

Galveston County
Health District

GALVESTON COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2014

GALVESTON COUNTY HEALTH DISTRICT

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2014

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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, 2014, 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, 2014, 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 13 and the budgetary comparison information and pension information on pages 40 through 44 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 26, 2015, 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 26, 2015

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, 2014.

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 \$8,434,961 (net position).
- As of September 30, 2014, the District's governmental funds reported an ending fund balance of \$7,778,725.
- The District's cash and investments balance at September 30, 2014 was \$7,630,608, representing an increase of \$1,844,285 from September 30, 2013.
- The District had expenses net of program revenue of \$6,880,819 and general revenues of \$8,165,844 resulting in a net increase in net position of \$1,285,025 for the year ended September 30, 2014.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$244,370, or 2.8 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 17-19 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 20 through 22 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 23 through 38 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 40 through 44 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 \$8,434,961 as of September 30, 2014.

The largest portion of the District's net position (51.7 percent) represents unrestricted financial resources available for future operations.

A portion of the District's net position (33.7 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 (14.6 percent) represents resources that are subject to restrictions on how they may be used.

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities	
	2014	2013
Current and other assets	\$ 9,225	\$ 9,547
Capital assets, net	1,579	2,208
Total Assets	10,804	11,755
Long-term liabilities	672	893
Other liabilities	1,646	1,435
Total Liabilities	2,318	2,328
Unearned revenue-grants received in advance of timing requirements	51	2,277
Total Deferred Inflows of Resources	51	2,277
Net Position:		
Net investment in capital assets	2,843	1,662
Restricted	1,232	2,083
Unrestricted	4,360	3,405
Total Net Position	\$ 8,435	\$ 7,150

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.

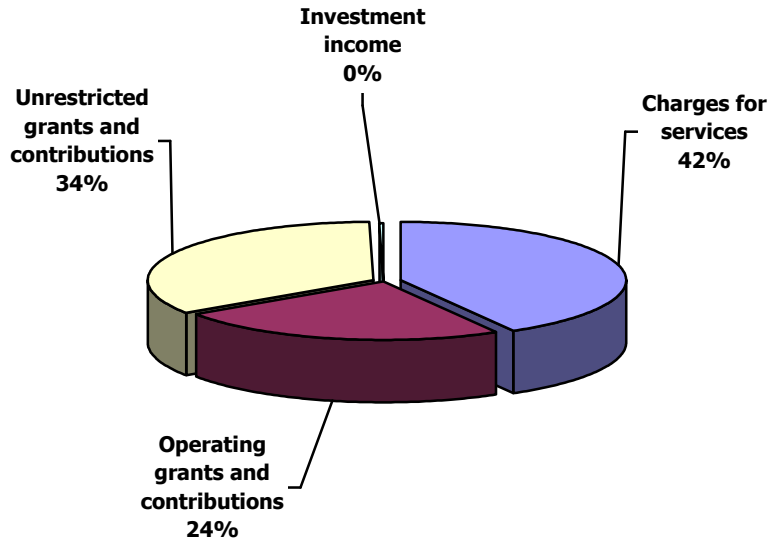
Net position of the District, all of which relate to governmental activities, increased by \$1,285,025. Key elements of the increase are as follows:

CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities	
	2014	2013
Revenues		
Program revenues:		
Charges for services	\$ 9,898	\$ 8,800
Operating grants and contributions	5,707	5,880
General revenues:		
Unrestricted grants and contributions	8,150	8,253
(Loss) on sale of capital assets	(32)	(125)
Investment income	48	44
Total Revenues	23,771	22,852
Expenses		
Public Health	3,473	3,322
Public Health Reimbursable	3,058	3,440
Animal Services	1,242	1,199
Pollution Control	912	910
Patient Services	8,724	8,182
Ambulance Services	5,066	4,967
Interest on long-term debt	11	15
Total Expenses	22,486	22,035
Change in Net Position	1,285	817
Net position, beginning	7,150	6,333
Net Position, Ending	\$ 8,435	\$ 7,150

