

# **AGENDA MODIFICATIONS FOR MAY 28, 2013**

- 1. Item #10 – Additional Information: Consideration of a One-Time Funding Request for the Word of South Festival in the Amount of \$100,000**
- 2. Item #14 - Authorization to Resume Bond Community Health Center’s FY 2012-2013 Primary Healthcare Contract Payments; Approval of a First Amendment to the FY 2012-2013 Primary Healthcare Contract; and, Approval of the Letter of Agreement with the Agency for Healthcare Administration**
- 3. Items #17 & #18 – Additional Information:**
  - a. Item #17 – First and Only Public Hearing to Consider Proposed Revised Solid Waste Ordinance**
  - b. Item #18 – First and Only Public Hearing on a Proposed Stormwater Management System Ordinance, and Adoption of Resolution Relating to the Provision of Funding Stormwater Management System and the Related Rate Study**
- 4. Item #20 – Add-on: Consideration of Negotiations on Implementation of the Five-Cent Gas Tax with the City of Tallahassee**

# **Additional Information for Agenda Items #10**

## **Consideration of Funding Request for the Word of South Festival in the Amount of \$100,000**

**Meeting of Tuesday, May 28, 2013**

**This document distributed May 23, 2013**

# BOARD OF COUNTY COMMISSIONERS

## MEMORANDUM

**DATE:** May 21, 2013

**TO:** Honorable Chairman and Members of the Board of County Commissioners

**FROM:** Vincent S. Long, County Administrator 

**SUBJECT:** Additional Information for Item #10: Consideration of a One-Time Funding Request for the Word of South Festival in the Amount of \$100,000

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Staff has received additional information from Mark Mustian regarding the request for funding for \$100,000 from the unallocated fund balance of the Tourist Development account. The funds being requested are for \$50,000 during FY 2014, and \$50,000 during FY 2015.

The additional information attached to this memorandum includes a project description, project timeline, and revised project budget.

Encl: 2015 "Word of South" Description  
Word of South Timeline  
Word of South proposed Budget

## 2015 “Word of South” Literary and Music Festival

We’re in the planning stages for the inaugural “Word of South” Festival, which is designed to be an international-level celebration of reading and literature in a unique environment—Florida’s capital city Tallahassee, in and around the newly opened Cascades Park. In our desire to distinguish this from other festivals, we envision Word of South pairing literature with complementary disciplines: art, politics, the environment, religion. For at least the first festival, we’ve decided to focus on literature and music.

The proposed dates of the festival are February 28 - March 1, 2015. Picture readings and talks by internationally known authors and musical performances by equally well-known musicians. Then combine these two disciplines in interesting ways. For instance, below is a list of potential panel discussions, readings, events and performances:

writers who have written about music  
musicians who have written books  
discussions of how literature influences music, and vice versa  
musical memoirs  
how to capture music in word and word in music  
music authors listen to as they write  
musicians who work from poetry

Concerts and lectures and raps and jams. We envision authors singing and musicians talking, and everything in between. It should be a *show*!

The festival is intended to be inviting, attractive and interesting to all citizens. We envision programming for children and a wide mix of literary and musical offerings. Although most events will be free, some of the larger events may require ticketing. Discussions are beginning with County and City and State staff on logistics.

Word of South is incorporated as Florida LitFest, Inc., and is applying for 501(c)(3) status. A steering committee heads up our effort, which currently consists of the following individuals:

Mark Mustian, Berneice Cox, Julz Graham, Nina Ashenafi-Richardson, John Van Gieson, Fran Conaway, Donna McHugh, Steve Dollar, Paige Twyman, Sheila Curran, Carla Deloach, Tricia Collins, Chrys Goodwyne

We welcome anyone else who would like to become involved. We’re currently exploring potential partnerships with the Tallahassee Symphony, Seven Days of Opening Nights and other area entities to help create a truly unique event that both showcases our area and helps draw people in.

