

**CHATHAM COUNTY BOARD OF HEALTH
D/B/A
CHATHAM COUNTY PUBLIC HEALTH CENTER
COMPONENT UNIT FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2014**



HILLIARD & MILTON, LLC

Certified Public Accountants
Certified Internal Auditors
Certified Government Auditing Professionals

CHATHAM COUNTY PUBLIC HEALTH CENTER

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HILLIARD & MILTON, LLC

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INDEPENDENT AUDITOR'S REPORT

Diane Z. Weems, M.D.
District Health Director
District 9, Unit 1
150 Scranton Connector
Brunswick, Georgia 31525-0540

We have audited the accompanying component unit financial statements of the governmental activities and each major fund of the Chatham County Board of Health d/b/a Chatham County Public Health Center (Center), a component unit of Chatham County, Georgia, as of and for the year ended June 30, 2014, which collectively comprise the Center's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these component unit 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 component unit financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 component unit 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 component unit 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 component unit 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 Center as of June 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 8 be presented to supplement the basic component unit financial statements. Such information, although not a part of the basic component unit 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 component unit 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 component unit financial statements, and other knowledge we obtained during our audit of the basic component unit 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 an opinion on the component unit financial statements of the Chatham County Public Health Center, taken as a whole. The financial information listed as supplemental information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic component unit financial statements of the Center. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic component unit financial statements of the Center. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic component unit financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic component unit 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 component unit financial statements or to the basic component unit financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and the schedule of expenditures of federal awards are 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 July 18, 2014, on our consideration of the Center's internal control structure over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Williard & Milton, LLC

McRae, Georgia

July 18, 2014

CHATHAM COUNTY PUBLIC HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Chatham County Public Health Center (the Center), we offer readers of the Center's financial statements this narrative overview and analysis of the Center's financial performance during the fiscal year ended June 30, 2014. Please read in conjunction with the Center's financial statements, which follow this section.

Financial Highlights

- The Center's total net position increased \$1,429,526 or 33.32% over the course of the year's operations. Revenues totaled approximately \$13,907,900 while total expenditures were approximately \$12,478,374.
- Operating grants and contributions decreased 12.66% from fiscal year 2013. This decrease was due to county participating and non-participating decreasing 54.61% less increases in federal grants of 15.07%, grant-in-aid of 19.68% and state contracts of 9.91% between years.
- Charges for services and general revenues decreased 1.20% between years to \$5,173,171 from \$5,235,855 for fiscal years 2014 and 2013, respectively.
- The Centers operating expenses in fiscal year 2014 were approximately \$8,165,239 lower than fiscal year 2013. This decrease was primarily due to the prior year containing other operating of approximately \$8,283,463 which related to construction expenditures on the new public health facility.
- The Center's financial stability from year-to-year is somewhat dependent on its ability to carry over patient-generated fees from one fiscal year into the following fiscal year to meet total annual funding requirements. The State allows the Center to re-budget and spend carry over funds in the year subsequent to receipt. Administrative claiming is included as this type of funding. The administrative claiming income is designed to obtain Medicaid reimbursement for administrative costs for non-clinical, population-based services attributable to those who are Medicaid eligible.

CHATHAM COUNTY PUBLIC HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's financial statements, which is comprised of the basic financial statements and the notes to the financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements. Since the Center is comprised of a single general fund, no fund level financial statements are shown. However, this report contains other supplemental information concerning the individual program statements as required by the Georgia Department of Public Health (DPH).

Required Financial Statements

Government-wide Statements

The government-wide statements report information about the Center as a whole. The Statement of Net Position (page 9) offers short and long-term financial information about the Center. The Statement of Net Position includes all of the Center's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Center and assessing the liquidity and financial flexibility of the Center. The Statement of Net Position is prepared using accounting methods similar to private sector companies.

The Statement of Activities (page 10) accounts for all of the current year revenues and expenditures. The Statement of Activities measures the success of the Center's operations over the past year and can be used to determine whether the Center has successfully recovered all of its costs through client fees, county funding and grant-in-aid revenues.

Fund Financial Statements

Fund financial statements of the Center consists of the following:

- Governmental funds (pages 11-13) - The Center's basic services are included in a governmental fund, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statement provides a detailed short-term view that helps you determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (page 14) which explains the relationship (or differences) between them.
- Program activities (pages 23-24) - The Center's basic public health services are included as required supplementary information which details the financial inflows and outflows of the program as a means of judging stewardship with DPH budgetary requirements. The individual program statements (pages 25-37) provide more detailed information about the Center's services. The individual program statements are accounting devices that the Center uses to keep track of specific sources of funding and spending for particular purposes and are required by DPH.
- Schedule of Independent Auditor's Proposed Financial Settlement (page 38) - This schedule identifies funds due to or due from DPH for each contract/program that was completed during the audit period.

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Schedule of State Contractual Assistance (page 39) - This schedule presents all revenues and expenditures of grant-in-aid and/or contracts as required by DPH. It also presents the amounts due to or due from DPH for each applicable program as of June 30, 2014.

Financial Analysis of the Center

The Statement of Net Position and Statement of Activities report information about the Center's net position and the changes in them. One can think of the Center's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Center's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

Net Position

To begin our analysis, a summary of the Center's Statement of Net Position is presented in the Table below.