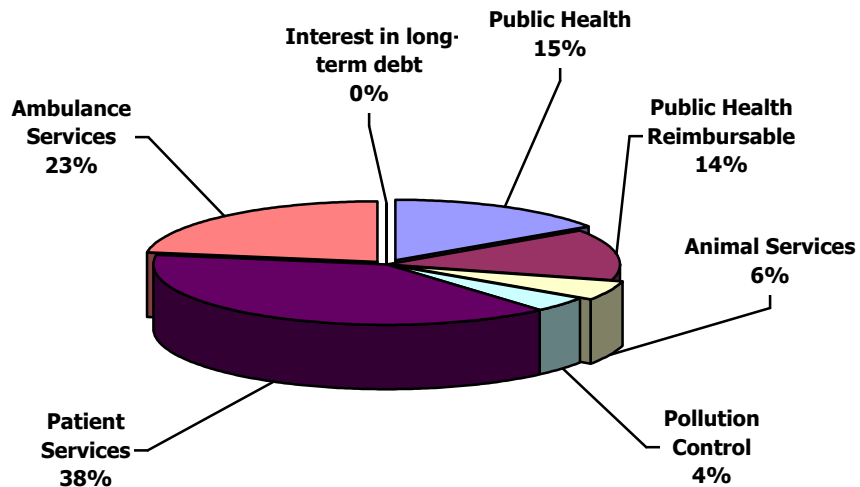
Graphic presentations of selected data from the changes in net position table follow to assist in the analysis of the District's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2014 revenue from governmental activities totaled \$23,770,673.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2014 expenses from governmental activities totaled \$22,485,648, 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, 2014, the District's governmental funds, which consist of a general fund and special revenue funds, reported an ending fund balance of \$7,778,725, which is an increase of \$1,715,233 from last year's total of \$6,063,492. The General Fund, the District's main operating fund, had an ending fund balance of \$2,934,385, a \$306,790 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 2.8 percent of total general fund expenditures. The two Special Revenue funds reported an ending fund balance of \$4,844,340, of which \$670,600 are committed for Coastal Health & Wellness equipment and clinic expenditures, \$1,500,000 is committed for the Coastal Health & Wellness operating reserves, \$112,987 is committed for GAAA equipment expenditures, \$197,000 is committed for GAAA vehicle replacement expenditures and \$32,500 is committed for loan repayment expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's final 2014 General Fund budget estimated revenues and other financing sources of \$13.2 million. The actual realized revenues and other financing sources for this period were \$138,698, or 1.1%, 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 fiscal year.

General Fund operating expenditures and other financing uses in 2014 were budgeted at \$13.2 million, and actual expenditures and other financing uses incurred at September 30, 2014 were \$168,092, or 1.3% 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 \$108,431. 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 2014, actual revenues exceeded what had been projected for most public health service areas, with the most notable increases coming from revenue generated from administrative fees, immunization services and food service permits. In addition, Public Health program expenditures were \$8,991 or .3% lower than budgeted due primarily to salary and benefit costs, which were \$93,115 or 3.7% lower than what had been budgeted for this division in this fiscal year. Expenditures also included \$74,113, representing year 1 of a 6 year Microsoft licensing agreement which was approved to be expended from fund balance reserve in FY14. **Public Health Reimbursable** expenditures (grant funded services) were \$12,454 or

.4% lower than budgeted; while grant revenues were \$42,320 or 1.6% higher than budgeted, resulting in a favorable net change in this division. **Animal Services** program revenues (which included both field and shelter services) were lower than budgeted by \$44,013 or 6.1% due to lower than projected revenues from adoptions and cremation services. In addition, expenditures were \$74,001 or 5.4% lower due primarily to salary and benefit costs which were lower than budgeted for this division in this fiscal year. **Pollution Control** program revenues were \$20,414 or 13.3% higher than budgeted; while expenditures were \$63,199 or 6.6% 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 \$10,811 or 5.7% lower than budgeted.

In total, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$306,790 as of September 30, 2014; thereby increasing the fund balance for this period by the same amount.

As of September 30, 2014, the fund balance of the General Fund was \$2,934,385. In October 2013, the United Board of Health had committed \$2.5 million in reserves and as of September 30, 2014, \$2.4 million remained in reserves, broken out as follows: \$385 thousand for CH&W clinic construction/renovations; \$389 thousand for IT equipment/software; \$197 thousand for public health emergencies; \$168 thousand for IGT related to the 1115 waiver; \$60 thousand for Animal Services; \$60 thousand for reserve pay for leave payouts; and \$1.1 million as an operating reserve.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The District’s investment in capital assets as of September 30, 2014 amounts to \$1,578,792 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, furniture and equipment, and vehicles.

CAPITAL ASSETS SCHEDULE

	Governmental Activities	
	2014	2013
Buildings and improvements	\$ 236,734	\$ 236,734
Furniture and equipment	2,136,249	2,108,481
Vehicles	2,085,131	2,485,028
Less: accumulated depreciation	(2,879,322)	(2,621,781)
Total Capital Assets, Net	\$ 1,578,792	\$ 2,208,462

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 \$922,214.

SCHEDULE OF LONG-TERM DEBT

	Governmental Activities	
	2014	2013
Notes payable	\$ 148,618	\$ 155,000
Capital leases payable	227,466	391,667
Compensated absences	546,130	566,876
Total	\$ 922,214	\$ 1,113,543

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 2015 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 2014 budget and fiscal year 2015 budget for both estimated revenues and appropriations (amounts expressed in thousands):

Fund	Year Ending September 30,		Increase (Decrease)
	2015	2014	
General Fund			
Revenue and debt proceeds	\$ 13,342	\$ 13,173	\$ 169
Expenditures and transfers	13,613	13,173	440
Coastal Health & Wellness			
Revenue and transfers	9,319	8,431	888
Expenditures	9,319	8,431	888
Galveston Area Ambulance Authority			
Revenue and debt proceeds	4,576	5,218	(642)
Expenditures	5,222	5,561	(339)

