

**Galveston County**  
**Health District**

**GALVESTON COUNTY, TEXAS**

**FINANCIAL REPORT**

**September 30, 2013**



# **GALVESTON COUNTY HEALTH DISTRICT**

## **ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2013**

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying 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 the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Galveston County Health District, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the budgetary comparison information and pension information on pages 38 through 42 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Galveston County Health District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of the Galveston County Health 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 Galveston County Health District's internal control over financial reporting and compliance.



Sugar Land, Texas  
January 13, 2014

## **Management's Discussion and Analysis**

As management of Galveston County Health District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended September 30, 2013.

### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,149,936 (net position).
- As of September 30, 2013, the District's governmental funds reported an ending fund balance of \$6,063,492.
- The District's cash and investments balance at September 30, 2013 was \$5,786,323, representing an increase of \$451,104 from September 30, 2012.
- The District had expenses net of program revenue of \$7,354,857 and general revenues of \$8,171,821 resulting in a net increase in net position of \$816,964 for the year ended September 30, 2013.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$541,483, or 5.9 percent of total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include 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* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities and deferred inflows of resources, with the difference 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The government-wide financial statements present functions of the District that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 15-17 of this report.

## **FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District consist solely of governmental funds (the General Fund and Special Revenue Funds).

**Governmental Funds** - Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 18 through 20 of this report.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements 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 through 36 of this report.

## **OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's General Fund and Major Special Revenue Funds budgets and pension data. Required supplementary information can be found on pages 38 through 42 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$7,149,936 as of September 30, 2013.

The largest portion of the District's net position (47.6 percent) represents unrestricted financial resources available for future operations.



A portion of the District's net position (23.3 percent) reflects its net investment in capital assets, (e.g. and, buildings, vehicles, furniture and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

Additionally, a portion of the District's net position (29.1 percent) represents resources that are subject to restrictions on how they may be used.

**SUMMARY OF STATEMENT OF NET POSITION**  
**As of September 30, 2013 and 2012**  
**(amounts expressed in thousands)**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Current and other assets	\$ 9,547	\$ 8,982
Capital assets, net	2,208	1,944
<b>Total Assets</b>	<b>11,755</b>	<b>10,926</b>
Long-term liabilities	893	681
Other liabilities	1,435	1,692
<b>Total Liabilities</b>	<b>2,328</b>	<b>2,373</b>
Unearned revenue-grants received in advance of timing requirements	2,277	2,220
<b>Total Deferred Inflows of Resources</b>	<b>2,277</b>	<b>2,220</b>
Net Position:		
Net investment in capital assets	1,662	1,789
Restricted	2,083	1,797
Unrestricted	3,405	2,747
<b>Total Net Position</b>	<b>\$ 7,150</b>	<b>\$ 6,333</b>

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

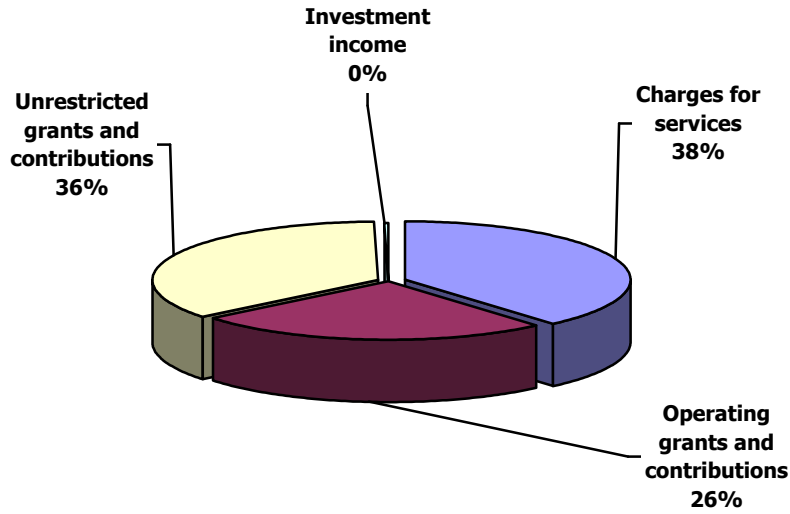
Net position of the District, all of which relate to governmental activities, increased by \$816,964. Key elements of the increase are as follows:

**CHANGES IN NET POSITION**  
**For the Fiscal Years Ended September 30, 2013 and 2012**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 8,800	\$ 8,929
Operating grants and contributions	5,880	5,375
General revenues:		
Unrestricted grants and contributions	8,253	7,967
(Loss) on sale of capital assets	(125)	(65)
Investment income	44	33
<b>Total Revenues</b>	<b>22,852</b>	<b>22,239</b>
<b>Expenses</b>		
Public Health	3,322	3,605
Public Health Reimbursable	3,440	3,126
Animal Services	1,199	1,096
Pollution Control	910	890
Patient Services	8,182	8,400
Ambulance Services	4,967	5,404
Interest on long-term debt	15	2
<b>Total Expenses</b>	<b>22,035</b>	<b>22,523</b>
<b>Change in Net Position</b>	817	(284)
Net position, beginning	6,333	6,617
<b>Net Position, Ending</b>	<b>\$ 7,150</b>	<b>\$ 6,333</b>

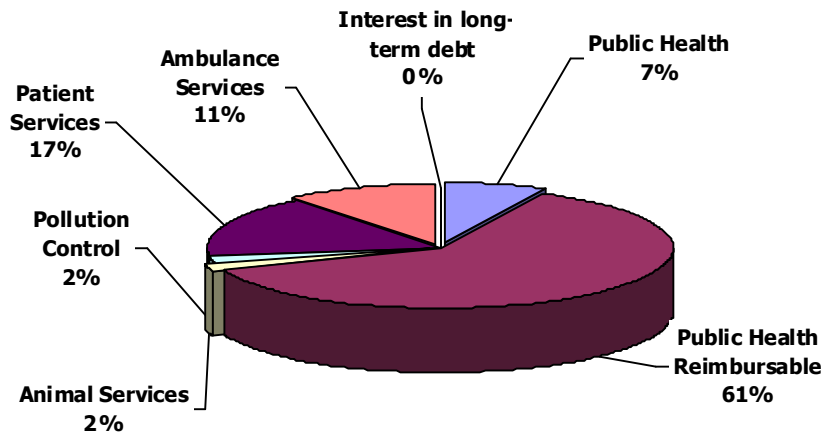
Graphic presentations of selected data from the changes in net position table follow to assist in the analysis of the District's activities.

### GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2013 revenue from governmental activities totaled \$22,852,040.

### GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2013 expenses from governmental activities totaled \$22,035,076, the largest portions of which related to patient services and ambulance services.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are discussed below:

**Governmental Funds** - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of September 30, 2013, the District's governmental funds, which consist of a general fund and special revenue funds, reported an ending fund balance of \$6,063,492, which is an increase of \$943,379 from last year's total of \$5,120,113. The General Fund, the District's main operating fund, had an ending fund balance of \$2,627,595, a \$483,407 increase from the prior year. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 5.9 percent of total general fund expenditures. The two Special Revenue funds reported an ending fund balance of \$3,435,897, of which \$102,503 is committed for Coastal Health & Wellness clinic expenditures, \$1,500,000 is committed for the Coastal Health & Wellness operating reserves, \$112,987 is committed for GAAA equipment expenditures and \$197,000 is committed for GAAA vehicle replacement expenditures.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's final 2013 General Fund budget estimated revenues and other financing sources of \$13.7 million. The actual realized revenues and other financing sources for this period were \$242,399, or 1.8%, higher than what had been budgeted for this year. General Fund revenues during this fiscal year were higher than budgeted primarily due to higher than projected fees from services and additional grant funding received during the current fiscal year.