## Word of South Festival Timeline

- March-May 2013 Secure Additional funding Commitment from Leon TDC
- June 2013 Apply for State Grant
- July 2013 Receive 501(c)(3) designation
- August 2013 Finalize Cascades Park locations for events
- September 2013 Explore collaboration with Seven Days, TSO, others
- October 2013 Finalize Proposed Program
- November 2013 Finalize Logistics for Festival
- December 2013 Begin Private Sponsor Push
  
- January 2014 Begin Artist Invites
- February 2014 Finalize Other Grant Opportunities
- March 2014 Finalize Publicity Plan for Festival/"Teaser" Events
- April 2014 Finalize Artist Invites
- May 2014 Receive State Grant
- September 2014 Phase II Private Sponsor Push
- October 2014 Contact Vendors
- November 2014 Publicity Begins
- December 2014 Practice Run-Through for Festival
  
- January 2015 Publicity, Logistics
- February 2015 **Word of South**

**Word of South**  
a festival of literature and music

Proposed Operating Budget

Outside fees and services: programmatic	\$325,000
Outside fees and services: other	50,000
Space rental, logistics, tents, audio	50,000
Marketing	50,000
Other operating expenses, incl accommodations	<u>75,000</u>
	\$600,000

**Attached is Agenda Item #14**

**Authorization to Resume Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract Payments; Approval of a First Amendment to the FY 2012-2013 Primary Healthcare Contract; and, Approval of the Letter of Agreement with the Agency for Healthcare Administration**

*(This is a General Business Item)*

**Meeting of Tuesday, May 28, 2013**

**This document distributed May 23, 2013**

# Leon County

## Board of County Commissioners

### Cover Sheet for Agenda #14

May 28, 2013

**To:** Honorable Chairman and Members of the Board

**From:** Vincent S. Long, County Administrator 

**Title:** Authorization to Resume Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract Payments; Approval of a First Amendment to the FY 2012-2013 Primary Healthcare Contract; and, Approval of the Letter of Agreement with the Agency for Healthcare Administration

<b>County Administrator Review and Approval:</b>	Vincent S. Long, County Administrator
<b>Department/ Division Review:</b>	Alan Rosenzweig, Deputy County Administrator Candice M. Wilson, Director, Office of Human Services and Community Partnerships
<b>Lead Staff/ Project Team:</b>	Eryn D. Calabro, Financial Compliance Administrator

**Fiscal Impact:**

This item has no fiscal impact to the County. The County has allocated \$805,140 for primary healthcare; women and children's health services; and, mental health services, of which a total of \$626,891 is currently remitted as grant matching funds. The resumption of payments to Bond Community Health Center is in line with the County's agreements with Bond Community Health Center (CHC) and the Agency for Health Care Administration (AHCA). In addition, an Amendment to the contract would increase the matching funds to \$699,346; thereby, reducing the remaining reimbursable funding for Bond Community Health Center from \$178,249 to \$105,794.

**Staff Recommendation:**

- Option #1: Authorize the resumption of Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract payments, less \$5,679.
- Option #2: Approve the First Amendment to the Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract (Attachment #1), and authorize the County Administrator to execute.
- Option #3: Approve the Letter of Agreement with the Agency for Healthcare Administration (Attachment #2), and authorize the County Administrator to execute.

## **Report and Discussion**

### **Background:**

On April 2, 2013, Bond Community Health Center's Interim Chief Executive Officer, Debra Weeks, notified its funding partners via email regarding the outcome of their FY11-12 audit. In that correspondence, Ms. Weeks noted, "...extremely serious questions have arisen about financial expenditures that have prompted us to notify our federal project manager and appropriate law enforcement agencies, and we are currently in the process of hiring a forensic auditing firm to review our financial books" (Attachment #3).

On April 3, 2013, the County Administrator sent an e-mail with an attached memorandum to the Board of County Commissioners that included an action plan to respond to Bond CHC's situation immediately (Attachment #4). In that e-mail, the County Administrator advised that he would be bringing this issue to the Board to receive ratification and authorization on the recommendations included in the action plan, as well as any other guidance and direction from the Board on this matter.

As included in the County Administrator's email to the Board, on April 3, 2013, the Administrator had a letter delivered to Ms. Weeks, requesting additional information related to the action plan (Attachment #5). The County Administrator requested the information be submitted by Friday, April 5, 2013 to allow the Board the opportunity to discuss the issue at the April 9<sup>th</sup> meeting.

After 5:00 p.m. on April 8, 2013, the County Administrator received a response letter from Ms. Weeks (Attachment #6). This letter generally addressed the request for information by the County Administrator. Ms. Weeks included audit documentation that cited lack of internal controls, which allowed for the opportunity for unauthorized payments to be made. As the documentation did not adequately address whether County funds were included in any of the undocumented expenses noted by the auditor, the County Administrator provided a list of recommendations to be presented and considered by the Board at the April 9<sup>th</sup> meeting.