General Fund - In comparison to last year, the FY15 General Fund budget increased by \$440 thousand or 3.35%. Projected grant revenues increased by \$181 thousand or 5.72% from last year. Additional grant funds this year included \$71 thousand for the Foodborne Investigator program and an increase of \$100 thousand in grant funding for the WIC program. Other grant funding was expected to remain at FY14 funding levels, with the possibility of additional funding opportunities available mid-year. County revenue decreased by \$89 thousand or 1.19% from last year. County funding provided to Coastal Health & Wellness for primary care decreased by \$128 thousand or 3.04% from last year while County funding for Animal Services increased by \$36 thousand or 5.46%. In addition, Animal Services contract revenues from cities participating in the interlocal agreement increased by \$38 thousand from last year to provide funding for a 1.5% cost of living increase and to convert the part-time Cremation Specialist and Volunteer Coordinator/Adoption Counselor to full-time positions. Revenues from administrative fees and food service permits were also projected to increase in FY15 by \$46 thousand and \$24 respectively; while revenues from water pollution monitoring contracts were

projected to decrease by \$17 thousand due to a reduction in storm water contract services provided in FY15.

Coastal Health & Wellness (CH&W) - The budget for Coastal Health & Wellness (formerly 4C's) increased by \$888 thousand or 10.5% from last year. FY15 funding included additional funds from HRSA - US Dept. of Health & Human Services to fund a behavioral health integration program and to expand pediatrician and dental services in Coastal Health & Wellness. In addition, budgeted revenues this year included \$650 thousand in DSRIP (Delivery System Reform Incentive Payments). Under the 1115 Waiver project, DSRIP pool payments are incentive payments that develop programs or strategies to enhance access to health care, increase the quality of care, the cost-effectiveness of care provided and the health of the patients and families served.

Revenue from patient services was also budgeted higher than the previous year due 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 FY14 operating levels.

Galveston Area Ambulance Authority (GAAA) - In comparison to last year, GAAA revenues for FY15 were budgeted \$642 thousand or 12.3% lower than last year due primarily to the closure of the Mainland Transfer Service (a reduction of \$700 thousand). Revenue projections for the remaining service areas were based on projected call volumes and the current net revenue per call. The City of Galveston contribution for 911 service increased by \$50 thousand, while the county and city contributions for Hitchcock 911 and Bacliff 911 remained at FY14 funding levels.

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

In the **General Fund**, FY15 budgeted expenditures increased by \$440 thousand or 3.35% from last year and included \$281 thousand in one-time costs proposed to be expended from fund balance reserves. Personnel costs increased by \$189 thousand from last year and included a 1.5% cost of living increase for employees, with the exception of certain grant-funded positions. Due to restructuring, the FY15 budget eliminated three full-time and one part-time position and added four new full-time positions. In addition, a part-time Environmental Investigator position was eliminated due to the loss of contract revenue, while two new positions were added (Food Borne Investigator and an additional WIC Breastfeeding Peer Counselor). Both of these positions were funded by grant funds received through the Department of State Health Services (DSHS). Additionally, salary expense included the cost related to the conversion of two part-time Animal Services employees to full-time positions. Benefit costs included an increase in the SUTA rate from .1% to 2.3%. Group health insurance premiums increased by 7% but were offset with the elimination of the Health Reimbursement Account (HRA) contribution; while the District's retirement plan contribution through TCDRS decreased from 4.17% to 3.8% effective January 1, 2015. One time expenditures to be expended from fund balance reserve included \$50 thousand to replace a Vital Statistic tracking program, \$69 thousand in replacement equipment to support IT infrastructure, \$89 thousand which represents the second year of a Microsoft licensing cost agreement, \$5 thousand for a network security evaluation, and \$68 thousand for replacement of desktop computers, tablets and mobile printers. Contract service costs included \$18 thousand for veterinarian services for

the Animal Resources Center that were not budgeted in the prior year. The only debt in the General Fund budget included principal and interest payments associated with an animal services truck that was financed under a two year financing agreement which will be paid in full June 12, 2015.