General Fund operating expenditures and other financing uses in 2013 were budgeted at \$13.7 million, and actual expenditures and other financing uses incurred at September 30, 2013 were \$241,581, or 1.8% lower than what had been projected for this year. When reviewing the individual divisions in the General Fund, **Public Health** program service revenues exceeded budgeted projections by \$129,033. The Public Health division includes service revenues from immunizations, vital statistics, potable water testing, and inspections/permits associated with food services, septic tanks, swimming pools and waste water. In 2013, actual revenues exceeded what had been projected for most public health service areas, with the most notable increases coming from revenue generated from immunization services and food service permits. In addition, Public Health program expenditures were \$166,349 or 4.7% lower than budgeted due primarily to salary and benefit costs, which were \$202,056 or 8.3% lower than what had been budgeted for this division in this fiscal year. Expenditures also included replacement of the Health District courier van at a cost of \$23,071 which was approved to be expended from fund balance reserve in FY13. **Public Health Reimbursable** expenditures (grant funded services) were \$53,373 or 1.7% higher than budgeted but were offset by additional grant funding, which was \$59,295 higher

than budgeted in this fiscal year. **Animal Services** program revenues (which included both field and shelter services) were higher than budgeted by \$27,114 or 4.4% due to an increase in adoption revenues and donations. Although operational costs associated with Animal Services, such as supplies, pharmaceuticals (animal vaccines), and pet food exceeded what had been budgeted during this fiscal year, total Animal Services expenditures were lower than budgeted by \$39,894 or 3.1% due primarily to salary lapse. **Pollution Control** program revenues were \$3,135 or 2.0% higher than budgeted; while expenditures were \$54,190 or 5.6% lower due in large part to salary lapse from vacancies; and expenditures for services provided through **Coastal Health & Wellness and the County Indigent Healthcare Program** ended the year \$21,113 or 11.2% lower than budgeted.

In total, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$483,407 as of September 30, 2013; thereby increasing the fund balance for this period by the same amount.

As of September 30, 2013, the fund balance of the General Fund was \$2,627,595. In October 2012, the United Board of Health had committed \$2.3 million in reserves and as of September 30, 2013, 2 million remained in reserves, broken out as follows: \$384 thousand for CH&W clinic construction/renovations; \$233 thousand for IT equipment/software; \$188 thousand for public health emergencies; \$168 thousand for IGT related to the 1115 waiver; \$53 thousand for Animal Services; \$7 thousand remaining under vehicle replacements; \$50 thousand for reserve pay for leave payouts; and \$935 thousand as an operating reserve.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - The District’s investment in capital assets as of September 30, 2013 amounts to \$2,208,462 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, furniture and equipment, and vehicles.

**CAPITAL ASSETS SCHEDULE**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Buildings and improvements	\$ 236,734	\$ 236,734
Furniture and equipment	2,108,481	2,219,952
Vehicles	2,485,028	2,141,377
Less: accumulated depreciation	(2,621,781)	(2,653,882)
<b>Total Capital Assets, Net</b>	<b>\$ 2,208,462</b>	<b>\$ 1,944,181</b>

Additional information on the District’s capital assets can found in Note 5 in the notes to financial statements.

**LONG-TERM DEBT**

At the end of the current fiscal year, the District had total notes payable and compensated absences of \$1,113,543.

## SCHEDULE OF LONG-TERM DEBT

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Notes payable	\$ 155,000	\$ 155,000
Capital leases payable	391,667	
Compensated absences	566,876	576,322
<b>Total</b>	<b>\$ 1,113,543</b>	<b>\$ 731,322</b>

Additional information on the District's long-term debt can be found in Note 6 in the notes to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is currently operating under its fiscal year 2014 budget, which was adopted and passed by its respective Boards in accordance with state and federal guidelines. The following schedule outlines a comparison of the fiscal year 2013 budget and fiscal year 2014 budget for both estimated revenues and appropriations (amounts expressed in thousands):

<b>Fund</b>	<b>Year Ending September 30,</b>		<b>Increase (Decrease)</b>
	<b>2014</b>	<b>2013</b>	
<b>General Fund</b>			
Revenue and debt proceeds	\$ 13,173	\$ 13,648	\$ (475)
Expenditures and transfers	13,173	13,648	(475)
 <b>Coastal Health &amp; Wellness</b>			
Revenue and transfers	8,431	7,904	527
Expenditures	8,431	7,904	527
 <b>Galveston Area Ambulance Authority</b>			
Revenue and debt proceeds	5,218	5,581	(363)
Expenditures	5,561	5,847	(286)

**General Fund** - In comparison to last year, the FY14 General Fund budget decreased by \$475 thousand or 3.48%. Projected grant revenues decreased by \$563 thousand or 15% due to the fact that grant revenues last year included \$414 thousand for one time additional funding for special public health preparedness projects and \$144 thousand for the Texas Healthy Babies grant which ended 8/31/13. In addition, WIC funding decreased by \$30 thousand, Public Health Preparedness funding by \$43 thousand and TCEQ Biowatch program funding by \$16 thousand. Additional grant funding of \$30 thousand was received for the TB program, \$19 thousand for the STD/HIV program, and \$35 thousand from D'Feet for breast cancer screenings. Other grant funding was expected to remain at FY13 funding levels, with the possibility of additional funding opportunities available mid-year. County revenue decreased by \$82 thousand or 1.09% from last year. County funding was reduced this year by \$112 thousand, which in prior years had been included in the budget to fund security costs at the mid county annex; while the County's contribution for Animal Services under the interlocal agreement increased by \$30 thousand from last year. In addition, Animal Services contract revenues from cities

participating in the interlocal agreement increased by \$39 thousand from last year to provide funding for the purchase of animal vaccines that in previous years had been funded through bingo donations, and to hire additional Animal Resource Center staff (2 new part-time positions). Additionally, revenues from animal adoptions were expected to increase by \$45 thousand from last year and new revenue of \$15 thousand was included in the budget based on estimated fees for animal cremation services. The County contribution for primary healthcare services through Coastal Health & Wellness and eligibility screening services for the County Indigent Healthcare Program (CICHP) remained at last year's funding level. Community Health Nursing revenues were projected to increase by \$51 thousand based on projected reimbursements from medicare and private insurance payers. Revenues from food service permits and potable water testing were also projected to increase by \$15 thousand and \$8 thousand respectively based on current estimates.

**Coastal Health & Wellness (CH&W)** - The budget for Coastal Health & Wellness (formerly 4C's) increased by \$527 thousand or 6.7% from last year. FY14 funding included additional funds from HRSA - US Dept of Health & Human Services to support outreach and enrollment activities as defined under the Affordable Care Act. Revenues were also expected to significantly increase in comparison to last year based on revenue projections from clinical services, which were attributed primarily to changes in payer mix and the initiation of budget payment plans as established by the *Billing & Collection Policy* approved by the CH&W Governing Board in October 2011. Other revenue sources were expected to remain consistent with FY13 operating levels.

