

**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, 2012**



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.
Interim Health Director
District 9, Unit 1
150 Scranton Connector
Brunswick, Georgia 31525-0540

We have audited the accompanying component unit financial statements 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, 2012, as listed in the table of contents. These component unit financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Center, as of June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2012 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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.

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 component unit financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 component unit financial statements. The financial information listed as supplemental information in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying and other records used to prepare the component unit financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 component unit financial statements or to the 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 information is fairly stated in all material respects in relation to the component unit financial statements as a whole.

Hilliard & Milton, LLC

McRae, Georgia

August 3, 2012

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, 2012. Please read in conjunction with the Center's financial statements, which follow this section.

Financial Highlights

- ... The Center's total net assets increased \$8,540,862, or 428%, over the course of the year due to results of current year operations.
 - o The Center's total revenues for 2012 were \$20,361,346 compared to \$11,367,783 in 2011. Additionally, 2012 state grant-in-aid was \$3,579,768 which was 3.06% higher than the previous year due to budget cuts from the State in the prior year. Federal contract revenue was \$1,711,795 which was 9.39% higher than the previous year due primarily to an increase in the Ryan White III contract.
 - o Other fees were \$8,729,836 higher due to receipt of \$8,425,448 of SPLOST proceeds from Chatham County, Georgia to be used for construction of a new health care facility. The construction is to be overseen by the Center with ownership remaining with Chatham County, Georgia.
 - o Intra/inter agency revenue was \$1,472,702 and \$1,401,739 for fiscal year 2012 and 2011, respectively. The decrease is due to less transfers from district during the year.
 - o Total fiscal year 2012 expenditures were \$11,820,484 which was 10.36% higher than fiscal year 2011. Personnel services are 5.9% or \$444,254 higher primarily due to an increase in the number employed. Other operating expenses were \$624,057 or 23.45% higher due to increases in costs related to construction of a new health care 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.

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).

CHATHAM COUNTY PUBLIC HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Financial Statements

Government-wide Statements

The government-wide statements report information about the Center as a whole. The Statement of Net Assets (page 9) offers short and long-term financial information about the Center. The Statement of Net Assets 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 Assets 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 25-42) 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 43) - This schedule identifies funds due to or due from DPH for each contract/program that was completed during the audit period.
- Schedule of State Contractual Assistance (page 44) - 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, 2012.

CHATHAM COUNTY PUBLIC HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Center

The Statement of Net Assets and Statement of Activities report information about the Center's net assets and the changes in them. One can think of the Center's net assets – 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 assets 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 Assets

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

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
Cash	\$ 10,798,440	\$ 2,087,098	\$ 8,711,342
Accounts receivable	420,330	481,285	(60,955)
Due from Department of Public Health	438,914	-	438,914
Due from Department of Community Health	-	325,095	(325,095)
Prepays	38,568	38,065	503
Capital assets, net of accumulated depreciation	58,130	55,481	2,649
Total assets	<u>11,754,382</u>	<u>2,987,024</u>	<u>8,767,358</u>
Due to Department of Public Health	238,256	-	238,256
Due to Department of Community Health	-	250,946	(250,946)
Other liabilities	980,233	741,047	239,186
Total liabilities	<u>1,218,489</u>	<u>991,993</u>	<u>226,496</u>
Invested in capital assets	58,130	55,481	2,649
Net assets - restricted	9,768,025	1,596,959	8,171,066
Net assets - unrestricted	709,738	342,591	367,147
Total net assets	<u>\$ 10,535,893</u>	<u>\$ 1,995,031</u>	<u>\$ 8,540,862</u>

As can be seen from this table, net assets increased approximately \$8,540,862 to \$10,535,893 in fiscal year 2012 up from \$1,995,031 in fiscal year 2011. The increase in net assets was primarily due to the results of current year operations (summarized below) which included restricted net assets of \$7,804,213 related to SPLOST receipts for the construction of a new health facility. The Center is overseeing the construction with the ownership of the building will remain with Chatham County, Georgia.