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Change</u>
Cash	\$ 5,446,647	\$ 4,339,429	\$ 1,107,218
Accounts receivable	21,590	450,421	(428,831)
Contracts receivable	380,114	349,210	30,904
Due from Department of Public Health	746,713	417,327	329,386
Prepays	15,124	39,156	(24,032)
Capital assets, net of accumulated depreciation	<u>609,442</u>	<u>757,214</u>	<u>(147,772)</u>
Total assets	<u>7,219,630</u>	<u>6,352,757</u>	<u>866,873</u>
Due to Department of Public Health	296,302	304,797	(8,495)
Other liabilities	<u>1,203,426</u>	<u>1,757,584</u>	<u>(554,158)</u>
Total liabilities	<u>1,499,728</u>	<u>2,062,381</u>	<u>(562,653)</u>
Invested in capital assets	609,442	757,214	(147,772)
Net position - restricted	2,897,138	2,433,953	463,185
Net position - unrestricted	<u>2,213,322</u>	<u>1,099,209</u>	<u>1,114,113</u>
Total net position	<u>\$ 5,719,902</u>	<u>\$ 4,290,376</u>	<u>\$ 1,429,526</u>

As can be seen from this table, net position decreased approximately \$1,430,000 to \$5,719,902 in fiscal year 2014 up from \$4,290,376 in fiscal year 2013. The increase in net position was primarily due to the results of current year operations (summarized below) which included restricted net position of \$72,260 related to SPLOST receipts for the construction of a new health facility. The prior year had restricted net position of \$297,557 related to this project. The Center is overseeing the construction with the ownership of the building to remain with Chatham County, Georgia.

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

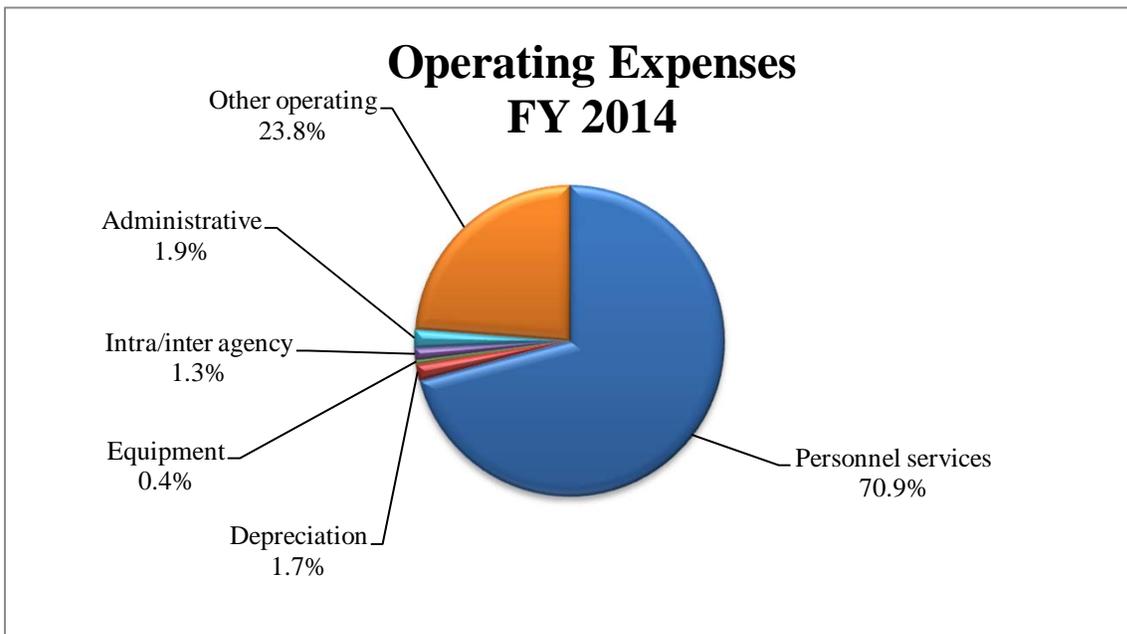
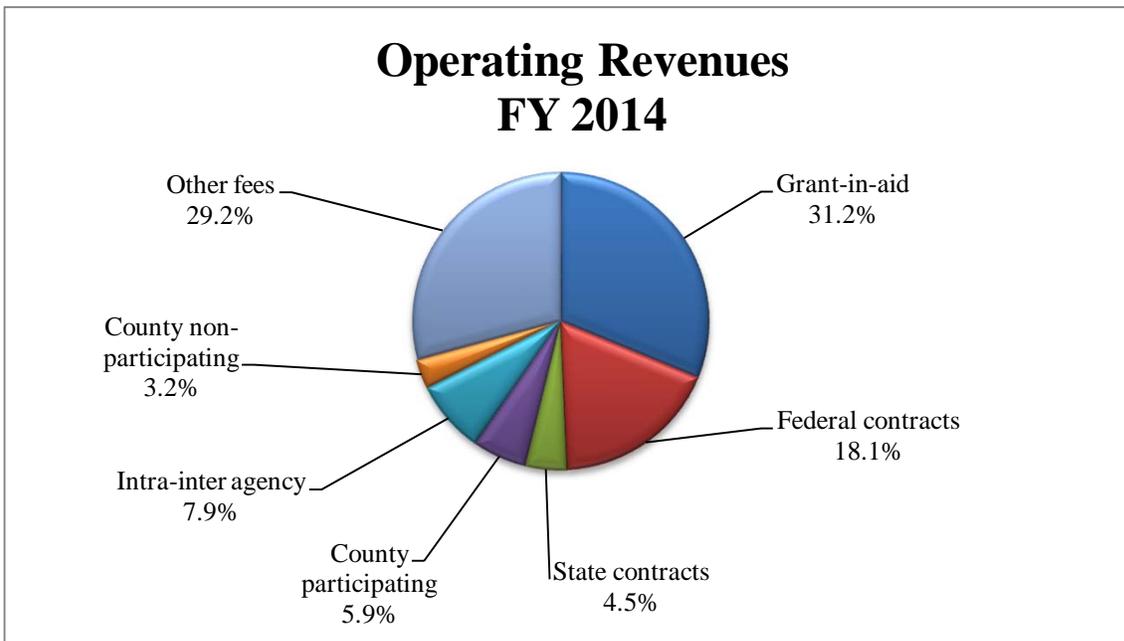
The following table is a summary of the major changes in net assets compared to the prior year as shown in the Statement of Activities.