**Galveston Area Ambulance Authority (GAAA)** - In comparison to last year, GAAA revenues for FY14 were budgeted \$363 thousand or 6.5% lower than last year. FY14 budgeted revenues from fees were based on projected annual call volumes and the current net revenue per call. Although call volumes for the 911 service areas (Galveston, Hitchcock and Bacliff) were projected to increase in FY14, only revenues from the Hitchcock site were expected to increase significantly based on a substantial increase in call volume for this location. Since call volumes for the Galveston Transfer and Mainland Transfer service areas continued to trend lower than budgeted last year, revenue projections were decreased in FY14 for these services. County and City contributions for services remained at previous year funding levels for all sites.

**Expenditures** - In comparison to last year, expenditures for the General Fund and Galveston Area Ambulance Authority (GAAA) were budgeted lower than the prior year, while expenditures for Coastal Health & Wellness were projected to increase in FY14.

In the **General Fund**, personnel costs increased by \$114 thousand from last year. Budgeted wages included a 3% cost of living increase for Animal Services employees and a 1.5% cost of living increase for other General Fund employees, with the exception of certain grant-funded positions. Personnel costs in FY14 included two new part-time positions for Animal Services (Volunteer Coordinator/Adoption Counselor and Cremation Specialist); while 1.5 FTE's were eliminated in the FY14 budget due to a decrease in WIC funding (.5) and the expiration of the Texas Healthy Babies grant (1.0). Benefit costs remained level in comparison to last year and decreases in the state unemployment tax (SUTA) and Workers Comp rates helped to offset moderate increases in group health insurance premiums. Maintenance and repair of IT equipment, advertising costs and grant funded equipment purchases were expected to decrease by \$422 thousand in comparison to last year due to grant funded contracts which ended in FY13. The Community Health Nursing services budget for operating supplies increased by \$40 thousand in FY14 to allow for the purchase of private vaccine stock that will

be offset in large part by revenues from third party payers. The FY14 pharmaceutical budget for animal services increased by \$62 thousand from last year to fund the cost of animal vaccines which had previously been provided with the assistance of bingo funds. Both telephone costs and rental expense were projected to decrease by \$22 thousand and \$77 thousand respectively during the upcoming year due to cost savings recognized by the re-negotiation of contracts from both cellular and long distance service providers, as well as the completion of a prior year lease agreement which provided desktop computers to District users. The only debt in the General Fund budget included the second year of financing costs for a replacement vehicle for animal services financed over a two year period.

In the **Coastal Health & Wellness Clinic** (CH&W), expenditures were budgeted \$527 thousand higher than the previous year. Personnel costs included a 1.5% cost of living increase and three additional full-time positions for Outreach and Enrollment activities funded by HRSA to assist individuals with enrollment into the new insurance marketplace under the Affordable Care Act. Pharmaceutical costs were also projected to increase by \$235 thousand based on the current number of patients utilizing this service and will be offset in part by revenues generated from pharmacy fees. Supply costs were budgeted \$46 thousand higher in comparison to the prior year and were based on current costs and estimated annual number of patients served. Other CH&W expenditures were budgeted at previous year operating levels or as near as possible in order to operate within budgeted limits set during this period.

The **Galveston Area Ambulance Authority** (GAAA) budgeted expenditures were \$286 thousand lower from the previous year. In total, personnel costs were reduced by \$338 thousand from last year. In field operations, three vacant positions were eliminated and one new position was added (a net reduction of two FTE's). Additionally, personnel costs for administrative services were reduced by 4.5 FTE's due to the fact that billing services were outsourced in the prior year. All other positions were budgeted at FY13 rates for all sites and included no salary or cost of living adjustments. Expenditures in FY14 included \$215 thousand in proposed equipment purchases, which included an ambulance remount, two new transfer units and one power stretcher. In addition, supply costs included \$95 thousand for twenty-six new radios to replace current models and were budgeted to be expended from each site's respective fund balance. The FY14 budget included principal and interest payments for year two of a three year lease purchase agreement for equipment purchased in the prior fiscal year, and there was no new debt incurred in this budget year. The repayment of the Community Disaster Loan, which had been awarded by FEMA in February 2009 to assist with the decline in revenues for Galveston operations after Hurricane Ike, was extended through February 18, 2019. Beginning in FY14, quarterly payments will be made throughout the 5-year extension and will be expended from the City of Galveston fund balance reserve.

The District has added no major new programs or initiatives to the 2014 budget, and anticipates that all fund balances will remain level or potentially be increased by the end of fiscal year 2014 if budget estimates are realized.

## **REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of Galveston County Health District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Galveston County Health District: Kathy Barroso, Chief Financial Officer, P.O. Box 939, La Marque, Texas 77568.



## **BASIC FINANCIAL STATEMENTS**

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# **GALVESTON COUNTY HEALTH DISTRICT**

Exhibit A-1

## **STATEMENT OF NET POSITION**

**September 30, 2013**

	<b><u>Governmental Activities</u></b>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 5,694,768
Investments	91,555
Receivables:	
Federal	677,861
State	148,266
Due from other governments	814,131
Due from Galveston County	1,880,002
Prepaid expenses	187,091
Inventories	52,841
Capital assets, net of accumulated depreciation:	
Buildings and improvements	45,985
Furniture and equipment	798,609
Vehicles	1,363,868
<b>Total Assets</b>	<b><u>11,754,977</u></b>
<b><u>Liabilities</u></b>	
Accounts payable and other current liabilities	1,206,258
Accrued interest payable	8,475
Noncurrent liabilities:	
Due within one year	220,889
Due in more than one year	892,654
<b>Total Liabilities</b>	<b><u>2,328,276</u></b>
<b><u>Deferred Inflows of Resources</u></b>	
Unearned revenue	<u>2,276,765</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	1,661,795
Restricted for:	
Clinic operations	2,083,052
Unrestricted	3,405,089
<b>Total Net Position</b>	<b><u>\$ 7,149,936</u></b>

See Notes to Financial Statements.

# **GALVESTON COUNTY HEALTH DISTRICT**

## **STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2013**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program</b>
		<b>Charges for Services</b>
<b>Governmental Activities:</b>		
Public health	\$ 3,322,353	\$ 1,574,533
Public health reimbursable	3,439,423	71,835
Animal services	1,199,048	643,432
Pollution control	909,696	158,951
Patient services	8,182,492	2,185,416
Ambulance services	4,966,851	4,166,300
Interest on long term debt	15,213	
<b>Total Governmental Activities</b>	<b>\$ 22,035,076</b>	<b>\$ 8,800,467</b>
<b>General Revenues:</b>		
Grants and contributions not restricted to specific programs		
(Loss) on sale of capital assets		
Investment income		
<b>Total General Revenues</b>		
<b>Change in Net Position</b>		
Net Position - beginning		
<b>Net Position - Ending</b>		

<b>Revenues</b>	<b>Net (Expense) Revenue and Change in Net Position</b>
<b>Operating Grants and Contributions</b>	<b>Governmental Activities (Total)</b>
\$	\$
3,333,361	(1,747,820)
	(34,227)
	(555,616)
462,010	(288,735)
2,075,315	(3,921,761)
9,066	(791,485)
	(15,213)
<u>\$ 5,879,752</u>	<u>\$ (7,354,857)</u>
	8,252,874
	(124,783)
	<u>43,730</u>
	<u>8,171,821</u>
	816,964
	6,332,972
	<u>\$ 7,149,936</u>

