)	93.069	2013-041113-005	9/1/12-8/31/13	7,935
LHD-13BP1/Server Upgrade (120-194)	93.069	2013-041113-005	9/1/12-8/31/13	123,744
LHD-14BP1/Traction Software (120-195)	93.069	2013-041113-005	9/1/12-8/31/13	13,431
LHD-15BP1/Mobile Medical Clinic (120-196)	93.069	2013-041113-005	9/1/12-8/31/13	215,835
LHD-16BP1/Video Conferencing (120-197)	93.069	2013-041113-005	9/1/12-8/31/13	5,133
LHD-17BP1/Video Surveillance (120-198)	93.069	2013-041113-005	9/1/12-8/31/13	24,536
LHD-18BP1/Phone Signal Booster (120-199)	93.069	2013-041113-005	9/1/12-8/31/13	89
Title V (120-180)	93.994	2013-042397-001	9/1/12-8/31/13	59,086
Title V (120-180)	93.994	2014-044539-001	9/1/13-8/31/14	7,636
BCCCP (120-160)	93.283	2012-041208-001	7/1/12-8/31/13	188,217
BCCCP (120-160)	93.283	2014-044916-001	9/1/13-8/31/14	27,069
Total Texas Department of State Health Services				1,471,540
Total US Department of Health and Human Services				3,449,233
US Environmental Protection Agency				
<u>Passed Through General Land Office</u>				
Texas Beach Watch A-1 (205-525)	66.472	13-057-000-6980	9/1/12-8/31/13	94,098
Texas Beach Watch A-1 (205-525)	66.472	14-120-000-8025	9/1/13-8/31/14	12,240
Total US Department of Commerce, National Oceanic & Atmospheric Administration				106,338
US Department of Agriculture				
<u>Passed Through Texas Department of State Health Services</u>				
Women, Infants and Children (WIC 120-210)	10.557	2013-042598-001	10/1/12-9/30/13	887,161
Women, Infants and Children (WIC 120-214)	10.557	2013-042598-001	10/1/12-9/30/13	44,770
Women, Infants and Children (WIC 120-215)	10.557	2013-042598-001	10/1/12-9/30/13	3,553
Women, Infants and Children (WIC 120-216)	10.557	2013-042598-001	10/1/12-9/30/13	15,051
Women, Infants and Children (WIC 120-217)	10.557	2013-042598-001	10/1/12-9/30/13	24,277
Total US Department of Agriculture				974,812

Galveston County Health District

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2013

FEDERAL GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CONTRACT TERM	EXPENDITURES
FEDERAL AWARDS (continued):				
US Environmental Protection Agency				
<u>Passed Through Texas Commission on Environmental Quality (TCEQ)</u>				
TCEQ - Sec 105 (P204-520)	66.001	582-12-10015	9/1/12-8/31/13	85,128
TCEQ - Sec 105 (P204-520)	66.605	582-14-40029	9/1/13-8/31/14	7,739
TCEQ - PM 2.5 Air Quality Monitoring (204-526)	66.001	582-13-30018	9/1/12-8/31/13	102,281
TCEQ - PM 2.5 Air Quality Monitoring (204-526)	66.001	582-13-30018	9/1/13-8/31/14	6,800
Total Texas Commission on Environmental Quality				201,948
<u>Passed Through Nat'l Assoc of County & City Health Officials</u>				
Medical Reserve Corps. (120-142)	93.008	MRC11334	1/5/11-9/30/13	507
Total US Environmental Protection Agency				202,455
Total Federal Awards				\$ 4,732,838
STATE AWARDS:				
Department of State Health Services				
<u>Direct Program</u>				
TB/PC-STATE (Elim 120-110)		2013-041113-001	9/1/12-8/31/13	\$ 95,163
TB/PC-STATE (Elim 120-110)		2014-001446-00	9/1/13-8/31/14	6,502
HSR 6/5S-TBPC (Prev 120-111)		2013-043014-001	9/1/12-8/31/13	20,927
HIV/SURV (120-124)		2013-041113-003	9/1/12-8/31/13	40,689
HIV/SURV (120-124)		2014-001422-00	9/1/13-8/31/14	3,532
DFCHS-Healthy Texas Babies (120-150)		2012-040623-001	12/1/11-8/31/13	121,560
EMS Local Projects (000-000)		2013-042858-001	10/15/12-8/31/13	7,105
E. Tx Gulf Coast Reg. Trauma Advisory Council		2013-043612-001	5/1/13-9/30/13	1,962
RLSS/LPHS (ORAS 120-170)		2013-041113-008	9/1/12-8/31/13	293,241
RLSS/LPHS (ORAS 120-170)		2014-001038-00	9/1/13-8/31/14	21,358
Total Department of State Health Services				612,039
Texas Commission on Environmental Quality (TCEQ)				
<u>Direct Program</u>				
TCEQ - State (204-521)		582-10-90260	9/1/12-8/31/13	145,668
TCEQ - State (204-521)		582-14-40028	9/1/13-8/31/14	13,247
Total Texas Commission on Environmental Quality (TCEQ)				158,915
Total State Awards				770,954
Total Federal and State Awards				\$ 5,503,792

Galveston County Health District

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2013

NOTE 1 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Galveston County Health District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations* and the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The expenditures of federal and state awards are reported in Galveston County Health District's Annual Financial Report, within the statement of activities. Expenditures are recorded when the liability is incurred.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned. Generally, unused balances are returned to the grantor at the close of specified projects.

NOTE 2 – RECONCILIATION TO FINANCIAL STATEMENTS

The following is a reconciliation of federal and state awards per the Schedule of Expenditures of Federal and State Awards (Schedule of FFA) to Exhibit A-4 of the Annual Financial Report:

Expenditures of federal awards per Schedule of FFA	\$	4,732,838
Expenditures of state awards per Schedule of FFA		770,954
Total Federal and State Awards per Schedule of FFA	\$	<u>5,503,792</u>
 Related Expenditures per Exhibit A-4 of Annual Financial Report	 \$	 <u>5,503,792</u>

Galveston County Health District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2013

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section:

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified, but not considered to be material weaknesses?	No
• Noncompliance material to financial statements noted?	No

Federal Awards Section:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified, but not considered to be material weaknesses?	N/A
Type of auditor's report on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of Major Programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Public Health	93.224
Women, Infants and Children (WIC)	10.557
Public Health Emergency Preparedness	93.069

Name of State Program

RLSS-Local Public Health System

Dollar threshold for distinguishing Type A and B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

Galveston County Health District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2013

PART II - FINANCIAL STATEMENT FINDINGS

No significant financial statement findings were noted.

PART III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS SECTION

No federal or state award findings were noted.

Galveston County Health District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2013

No prior year federal or state award findings were noted.