In the **Coastal Health & Wellness Clinic** (CH&W), expenditures were budgeted \$888 thousand higher than the previous year. Personnel costs included a 1.5% cost of living increase in addition to eight new full-time and six part-time positions which were budgeted and funded through the Behavioral Health Integration (BHI) grant, Expanded Services grant and the 1115 Waiver project. Benefit costs included an increase in the SUTA rate from .1% to 2.3%. Group health insurance premiums increased by 7% but were offset with the elimination of the Health Reimbursement Account (HRA) contribution; while the retirement plan contribution through TCDRS decreased from 4.17% to 3.8% effective January 1, 2015. Contract service costs and supply costs were projected to increase in comparison to last year by \$51 thousand and \$22 thousand respectively 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 \$339 thousand lower from the previous year. In total, personnel costs were reduced by \$369 thousand from last year. In field operations, twelve full-time and three part-time positions were eliminated due to the closure of the Mainland Transfer Service; while five new positions were added (three for Galveston, one for Hitchcock and one for the Bacliff service areas). In addition, personnel costs included a 6% salary adjustment for paramedics, team captain, senior team captains and supervisors and a 12% salary adjustment for basics and intermediates. These adjustments were made to bring salary levels in line with current market rates. With the addition of five new field positions, FY15 overtime costs were budgeted \$377 thousand lower in comparison to the prior year. Personnel costs in FY15 also included year round operation of the Jamaica Beach unit, which in prior years had been budgeted to operate only half a year. Benefit costs included an increase in the SUTA rate from .1% to 2.3%. Group health insurance premiums increased by 7% but were offset with the elimination of the Health Reimbursement Account (HRA) contribution; while the retirement plan contribution through TCDRS decreased from 4.17% to 3.8% effective January 1, 2015. Other expenditures in FY15 included \$478 thousand in one time purchases to be expended from fund balance. These purchases included two Type III ambulance remounts, three power stretchers, five X-series monitors, fourteen radios and fourteen tablets. The FY15 budget included principal and interest payments for year three 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. In FY15, \$34 thousand was budgeted as repayment of this loan and will be expended from the City of Galveston fund balance reserve.

The District has added no major new programs or initiatives to the 2015 budget, and anticipates that all fund balances will remain level or potentially be increased by the end of fiscal year 2015 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 Operating & Financial Officer, P.O. Box 939, La Marque, Texas 77568.

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BASIC FINANCIAL STATEMENTS

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GALVESTON COUNTY HEALTH DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

September 30, 2014

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 7,600,605
Investments	30,003
Receivables:	
Federal	430,326
State	142,295
Due from other governments	544,370
Prepaid expenses	424,204
Inventories	53,344
Capital assets, net of accumulated depreciation:	
Buildings and improvements	193
Furniture and equipment	568,807
Vehicles	1,009,792
Total Assets	<u>10,803,939</u>
<u>Liabilities</u>	
Accounts payable and other current liabilities	1,395,112
Accrued interest payable	342
Noncurrent liabilities:	
Due within one year	250,656
Due in more than one year	671,558
Total Liabilities	<u>2,317,668</u>
<u>Deferred Inflows of Resources</u>	
Unearned revenue	<u>51,310</u>
<u>Net Position</u>	
Net investment in capital assets	2,843,093
Restricted for:	
Clinic operations	1,231,587
Unrestricted	4,360,281
Total Net Position	<u>\$ 8,434,961</u>

See Notes to Financial Statements.

GALVESTON COUNTY HEALTH DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program
		Charges for Services
Governmental Activities:		
Public health	\$ 3,472,980	\$ 1,613,362
Public health reimbursable	3,058,101	63,851
Animal services	1,242,198	667,324
Pollution control	911,918	155,936
Patient services	8,723,724	2,475,989
Ambulance services	5,065,532	4,921,750
Interest on long term debt	11,195	
Total Governmental Activities	\$ 22,485,648	\$ 9,898,212
General Revenues:		
Grants and contributions not restricted to specific programs		
(Loss) on sale of capital assets		
Investment income		
Total General Revenues		
Change in Net Position		
Net Position - beginning		
Net Position - Ending		

Revenues	Net (Expense) Revenue and Change in Net Position
Operating Grants and Contributions	Governmental Activities (Total)
\$	\$
2,768,450	(1,859,618)
10,000	(225,800)
460,006	(564,874)
2,467,585	(295,976)
576	(3,780,150)
	(143,206)
	(11,195)
\$ 5,706,617	\$ (6,880,819)
	8,149,747
	(31,901)
	47,998
	8,165,844
	1,285,025
	7,149,936
	\$ 8,434,961

GALVESTON COUNTY HEALTH DISTRICT

Exhibit A-3

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2014

	<u>General</u>	<u>Coastal Health & Wellness</u>	<u>Galveston Area Ambulance Authority</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 2,528,289	\$ 3,052,598	\$ 2,019,718	\$ 7,600,605
Investments	10,001	10,001	10,001	30,003
Receivables:				
Federal	430,326			430,326
State	142,295			142,295
Other	270,095	65,883	208,392	544,370
Due from other funds	37,486			37,486
Prepaid items	87,946	161,097	175,161	424,204
Inventories	53,344			53,344
Total Assets	\$ 3,559,782	\$ 3,289,579	\$ 2,413,272	\$ 9,262,633
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 600,104	\$ 405,409	\$ 389,599	\$ 1,395,112
Due to other funds		25,477	12,009	37,486
Total Liabilities	600,104	430,886	401,608	1,432,598
<u>Deferred Inflows of Resources</u>				
Unearned revenue	25,293	15,600	10,417	51,310
<u>Fund Balances</u>				
Fund Balances:				
Non-spendable:				
Inventories	53,344			53,344
Prepaid items	87,946	161,097	175,161	424,204
Unrestricted:				
Committed:				
Public health emergencies	197,475			197,475
Reserve for leave payouts	60,000			60,000
Equipment/software	482,663	455,600	298,239	1,236,502
Vehicle replacement			180,000	180,000
CH&W clinic operations/renovations	385,000	215,000		600,000
Animal services	155,587			155,587
1115 Waiver (IGT)	168,000			168,000
Loan repayments			167,787	167,787
Operating reserves	1,100,000	1,500,000		2,600,000
Unassigned	244,370	511,396	1,180,060	1,935,826
Total Fund Balances	2,934,385	2,843,093	2,001,247	7,778,725
Total Liabilities, Deferred Inflows and Fund Balances	\$ 3,559,782	\$ 3,289,579	\$ 2,413,272	