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Assets

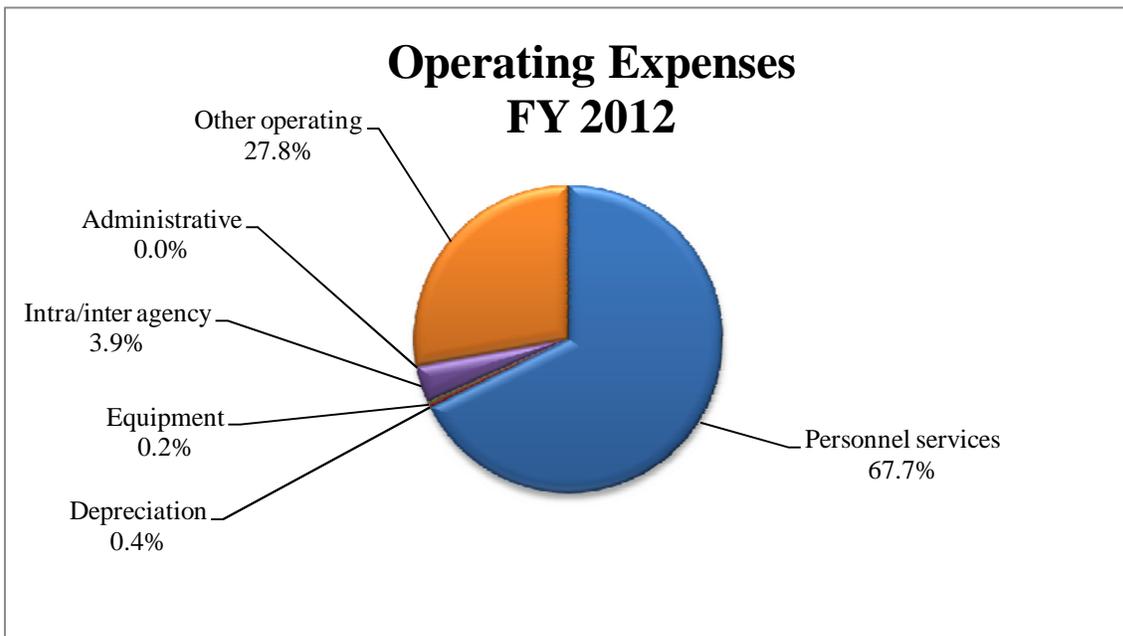
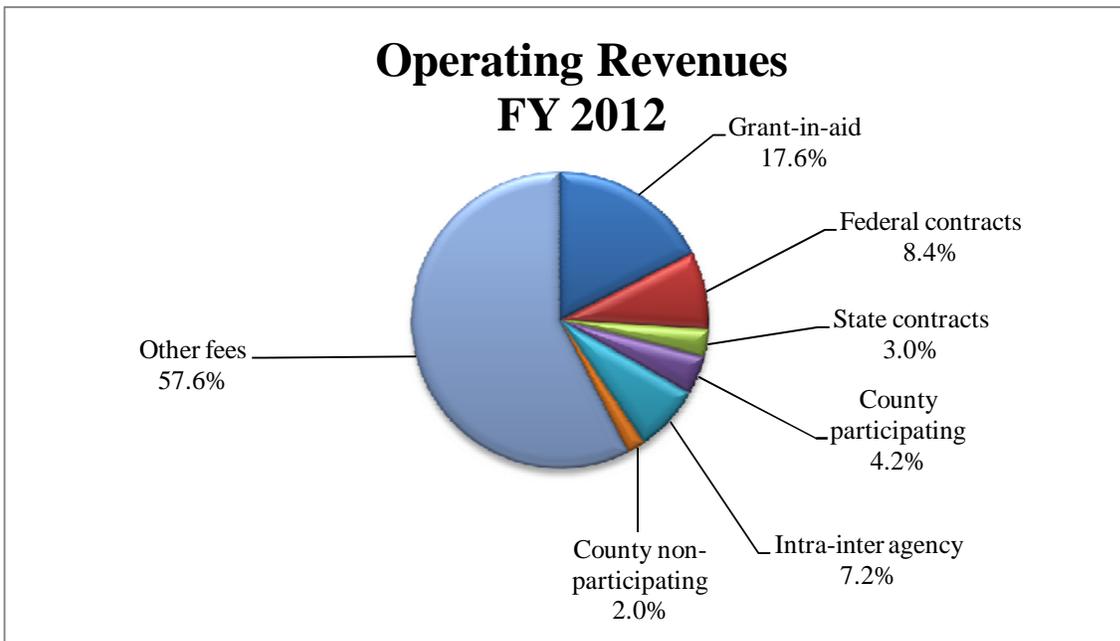
The following table is a summary of the major changes in net assets compared to the prior year as shown in the Statement of Activities.