**GALVESTON COUNTY HEALTH DISTRICT**

Exhibit A-3

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**September 30, 2013**

	<u>General</u>	<u>Coastal Health &amp; Wellness</u>	<u>Galveston Area Ambulance Authority</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,927,994	\$ 2,400,202	\$ 1,366,572	\$ 5,694,768
Investments	25,166	20,416	45,973	91,555
Receivables:				
Federal	677,861			677,861
State	148,266			148,266
Other	255,607	69,258	489,266	814,131
Due from other funds	80,134			80,134
Due from Galveston County	1,880,002			1,880,002
Prepaid items	14,524	138,948	33,619	187,091
Inventories	52,841			52,841
<b>Total Assets</b>	<b><u>\$ 5,062,395</u></b>	<b><u>\$ 2,628,824</u></b>	<b><u>\$ 1,935,430</u></b>	<b><u>\$ 9,626,649</u></b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 536,444	\$ 414,892	\$ 254,922	\$ 1,206,258
Due to other funds		47,774	32,360	80,134
<b>Total Liabilities</b>	<b><u>536,444</u></b>	<b><u>462,666</u></b>	<b><u>287,282</u></b>	<b><u>1,286,392</u></b>
<b><u>Deferred Inflows of Resources</u></b>				
Unearned revenue	<u>1,898,356</u>	<u>83,106</u>	<u>295,303</u>	<u>2,276,765</u>
<b><u>Fund Balances</u></b>				
Fund Balances:				
Non-spendable:				
Inventories	52,841			52,841
Prepaid items	14,524	138,948	33,619	187,091
Unrestricted:				
Committed:				
Public health emergencies	187,775			187,775
Reserve for leave payouts	50,000			50,000
Equipment/software	233,350	102,503	112,987	448,840
Vehicle replacement	6,929		197,000	203,929
CH&W clinic operations/renovations	384,514			384,514
Animal services	53,179			53,179
1115 Waiver (IGT)	168,000			168,000
Operating reserves	935,000	1,500,000		2,435,000
Unassigned	541,483	341,601	1,009,239	1,892,323
<b>Total Fund Balances</b>	<b><u>2,627,595</u></b>	<b><u>2,083,052</u></b>	<b><u>1,352,845</u></b>	<b><u>6,063,492</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$ 5,062,395</u></b>	<b><u>\$ 2,628,824</u></b>	<b><u>\$ 1,935,430</u></b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 2,208,462

Long-term liabilities, including notes payable (\$155,000), capital leases payable (\$391,667), accrued interest payable (\$8,475) and accrued compensated absences (\$566,876) are not due and payable in the current period and are therefore not reported in the funds.

**Net Position of Governmental Activities**

(1,122,018)  
\$ 7,149,936

See Notes to Financial Statements.

# **GALVESTON COUNTY HEALTH DISTRICT**

Exhibit A-4

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS**

**For the Year Ended September 30, 2013**

	<u>General</u>	<u>Coastal Health &amp; Wellness</u>	<u>Galveston Area Ambulance Authority</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
Program services	\$ 2,448,751	\$ 2,185,416	\$ 3,279,884	\$ 7,914,051
Intergovernmental				
Federal/state	3,795,371	2,044,415		5,839,786
Local	7,628,433	30,900	1,519,923	9,179,256
Investment earnings	17,777	15,327	10,626	43,730
<b>Total Revenues</b>	<u>13,890,332</u>	<u>4,276,058</u>	<u>4,810,433</u>	<u>22,976,823</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public health	3,322,836			3,322,836
Public health reimbursable	3,346,139			3,346,139
Animal services	1,184,841			1,184,841
Pollution control	888,679			888,679
Patient services	167,331	7,918,804		8,086,135
Ambulance services			4,680,097	4,680,097
<b>Debt Service:</b>				
Principal retirement	4,328		83,279	87,607
Interest and fiscal charges	593		6,145	6,738
<b>Capital Outlay</b>	<u>323,550</u>	<u>11,872</u>	<u>573,971</u>	<u>909,393</u>
<b>Total Expenditures</b>	<u>9,238,297</u>	<u>7,930,676</u>	<u>5,343,492</u>	<u>22,512,465</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>4,652,035</u>	<u>(3,654,618)</u>	<u>(533,059)</u>	<u>464,358</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from long-term debt	37,427		441,594	479,021
Transfers in		4,206,055		4,206,055
Transfers (out)	(4,206,055)			(4,206,055)
<b>Total Other Financing Sources (Uses)</b>	<u>(4,168,628)</u>	<u>4,206,055</u>	<u>441,594</u>	<u>479,021</u>
<b>Net Change in Fund Balance</b>	483,407	551,437	(91,465)	943,379
Fund balances - Beginning	<u>2,144,188</u>	<u>1,531,615</u>	<u>1,444,310</u>	<u>5,120,113</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,627,595</u>	<u>\$ 2,083,052</u>	<u>\$ 1,352,845</u>	<u>\$ 6,063,492</u>

See Notes to Financial Statements.

**GALVESTON COUNTY HEALTH DISTRICT**

Exhibit A-5

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2013**

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

Net change in fund balances - total governmental funds	\$ 943,379
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$961,018) exceeded depreciation (\$571,954) in the current period.	389,064
Repayment of note principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	87,354
The issuance of long-term debt (e.g., notes and capital leases) provides current financial resources to governmental funds, but does not have an effect on net position.	(479,021)
The loss on disposal of capital assets is not reported in the funds. However, in the statement of activities, the loss is reflected.	(124,783)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the net change interest payable (\$-8,475) and accrued compensated absences (\$9,446).	<u>971</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 816,964</u></b>



# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - ORGANIZATION AND OPERATIONS**

The structure and operation of the Galveston County Health District (the "District") is governed by Subtitle E, Health and Safety Code, Chapter 121 Local Public Health Reorganization Act. This law provides for the formation, structure and operation of the District. The District was formed by a contractual arrangement between the County of Galveston and the Cities within the County. This contract provides for an Administrative Board (Galveston County United Board of Health) that sets policy and associated operating budget(s) for the public health, pollution control, animal services and ambulance services operated by the District. The Board of Health has delegated to the Coastal Health & Wellness (formerly the Galveston County Coordinated Community Clinics' (4C's)) Governing Board the operational responsibility for health care that is provided through the community health center's medical and dental clinics.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the District conform with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments that include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The following is a summary of the most significant policies:

#### **A. Reporting Entity**

These financial statements contain all the operations and activities of the Galveston County Health District, Coastal Health & Wellness and the Galveston Area Ambulance Authority. A 13-member board is nominated by the Commissioners Court of Galveston County, Texas and approved by a majority of the member governments; this board governs the District. These financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District's financial reporting entity. Based on these considerations, no other entities, organizations or functions have been included in the District's financial reporting entity. The District is considered a component unit of Galveston County, Texas.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by accounting principles generally accepted in the United States of America. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is its fiscal dependency on the County.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **B. Basis of Accounting/Measurement Focus**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

### **C. Government-wide Financial Statements**

The District Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Type Activities for the District.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets liabilities and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated.