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Change</u>
Revenues:			
Grant-in-aid	\$ 4,335,161	\$ 3,622,203	\$ 712,958
Federal contracts	2,512,133	2,183,222	328,911
State contracts	619,891	564,012	55,879
County participating	827,000	827,000	-
County non-participating	440,544	1,965,804	(1,525,260)
Other income and fees	4,079,900	3,516,095	563,805
Intra/inter agency	1,093,271	1,719,760	(626,489)
Total revenues	<u>13,907,900</u>	<u>14,398,096</u>	<u>(490,196)</u>
Expenditures:			
Personnel services	8,851,510	8,475,662	(375,848)
Depreciation	206,863	196,943	(9,920)
Equipment	50,234	50,770	536
Intra/inter agency	162,477	152,233	(10,244)
Administrative cost allocation	239,674	199,826	(39,848)
Other operating	2,967,616	11,568,179	8,600,563
Total expenditures	<u>12,478,374</u>	<u>20,643,613</u>	<u>8,165,239</u>
Change in net position	1,429,526	(6,245,517)	7,675,043
Net position - beginning	<u>4,290,376</u>	<u>10,535,893</u>	<u>(6,245,517)</u>
Net position - ending	<u>\$ 5,719,902</u>	<u>\$ 4,290,376</u>	<u>\$ 1,429,526</u>

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following graphs illustrate the breakout of the Center's operating revenues and expenses by major category as presented in the Statement of Activities.



CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgetary Highlights

The Center adopts an annual Operating Budget. The Operating Budget includes proposed expenses and the means of financing them. The Center's operating budget remains in effect the entire year. Budgeted amounts are as originally adopted and as amended by the Center. Individual amendments were approved by the Board of Health and DPH. Expenditures that exceed the budgeted amounts by more than ten percent (10%) require approval of DPH for reimbursement. All capital investments other than donations must be budgeted. The Center submits revisions of the budget as required to DPH. Appropriations lapse at the end of the applicable grant or contract fiscal year. Differences between actual and budgeted revenues from current year operations was \$273,078.

Economic Factors and Next Years Budget

The Center prepares a budget for each fiscal year based on the clients served and funding available from DPH and other sources. The funding available for any given year may change during the year based on budget constraints of the granting agency. As of the end of fiscal year 2014 the Center does not know the total amount of funding that will be available for operations during the next fiscal year but management does not anticipate it will be materially different from current year amounts.

Requests For Information

This financial report is designed to provide a general overview of the Center's finances. Questions concerning any information provided in this report or request for additional financial information should be addressed to the District Administrator, Coastal Health District, 150 Scranton Connector, Brunswick, Georgia 31525-0540.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash	\$ 5,446,647
Accounts receivable	21,590
Contracts receivable	380,114
Due from Department of Public Health	746,713
Prepays	15,124
Capital assets, net of accumulated depreciation of \$716,109	609,442
	.
Total assets	\$ 7,219,630
LIABILITIES	
Current liabilities:	
Compensated absences	\$ 111,707
Accounts payable	644,892
Due to Department of Public Health	296,302
	1,052,901
Long-term liabilities -	
Compensated absences	446,827
Total liabilities	1,499,728
NET POSITION	
Net investment in capital assets	609,442
Restricted -	
Restricted for prior year program income	2,897,138
Unrestricted	2,213,322
	5,719,902
Total net position	5,719,902
Total liabilities and net position	\$ 7,219,630

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Activities
Year Ended June 30, 2014

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities -				
Public health services	\$ 12,478,374	\$ 3,338,244	\$ 9,435,171	\$ 295,041
	General revenues:			
	Intra/inter agency			1,093,271
	Other income			30,665
	Donations			10,549
	Total general revenues			1,134,485
	Change in net position			1,429,526
	Net position - beginning			4,290,376
	Net position - ending			\$ 5,719,902

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund
ASSETS	
Cash	\$ 5,446,647
Accounts receivable	21,590
Contracts receivable	380,114
Due from Department of Public Health	746,713
Prepays	15,124
Total assets	\$ 6,610,188
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 644,892
Due to Department of Public Health	296,302
Total liabilities	941,194
Fund balance:	
Nonspendable	15,124
Restricted :	
SPLOST	72,506
Prior year program income	2,824,632
Unassigned	2,756,732
Total fund balance	5,668,994
The amount reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds	609,442
Certain liabilities, such as compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	(558,534)
Net position of governmental activities	\$ 5,719,902

The accompanying independent auditor's report and notes to financial
statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Governmental Funds
Year Ended June 30, 2014

	General Fund
REVENUES	
DPH - grant-in-aid	\$ 4,335,161
Federal contracts	2,512,133
State contracts	619,891
Contracts - private	700,442
County participating	827,000
County non-participating	440,544
Outpatient client fees	562,034
Outpatient medicaid fees	316,267
Outpatient medicare fees	47,873
Medicaid family planning fees	51,743
Family planning fees	48,239
Environmental fees	637,325
Administrative claiming	976,647
Vital records fees	694,563
Private insurance fees	-
Donations	10,549
Other local funds	3,553
Other income	30,665
Intra/inter agency - WIC	777,352
Intra/inter agency	315,919
Total revenues	13,907,900
EXPENDITURES	
Personnel services:	
Salaries	5,703,966
Fringe benefits	3,141,201
	8,845,167
Equipment	109,325
Intra/inter agency	162,477
Administrative cost allocation	239,674
Other operating:	
Travel	150,384
All other operating	2,817,232
	2,967,616
Total expenditures	12,324,259
Net change in fund balance	\$ 1,583,641