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
Revenues:			
Grant-in-aid	\$ 3,579,768	\$ 3,473,568	\$ 106,200
Federal contracts	1,711,795	1,564,896	146,899
State contracts	616,251	628,380	(12,129)
County participating	864,636	995,638	(131,002)
County non-participating	402,908	320,112	82,796
Other income and fees	11,713,286	2,983,450	8,729,836
Intra/inter agency	1,472,702	1,401,739	70,963
Total revenues	<u>20,361,346</u>	<u>11,367,783</u>	<u>8,993,563</u>
Expenditures:			
Personnel services	7,997,681	7,553,427	(444,254)
Depreciation	44,821	43,558	(1,263)
Equipment	28,249	19,375	(8,874)
Intra/inter agency	465,017	433,782	(31,235)
Other operating	3,284,716	2,660,659	(624,057)
Total expenditures	<u>11,820,484</u>	<u>10,710,801</u>	<u>(1,109,683)</u>
Change in net assets	8,540,862	656,982	7,883,880
Net assets - beginning	<u>1,995,031</u>	<u>1,338,049</u>	<u>656,982</u>
Net assets - ending	<u>\$ 10,535,893</u>	<u>\$ 1,995,031</u>	<u>\$ 8,540,862</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 (\$373,967) or (16.74%) of the total budgeted revenues.

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 2012 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 Assets
June 30, 2012

	Governmental Activities
ASSETS	
Cash	\$ 10,798,440
Accounts receivable	67,084
Contracts receivable	353,246
Due from Department of Public Health	438,914
Prepays	38,568
Capital assets, net of accumulated depreciation of \$312,303	58,130
	.
Total assets	\$ 11,754,382
LIABILITIES	
Current liabilities:	
Compensated absences	\$ 110,148
Accounts payable	408,511
Due to District Operations	20,980
Due to Department of Public Health	238,256
	777,895
Long-term liabilities -	
Compensated absences	440,594
Total liabilities	1,218,489
NET ASSETS	
Invested in capital assets	58,130
Unrestricted	709,738
Restricted -	
Restricted for prior year program income	9,768,025
Total net assets	10,535,893
Total liabilities and net assets	\$ 11,754,382

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, 2012

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities -				
Public health services	\$ 11,820,484	\$ 12,528,286	\$ 7,175,358	\$ 7,883,160
	General revenues:			
	Intra/inter agency			639,632
	Other income			793
	Donations			17,277
	Total general revenues			657,702
	Change in net assets			8,540,862
	Net assets - beginning			1,995,031
	Net assets - ending			\$ 10,535,893

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, 2012

	General Fund
ASSETS	
Cash	\$ 10,798,440
Accounts receivable	67,084
Contracts receivable	353,246
Due from Department of Public Health	438,914
Prepays	38,568
Total assets	\$ 11,696,252
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 408,511
Due to District Operations	20,980
Due to Department of Public Health	238,256
Total liabilities	667,747
Fund balance:	
Nonspendable	38,568
Unassigned	1,207,227
Restricted -	
Prior year program income	9,768,025
Assigned	14,685
Total fund balance	11,028,505
The amount reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds	58,130
Certain liabilities, such as compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	(550,742)
Net assets of governmental activities	\$ 10,535,893

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, 2012

	General Fund
REVENUES	
DPH - grant-in-aid	\$ 3,579,768
Federal contracts	1,711,795
State contracts	616,251
Contracts - private	342,267
County participating	864,636
County non-participating	402,908
Outpatient client fees	823,652
Outpatient medicaid fees	346,074
Outpatient medicare fees	52,194
Family planning fees	10,802
Environmental fees	643,016
Administrative claiming	354,122
Vital records fees	632,313
Private insurance fees	584
Donations	17,277
Other local funds	8,490,192
Other income	793
Intra/inter agency - WIC	833,070
Intra/inter agency	639,632
Total revenues	20,361,346
EXPENDITURES	
Personnel services:	
Salaries	5,424,843
Fringe benefits	2,563,895
	7,988,738
Equipment	75,719
Intra/inter agency	465,017
Other operating:	
Travel	92,912
All other operating	3,191,804
	3,284,716
Total expenditures	11,814,190
Net change in fund balance	\$ 8,547,156

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, 2012

FUND BALANCE - NONSPENDABLE

Fund balance - unreserved - beginning of year	\$ 38,065
Additions -	
Transfer from fund balance - unassigned	503
	503
Fund balance - unreserved - end of year	\$ 38,568

FUND BALANCE - UNASSIGNED

Fund balance - unreserved - beginning of year	\$ 832,229
Additions -	
Excess county non-participating funds carried forward	375,501
Deductions -	
Transfer to fund balance - nonspendable	(503)
	(503)
Fund balance - unreserved - end of year	\$ 1,207,227

FUND BALANCE - RESTRICTED

Fund balance - unreserved - beginning of year	\$ 1,596,959
Additions -	
Excess county non-participating funds carried forward	9,768,025
Deductions -	
Transfer as other financing source	(1,596,959)
	(1,596,959)
Fund balance - unreserved - end of year	\$ 9,768,025