### **D. Governmental Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

The government-wide financial 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 similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

#### Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

#### Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. When restricted and unrestricted fund balance exists for the same purpose, restricted fund balance will be used first.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### Committed:

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the Galveston County United Board of Health (the District's highest level of decision-making authority). Commitments may be changed or lifted only by the Board of Health taking the same formal action that imposed the constraint originally.

### Assigned:

To indicate fund balance to be used for specific purposes but do meet the criteria to be classified as restricted or committed.

### Unassigned:

To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when the District receives cash.

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

The *Coastal Health & Wellness ("CH&W" and formerly Galveston County Coordinated Community Clinics Fund ("4 Cs"))* is used to account for the operations of two community clinics throughout Galveston County. The principal sources of revenues for this fund are Federal and Local grants, program revenues from Galveston County, and charges for patient services. Expenditures relate to the costs of providing medical and dental outpatient services at the clinics.

The *Galveston Area Ambulance Authority Fund ("GAAA")* accounts for the contract operations of emergency medical services and medical transport services programs. Principal Revenues consist of charges for services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a rule the effect of interfund activity has been eliminated from the government-wide financial statements.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

### **F. Assets, Liabilities and Net Position or Equity**

#### **Cash and Investments**

Cash and cash equivalents include amounts in demand deposits and various petty cash funds used in daily operations of the District. Investments represent amounts held in TexPool accounts.

#### **Inventory**

Inventory consists of medical and office supplies and is reported at original cost.

#### **Property and Equipment**

Capital assets, which include building and improvements, equipment and vehicles are reported in the governmental activities column, in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Costs for the purchase or construction of facilities and other fixed assets are recorded as capital outlay expenditures in the governmental fund financial statements.

Interest incurred during construction is not capitalized. Depreciation on capital assets is calculated on the straight- line basis over the following estimated useful lives:

<b><u>Asset Description</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings and improvements	15 years
Furniture and equipment	3 - 10 years
Vehicles	7 years

#### **Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation, compensatory and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the District. All vacation and compensatory pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **Deferred Inflows of Resources**

Deferred inflows of resources represent 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. Deferred inflows of resources consist of unearned grant revenues and service charges.

### **Long-term Obligations**

In the government-wide financial statements long term debt for capital lease obligations are reported as liabilities in the governmental activities statement of net position.

### **Fund Equity**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that can be spent for the specific purposes stipulated by constitution, external resource providers or through enabling legislation. Amounts considered nonspendable relate to prepaid items and inventory that have already been expended and represent a portion of the fund balance that is not available for future operations. Committed fund balance represents fund balance that can be used only for the specific purposes determined by a formal action of the Galveston County United Board of Health. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **G. Date of Management's Review**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 13, 2014, the date that the financial statements were available to be issued.

### **H. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **NOTE 3 - CASH AND INVESTMENTS**

### **Deposit Custodial Credit Risk**

Custodial credit risk as it applies to cash is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with *financial* institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

The deposits are included as part of Galveston County's depository contract with the financial institution. Under the terms of the depository agreement, the deposits are to be covered by federal depository insurance or pledged security held by the County's agent in the County's name.

### **Investments**

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) insured or collateralized certificates of deposit, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest. As of September 30, 2013, the District's investments consisted of 100% TexPool.

### **TexPool**

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. As permitted by GAAP, TexPool uses amortized cost (which excludes

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

unrealized gains and losses) rather than market value to compute share price. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares.

### **NOTE 4 - RECEIVABLES**

At September 30, 2013 accounts receivable consisted of the following:

	<u><b>General</b></u>	<u><b>Coastal Health &amp; Wellness</b></u>	<u><b>Galveston Area Ambulance Authority</b></u>
<b>Federal:</b>			
Reimbursement of expenditures under federal grants	\$ 677,861	\$	\$
<b>State:</b>			
Reimbursement of expenditures under state grants	\$ 148,266	\$	\$
<b>Other:</b>			
Patient or program fees	\$ 255,607	\$ 69,258	\$ 489,266

### **NOTE 5 - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended September 30, 2013:

	<u><b>Balance Oct. 1, 2012</b></u>	<u><b>Increases</b></u>	<u><b>(Decreases)</b></u>	<u><b>Balance Sept. 30, 2013</b></u>
<b>Governmental Activities:</b>				
Buildings and improvements	236,734			236,734
Furniture and equipment	2,219,952	260,462	(371,933)	2,108,481
Vehicles	2,141,377	700,556	(356,905)	2,485,028
Total cost	4,598,063	961,018	(728,838)	4,830,243
Less accumulated depreciation for:				
Buildings and improvements	(144,957)	(45,792)		(190,749)
Furniture and equipment	(1,341,852)	(257,922)	289,902	(1,309,872)
Vehicles	(1,167,073)	(268,240)	314,153	(1,121,160)
Total accumulated depreciation	(2,653,882)	(571,954)	604,055	(2,621,781)
<b>Total Capital Assets, Net</b>	<b>\$ 1,944,181</b>	<b>\$ 389,064</b>	<b>\$ (124,783)</b>	<b>\$ 2,208,462</b>



# GALVESTON COUNTY HEALTH DISTRICT

Exhibit A-6

## NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to functions of the District as follows:

<b>Function:</b>	
Public health	\$ 1,924
Public health-reimbursable	94,754
Animal services	14,727
Pollution control	21,407
Coastal Health & Wellness	150,332
GAAA	288,810
<b>Total Depreciation Expense</b>	<b>\$ 571,954</b>

### NOTE 6 - LONG-TERM DEBT

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<b>Balance October 1, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance Sept. 30, 2013</b>	<b>Amounts Due within One Year</b>
Notes payable	\$ 155,000	\$	\$	\$ 155,000	\$
Capital leases payable		479,021	(87,354)	391,667	164,201
Compensated absences	576,322		(9,446)	566,876	56,688
<b>Total</b>	<b>\$ 731,322</b>	<b>\$ 479,021</b>	<b>\$ (96,800)</b>	<b>\$ 1,113,543</b>	<b>\$ 220,889</b>

Notes payable at September 30, 2013 consist of the following:

Note payable bearing interest at 1.75%, with unforgiven balance due February 18, 2019.

\$ 155,000

Maturities on the notes payable are as follows:

<b>Year</b>	<b>Amount</b>
2014	\$
2015	
2016	
2017	
2018	
2019	155,000
	<b>\$ 155,000</b>

Accrued compensated absences represent vacation and compensatory time off earned by District, CH&W and GAAA employees. These employees are 100 percent vested with respect to these benefits when earned. These amounts are expected to be paid from future available resources upon the employees' termination or retirement. No accrued compensated absences have been recorded for General Fund (County) employees, nor has any liability been recorded

# GALVESTON COUNTY HEALTH DISTRICT

Exhibit A-6

## NOTES TO FINANCIAL STATEMENTS

for accrued sick leave which is payable to County employees at a reduced rate only upon retirement.

### Capital Lease Obligations

The District has entered into two capital lease agreements in order to purchase an animal services truck, four ambulances and four defibrillators. The animal services truck capital lease obligation is paid out of the General Fund, while the ambulance and defibrillators capital lease obligation is paid out of the GAAA Fund.