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2014

FUND BALANCE - NONSPENDABLE	
Fund balance - nonspendable - beginning of year	\$ 39,156
Deductions -	
Transfer to fund balance - unassigned	(24,032)
	<u>15,124</u>
Fund balance - nonspendable - end of year	<u>\$ 15,124</u>
FUND BALANCE - RESTRICTED	
Fund balance - restricted - beginning of year	\$ 2,433,953
Additions -	
Local fees and funds carried forward	2,824,878
Deductions -	
Transfer as other financing source	(2,361,693)
	<u>2,897,138</u>
Fund balance - restricted - end of year	<u>\$ 2,897,138</u>
FUND BALANCE - UNASSIGNED	
Fund balance - unassigned - beginning of year	\$ 1,612,244
Additions:	
Excess county non-participating funds and vital records fees carried forward	1,120,456
Deductions -	
Transfer to fund balance - nonspendable	24,032
	<u>2,756,732</u>
Fund balance - unassigned - end of year	<u>\$ 2,756,732</u>

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Reconciliation of the Statement of Revenues and Expenditures -
Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

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

Net change in fund balance - total governmental funds	\$	1,583,641
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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.

Capital outlay	\$	59,091	
Depreciation expense		<u>(206,863)</u>	(147,772)

In the statement of activities, certain operating expenses - compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid).

Compensated absences 6/30/2014	\$	558,534	
Compensated absences 6/30/2013		<u>552,191</u>	(6,343)

Change in net position of governmental activities	\$	<u><u>1,429,526</u></u>
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The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The component unit financial statements of Chatham County Public Health Center (Center) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Center are described below.

The Chatham County Board of Health d/b/a Chatham County Public Health Center (Center) is a fiscal component unit of Chatham County, Georgia. The Center provides various health services for citizens in Chatham County, Georgia under a contract with the Georgia Department of Public Health (DPH). Under this contractual agreement DPH provides certain administrative and other services to the Center in addition to the grant-in-aid funding. These services are funded through other Governmental entities or directly by DPH and therefore the value of these services is not reflected in these financial statements. Based on the contract with DPH, fixed assets cannot be disposed of without approval of DPH. In the event the Center was to dissolve, all fixed assets would return to Chatham County, Georgia, DPH, or to the donating agency. All fixed assets are owned either by Chatham County, Georgia, DPH, or the donating agency.

The Center's financial statements include all the accounts of the Center functions and activities. There are no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Center. Governmental activities are normally supported by client fees, intergovernmental revenues from Chatham County, Georgia and grant-in-aid from DPH.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable activities with a specific function or identifiable program. *Program revenues* include 1.) charges to customers or applicants who purchase, use, or directly benefit from services provided by the Center and 2.) grants and contributions that are restricted to meeting the operational requirement of a particular function or identifiable program as specified by DPH and county participating funds.

Donations and intra/inter agency revenues not properly included among program revenues are reported instead as general revenues.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. 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. Client fees are recognized as revenues in the year for which they are earned. 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 management 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 Center considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

All material governmental fund expenditures are classified as current. All governmental fund revenues of the Center are considered susceptible to accrual.

The Center reports the following governmental fund –

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

The Center has no proprietary or fiduciary funds.

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

Amounts reported as *program revenues* include 1.) charges to customers for services and events provided, and 2.) grant-in-aid from DPH. Intra/inter agency revenues are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all donations and other miscellaneous receipts.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

The Center's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

2. Accounts receivable and due from DPH

The Center expects all accounts receivable and amounts due from DPH to be fully collected. There is no specific collateral provided for them.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

3. Capital assets

Capital assets include equipment and various furniture and fixtures purchased during the performance of the Center's programs. Depreciation of capital assets is computed using the straight-line method. Equipment, furniture, and fixtures with cost in excess of \$5,000 and computer and related equipment are depreciated over a five-year life.

4. Retirement benefits

The employees of the Center participate in the Georgia State Employees Retirement System. The plan is administered by the State of Georgia, and accumulated benefits and plan assets are not determined or allocated to the individual participating governmental entities. The retirement contributions for the year ended June 30, 2014 were \$1,005,046. Contributions are fully vested to employees after ten (10) years of continuous service.

5. Compensated absences

Annual and sick leave costs are accrued as a liability as the benefits are earned. Employees can earn annual leave at the rate of ten (10) hours per month during the first five (5) years of employment; twelve (12) hours per month after five (5) through ten (10) years of employment; and fourteen (14) hours per month after ten (10) years of employment. There is no requirement that annual leave be taken, but the maximum accumulation is forty-five (45) days. At termination, employees are paid for any accumulated annual leave. The liability for accumulated annual leave at June 30, 2014 is estimated by management to be \$558,534. This amount includes \$39,691 in tax liabilities related to compensated absences.

Employees accumulate sick leave at the rate of ten (10) hours per month. The maximum permissible accumulation is ninety (90) days. Forfeited leave is accumulated and according to certain provisions can be utilized for extended major illnesses and retirement. No sick leave is paid upon employee termination. Accumulated sick leave benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee, and the amount of such payments cannot be reasonably estimated.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Center has no item that qualifies for reporting in this category.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

6. Deferred Outflows/Inflows of Resources

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

7. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Center is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** - fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (ie., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** - fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** - fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Board of Health through the adoption of a resolution. The County Board of Health also may modify or rescind the commitment.
- **Assigned** - fund balances are reported as assigned when amounts are constrained by the Center’s intent to be used for specific purpose, but are neither restricted nor committed. Through resolution, the County Board of Health has authorized the District Administrator to assign fund balances.
- **Unassigned** - fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Center reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

8. Net position flow assumption

Sometimes the Center will fund outlays for a particular purpose from both restricted (e.g., prior year program income) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Center’s policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

9. Fund balance flow assumptions

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

E. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and budgetary accounting

The Center prepares a budget for the fiscal year prior to the beginning of the fiscal year based on the clients served and funding available from DPH and other sources. The budget is submitted to DPH for approval. Expenditures that exceed the budgeted amounts by more than ten percent (10%) require approval of DPH for reimbursement. All capital investments other than donations must be budgeted. The Center submits revisions of the budget as required to DPH. Appropriations lapse at the end of the applicable grant or contract fiscal year.