On April 9, 2013, at the regularly scheduled commission meeting, County Commissioners approved the following actions be taken:

1. Request Bond CHC to provide any and all documentation to demonstrate that County funding was not used to support undocumented expenditures as noted by the aforementioned audit findings.
2. Request Bond CHC to provide any and all documentation to demonstrate that County funding is not part of the forensic audit or law enforcement investigation noted by Bond.
3. Request Bond CHC to provide any and all documentation to demonstrate that Bond CHC has implemented measures to strengthen internal controls and safeguarding of assets including County funding.
4. Defer payments to Bond CHC and AHCA in support of Bond CHC contract and any other contract modification (including the request to support an additional contract modification for the new grant match) until such time that items 1 through 3 have been responded to and determined sufficient by the Board of County Commissioners.

**Analysis:**

Subsequent to the April 9, 2013 Board meeting, staff and Bond CHC representatives met and communicated in order to address the action plan items as approved by the Board. Bond CHC communicated that the County's funding is approximately 28% of their budget and that the loss of funding would result in an impact in less than 30 days. The County Administrator acknowledged that the County needs the minimum assurances that County funds were not involved in the audit findings, as well as assurances that appropriate policies and procedures have been implemented to safeguard future dollars.

On April 10, 2013, the County Administrator sent a letter to Ms. Weeks (Attachment #7) outlining the Board's actions, while requesting any outstanding requests from his first letter, regarding any reports prepared by Dot Inman Johnson, with a response deadline of April 17<sup>th</sup>. Ms. Weeks contacted the County Administrator and scheduled a meeting for April 15, 2013.

On April 15, 2013, the County Administrator and staff met with Bond CHC representatives. Bond's representatives confirmed that they intended to resolve this matter quickly and thoroughly. They assured staff that County dollars were not involved and would provide documentation to attest to that fact, as well as provide Dot Inman Johnson's report.

In a letter received May 20, 2013, the Interim CEO and Chairman of Bond CHC's Board of Directors provided the County Administrator the following documentation (Attachment #8):

- Attachment A – April 29, 2013 Auditor's Letter from CohnReznick stating the FY 12 audit is free from material misstatement
- Attachment B – Credit Card Policies and Procedures and Agreement and Authorizations Forms
- Attachment C – May 7, 2013 Letter from Grayson Accounting & Consulting calculating the maximum exposure of undocumented expenses allocable to Leon County for FY 12
- Attachment D – February 1, 2013 Letter of Engagement to Dot Inman Johnson for Independent Contractor and a status report on her scope of work

This documentation includes the Independent Accountants report which calculates the maximum exposure of allocable County funds on the total amount of expenditures charged to the American Express card for fiscal year 2012, included documented and undocumented charges. Bond CHC staff chose to perform this calculation to capture the maximum possible amount of exposed funds. That total amount for fiscal year 2012-2013 amounts to \$5,679. In addition to providing the requested documentation, staff asked Bond CHC to address the inquiries regarding the payment of outside attorney's fees. Bond CHC attests that no County dollars were used at any point as payment for attorney's fees.

In reiteration of Bond CHC's commitment to the County and community as a whole, Bond CHC's Board of Directors has stipulated that, while they can assure the County that no funds were compromised, in order to ensure a continuity of services, Bond CHC requests that a proportionate share of the County's funding that potentially could have been exposed, or \$5,679, be deducted from the remaining pharmacy staffing funding. Bond CHC still seeks to have a portion of the pharmacy staffing utilized as matching funds for the AHCA Low Income Pool grant.

Staff has determined that Bond CHC's response to the County Administrator's action plan is sufficient and provides the necessary assurances. Based on the policies and procedures included in Bond CHC's response, it appears that safeguards are in place to provide proper oversight of County dollars.

*Bond CHC's Request for Use of Pharmacy Funding as an AHCA LIP Match*

A prior request (Attachments #9 and #10) was received from the Interim CEO of Bond CHC to utilize a portion of the contracted Pharmacy dollars as a match in support of a new Agency for Health Care Administration's (AHCA) Low Income Pool (LIP) grant (Attachments #1 and #2). Currently, Leon County provides funding to Bond CHC for healthcare services to uninsured and indigent residents of Leon County. Bond CHC receives \$332,052 for primary healthcare services, \$245,588 for women and children's health services, \$177,500 for pharmacy services, and \$50,000 for mental health services for a total of \$805,140. At this time, a portion of the funding is allocated to the AHCA's Low Income Pool (LIP), as matching funds, for the expansion of healthcare services to low-income residents. Of the \$805,140 allocated for primary healthcare, women and children's health services, and mental health services, \$626,891 is provided as a match. This match allows Bond to receive more than \$2.5 million in state and local funding. The remaining County funding of \$178,249 is to be reimbursed to Bond CHC for services, including pharmacy staffing.

