

Galveston County Health District
Galveston County, Texas
Single Audit Report
Fiscal Year Ended September 30, 2016

Galveston County Health District

Single Audit Report

Year Ended September 30, 2016

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FOINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3-4
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR	4-5
SCHEDULES:	
<i>SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS</i>	6-7
<i>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS</i>	8
<i>SUMMARY OF AUDITORS RESULTS - FINANCIAL AND AWARDS</i>	9
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	10-11
<i>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</i>	12



SANDERSEN & SCHEFFER, PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of Galveston County Health District for the year ended September 30, 2016, and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of Galveston County Health District for the year ended September 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

Sanderson + Scheffer PLLC

Sugar Land, Texas
March 31, 2017



SANDERSEN & SCHEFFER, PLLC

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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, the financial statements of the governmental and business-type activities of the Galveston County Health District, (the Health District) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which comprise the Health District's basic financial statements and have issued our report thereon dated March 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of

laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of the internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Sanderson + Scheffer PLLC". The signature is written in a cursive, flowing style.

March 31, 2017



SANDERSEN & SCHEFFER, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS AUDIT CIRCULAR

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

Report on Compliance for Each Major Federal and State Program

We have audited Galveston County Health District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Galveston County Health District's major federal and state programs for the year ended September 30, 2016. Galveston County Health District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Galveston County Health District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Galveston County Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Galveston County Health District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2016.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.⁰ However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Sugar Land, Texas
March 31, 2017

Galveston County Health District
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2016

FEDERAL GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CONTRACT TERM	EXPENDITURES
FEDERAL AWARDS:				
US Department of Health and Human Services				
<u>Direct Program</u>				
Public Health Service	93.224	H80CS00344-14-03	04/01/15-03/31/16	1,908,361
Public Health Service	93.224	H80CS00344-15-04	04/01/16-03/31/17	1,547,703
BCCS (120-160)	93.283	DP003902	09/01/16-08/31/17	245
Total HHS Direct Program				<u>3,456,309</u>
<u>Passed Through Texas Department of State Health Services</u>				
TB/FED (120-111)	93.116	2014-001420-01	09/01/13-08/31/14	
TB/FED (120-111)	93.116	2015-001420-01	09/01/14-12/31/15	14,662
TB/FED (120-111)	93.116	2016-001420-00	01/01/16-12/31/16	39,098
STD - HIV (120-121)	93.940	2014-001343-00	09/01/13-08/31/14	
STD - HIV (120-121)	93.940	2015-001343-02	09/01/14-12/31/15	29,487
STD - HIV (120-121)	93.940	2016-001343-00	01/01/16-12/31/16	174,873
HIV/PREV-F (120-126)	93.940	2016-004097-01	01/01/16-12/31/16	94,650
IMMUN/LOCALS (120-130)	93.268	2015-001049-00	09/01/14-08/31/15	
IMMUN/LOCALS (120-130)	93.268	2016-001049-00	09/01/15-08/31/16	231,679
IMMUN/LOCALS (120-130)	93.268	2016-001049-01	09/01/16-08/31/17	16,345
CPS/CRI (120-144)	93.069	2016-001143-00	07/01/15-06/30/16	50,492
CPS/CRI (120-144)	93.069	2016-001143-02	07/01/16-06/30/17	16,743
CPS/HAZARDS (120-145)	93.069	2016-001144-00	07/01/15-06/30/16	151,662
CPS/HAZARDS (120-145)	93.069	2016-001144-02	07/01/16-06/30/17	51,035
CPS/EBOLA (120-147)	93.069	2015-003626-00	05/15/15-09/30/16	28,860
CPS/OT-UNIQUE (120-203)	93.069	2016-004041-00	11/05/15-06/30/16	43,199
CHS - TITLE V (120-180)	93.994	2015-046356-001	09/01/14-08/31/15	
CHS - TITLE V (120-180)	93.994	2016-003926-00	09/01/15-08/31/16	56,388
CHS - TITLE V (120-180)	93.994	2016-003926-01	09/01/16-08/31/17	1,888
CHS - BCCS (120-160)	93.558	2015-047053-001C	09/01/14-08/31/16	128,464
Total Texas Department of State Health Services				<u>1,129,526</u>
Total US Department of Health and Human Services				
4,585,835				
US Department of Commerce, National Oceanic & Atmospheric				
<u>Passed Through General Land Office</u>				
Texas Beach Watch A-1 (205-525)	66.472	15-066-000-8667	09/01/14-08/31/15	
Texas Beach Watch A-1 (205-525)	66.472	16-101-000-9301	09/01/15-08/31/16	104,592
Texas Beach Watch A-1 (205-525)	66.472	16-101-000-9301	09/01/16-08/31/17	<u>11,280</u>
Total US Department of Commerce, National Oceanic & Atmospheric				
115,872				
US Department of Agriculture				
<u>Passed Through Texas Department of State Health Services</u>				
Women, Infants & Children (120-210)	10.557	2015-047323-001A	10/01/14-09/30/15	
Women, Infants & Children (120-214)	10.557	2015-047323-001A	10/01/14-09/30/15	
Women, Infants & Children (120-215)	10.557	2015-047323-001A	10/01/14-09/30/15	
Women, Infants & Children (120-216)	10.557	2015-047323-001A	10/01/14-09/30/15	
Women, Infants & Children (120-217)	10.557	2015-047323-001A	10/01/14-09/30/15	
Women, Infants & Children (120-210)	10.557	2016-048780-001A	10/01/15-09/30/16	870,449
Women, Infants & Children (120-214)	10.557	2016-048780-001A	10/01/15-09/30/16	64,824
Women, Infants & Children (120-215)	10.557	2016-048780-001A	10/01/15-09/30/16	6,399
Women, Infants & Children (120-216)	10.557	2016-048780-001A	10/01/15-09/30/16	14,940
Women, Infants & Children (120-217)	10.557	2016-048780-001A	10/01/15-09/30/16	19,887
Women, Infants & Children (120-218)	10.557	2016-048780-001A	10/01/15-09/30/16	<u>6,788</u>
Total US Department of Agriculture				
983,286				
US Environmental Protection Agency				
<u>Passed Through Texas Commission on Environmental Quality (TCEQ)</u>				
TCEQ-FED 105 Ambient Air (204-520)	66.605	582-14-40029	09/01/14-08/31/15	
TCEQ-FED 105 Ambient Air (204-520)	66.605	582-14-40029	09/01/15-08/31/16	85,034
TCEQ-FED 105 Ambient Air (204-520)	66.605	582-14-40029	09/01/16-08/31/17	6,788
TCEQ-FED 103 Whole Air (204-526)	66.001	582-13-30018	09/01/14-08/31/15	
TCEQ-FED 103 Whole Air (204-526)	66.001	582-16-60019	09/01/15-08/31/16	84,290
TCEQ-FED 103 Whole Air (204-526)	66.001	582-16-60019	09/01/15-08/31/16	<u>8,813</u>
Total Texas Commission on Environmental Quality				<u>184,926</u>
<u>Passed Through Nat'l Assoc of County & City Health Officials</u>				
Medical Reserve Corps (120-142)	93.008	MRC11/15-0334	01/05/11-09/30/16	1,595
Total US Environmental Protection Agency				
186,521				
TOTAL FEDERAL AWARDS				<u>5,871,514</u>