Budgeted amounts are as originally adopted and as amended by the Center. Individual amendments were approved by the Board of Health and DPH.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

III. DETAILED NOTES TO ALL FUNDS

A. Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2014, the carrying amount of the Center's bank deposits was \$5,440,486 and the bank balance was \$5,476,480. The Center also had an imprest petty cash fund of \$6,161. As of June 30, 2014, the Center did not have any balances exposed to custodial credit risk as uninsured and uncollateralized by GASB pronouncements.

III. DETAILED NOTES TO ALL FUNDS

B. Due from (to) the Department of Public Health (DPH)

Amount due from DPH:

Program 001 - May and June reimbursement request	\$ 559,246
Program 053 - May and June reimbursement request	19,218
Program 094 - May and June reimbursement request	140,029
Program 141 - June reimbursement request	1,200
Program 271 - May and June reimbursement request	27,020
	<u>746,713</u>

Amount due to DPH:

Program 001 - Adjustment for initial operating advance	(285,924)
Program 053 - Adjustment for initial operating advance	(10,378)
	<u>(296,302)</u>

Due from (to) DHR, net \$ 450,411

C. Related Party

During the year the Center received County participating and non-participating revenues of \$827,000 and \$440,544, respectively, from Chatham County, Georgia.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

III. DETAILED NOTES TO ALL FUNDS

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Increase	Decrease	Balance June 30, 2014
Equipment and vehicles	\$ 1,266,460	\$ 59,091	\$ -	\$ 1,325,551
Accumulated depreciation	(509,246)	(206,863)	-	(716,109)
Governmental activities - Capital assets, net	\$ 757,214	\$ (147,772)	\$ -	\$ 609,442

E. Fund Equity

Fund Balances:

- **Restricted** – The following fund balances are restricted:

General Fund -

SPLOST – funds received and carried over to the next fiscal year. These funds must be spent on the new health center building financed through SPLOST funds from Chatham County, Georgia

\$ 72,260

Prior year program income - are surplus fee income resulting from an excess of program income over expenditures. These funds must be expended during the next fiscal year.

\$ 2,824,878

IV. OTHER INFORMATION

A. Contingencies

The Center's nature of business is such that it ordinarily results in a certain amount of litigation. In the opinion of management for the Center, there is no litigation in which the outcome will have a material effect on the financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2014

IV. OTHER INFORMATION

B. Other

The Center receives 26.65% of its direct funding, including other financing sources, through DPH. This funding is subject to program compliance audits by DPH or its designee. The amount, if any, of expenditures which may be disallowed by DPH, cannot be determined at this time, although the Center expects such amounts, if any, to be immaterial.

V. SUBSEQUENT EVENTS

The Center assessed events that have occurred subsequent to June 30, 2014 through July 18, 2014 for potential recognition and disclosure in the component unit financial statements. No events have occurred that would require adjustment to or disclosure in the component unit financial statements which were issued on July 18, 2014.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses) -
Actual and Budget - General Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance,</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
DPH - grant-in-aid	\$ 4,035,264	\$ 4,335,161	\$ 4,335,161	\$ -
Federal contracts	1,142,541	3,273,499	2,512,133	(761,366)
State contracts	553,553	619,891	619,891	-
Contracts - private	302,000	616,000	700,442	84,442
County participating	827,000	827,000	827,000	-
County non-participating	440,544	440,544	440,544	-
Outpatient client fees	581,500	595,800	562,034	(33,766)
Outpatient medicaid fees	205,000	229,000	316,267	87,267
Outpatient medicare fees	21,000	35,000	47,873	12,873
Medicaid family planning fees	-	50,000	51,743	1,743
Family planning fees	35,000	30,000	48,239	18,239
Environmental fees	560,000	560,000	637,325	77,325
Administrative claiming	200,000	280,000	976,647	696,647
Vital records fees	600,000	600,000	694,563	94,563
Private insurance fees	100	100	-	(100)
Donations	10,000	15,000	10,549	(4,451)
Other local funds	301,113	6,456	3,553	(2,903)
Other income	27,000	28,100	30,665	2,565
Intra/inter agency - WIC	750,000	777,352	777,352	-
Intra/inter agency	365,000	315,919	315,919	-
	<u>10,956,615</u>	<u>13,634,822</u>	<u>13,907,900</u>	<u>273,078</u>
OTHER FINANCING SOURCES				
Transfer from fund balance - restricted	-	297,557	225,297	(72,260)
Transfer from fund balance - restricted - prior year program income	1,766,201	2,136,395	2,136,396	1
	<u>1,766,201</u>	<u>2,136,395</u>	<u>2,136,396</u>	<u>1</u>
Total revenues and other financing sources	<u>\$ 12,722,816</u>	<u>\$ 16,068,774</u>	<u>\$ 16,269,593</u>	<u>\$ 200,819</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses) -
Actual and Budget - General Fund
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance, Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Personnel services:				
Salaries			\$ 5,703,966	
Fringe benefits			3,141,201	
	<u>\$ 7,831,982</u>	<u>\$ 9,963,134</u>	<u>8,845,167</u>	<u>\$ 1,117,967</u>
Equipment	<u>33,300</u>	<u>127,712</u>	<u>109,325</u>	<u>18,387</u>
Intra/inter agency	<u>126,035</u>	<u>180,730</u>	<u>162,477</u>	<u>18,253</u>
Administrative cost allocation	<u>230,446</u>	<u>239,674</u>	<u>239,674</u>	<u>-</u>
Other operating:				
Travel			150,384	
All other operating			2,817,232	
	<u>4,501,053</u>	<u>5,557,524</u>	<u>2,967,616</u>	<u>2,589,908</u>
Total expenditures	<u>12,722,816</u>	<u>16,068,774</u>	<u>12,324,259</u>	<u>3,744,515</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	3,945,334	<u>\$ 3,945,334</u>
OTHER FINANCING (USES)				
Transfer to fund balance - restricted prior year program income			(2,824,878)	
Transfer to fund balance - unassigned			(1,120,456)	
Excess of revenues and other financing sources over expenditures and other financing (uses)			<u>\$ -</u>	