The assets acquired through the capital leases are as follows:

<b>Asset:</b>			
Furniture and equipment	\$	128,078	
Vehicles		350,893	
		478,971	
Less: accumulated depreciation		(37,393)	
	\$	441,578	

Following is a summary of future lease payments due on these acquisitions:

<b>Fiscal Year</b>	<b>Minimum Lease Payment</b>
2014	\$ 172,968
2015	168,048
2016	63,870
Total minimum lease payments	404,886
Less interest portion	(13,219)
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 391,667</b>

### NOTE 7 - INTERFUND TRANSACTIONS

Interfund balances due to/from as of September 30, 2013 are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amounts</b>
General Fund	Coastal Health & Wellness Fund	\$ 47,774
General Fund	Galveston Area Ambulance Authority Fund	32,360
		<b>\$ 80,134</b>

The outstanding balances between funds primarily result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 8 - EMPLOYEE RETIREMENT PLANS**

Galveston County Health District personnel are divided into two groups for retirement plan purposes. The following is a discussion of the retirement plans and a description of the personnel covered by each plan.

#### **Defined Benefit Plan - County**

The District (through Galveston County, Texas) provides pension benefits for a portion of its full-time employees on Galveston County payroll through a defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS), an agent multiple employee public employment retirement system.

Under the state law governing TCDRS, the County contributes a fixed rate of 7% on each member employee. The County is also required to contribute 11.65% for each employee under the alternate plan. During the year ended September 30, 2013, the District made the required contributions of \$9,332.

#### **TCDRS Defined Benefit Plan**

Effective July 1, 2008, the District converted to a non-traditional defined benefit plan in the state-wide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system, consisting of 624 nontraditional defined benefit pension plans. TCDRS issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available, upon written request, from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas, 78768-2034 or online at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions to the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits, with interest. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitments to contribute. At retirement, disability or death, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates, as prescribed by the TCDRS Act.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **Funding Policy**

The employer has chosen a variable rate plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer was 4.26% and the contribution rate for employees was 7%, as adopted by the governing body of the employer. The contribution rate of the employer is not actuarially determined and is one of the rates that can be adopted in accordance with the TCDRS Act. However, the plan of benefits adopted by the employer at the time of plan inception or when benefit increases were adopted was limited by the TCDRS Act to what the actuary determined could be adequately financed by the commitment of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer with options available in the TCDRS ACT.

If a plan has had adverse experience, the TCDRS Act has provisions which allow the employer to contribute a fixed supplemental contribution rate determined by the system's actuary above the regular rate for 25 years or to reduce benefits earned in the future.

### **Annual Pension Cost**

The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included a) 8.0 percent investment rate of return (net of administrative expenses), and b) projected salary increases of 5.4 percent. Both a) and b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 20 years.

### **Funded Status and Funding Progress**

As of December 31, 2012, the most recent actuarial valuation date, the plan was 97.6% funded. The actuarial accrued liability for benefits was \$6,389,004, and the actuarial value of assets was \$6,235,494, resulting in an unfunded actuarial accrued liability (UAAL) of \$153,510. The covered payroll (annual payroll of active employees covered by the plan) was \$11,889,227, and the ratio of the UAAL to the covered payroll was 1.29%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### **Deferred Compensation Plan**

In addition, the District makes available a deferred compensation plan under Internal Revenue Code Section 457. The plan was effective April 1, 2000 and is available to employees of the General Fund, Coastal Health & Wellness and GAAA. The assets of the plan shall be held in

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

trust for the exclusive benefit of the Plan participants and their beneficiaries. The Plan is administered by an authorized administrator who is responsible for ensuring that the Plan is operating in accordance with plan terms and conditions including but not limited to investment options. Employees may voluntarily contribute up to a basic annual limit of \$17,500 into the plan.

### **NOTE 9 - OPERATING LEASES**

The District has entered into operating leases with the following lessors:

#### **Galveston Housing Authority**

The District entered into a five year lease to lease space at the Island Community Center to operate the Galveston Coastal Health & Wellness (formerly 4C's) medical and dental clinic. The lease commenced on August 1, 2011 and will terminate on July 31, 2016. Minimum lease payments were \$14,530 per month for the first 24 months of the lease term, with subsequent increases in years three through five.

The District entered into a five year lease to lease space at the Island Community Center to operate the Women's, Infant's and Children's program. The lease commenced on April 1, 2012 and will expire March 31, 2017. Minimum lease payments were \$1,788 per month for the first four years of the lease term, with an increase in year five.

#### **Dixie Partners**

The District entered into a ten year lease to lease space for the Immunization and Women's, Infant's and Children's program on the Gulf Freeway in Dickinson, Texas. The lease commenced on April 23, 2009 and will expire on April 23, 2019. Minimum lease payments were stated at \$5,000 per month in years one through five and \$5,500 per month in years six through ten. Additional monthly escrow payments of \$1,023 per month are also required as part of the lease agreement to cover taxes, insurance and maintenance costs.

#### **Bacliff VFD**

The District entered into a lease agreement with the Bacliff Volunteer Fire Department to lease space for the emergency medical services. Minimum lease payments were \$1,000 per month. The lease commenced on October 1, 2008 and was set to automatically renew each year. The District has the right to terminate the lease agreement at any time by furnishing a 120 day written notice.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **Hitchcock VFD**

The District entered into a one year memorandum of agreement with the Hitchcock Volunteer Fire Department effective September 1, 2010 at a cost of \$650 per month. The agreement may be terminated by either party by furnishing a thirty day written notice. The agreement may also be amended and/or extended at any time by mutual written agreement of both parties.

### **Galveston County**

Beginning in FY2012, the Health District remitted lease payments to Galveston County for the Animal Resource Center and Mid-County annex (which are County owned facilities). The monthly lease payments to the County include \$16,641 per month for the Animal Resource Center and \$74,572 per month for the Mid-County annex. These lease payments included the utilities, maintenance, janitorial, and insurance costs associated with these buildings.

The District incurred lease expenditures of \$1,386,304 and \$1,857,499 during the years ended September 30, 2013 and September 30, 2012, respectively.

Total minimum lease payments for the next four years are as follows:

<b><u>Year</u></b>	<b><u>Minimum Lease Payments</u></b>
2014	1,353,466
2015	1,353,466
2016	1,330,069
	<u>\$ 4,037,001</u>

### **NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers and from participation in a risk pool. The participation of the District in the risk pool is limited to the payment of premiums. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 11 - IMPLEMENTATION OF NEW STANDARDS**

In the current fiscal year, the District implemented the following new standards:

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"), amended the net asset reporting requirements in GASB Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as "net position" rather than "net assets."

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), clarifies which financial statement items should continue to be presented as assets and liabilities and which should be reclassified as deferred outflows or inflows, and which items should be treated as current period expenditures (outflows) or current period inflows.