FEDERAL GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	CONTRACT TERM	EXPENDITURES
STATE AWARDS:				
Department of State Health Services				
<u>Direct Program</u>				
TB/STATE (120-110)		2016-001446-00	09/01/15-08/31/16	\$ 62,398
TB/STATE (120-110)		2016-001446-01	09/01/16-08/31/17	4,081
HIV SURVEILLANCE (120-124)		2016-001422-00	09/01/15-08/31/16	50,970
HIV SURVEILLANCE (120-124)		2016-001422-01	09/01/16-08/31/17	4,582
RLSS/LPHS (120-170)		2016-001038-00	09/01/15-08/31/16	229,078
RLSS/LPHS (120-170)		2016-001038-00	09/01/16-08/31/17	21,144
IDCU/SUR (120-300)		2016-003774-00	09/01/15-08/31/16	64,998
IDCU/SUR (120-300)		2016-003774-01	09/01/16-08/31/17	5,236
E. Tx Gulf Coast Reg Trauma Advisory		15-50792-LSR	03/01/16-09/30/16	26,264
Total Department of State Health Services				<u>468,752</u>
Texas Commission on Environmental Quality (TCEQ)				
<u>Direct Program</u>				
TCEQ-STATE Local Air (204-521)		582-15-50124	09/01/15-08/31/16	140,358
TCEQ-STATE Local Air (204-521)		582-15-50124	09/01/16-08/31/17	11,079
Total Texas Commission on Environmental Quality (TCEQ)				<u>151,437</u>
TOTAL STATE AWARDS				<u>620,189</u>
TOTAL FEDERAL AND STATE AWARDS				<u>6,491,703</u>

**Galveston County Health District
Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2016**

NOTE 1 - BASIS OF ACCOUNTING

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

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

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

NOTE 2 - RECONCILIATION TO FINANCIAL STATEMENTS

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

Expenditures of federal awards per Schedule of FFA	\$5,871,514
Expenditures of state awards per Schedule of FFA	<u>\$620,189</u>
Total Federal and State Awards per Schedule of FFA	<u>\$6,491,703</u>
Related Expenditures per Annual Financial Report	<u>\$6,491,703</u>

Galveston County Health District
Summary of Auditor's Results
For the Year Ended September 30, 2016

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material Weaknesses identified? No
- Significant deficiencies identified, but not considered to be material weaknesses? No
- Noncompliance material to financial statements noted? No

Federal Awards Section:

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified, but not considered to be material weaknesses? No

Type of auditor's report on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Major Programs

Federal

Public Health CFDA 93.224

Women Infants and Children (WIC) CFDA 10.557

State:

RLSS-Local Public Health System

TCEQ-State Local Air

Dollar threshold used to distinguish major programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

Galveston County Health District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2016

PART II- FINANCIAL STATEMENT

No significant financial statement findings were identified.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No financial statement findings were identified.

PART IV- STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

No prior year findings or questioned costs reported.