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 001 - Public Health
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 3,206,290	\$ 3,206,290	\$ -
County participating	827,000	827,000	-
County non-participating	440,544	440,544	-
Contract-private	93,297	106,000	(12,703)
EPSDT fees	193,204	140,000	53,204
Environmental fees	637,325	560,000	77,325
Family planning fees	48,239	30,000	18,239
Vital record fees	694,563	600,000	94,563
Outpatient client fees	560,829	595,000	(34,171)
Outpatient Medicare fees	27,036	25,000	2,036
Medicaid - family planning	51,743	50,000	1,743
Medicaid - PCM	26,273	27,000	(727)
Medicaid - DSPS/RSO	36,912	21,000	15,912
Administrative claiming	976,647	280,000	696,647
Other income	26,784	28,000	(1,216)
Donations	10,549	15,000	(4,451)
Intra/inter agency - WIC	777,352	777,352	-
Intra/inter agency	156,678	156,678	-
Other local funds	3,553	6,455	(2,902)
	<u>8,794,818</u>	<u>7,891,319</u>	<u>903,499</u>
OTHER FINANCING SOURCES			
Prior year program income - fees - pgm 001	2,069,353	2,069,353	
Prior year program income - fees - pgm 116	842	842	-
	<u>2,070,195</u>	<u>2,070,195</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 10,865,013</u>	<u>\$ 9,961,514</u>	<u>\$ 903,499</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 001 - Public Health
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
EXPENDITURES			
Personnel services:			
Salaries	\$ 3,456,962		
Fringe benefits	1,930,173		
	<u>5,387,135</u>	\$ 5,934,856	\$ 547,721
Equipment	<u>85,201</u>	<u>100,398</u>	<u>15,197</u>
Intra/inter agency	<u>136,124</u>	<u>142,124</u>	<u>6,000</u>
Administrative cost allocation	<u>124,382</u>	<u>124,382</u>	<u>-</u>
Other operating:			
Travel	55,657		
All other operating	1,378,891		
	<u>1,434,548</u>	<u>3,659,754</u>	<u>2,225,206</u>
Total expenditures	<u>7,167,390</u>	<u>9,961,514</u>	<u>2,794,124</u>
Excess of revenues and other financing sources over expenditures	3,697,623	<u>\$ -</u>	<u>\$ 3,697,623</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - prior year program income	(2,577,167)		
Transfer to fund balance - unassigned	<u>(1,120,456)</u>		
Excess of revenues and other financing sources over expenditures and other financing (uses)	<u>\$ -</u>		

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 011 - Lead Poisoning
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Intra/inter agency	\$ 59,241	\$ 59,241	\$ -
Total revenues	<u>59,241</u>	<u>59,241</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries	30,068		
Fringe benefits	17,219		
	<u>47,287</u>	<u>47,287</u>	<u>-</u>
Intra/inter agency	<u>874</u>	<u>874</u>	<u>-</u>
All other operating	<u>11,080</u>	<u>11,080</u>	<u>-</u>
Total expenditures	<u>59,241</u>	<u>59,241</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 016- Community Care
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contract	\$ 579,891	\$ 579,891	\$ -
State contract	619,891	619,891	-
Total revenues	<u>1,199,782</u>	<u>1,199,782</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries	579,539		
Fringe benefits	320,264		
	<u>899,803</u>	<u>899,803</u>	<u>-</u>
Equipment	<u>2,665</u>	<u>2,665</u>	<u>-</u>
Administrative cost allocation	<u>75,316</u>	<u>75,316</u>	<u>-</u>
Other operating:			
Travel	58,103		
All other operating	163,895		
	<u>221,998</u>	<u>221,998</u>	<u>-</u>
Total expenditures	<u>1,199,782</u>	<u>1,199,782</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources
Actual and Budget - General Fund
Program 032 - SPLOST Capital Expenditures
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Other income	\$ 48	\$ 100	\$ (52)
Total revenues	<u>48</u>	<u>100</u>	<u>(52)</u>
OTHER FINANCING SOURCES			
Transfer from restricted fund balance	<u>225,297</u>	<u>297,557</u>	<u>(72,260)</u>
Total revenues and other financing sources	<u>225,345</u>	<u>297,657</u>	<u>(72,312)</u>
EXPENDITURES			
Other operating	<u>225,345</u>	<u>297,657</u>	<u>72,312</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 053- AIDS Ambulatory Care
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 115,310	\$ 115,310	\$ -
Outpatient client fees	1,205	800	405
Outpatient Medicare fees	20,837	10,000	10,837
Outpatient Medicaid fees	59,878	41,000	18,878
Private insurance fees	-	100	(100)
Contracts - private	527,145	430,000	97,145
Intra/inter agency	100,000	100,000	-
Total revenues	<u>824,375</u>	<u>697,210</u>	<u>127,165</u>
OTHER FINANCING SOURCES			
Prior year program income - fees	<u>12,771</u>	<u>12,771</u>	<u>-</u>
Total revenues and other financing sources	<u>837,146</u>	<u>709,981</u>	<u>127,165</u>
EXPENDITURES			
Personnel services:			
Salaries	243,273		
Fringe benefits	118,826		
	<u>362,099</u>	<u>362,099</u>	<u>-</u>
Equipment	<u>21,459</u>	<u>21,661</u>	<u>202</u>
Intra/inter agency	<u>3,058</u>	<u>3,058</u>	<u>-</u>
Other operating:			
Travel	13,390		
All other operating	268,183		
	<u>281,573</u>	<u>323,163</u>	<u>41,590</u>
Total expenditures	<u>668,189</u>	<u>709,981</u>	<u>41,792</u>
Excess of revenues and other financing sources over expenditures	168,957	<u>\$ -</u>	<u>\$ 168,957</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - prior year program income	<u>(168,957)</u>		
Excess of revenues and other financing sources over expenditures and other financing (uses)	<u>\$ -</u>		