FUND BALANCE - ASSIGNED

Fund balance - reserved - beginning of year	\$ 14,096
Additions -	
Local fees and funds carried forward	589
Deductions -	
Transfer from fund balance reserved to prior year program income	-
	-
Fund balance - reserved - end of year	\$ 14,685

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, 2012

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

Net change in fund balance - total governmental funds	\$	8,547,156
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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	\$	47,470	
Depreciation expense		<u>(44,821)</u>	2,649

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	6/30/2012	\$	550,742	
Compensated absences	6/30/2011		<u>541,799</u>	(8,943)

Change in net assets of governmental activities	\$	<u><u>8,540,862</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, 2012

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 Assets 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, 2012

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 and net assets

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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities and net assets

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, 2012 were \$579,723. 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, 2012 is estimated by management to be \$550,742. This amount includes \$39,138 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. 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 assets".

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:

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. Fund Equity

- ... **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.

Flow assumption – when both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Center's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Center's policy to use fund balance in the following order:

- ... Committed
- ... Assigned
- ... Unassigned

Net assets – represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing used (ie., the amount that the Center has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

The Center applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2012, the carrying amount of the Center's bank deposits was \$10,792,279 and the bank balance was \$11,063,078. The Center also had an imprest petty cash fund of \$6,161. As of June 30, 2012, the Center did not have any balances exposed to custodial credit risk as uninsured and uncollateralized by GASB pronouncements.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2012

III. DETAILED NOTES TO ALL FUNDS

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

Amount due from DPH:

Program 001 - June reimbursement request	\$ 221,688
Program 011 - June reimbursement request	55,666
Program 053 - June reimbursement request	9,648
Program 117 - June reimbursement request	3,500
Program 379 - June reimbursement request	148,012
Program 548 - June reimbursement request	400
	<u>438,914</u>

Amount due to DPH:

Program 001 - Adjustment for initial operating advance	(221,688)
Program 011 - Adjustment for initial operating advance	(4,504)
Program 053 - Adjustment for initial operating advance	(9,648)
Program 117 - Adjustment for initial operating advance	(1,800)
Program 542 - Adjustment for initial operating advance	(616)
	<u>(238,256)</u>

Due from (to) DHR, net \$ 200,658

C. Related Party

During the year the Center received County participating and non-participating revenues of \$864,636 and \$402,908, respectively, from Chatham County, Georgia.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2012

III. DETAILED NOTES TO ALL FUNDS

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Increase	Decrease	Balance June 30, 2012
Equipment and vehicles	\$ 322,963	\$ 47,470	\$ -	\$ 370,433
Accumulated depreciation	(267,482)	(44,821)	-	(312,303)
Governmental activities - Capital assets, net	\$ 55,481	\$ 2,649	\$ -	\$ 58,130

E. Fund Equity

Fund Balances:

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

General Fund -

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.

\$ 9,768,025

... *Assigned* – The following fund balances are assigned:

General Fund -

Designated for use in specific programs

\$ 14,685

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, 2012

IV. OTHER INFORMATION

B. Other

The Center receives 16.30% 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, 2012 through August 3, 2012 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 August 3, 2012.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses) -
Actual and Budget - General Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance,
	<u>Original</u>	<u>Final</u>		Favorable
				(Unfavorable)
REVENUES				
DPH - grant-in-aid	\$ 2,623,099	\$ 3,586,570	\$ 3,579,768	\$ (6,802)
Federal contracts	1,073,907	2,513,449	1,711,795	(801,654)
State contracts	597,043	601,043	616,251	15,208
Contracts - private	235,000	370,400	342,267	(28,133)
County participating	996,000	864,636	864,636	-
County non-participating	259,000	402,908	402,908	-
Outpatient client fees	673,300	752,800	823,652	70,852
Outpatient medicaid fees	185,000	355,000	346,074	(8,926)
Outpatient medicare fees	30,200	57,000	52,194	(4,806)
Family planning fees	19,000	19,000	10,802	(8,198)
Environmental fees	500,000	500,000	643,016	143,016
Administrative claiming	200,000	300,000	354,122	54,122
Vital records fees	500,000	500,000	632,313	132,313
Private insurance fees	5,000	5,000	584	(4,416)
Donations	13,700	15,300	17,277	1,977
Other local funds	8,871,112	8,490,397	8,490,192	(205)
Other income	155,000	1,224	793	(431)
Intra/inter agency - WIC	729,270	833,070	833,070	-
Intra/inter agency	311,282	566,516	639,632	73,116
	<u>17,976,913</u>	<u>20,734,313</u>	<u>20,361,346</u>	<u>(372,967)</u>
OTHER FINANCING SOURCES				
Transfer from fund balance - assigned	-	1,000	-	(1,000)
Transfer from fund balance - restricted - prior year program income	1,320,909	1,596,959	1,596,959	-
	<u>1,320,909</u>	<u>1,596,959</u>	<u>1,596,959</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 19,297,822</u>	<u>\$ 22,332,272</u>	<u>\$ 21,958,305</u>	<u>\$ (373,967)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance, Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Personnel services:				
Salaries			\$ 5,424,843	
Fringe benefits			2,563,895	
	<u>\$ 7,354,578</u>	<u>\$ 8,544,890</u>	<u>7,988,738</u>	<u>\$ 556,152</u>
Equipment	<u>19,600</u>	<u>80,272</u>	<u>75,719</u>	<u>4,553</u>
Intra/inter agency	<u>360,492</u>	<u>502,089</u>	<u>465,017</u>	<u>37,072</u>
Other operating:				
Travel			92,912	
All other operating			3,191,804	
	<u>11,563,152</u>	<u>13,205,021</u>	<u>3,284,716</u>	<u>9,920,305</u>
Total expenditures	<u>19,297,822</u>	<u>22,332,272</u>	<u>11,814,190</u>	<u>10,518,082</u>
Excess of revenues and other financing sources over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	10,144,115	<u><u>\$ 10,144,115</u></u>
OTHER FINANCING (USES)				
Transfer to fund balance - unassigned			(375,501)	
Transfer to fund balance - assigned			(589)	
Transfer to fund balance - restricted prior year program income			<u>(9,768,025)</u>	
Excess of revenues and other financing sources over expenditures and other financing (uses)			<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 001 - Public Health
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 2,903,264	\$ 2,903,264	\$ -
County participating	864,636	864,636	-
County non-participating	402,908	402,908	-
Outpatient client fees	820,250	749,800	70,450
Outpatient Medicaid fees	290,599	300,000	(9,401)
Outpatient Medicare fees	50,374	52,000	(1,626)
Family planning fees	10,802	19,000	(8,198)
Vital records fees	632,313	500,000	132,313
Environmental fees	643,016	500,000	143,016
Administrative claiming	354,122	300,000	54,122
Private insurance fees	94	4,800	(4,706)
Other local funds	295	500	(205)
Other income	569	1,000	(431)
State contracts	64,208	49,000	15,208
Contracts - private	160,200	198,000	(37,800)
Donations	15,162	12,300	2,862
Intra/inter agency - WIC	833,070	833,070	-
Intra/inter agency	513,252	440,000	73,252
	<hr/>	<hr/>	<hr/>
Total revenues	8,559,134	8,130,278	428,856
OTHER FINANCING SOURCES			
Prior year program income - fees	1,565,297	1,565,297	-
	<hr/>	<hr/>	<hr/>
Total revenues and other financing sources	\$ 10,124,431	\$ 9,695,575	\$ 428,856
	<hr/>	<hr/>	<hr/>