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.

1,578,792

Long-term liabilities, including notes payable (\$148,618), capital leases payable (\$227,466), accrued interest payable (\$342) and accrued compensated absences (\$546,130) are not due and payable in the current period and are therefore not reported in the funds.

(922,556)

Net Position of Governmental Activities

\$ 8,434,961

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, 2014**

	<u>General</u>	<u>Coastal Health & Wellness</u>	<u>Galveston Area Ambulance Authority</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Program services	\$ 2,529,548	\$ 2,475,989	\$ 4,115,799	\$ 9,121,336
Intergovernmental				
Federal/state	3,238,456	2,436,535		5,674,991
Local	7,525,306	31,050	1,482,509	9,038,865
Investment earnings	18,256	19,130	10,612	47,998
Total Revenues	<u>13,311,566</u>	<u>4,962,704</u>	<u>5,608,920</u>	<u>23,883,190</u>
<u>Expenditures</u>				
Current:				
Public health	3,461,404			3,461,404
Public health reimbursable	2,952,125			2,952,125
Animal services	1,222,773			1,222,773
Pollution control	899,166			899,166
Patient services	177,634	8,408,718		8,586,352
Ambulance services			4,790,290	4,790,290
Debt Service:				
Principal retirement	18,474		151,789	170,263
Interest and fiscal charges	1,209		18,439	19,648
Capital Outlay	<u>65,936</u>			<u>65,936</u>
Total Expenditures	<u>8,798,721</u>	<u>8,408,718</u>	<u>4,960,518</u>	<u>22,167,957</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,512,845</u>	<u>(3,446,014)</u>	<u>648,402</u>	<u>1,715,233</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in		4,206,055		4,206,055
Transfers (out)	(4,206,055)			(4,206,055)
Total Other Financing Sources (Uses)	<u>(4,206,055)</u>	<u>4,206,055</u>		
Net Change in Fund Balance	306,790	760,041	648,402	1,715,233
Fund balances - Beginning	2,627,595	2,083,052	1,352,845	6,063,492
Fund Balances - Ending	<u>\$ 2,934,385</u>	<u>\$ 2,843,093</u>	<u>\$ 2,001,247</u>	<u>\$ 7,778,725</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, 2014

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

Net change in fund balances - total governmental funds	\$ 1,715,233
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 depreciation (\$583,089) exceeded capital outlay (\$65,936) in the current period.	(517,153)
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.	170,263
The loss on disposal of capital assets is not reported in the funds. However, in the statement of activities, the loss is reflected.	(112,517)
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 (\$-8,453) and accrued compensated absences -(\$20,746).	<u>29,199</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,285,025</u></u>

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:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
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 26, 2015, 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, 2014, 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, 2014 accounts receivable consisted of the following:

	General	Coastal Health & Wellness	Galveston Area Ambulance Authority
Federal:			
Reimbursement of expenditures under federal grants	\$ 430,326	\$	\$
State:			
Reimbursement of expenditures under state grants	\$ 142,295	\$	\$
Other:			
Patient or program fees	\$ 270,095	\$ 65,883	\$ 208,392

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2014:

	Balance Oct. 1, 2013	Increases	(Decreases)	Balance Sept. 30, 2014
Governmental Activities:				
Buildings and improvements	236,734			236,734
Furniture and equipment	2,108,481	27,768		2,136,249
Vehicles	2,485,028	38,168	(438,065)	2,085,131
Total cost	4,830,243	65,936	(438,065)	4,458,114
Less accumulated depreciation for:				
Buildings and improvements	(190,749)	(45,792)		(236,541)
Furniture and equipment	(1,309,872)	(257,570)		(1,567,442)
Vehicles	(1,121,160)	(279,727)	325,548	(1,075,339)
Total accumulated depreciation	(2,621,781)	(583,089)	325,548	(2,879,322)
Total Capital Assets, Net	\$ 2,208,462	\$ (517,153)	\$ (112,517)	\$ 1,578,792

GALVESTON COUNTY HEALTH DISTRICT

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to functions of the District as follows:

Function:			
Public health	\$		14,981
Public health-reimbursable			108,880
Animal services			20,614
Pollution control			12,842
Coastal Health & Wellness			145,818
GAAA			279,954
Total Depreciation Expense	\$		<u>583,089</u>

NOTE 6 - LONG-TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2014, was as follows:

	Balance October 1, 2013	Additions	Reductions	Balance Sept. 30, 2014	Amounts Due within One Year
Notes payable	\$ 155,000	\$	\$ (6,382)	\$ 148,618	\$ 32,036
Capital leases payable	391,667		(164,201)	227,466	164,007
Compensated absences	566,876		(20,746)	546,130	54,613
Total	<u>\$ 1,113,543</u>	<u>\$</u>	<u>\$ (191,329)</u>	<u>\$ 922,214</u>	<u>\$ 250,656</u>

Notes payable at September 30, 2014 consist of the following:

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

\$ 148,618

Maturities on the notes payable are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 32,036
2016	32,594
2017	33,171
2018	33,755
2019	17,062
	<u>\$ 148,618</u>

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

GALVESTON COUNTY HEALTH DISTRICT

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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:

Asset:	
Furniture and equipment	\$ 128,078
Vehicles	350,893
	478,971
Less: accumulated depreciation	(113,009)
	\$ 365,962

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

Fiscal Year	Minimum Lease Payment
2015	\$ 168,048
2016	63,870
Total minimum lease payments	231,918
Less interest portion	(4,452)
Present Value of Minimum Lease Payments	\$ 227,466

NOTE 7 - INTERFUND TRANSACTIONS

Interfund balances due to/from as of September 30, 2014 are as follows:

Receivable Fund	Payable Fund	Amounts
General Fund	Coastal Health & Wellness Fund	\$ 25,477
General Fund	Galveston Area Ambulance Authority Fund	12,009
		\$ 37,486

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, 2014, the District made the required contributions of \$9,583.

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 656 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.

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 4.17% 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, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included a) 8.0 percent investment rate of return (net of administrative expenses), and b) projected salary increases of 4.9 percent. Both a) and b) included an inflation component of 3.0%. 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 an open basis. The remaining amortization period at December 31, 2013 was 30 years.

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 102.72% funded. The actuarial accrued liability for benefits was \$7,769,329, and the actuarial value of assets was \$7,980,285, resulting in an overfunded actuarial accrued liability (OAAL) of (\$210,956). The covered payroll (annual payroll of active employees covered by the plan) was \$12,189,327, and the ratio of the OAAL to the covered payroll was 1.73%.

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 \$1,385,702 and \$1,386,304 during the years ended September 30, 2014 and September 30, 2013, respectively.

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

<u>Year</u>	<u>Minimum Lease Payments</u>
2015	1,364,421
2016	1,398,798
2017	1,398,798
	<u>\$ 4,162,017</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 - 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, 2014:

	<u>General</u>	<u>Coastal Health & Wellness</u>	<u>Galveston Area Ambulance Authority</u>
Nonspendable:			
Inventories	\$ 53,344	\$	\$
Prepaid items	87,946	161,097	175,161
Total Nonspendable Fund Balance	<u>\$ 141,290</u>	<u>\$ 161,097</u>	<u>\$ 175,161</u>
Committed:			
IT Infrastructure/software upgrades	\$ 482,663	\$ 430,600	\$
Public health emergencies	197,475		
Reserve for leave payouts	60,000		
Medical/dental equipment		25,000	
Vehicle replacements			197,000
CH&W clinic renovations	385,000	215,000	
Animal services	155,587		
1115 Waiver (IGT)	168,000		
Operating equipment			112,987
CDL loan repayment			32,500
Operating reserves	1,100,000	1,500,000	
Total Committed Fund Balance	<u>\$ 2,548,725</u>	<u>\$ 2,170,600</u>	<u>\$ 342,487</u>

NOTE 12 - 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 34 and 36 percent of the District's revenues, for the years ended September 30, 2014 and September 30, 2013, respectively, were provided by Galveston County.