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 067 - Title III Ryan White
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Federal contract	\$ 1,377,144	\$ 2,014,114	\$ (636,970)
EXPENDITURES			
Personnel services:			
Salaries	691,710		
Fringe benefits	384,930		
	<u>1,076,640</u>	<u>1,594,868</u>	<u>518,228</u>
Equipment	<u>-</u>	<u>2,988</u>	<u>2,988</u>
Intra/inter agency	<u>7,177</u>	<u>7,177</u>	<u>-</u>
Other operating:			
Travel	10,758		
All other operating	282,569		
	<u>293,327</u>	<u>409,081</u>	<u>115,754</u>
Total expenditures	<u>1,377,144</u>	<u>2,014,114</u>	<u>636,970</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 094 - Ryan White Aids Project
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 852,818	\$ 852,818	\$ -
Total revenues	<u>852,818</u>	<u>852,818</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries	375,411		
Fringe benefits	194,885		
	<u>570,296</u>	<u>570,295</u>	<u>(1)</u>
Intra/inter agency	<u>437</u>	<u>437</u>	<u>-</u>
Administrative cost allocation	<u>21,147</u>	<u>21,147</u>	<u>-</u>
Other operating:			
Travel	8,054		
All other operating	252,884		
	<u>260,938</u>	<u>260,939</u>	<u>1</u>
Total expenditures	<u>852,818</u>	<u>852,818</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 141 - HIV/AIDS Core Surveillance
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 4,800	\$ 4,800	\$ -
Total revenues	<u>4,800</u>	<u>4,800</u>	<u>-</u>
EXPENDITURES			
Other operating -			
All other operating	<u>4,800</u>		
	<u>4,800</u>	<u>4,800</u>	<u>-</u>
Total expenditures	<u>4,800</u>	<u>4,800</u>	<u>-</u>
Excess of revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing (Uses)
Actual and Budget - General Fund
Program 216 - Safety Net Care Navigator
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Contracts - private	\$ 80,000	\$ 80,000	\$ -
OTHER FINANCING SOURCES			
Prior year program income - fees	53,430	53,430	-
Total revenues and other financing sources	<u>133,430</u>	<u>133,430</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries	32,418		
Fringe benefits	18,475		
	<u>50,893</u>	<u>50,893</u>	<u>-</u>
Other operating:			
Travel	1,109		
All other operating	2,674		
	<u>3,783</u>	<u>82,537</u>	<u>78,754</u>
Total expenditures	<u>54,676</u>	<u>133,430</u>	<u>78,754</u>
Excess of revenues over expenditures	78,754	<u>\$ -</u>	<u>\$ (78,754)</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - prior year program income	<u>(78,754)</u>		
Excess of revenues over expenditures and other financing (uses)	<u>\$ -</u>		

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 246 - DNR Coastal Incentive Grant
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contracts	\$ 7,686	\$ 26,489	\$ (18,803)
Other income	3,832	-	3,832
Total revenues	<u>11,518</u>	<u>26,489</u>	<u>(14,971)</u>
EXPENDITURES			
Personnel services:			
Salaries	7,335		
Fringe benefits	3,981		
	<u>11,316</u>	<u>11,508</u>	<u>192</u>
Other operating	<u>202</u>	<u>14,981</u>	<u>14,779</u>
Total expenditures	<u>11,518</u>	<u>26,489</u>	<u>14,971</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 271 - Ryan White Part B Aids Initiative
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 155,943	\$ 155,943	\$ -
EXPENDITURES			
Personnel services:			
Salaries	76,509		
Fringe benefits	33,960		
	<u>110,469</u>	<u>110,468</u>	<u>(1)</u>
Administrative cost allocation	<u>12,703</u>	<u>12,703</u>	<u>-</u>
Other operating:			
Travel	2,176		
All other operating	30,595		
	<u>32,771</u>	<u>32,772</u>	<u>1</u>
Total expenditures	<u>155,943</u>	<u>155,943</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 504 - Ryan White Part D
Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contracts	\$ 547,412	\$ 653,005	\$ (105,593)
Total revenues	<u>547,412</u>	<u>653,005</u>	<u>(105,593)</u>
EXPENDITURES			
Personnel services:			
Salaries	210,741		
Fringe benefits	118,488		
	<u>329,229</u>	<u>381,057</u>	<u>51,828</u>
Intra/inter agency	<u>14,807</u>	<u>27,060</u>	<u>12,253</u>
Administrative cost allocation	<u>6,126</u>	<u>6,126</u>	<u>-</u>
Other operating:			
Travel	1,139		
All other operating	196,111		
	<u>197,250</u>	<u>238,762</u>	<u>41,512</u>
Total expenditures	<u>547,412</u>	<u>653,005</u>	<u>105,593</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of Independent Auditor's
Proposed Financial Settlement
Year Ended June 30, 2014

<u>Program Name</u>	<u>Program Number</u>	<u>Proposed Financial Settlement</u>
Public Health	001	\$ -
Lead Poisoning	011	\$ -
Community Care	016	\$ -
SPLOST - Capital Expenditures	032	\$ -
AIDS Ambulatory Care	053	\$ -
Title III Ryan White	067	\$ -
Ryan White Aids Project	094	\$ -
HIV AIDS Core Surveillance	141	\$ -
Safety Net Care Navigator	216	\$ -
DNR - Coastal Incentive Grant	246	\$ -
Ryan White Part B Aids Initiative	271	\$ -
Ryan White Part D	504	\$ -