### **NOTE 12 - NONSPENDABLE, RESTRICTED AND COMMITTED FUND BALANCE**

The District reports the following General Fund, Coastal Health & Wellness Fund and Galveston Area Ambulance Authority Fund equity as nonspendable and committed at September 30, 2013:

	<b>General</b>	<b>Coastal Health &amp; Wellness</b>	<b>Galveston Area Ambulance Authority</b>
<b>Nonspendable:</b>			
Inventories	\$ 52,841	\$	\$
Prepaid items	14,524	138,948	33,619
<b>Total Nonspendable Fund Balance</b>	<b>\$ 67,365</b>	<b>\$ 138,948</b>	<b>\$ 33,619</b>
<b>Committed:</b>			
IT Infrastructure/software upgrades	\$ 233,350	\$ 77,503	\$
Public health emergencies	187,775		
Reserve for leave payouts	50,000		
Medical/dental equipment		25,000	
Vehicle replacements	6,929		197,000
CH&W clinic renovations	384,514		
Animal services	53,179		
1115 Waiver (IGT)	168,000		
Operating equipment			112,987
Operating reserves	935,000	1,500,000	\$
<b>Total Committed Fund Balance</b>	<b>\$ 2,018,747</b>	<b>\$ 1,602,503</b>	<b>\$ 309,987</b>

# **GALVESTON COUNTY HEALTH DISTRICT**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 13 - CONCENTRATIONS**

Generally Accepted Accounting Principles require disclosure of concentrations in the volume of business transacted with a particular customer, supplier, lender, grantor, or contributor that meet certain criteria. The following concentrations with particular customers existed at the financial statement dates:

#### **Galveston County**

Approximately 36 percent of the District's revenues, for each of the years ended September 30, 2013 and September 30, 2012, were provided by Galveston County.

#### **Federal Government**

Approximately 26 percent and 24 percent of the District's revenues for the years ended September 30, 2013 and September 30, 2012, respectively, were provided by the Federal Government.



**REQUIRED SUPPLEMENTARY INFORMATION**

# GALVESTON COUNTY HEALTH DISTRICT

Exhibit B-1

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Program services	\$ 2,289,473	\$ 2,289,473	\$ 2,448,751	\$ 159,278
Intergovernmental				
Federal/state	3,737,225	3,737,225	3,795,371	58,146
Local	7,606,235	7,606,235	7,628,433	22,198
Investment earnings	15,000	15,000	17,777	2,777
<b>Total Revenues</b>	<u>13,647,933</u>	<u>13,647,933</u>	<u>13,890,332</u>	<u>242,399</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public health	3,517,062	3,517,062	3,350,713	166,349
Public health reimbursable	3,511,828	3,511,828	3,565,201	(53,373)
Animal services	1,274,062	1,274,062	1,234,168	39,894
Pollution control	970,153	970,153	915,963	54,190
Patient services	188,444	188,444	167,331	21,113
<b>Debt Service:</b>				
Principal retirement	16,951	16,951	4,328	12,623
Interest and fiscal charges	1,378	1,378	593	785
<b>Total Expenditures</b>	<u>9,479,878</u>	<u>9,479,878</u>	<u>9,238,297</u>	<u>241,581</u>
<b>Excess of Revenues Over Expenditures</b>	4,168,055	4,168,055	4,652,035	483,980
<b><u>Other Financing Sources (Uses)</u></b>				
Issuance of debt	38,000	38,000	37,427	(573)
Transfers (out)	(4,206,055)	(4,206,055)	(4,206,055)	
<b>Total Other Financing Sources (Uses)</b>	<u>(4,168,055)</u>	<u>(4,168,055)</u>	<u>(4,168,628)</u>	<u>(573)</u>
<b>Net Change in Fund Balance</b>			483,407	483,407
Fund balances - Beginning	<u>2,144,188</u>	<u>2,144,188</u>	<u>2,144,188</u>	
<b>Fund Balances - Ending</b>	<u>\$ 2,144,188</u>	<u>\$ 2,144,188</u>	<u>\$ 2,627,595</u>	<u>\$ 483,407</u>

# GALVESTON COUNTY HEALTH DISTRICT

Exhibit B-2

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL COASTAL HEALTH & WELLNESS FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Program services	\$ 1,594,407	\$ 1,594,407	\$ 2,185,416	\$ 591,009
Intergovernmental				
Federal/state	2,055,730	2,146,935	2,044,415	(102,520)
Local	48,900	48,900	30,900	(18,000)
Investment earnings	20,000	20,000	15,327	(4,673)
<b>Total Revenues</b>	<u>3,719,037</u>	<u>3,810,242</u>	<u>4,276,058</u>	<u>465,816</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Patient services (primary care)	7,904,235	7,995,440	7,930,676	64,764
<b>Total Expenditures</b>	<u>7,904,235</u>	<u>7,995,440</u>	<u>7,930,676</u>	<u>64,764</u>
<b>(Deficiency) of Revenues     (Under) Expenditures</b>	(4,185,198)	(4,185,198)	(3,654,618)	530,580
<b><u>Other Financing Sources</u></b>				
Transfers in	4,185,198	4,185,198	4,206,055	20,857
<b>Total Other Financing Sources</b>	<u>4,185,198</u>	<u>4,185,198</u>	<u>4,206,055</u>	<u>20,857</u>
<b>Net Change in Fund Balance</b>			551,437	551,437
Fund balances - Beginning	1,531,615	1,531,615	1,531,615	
<b>Fund Balances - Ending</b>	<u>\$ 1,531,615</u>	<u>\$ 1,531,615</u>	<u>\$ 2,083,052</u>	<u>\$ 551,437</u>

# GALVESTON COUNTY HEALTH DISTRICT

Exhibit B-3

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GALVESTON AREA AMBULANCE AUTHORITY FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Program services	\$ 4,045,215	\$ 4,045,215	\$ 3,279,884	\$ (765,331)
Intergovernmental				
Local	1,528,429	1,528,429	1,519,923	(8,506)
Investment earnings	7,550	7,550	10,626	3,076
<b>Total Revenues</b>	<u>5,581,194</u>	<u>5,581,194</u>	<u>4,810,433</u>	<u>(770,761)</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Ambulance services	5,346,862	5,346,862	4,680,097	666,765
<b>Debt Service:</b>				
Principal retirement	197,617	197,617	83,279	114,338
Interest and fiscal charges	16,060	16,060	6,145	9,915
<b>Capital Outlay</b>	728,956	728,956	573,971	154,985
<b>Total Expenditures</b>	<u>6,289,495</u>	<u>6,289,495</u>	<u>5,343,492</u>	<u>946,003</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(708,301)	(708,301)	(533,059)	175,242
<b><u>Other Financing Sources</u></b>				
Issuance of debt	442,079	442,079	441,594	(485)
<b>Total Other Financing Sources</b>	<u>442,079</u>	<u>442,079</u>	<u>441,594</u>	<u>(485)</u>
<b>Net Change in Fund Balance</b>	(266,222)	(266,222)	(91,465)	174,757
Fund balances - Beginning	1,444,310	1,444,310	1,444,310	
<b>Fund Balances - Ending</b>	<u>\$ 1,178,088</u>	<u>\$ 1,178,088</u>	<u>\$ 1,352,845</u>	<u>\$ 174,757</u>

# **GALVESTON COUNTY HEALTH DISTRICT**

Exhibit B-4

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **A. Budgets and Budgetary Accounting**

An annual appropriated budget is adopted for all of the District's funds. The budgets are prepared on a basis consistent with generally accepted accounting principles. The legal level of compliance is at the fund level. All annual appropriations lapse at fiscal year end. Encumbrance accounting is not utilized.

# **GALVESTON COUNTY HEALTH DISTRICT**

Exhibit B-5

## **TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM** **SCHEDULE OF FUNDING PROGRESS**

The District's annual covered payroll and annual pension costs are actuarially valued on a calendar year basis. Because the District makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below was determined as part of the actuarial valuation as of December 31, for each period presented.