GALVESTON COUNTY HEALTH DISTRICT

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Federal Government

Approximately 24 percent and 26 percent of the District's revenues for the years ended September 30, 2014 and September 30, 2013, 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Program services	\$ 2,458,865	\$ 2,458,865	\$ 2,529,548	\$ 70,683
Intergovernmental				
Federal/state	3,173,997	3,173,997	3,238,456	64,459
Local	7,524,006	7,524,006	7,525,306	1,300
Investment earnings	16,000	16,000	18,256	2,256
Total Revenues	<u>13,172,868</u>	<u>13,172,868</u>	<u>13,311,566</u>	<u>138,698</u>
<u>Expenditures</u>				
Current:				
Public health	3,470,395	3,470,395	3,461,404	8,991
Public health reimbursable	2,964,579	2,964,579	2,952,125	12,454
Animal services	1,362,710	1,362,710	1,288,709	74,001
Pollution control	962,365	962,365	899,166	63,199
Patient services	188,445	188,445	177,634	10,811
Debt Service:				
Principal retirement	16,956	16,956	18,474	(1,518)
Interest and fiscal charges	1,363	1,363	1,209	154
Total Expenditures	<u>8,966,813</u>	<u>8,966,813</u>	<u>8,798,721</u>	<u>168,092</u>
Excess of Revenues Over Expenditures	4,206,055	4,206,055	4,512,845	306,790
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	<u>(4,206,055)</u>	<u>(4,206,055)</u>	<u>(4,206,055)</u>	
Total Other Financing Sources (Uses)	<u>(4,206,055)</u>	<u>(4,206,055)</u>	<u>(4,206,055)</u>	
Net Change in Fund Balance			306,790	306,790
Fund balances - Beginning	<u>2,627,595</u>	<u>2,627,595</u>	<u>2,627,595</u>	
Fund Balances - Ending	<u>\$ 2,627,595</u>	<u>\$ 2,627,595</u>	<u>\$ 2,934,385</u>	<u>\$ 306,790</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, 2014

	Budgeted Amounts		Actual	Variance from Final Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Program services	\$ 1,968,061	\$ 1,968,061	\$ 2,475,989	\$ 507,928
Intergovernmental				
Federal/state	2,235,054	2,235,054	2,436,535	201,481
Local	43,400	43,400	31,050	(12,350)
Investment earnings	15,000	15,000	19,130	4,130
Total Revenues	<u>4,261,515</u>	<u>4,261,515</u>	<u>4,962,704</u>	<u>701,189</u>
<u>Expenditures</u>				
Current:				
Patient services (primary care)	8,467,570	8,467,570	8,408,718	58,852
Total Expenditures	<u>8,467,570</u>	<u>8,467,570</u>	<u>8,408,718</u>	<u>58,852</u>
(Deficiency) of Revenues (Under) Expenditures	(4,206,055)	(4,206,055)	(3,446,014)	760,041
<u>Other Financing Sources</u>				
Transfers in	4,206,055	4,206,055	4,206,055	
Total Other Financing Sources	<u>4,206,055</u>	<u>4,206,055</u>	<u>4,206,055</u>	
Net Change in Fund Balance			760,041	760,041
Fund balances - Beginning	2,083,052	2,083,052	2,083,052	
Fund Balances - Ending	<u>\$ 2,083,052</u>	<u>\$ 2,083,052</u>	<u>\$ 2,843,093</u>	<u>\$ 760,041</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Program services	\$ 3,700,529	\$ 3,700,529	\$ 4,115,799	\$ 415,270
Intergovernmental				
Local	1,507,637	1,507,637	1,482,509	(25,128)
Investment earnings	10,000	10,000	10,612	612
Total Revenues	<u>5,218,166</u>	<u>5,218,166</u>	<u>5,608,920</u>	<u>390,754</u>
<u>Expenditures</u>				
Current:				
Ambulance services	5,159,863	5,159,863	4,790,290	369,573
Debt Service:				
Principal retirement	176,721	176,721	151,789	24,932
Interest and fiscal charges	9,069	9,069	18,439	(9,370)
Capital Outlay	<u>215,000</u>	<u>215,000</u>		<u>215,000</u>
Total Expenditures	<u>5,560,653</u>	<u>5,560,653</u>	<u>4,960,518</u>	<u>600,135</u>
Net Change in Fund Balance	(342,487)	(342,487)	648,402	990,889
Fund balances - Beginning	<u>1,352,845</u>	<u>1,352,845</u>	<u>1,352,845</u>	
Fund Balances - Ending	<u>\$ 1,010,358</u>	<u>\$ 1,010,358</u>	<u>\$ 2,001,247</u>	<u>\$ 990,889</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	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarial Value of Assets	\$ 7,980,285	\$ 6,235,494	\$ 4,839,098
Actuarial Accrued Liability	\$ 7,769,329	\$ 6,389,004	\$ 5,172,500
Percentage Funded	102.7%	97.6%	93.6%
Unfunded or (Overfunded) Actuarial Accrued Liability	\$ (210,956)	\$ 153,510	\$ 333,402
Annual Covered Payroll	\$ 12,189,327	\$ 11,889,227	\$ 12,143,539
Unfunded or (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll	-1.7%	1.3%	2.7%

OTHER SUPPLEMENTARY INFORMATION

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GALVESTON COUNTY HEALTH DISTRICT
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

Exhibit C-1

For the Year Ended September 30, 2014
With Comparative Actual Amounts for the Year Ended September 30, 2013