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, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
EXPENDITURES			
Personnel services:			
Salaries	\$ 3,957,202		
Fringe benefits	1,883,517		
	<u>5,840,719</u>	<u>\$ 5,793,915</u>	<u>\$ (46,804)</u>
Equipment	<u>63,078</u>	<u>67,506</u>	<u>4,428</u>
Intra/inter agency	<u>275,496</u>	<u>280,151</u>	<u>4,655</u>
Other operating:			
Travel	38,885		
All other operating	1,631,202		
	<u>1,670,087</u>	<u>3,554,003</u>	<u>1,883,916</u>
Total expenditures	<u>7,849,380</u>	<u>9,695,575</u>	<u>1,846,195</u>
Excess of revenues and other financing sources over expenditures	2,275,051	<u>\$ -</u>	<u>\$ 2,275,051</u>
OTHER FINANCING (USES)			
Transfer to fund balance - unassigned	(375,501)		
Transfer to fund balance - restricted - prior year program income	<u>(1,899,550)</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, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 200,210	\$ 200,210	\$ -
EXPENDITURES			
Personnel services:			
Salaries	84,091		
Fringe benefits	41,999		
	<u>126,090</u>	<u>126,090</u>	<u>-</u>
Intra/inter agency	<u>21,960</u>	<u>21,960</u>	<u>-</u>
Other operating:			
Travel	1,346		
All other operating	50,814		
	<u>52,160</u>	<u>52,160</u>	<u>-</u>
Total expenditures	<u>200,210</u>	<u>200,210</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, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contract	\$ 552,043	\$ 552,043	\$ -
State contract	552,043	552,043	-
Total revenues	<u>1,104,086</u>	<u>1,104,086</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries	552,844		
Fringe benefits	268,622		
	<u>821,466</u>	<u>821,466</u>	<u>-</u>
Equipment	<u>10,666</u>	<u>10,666</u>	<u>-</u>
Intra/inter agency	<u>81,909</u>	<u>81,909</u>	<u>-</u>
Other operating:			
Travel	46,564		
All other operating	143,481		
	<u>190,045</u>	<u>190,045</u>	<u>-</u>
Total expenditures	<u>1,104,086</u>	<u>1,104,086</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 (Uses) -
Actual and Budget - General Fund
Program 032 - SPLOST Capital Expenditures
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Intergovernmental revenue	\$ 8,425,448	\$ 8,425,448	\$ -
Other income	224	224	-
Total revenues	<u>8,425,672</u>	<u>8,425,672</u>	<u>-</u>
EXPENDITURES			
Other operating	<u>621,459</u>	<u>8,425,672</u>	<u>7,804,213</u>
Excess of revenues over expenditures	7,804,213	<u>\$ -</u>	<u>\$ 7,804,213</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - prior year program income	<u>(7,804,213)</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, Expenditures and Other Financing Sources (Uses) -
Actual and Budget - General Fund
Program 053- AIDS Ambulatory Care
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 115,310	\$ 115,310	\$ -
Outpatient client fees	3,402	3,000	402
Outpatient Medicaid fees	55,475	55,000	475
Outpatient Medicare fees	1,820	5,000	(3,180)
Private insurance fees	490	200	290
Other income	20,000	20,000	-
Contracts - private	182,067	172,400	9,667
Intra/inter agency	110,000	110,000	-
Total revenues	<u>488,564</u>	<u>480,910</u>	<u>7,654</u>
OTHER FINANCING SOURCES			
Prior year program income - fees	<u>19,910</u>	<u>19,910</u>	<u>-</u>
Total revenues and other financing sources	<u>508,474</u>	<u>500,820</u>	<u>7,654</u>
EXPENDITURES			
Personnel services:			
Salaries	259,106		
Fringe benefits	103,048		
	<u>362,154</u>	<u>364,022</u>	<u>1,868</u>
Equipment	<u>1,975</u>	<u>2,100</u>	<u>125</u>
Intra/inter agency	<u>13,179</u>	<u>13,179</u>	<u>-</u>
Other operating:			
Travel	2,338		
All other operating	96,018		
	<u>98,356</u>	<u>121,519</u>	<u>23,163</u>
Total expenditures	<u>475,664</u>	<u>500,820</u>	<u>25,156</u>
Excess of revenues and other financing sources over expenditures	32,810	<u>\$ -</u>	<u>\$ 32,810</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - prior year program income	<u>(32,810)</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 062 - Pedestrian Safety
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contract	\$ 11,221	\$ 18,400	\$ (7,179)
Intra/inter agency	4,662	4,662	-
Total revenues	<u>15,883</u>	<u>23,062</u>	<u>(7,179)</u>
EXPENDITURES			
Personnel services:			
Salaries	10,447		
Fringe benefits	4,671		
	<u>15,118</u>	<u>15,127</u>	<u>9</u>
Other operating:			
Travel	164		
All other operating	601		
	<u>765</u>	<u>7,935</u>	<u>7,170</u>
Total expenditures	<u>15,883</u>	<u>23,062</u>	<u>7,179</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 067 - Title III Ryan White
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contract	\$ 1,005,426	\$ 1,775,048 *	\$ (769,622)
EXPENDITURES			
Personnel services:			
Salaries	518,715		
Fringe benefits	242,610		
	<u>761,325</u>	<u>1,339,470</u> *	<u>578,145</u>
Intra/inter agency	<u>23,626</u>	<u>37,740</u>	<u>14,114</u>
Other operating:			
Travel	2,462		