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of State Contractual Assistance
Year Ended June 30, 2014

<u>Program Name</u>	<u>Program Number</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Amount Due (to) from State</u>
Grant-in-aid passed through the Department of Public Health:				
Public Health	001	\$ 3,206,290	\$ 3,206,290	\$ 273,322
AIDS Ambulatory Care	053	115,310	115,310	8,841
Ryan White Aids Project	094	852,818	852,818	140,029
HIV/AIDS Core Surveillance	141	4,800	4,800	1,200
Ryan White Part B Aids Initiative	271	155,943	155,943	27,019
		<u>\$ 4,335,161</u>	<u>\$ 4,335,161</u>	<u>\$ 450,411</u>

<u>Program Name</u>	<u>Program Number</u>	<u>Contract Number</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Amount Due (to) from State</u>
Department of Health and Human Services Contract					
Title III Ryan White	067	6H76HA00089-23-01	630,564	630,564	103,105
Title III Ryan White	067	6H76HA00089-21-03	746,580	746,580	-
Ryan White Part D	504	1H12HA24792-01-00	547,412	547,412	44,676
Coastal Regional Commission					
Community Care	016	2012-04.2	1,199,782	1,199,782	232,333
Georgia Department of Natural Resources					
DHR - Coastal Incentive Grant	246	N/A	7,686	7,686	-
Total Other Contracts - Due from amount reflected in contracts receivable			<u>\$ 3,132,024</u>	<u>\$ 3,132,024</u>	<u>\$ 380,114</u>
Total Grant-in-aid and Other Contracts			<u>\$ 7,467,185</u>	<u>\$ 7,467,185</u>	<u>\$ 830,525</u>

Refer to accompanying independent auditor's report.



HILLIARD & MILTON, LLC

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Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
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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*

Diane Z. Weems, M.D.
District Health Director
District 9, Unit 1
150 Scranton Connector
Brunswick, Georgia 31525-0540

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the component unit financial statements of the governmental activities and each major fund of the Chatham County Board of Health d/b/a Chatham County Public Health Center (Center) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated July 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the component unit financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the component unit financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Diane Z. Weems, M.D.
District Health Director
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hilliard & Milton, LLC

McRae, Georgia

July 18, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Diane Z. Weems, M.D.
Interim Health Director
District 9, Unit 1
150 Scranton Road
Brunswick, Georgia 31525

Report on Compliance for Each Major Federal Program

We have audited Chatham County Public Health Center's (Center) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2014. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Center'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 the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Chatham County Public Health Center, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Center, 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 the Center'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 OMB Circular A-133, 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 the Center'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. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hilliard & Milton, LLC

McRae, Georgia

July 18, 2014

CHATHAM COUNTY PUBLIC HEALTH CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

1. **SUMMARY OF AUDITOR'S RESULTS:**

- (i) Unqualified opinion on component unit financial statements and supplementary schedule of expenditures of Federal awards.
- (ii) No significant deficiencies in internal control was reported by the audit of the Center's component unit financial statements.
- (iii) Our audit disclosed no noncompliance which was material to the component unit financial statements of the Center.
- (iv) No significant deficiencies in internal control over major programs was reported by the audit of the Center's component unit financial statements.
- (v) Unqualified opinion on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
- (vi) Our audit disclosed no audit findings that we are required to report in accordance with OMB Circular A-133.
- (vii) The Center's major programs:

Department of Health and Human Services

Coordinated Services and Access to Research

for Women, Infants, Children and Youth	93.153	\$	547,412
Medical Assistance Program	93.778		579,891
HIV Care Formula Grants	93.917		<u>1,008,761</u>
			<u>\$ 2,136,064</u>

- (viii) Type A programs are the programs with total program expenditures of \$300,000 or more. The remaining programs are Type B programs.
- (ix) The Center qualifies as a low-risk auditee under Sec. 530 of OMB Circular A-133.

2. **SIGNIFICANT DEFICIENCIES AND FINDINGS RELATING TO THE COMPONENT UNIT FINANCIAL STATEMENTS:**

None

CHATHAM COUNTY PUBLIC HEALTH CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

3. SIGNIFICANT DEFICIENCIES AND FINDINGS RELATING TO FEDERAL AWARDS:

Significant deficiencies effecting federal awards addressed previously -

None

Findings effecting federal awards addressed previously -

None

4. PRIOR YEAR FINDINGS AND SIGNIFICANT DEFICIENCIES:

Prior Year Findings – None reported.

Prior Year Significant Deficiencies – None reported.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

FEDERAL GRANTOR/PASS THROUGH ENTITY GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Program Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Grants to Provide Outpatient Early Intervention with Respect to HIV Disease	93.918	6H76HA00089-23-01	\$ 630,564
Grants to Provide Outpatient Early Intervention with Respect to HIV Disease	93.918	6H76HA00089-21-03	746,580
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	1H12HA24792-01-00	547,412
Pass through Georgia Department of Public Health:			
HIV Care Formula Grants	93.917	Program 094	852,818
HIV Care Formula Grants	93.917	Program 271	155,943
HIV / AIDS Surveillance	93.994	Program 141	4,800
Pass through Coastal Regional Commission of Georgia - Medical Assistance Program	93.778	2013-04.1	<u>579,891</u>
Total US. Department of Health & Human Services			<u>3,518,008</u>
U.S. DEPARTMENT OF COMMERCE			
Pass through Georgia Department of Natural Resources - Coastal Zone Management Administration Awards	11.419	Program 246	<u>7,686</u>
Total US. Department of Commerce			<u>7,686</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,525,694</u></u>

Refer to accompanying independent auditor's report and notes
to schedule of expenditures of federal awards.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Chatham County Public Health Center, a component unit of Chatham County, Georgia. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note I.C. to the Center's component unit financial statements.