Calendar Year	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Actuarial Value of Assets	\$ 6,235,494	\$ 4,839,098	\$ 3,424,998
Actuarial Accrued Liability	\$ 6,389,004	\$ 5,172,500	\$ 3,981,059
Percentage Funded	97.6%	93.6%	86.0%
Unfunded or (Overfunded) Actuarial Accrued Liability	\$ 153,510	\$ 333,402	\$ 556,061
Annual Covered Payroll	\$ 11,889,227	\$ 12,143,539	\$ 12,546,631
Unfunded or (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll	1.3%	2.7%	4.4%

**OTHER SUPPLEMENTARY INFORMATION**

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**GALVESTON COUNTY HEALTH DISTRICT**

Exhibit C-1

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended September 30, 2013**

**With Comparative Actual Amounts for the Year Ended September 30, 2012**

	2013				2012 Actual
	Budgeted Amounts		Actual	Variance from Final Positive (Negative)	
	Original	Final			
<b>Revenues</b>					
Program services					
Public health	\$ 1,445,500	\$ 1,445,500	\$ 1,574,533	\$ 129,033	\$ 1,550,142
Public health reimbursable	71,839	71,839	71,835	(4)	84,834
Animal services	616,318	616,318	643,432	27,114	579,840
Pollution control	155,816	155,816	158,951	3,135	152,091
	<u>2,289,473</u>	<u>2,289,473</u>	<u>2,448,751</u>	<u>159,278</u>	<u>2,366,907</u>
Intergovernmental					
Federal/state					
Public health reimbursable	3,274,066	3,274,066	3,333,361	59,295	2,845,425
Animal services					9,200
Pollution control	463,159	463,159	462,010	(1,149)	439,821
	<u>3,737,225</u>	<u>3,737,225</u>	<u>3,795,371</u>	<u>58,146</u>	<u>3,294,446</u>
Local - Galveston County	7,606,235	7,606,235	7,628,433	22,198	7,271,500
Investment earnings	15,000	15,000	17,777	2,777	13,143
<b>Total Revenues</b>	<u>\$ 13,647,933</u>	<u>\$ 13,647,933</u>	<u>\$ 13,890,332</u>	<u>\$ 242,399</u>	<u>\$ 12,945,996</u>

**GALVESTON COUNTY HEALTH DISTRICT**

Exhibit C-2

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**GENERAL FUND**

**For the Year Ended September 30, 2013**

**With Comparative Actual Amounts for the Year Ended September 30, 2012**

Function	2013				2012 Actual
	Budgeted Amounts		Actual	Variance from Final Positive (Negative)	
	Original	Final			
<b>Public Health</b>					
Personnel services	\$ 2,425,689	\$ 2,425,689	\$ 2,223,633	\$ 202,056	\$ 2,336,551
Supplies	111,501	111,501	172,591	(61,090)	171,097
Contractual services	160,840	160,840	150,744	10,096	64,520
Other	819,032	819,032	775,868	43,164	999,003
Capital outlay			27,877	(27,877)	
	<u>3,517,062</u>	<u>3,517,062</u>	<u>3,350,713</u>	<u>166,349</u>	<u>3,571,171</u>
<b>Public Health Reimbursable</b>					
Personnel services	2,110,963	2,110,963	2,006,832	104,131	1,913,698
Supplies	84,537	84,537	252,361	(167,824)	186,043
Contractual services	580,601	580,601	644,412	(63,811)	518,143
Other	462,498	462,498	442,534	19,964	402,239
Capital outlay	273,229	273,229	219,062	54,167	29,887
	<u>3,511,828</u>	<u>3,511,828</u>	<u>3,565,201</u>	<u>(53,373)</u>	<u>3,050,010</u>
<b>Animal Services</b>					
Personnel services	820,113	820,113	634,554	185,559	602,162
Supplies	105,600	105,600	166,844	(61,244)	142,157
Contractual services	27,500	27,500	125,514	(98,014)	61,993
Other	282,849	282,849	257,929	24,920	264,641
Capital outlay	38,000	38,000	49,327	(11,327)	
	<u>1,274,062</u>	<u>1,274,062</u>	<u>1,234,168</u>	<u>39,894</u>	<u>1,070,953</u>
<b>Pollution Control</b>					
Personnel services	759,448	759,448	722,317	37,131	710,825
Supplies	42,524	42,524	32,596	9,928	33,839
Contractual services					17,570
Other	139,181	139,181	133,766	5,415	108,114
Capital outlay	29,000	29,000	27,284	1,716	
	<u>970,153</u>	<u>970,153</u>	<u>915,963</u>	<u>54,190</u>	<u>870,348</u>
<b>Patient Services (Indigent Care)</b>					
Personnel services	146,252	146,252	122,367	23,885	136,961
Supplies	3,500	3,500	4,005	(505)	6,308
Contractual services	9,600	9,600	14,863	(5,263)	7,890
Other	29,092	29,092	26,096	2,996	28,883
	<u>188,444</u>	<u>188,444</u>	<u>167,331</u>	<u>21,113</u>	<u>180,042</u>
<b>Debt Service</b>					
Principal	16,951	16,951	4,328	12,623	
Interest	1,378	1,378	593	785	
	<u>18,329</u>	<u>18,329</u>	<u>4,921</u>	<u>13,408</u>	
<b>Total Expenditures</b>	<u>\$ 9,479,878</u>	<u>\$ 9,479,878</u>	<u>\$ 9,238,297</u>	<u>\$ 241,581</u>	<u>\$ 8,742,524</u>

# GALVESTON COUNTY HEALTH DISTRICT

Exhibit C-3

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GAAP BASIS TO FINANCIAL STATUS

### REPORT BASIS COMPARISON COASTAL HEALTH & WELLNESS FUND

For the Year Ended September 30, 2013

	<u>GAAP Basis</u>	<u>Donated Services</u>	<u>Balance per Financial Status Report</u>
<b>Revenues</b>			
Program services	\$ 2,185,416	\$	\$ 2,185,416
Intergovernmental			
Federal/state	2,044,415		2,044,415
Local	30,900	6,910	37,810
Investment earnings	15,327		15,327
<b>Total Revenues</b>	<u>4,276,058</u>	<u>6,910</u>	<u>4,282,968</u>
<b>Expenditures</b>			
<b>Current:</b>			
Patient services			
Personnel services	5,362,322		5,362,322
Supplies	1,039,473	456	1,039,929
Contracted services	578,012		578,012
Other	938,997	6,454	945,451
<b>Capital Outlay</b>	11,872		11,872
<b>Total Expenditures</b>	<u>7,930,676</u>	<u>6,910</u>	<u>7,937,586</u>
<b>(Deficiency) of Revenues     (Under) Expenditures</b>	(3,654,618)		(3,654,618)
<b>Other Financing Sources</b>			
Transfers in	4,206,055		4,206,055
<b>Total Other Financing Sources</b>	<u>4,206,055</u>		<u>4,206,055</u>
<b>Net Change in Fund Balance</b>	551,437		551,437
Fund balances - Beginning	1,531,615		1,531,615
<b>Fund Balances - Ending</b>	<u>\$ 2,083,052</u>	<u>\$</u>	<u>\$ 2,083,052</u>