All other operating	218,013		
	<u>220,475</u>	<u>397,838</u>	<u>177,363</u>
Total expenditures	<u>1,005,426</u>	<u>1,775,048</u>	<u>769,622</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Budget amount is inclusive of a year-end budget revision which has been approved and entered on the client's general ledger system. However, the revision was inadvertently not entered into the UAS system.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses) -
Actual and Budget - General Fund
Program 103 - Safe Kids
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Donations	\$ 2,115	\$ 3,000	\$ (885)
Total revenues	<u>2,115</u>	<u>3,000</u>	<u>(885)</u>
OTHER FINANCING SOURCES			
Fund balance - assigned	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
Total revenues and other financing sources	<u>2,115</u>	<u>4,000</u>	<u>(1,885)</u>
EXPENDITURES			
Other operating:			
Travel	-		
All other operating	<u>1,526</u>		
	<u>1,526</u>	<u>4,000</u>	<u>2,474</u>
Total expenditures	<u>1,526</u>	<u>4,000</u>	<u>2,474</u>
Excess of revenues and other financing sources over expenditures	589	<u>\$ -</u>	<u>\$ 589</u>
OTHER FINANCING (USES)			
Transfer to fund balance - assigned	<u>(589)</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, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 116 - Safety Net Council
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Other local funds	\$ 44,449	\$ 44,449	\$ -
Intra/inter agency	10,354	10,354	-
Total revenues	<u>54,803</u>	<u>54,803</u>	<u>-</u>
OTHER FINANCING SOURCES			
Prior year program income - fees	<u>11,752</u>	<u>11,752</u>	<u>-</u>
Total revenues and other financing sources	<u>66,555</u>	<u>66,555</u>	<u>-</u>
EXPENDITURES			
Intra/inter agency	<u>7,449</u>	<u>25,752</u>	<u>18,303</u>
Other operating:			
Travel	797		
All other operating	<u>26,857</u>		
	<u>27,654</u>	<u>40,803</u>	<u>13,149</u>
Total expenditures	<u>35,103</u>	<u>66,555</u>	<u>31,452</u>
Excess of revenues and other financing sources over expenditures	31,452	<u>\$ -</u>	<u>\$ 31,452</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - prior year program income	<u>(31,452)</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 117 - 3rd Grade Level Reading Initiative
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 13,198	\$ 20,000	\$ (6,802)
EXPENDITURES			
Intra/inter agency	9,000	9,000	-
Other operating	4,198	11,000	6,802
Total expenditures	<u>13,198</u>	<u>20,000</u>	<u>6,802</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 196 - Med - Bank
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Intra/inter agency	\$ 1,364	\$ 1,500	\$ (136)
EXPENDITURES			
Other operating	<u>1,364</u>	<u>1,500</u>	<u>136</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 and Expenditures
Actual and Budget - General Fund
Program 246 - DNR Coastal Incentive Grant
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contracts	\$ 43,105	\$ 67,958	\$ (24,853)
EXPENDITURES			
Personnel services:			
Salaries	18,396		
Fringe benefits	8,209		
	<u>26,605</u>	<u>49,539</u>	<u>22,934</u>
Other operating	<u>16,500</u>	<u>18,419</u>	<u>1,919</u>
Total expenditures	<u>43,105</u>	<u>67,958</u>	<u>24,853</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 269 - Prevent HIV in Corrections
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 37,986	\$ 37,986	\$ -
EXPENDITURES			
Personnel services:			
Salaries	24,042		
Fringe benefits	11,219		
	<u>35,261</u>	<u>35,261</u>	<u>-</u>
Intra/inter agency	<u>1,898</u>	<u>1,898</u>	<u>-</u>
Other operating:			
Travel	356		
All other operating	471		
	<u>827</u>	<u>827</u>	<u>-</u>
Total expenditures	<u>37,986</u>	<u>37,986</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 362 - Ryan White III HIV Capacity
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Federal contract	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>
EXPENDITURES			
Other operating	<u>100,000</u>	<u>100,000</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 and Expenditures
Actual and Budget - General Fund
Program 379 - Orasure Laboratory Services
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 230,000	\$ 230,000	\$ -
EXPENDITURES			
Intra/inter agency	23,000	23,000	-
Other operating	207,000	207,000	-
Total expenditures	230,000	230,000	-
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 521 - Orasure Laboratory Services Supplies
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 75,000	\$ 75,000	\$ -
EXPENDITURES			
Intra/inter agency	7,500	7,500	-
Other operating	67,500	67,500	-
Total expenditures	75,000	75,000	-
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 548 - HIV Prevention Off Site Spec
Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 4,800	\$ 4,800	\$ -
EXPENDITURES			
Other operating	4,800	4,800	-
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, 2012