	2014		Actual	Variance from Final Positive (Negative)	2013 Actual
	Budgeted Amounts				
	Original	Final			
Revenues					
Program services					
Public health	\$ 1,510,850	\$ 1,510,850	\$ 1,619,281	\$ 108,431	\$ 1,574,533
Public health reimbursable	78,000	78,000	63,851	(14,149)	71,835
Animal services	717,382	717,382	673,369	(44,013)	643,432
Pollution control	152,633	152,633	173,047	20,414	158,951
	2,458,865	2,458,865	2,529,548	70,683	2,448,751
Intergovernmental					
Federal/state					
Public health reimbursable	2,726,130	2,726,130	2,768,450	42,320	3,333,361
Animal services			10,000	10,000	
Pollution control	447,867	447,867	460,006	12,139	462,010
	3,173,997	3,173,997	3,238,456	64,459	3,795,371
Local - Galveston County	7,524,006	7,524,006	7,525,306	1,300	7,628,433
Investment earnings	16,000	16,000	18,256	2,256	17,777
Total Revenues	\$ 13,172,868	\$ 13,172,868	\$ 13,311,566	\$ 138,698	\$ 13,890,332

GALVESTON COUNTY HEALTH DISTRICT

Exhibit C-2

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2014

With Comparative Actual Amounts for the Year Ended September 30, 2013

Function	2014				2013 Actual
	Budgeted Amounts		Actual	Variance from Final Positive (Negative)	
	Original	Final			
Public Health					
Personnel services	\$ 2,525,351	\$ 2,525,351	\$ 2,432,236	\$ 93,115	\$ 2,223,633
Supplies	160,541	160,541	187,998	(27,457)	172,591
Contractual services	37,050	37,050	26,680	10,370	150,744
Other	747,453	747,453	814,490	(67,037)	775,868
Capital outlay					27,877
	<u>3,470,395</u>	<u>3,470,395</u>	<u>3,461,404</u>	<u>8,991</u>	<u>3,350,713</u>
Public Health Reimbursable					
Personnel services	2,047,686	2,047,686	1,952,571	95,115	2,006,832
Supplies	51,583	51,583	124,595	(73,012)	252,361
Contractual services	591,526	591,526	498,545	92,981	644,412
Other	273,784	273,784	376,414	(102,630)	442,534
Capital outlay					219,062
	<u>2,964,579</u>	<u>2,964,579</u>	<u>2,952,125</u>	<u>12,454</u>	<u>3,565,201</u>
Animal Services					
Personnel services	861,861	861,861	738,769	123,092	715,245
Supplies	183,500	183,500	157,240	26,260	166,844
Contractual services	45,700	45,700	47,988	(2,288)	44,823
Other	271,649	271,649	278,776	(7,127)	257,929
Capital outlay			65,936	(65,936)	49,327
	<u>1,362,710</u>	<u>1,362,710</u>	<u>1,288,709</u>	<u>74,001</u>	<u>1,234,168</u>
Pollution Control					
Personnel services	789,913	789,913	735,513	54,400	722,317
Supplies	36,733	36,733	31,050	5,683	32,596
Contractual services			6,454	(6,454)	
Other	135,719	135,719	126,149	9,570	133,766
Capital outlay					27,284
	<u>962,365</u>	<u>962,365</u>	<u>899,166</u>	<u>63,199</u>	<u>915,963</u>
Patient Services (Indigent Care)					
Personnel services	148,235	148,235	136,360	11,875	128,408
Supplies	2,368	2,368	3,365	(997)	4,005
Contractual services	9,600	9,600	7,749	1,851	8,822
Other	28,242	28,242	30,160	(1,918)	26,096
	<u>188,445</u>	<u>188,445</u>	<u>177,634</u>	<u>10,811</u>	<u>167,331</u>
Debt Service					
Principal	16,956	16,956	18,474	(1,518)	4,328
Interest	1,363	1,363	1,209	154	593
	<u>18,319</u>	<u>18,319</u>	<u>19,683</u>	<u>(1,364)</u>	<u>4,921</u>
Total Expenditures	<u>\$ 8,966,813</u>	<u>\$ 8,966,813</u>	<u>\$ 8,798,721</u>	<u>\$ 168,092</u>	<u>\$ 9,238,297</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, 2014

	GAAP Basis	Donated Services	Balance per Financial Status Report
<u>Revenues</u>			
Program services	\$ 2,475,989	\$	\$ 2,475,989
Intergovernmental			
Federal/state	2,436,535		2,436,535
Local	31,050	8,887	39,937
Investment earnings	19,130		19,130
Total Revenues	4,962,704	8,887	4,971,591
<u>Expenditures</u>			
Current:			
Patient services			
Personnel services	5,494,596		5,494,596
Supplies	1,276,597		1,276,597
Contracted services	585,187		585,187
Other	1,052,338	8,887	1,061,225
Capital Outlay			
Total Expenditures	8,408,718	8,887	8,417,605
(Deficiency) of Revenues (Under) Expenditures	(3,446,014)		(3,446,014)
<u>Other Financing Sources</u>			
Transfers in	4,206,055		4,206,055
Total Other Financing Sources	4,206,055		4,206,055
Net Change in Fund Balance	760,041		760,041
Fund balances - Beginning	2,083,052		2,083,052
Fund Balances - Ending	\$ 2,843,093	\$	\$ 2,843,093