<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	\$ -
Pedestrian Safety	062	\$ -
Title III Ryan White	067	\$ -
Safe Kids	103	\$ -
Safety Net Council	116	\$ -
3rd Grade Level Reading Initiative	117	\$ -
Med Bank	196	\$ -
DNR - Coastal Incentive Grant	246	\$ -
Prevent HIV in Corrections	269	\$ -
Ryan White III HIV Capacity	362	\$ -
Orasure Laboratory Services	379	\$ -
Orasure Laboratory Services Supplies	521	\$ -
Preparedness and Emergency Response for Bioterrorism	542	\$ 616
HIV Prevention Off Site Spec	548	\$ -

** - The proposed financial settlement for program 542 is the result of funds received by the Center in fiscal year 2011. However, the Center did not operate this program for fiscal year 2011 or 2012.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of State Contractual Assistance
Year Ended June 30, 2012

<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	\$ 2,903,264	\$ 2,903,264	\$ -	
Lead Poisoning	011	200,210	200,210	51,162	
AIDS Ambulatory Care	053	115,310	115,310	-	
3rd Grade Level Reading Initiative	117	13,198	13,198	1,700	
Prevent HIV in Corrections	269	37,986	37,986	-	
Orasure Laboratory Services	379	230,000	230,000	148,012	
Orasure Laboratory Services Supplies	521	75,000	75,000	-	
HIV Prevention Off Site Spec	548	4,800	4,800	400	
		<u>\$ 3,579,768</u>	<u>\$ 3,579,768</u>	<u>\$ 201,274</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>
Georgia Governor's Office of Highway Safety					
Pedestrian Safety	062		11,221	11,221	-
Department of Health and Human Services Contract					
Public Health	001	MOA	64,208	64,208	28,130
Title III Ryan White	067	6H76HA00089-21-02	602,624	602,624	84,545
Title III Ryan White	067	5H76HA00089-20-00	402,802	402,802	-
Ryan White III HIV Capacity	362	1P06HA21099-01-00	100,000	100,000	-
Coastal Regional Commission					
Community Care	016	2012-04.2	1,104,086	1,104,086	197,466
Georgia Department of Natural Resources					
DHR - Coastal Incentive Grant	246	N/A	43,105	43,105	43,105
Total Other Contracts - Due from amount reflected in contracts receivable			<u>\$ 2,328,046</u>	<u>\$ 2,328,046</u>	<u>\$ 353,246</u>
Total Grant-in-aid and Other Contracts			<u>\$ 5,907,814</u>	<u>\$ 5,907,814</u>	<u>\$ 554,520</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.
Interim Health Director
District 9, Unit 1
150 Scranton Connector
Brunswick, Georgia 31525-0540

We have audited the component unit financial statements 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, 2012, and have issued our report thereon dated August 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures 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 Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Diane Z. Weems, M.D.
Interim 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*.

This report is intended solely for the information and use of the Board of Health, management and the Georgia Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties.

Hilliard & Milton, LLC

McRae, Georgia

August 3, 2012



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Chatham County Board of Health d/b/a Chatham County Public Health Center (Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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 State and 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. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, the Chatham County Public Health Center (Center) complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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

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 duties, 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.

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 the Center's internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above.

This report is intended solely for the information and use of, the Board of Health, management and the Georgia Department of Public Health and is not intended to be and should not be used by anyone other than these specified parties.

Hilliard & Milton, LLC

McRae, Georgia

August 3, 2012

CHATHAM COUNTY PUBLIC HEALTH CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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

Grants to Provide Outpatient Early Intervention

Services with Respect to HIV Disease 93.918 \$ 1,005,426

\$ 1,005,426

- (viii) Type A programs are the programs with total program expenditures of \$500,000 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, 2012

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.

The prior year report contained a significant deficiency related to capital assets.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

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	6H76HA00089-21-02	\$ 602,624
Grants to Provide Outpatient Early Intervention with Respect to HIV Disease	93.918	5H76HA00089-20-00	402,802
Special Projects of National Significance	93.928	1P06HA21099-01-00	100,000
Pass through Georgia Department of Public Health:			
National Bioterrorism Hospital Preparedness Program	93.889	Program 011	200,210
Maternal and Child Health Services Block Grant	93.994	Program 117	13,198
HIV Prevention Activities - Health Department Based	93.940	Program 269	37,986
HIV Prevention Activities - Health Department Based	93.940	Program 379	230,000
HIV Prevention Activities - Health Department Based	93.940	Program 521	75,000
HIV Prevention Activities - Health Department Based	93.940	Program 548	4,800
Pass through Coastal Georgia Regional Development Center			
Medical Assistance Program	93.778	2012-04.2	<u>552,043</u>
Total US. Department of Health & Human Services			<u>2,218,663</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass through Governor's Office of Highway Safety - Pedestrian Safety	20.600	Program 062	<u>11,221</u>
Total US. Department of Transportation			<u>11,221</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,229,884</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, 2012

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