Bond CHC has been receiving the \$177,500 in funding for pharmacy staffing reimbursements since 2009. Bond CHC has indicated, in its letter of request, that a portion of the staffing costs, previously supported by the County, will now be supported by patient revenue derived from self-pay/co-pay, Medicaid reimbursement, and third-party insurance. The remaining County dollars will be used to support the Pharmacy as follows:

<b>Proposed Partially Funded Pharmacy Program Expense (Bond CHC FY12/13)</b>	
1.0 FTE Pharmacy Manager (Salary + Fringe)	\$71,016
1.0 FTE Pharmacy Technician (Salary + Fringe)	\$24,856
.50 FTE PAP Coordinator (Salary + Fringe)	\$9,173
<b>Total:</b>	<b>\$105,045</b>

*AHCA Low Income Pool*

The Medicaid LIP grant is made available to Bond CHC as a Federally Qualified Health Center (FQHC). Per House Bill 5001, the General Appropriations Act of State Fiscal Year 2012-2013, passed by the 2012 Florida Legislature, funding, in the amount of \$98,955 is available to Bond CHC with a match contribution from the County of \$72,455. This match will net Bond CHC a total of \$171,410.

Bond CHC intends to utilize the full \$171,410 to maintain and support operations of the Mobile Unit in order to provide services to patients throughout Leon County. Additionally, the funding will provide for the clinical and outreach staff consisting of an Advanced Registered Nurse Practitioner (ARNP), Licensed Practical Nurse (LPN), Medical Assistant (MA), Spanish-Speaking Outreach Worker, Intake Specialist, and Driver for the Mobile Unit. The Mobile Unit provides an additional resource to mitigate the barrier for patients in Leon County who do not have access to the Health Center. By funding the Mobile Unit, additional Leon County residents can now be afforded quality health care access. Meanwhile, Bond CHC maintains that the Pharmacy will remain operational and fully staffed through the combined funding of County and non-County dollars.

Approval of the First Amendment to the Contract with Bond CHC, and Board approval of the Letter of Agreement between Leon County and the Agency for Healthcare Administration in the amount of \$72,455 to match the Medicaid Low Income Pool funds for the Bond Community Health Center, would mean reducing the FY 12/13 provider's reimbursable allocation, which includes funds for pharmacy staffing, from \$178,249 to \$105,794. By allowing Bond CHC to utilize a portion of the pharmacy staffing dollars, they would receive \$98,955 from the State for a total of \$171,410 in Medicaid Low Income Pool funds. Approval of this Amendment is consistent with previous Board actions regarding amendments to Bond CHC's Contract for Medicaid LIP funding.

**Options:**

1. Authorize the resumption of Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract payments, less \$5,679.
2. Approve the First Amendment to the Bond Community Health Center FY 2012-2013 Primary Healthcare Contract, and authorize the County Administrator to execute.
3. Approve the Letter of Agreement with the Agency for Healthcare Administration, and authorize the County Administrator to execute.
4. Do not authorize the resumption of Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract payments.
5. Do not approve the First Amendment to the Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract, and do not approve Letter of Agreement with the Agency for Healthcare Administration.
6. Board direction.

**Recommendation:**

Options #1, #2, and #3.

Title: Authorization to Resume Bond Community Health Center's FY 2012-2013 Primary Healthcare Contract Payments; Approval of a First Amendment to the FY 2012-2013 Primary Healthcare Contract; and, Approval of the Letter of Agreement with the Agency for Healthcare Administration

May 28, 2013

Page 6

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Attachments:

1. First Amendment to the Bond Community Health Center Standard Contract
2. Letter of Agreement with the Agency for Healthcare Administration
3. April 2, 2013 Email from Debra Weeks, Interim CEO of Bond CHC to Funders
4. April 3, 2013 County Administrator's Memo to the Board and Action Plan
5. April 3, 2013 County Administrator's Letter to Debra Weeks, Interim CEO of Bond CHC
6. April 8, 2013 Letter and Information from Debra Weeks, Interim CEO of Bond CHC to the County Administrator
7. April 10, 2013 County Administrator's Letter to Debra Weeks, Interim CEO of Bond CHC
8. May 20, 2013 Email from Debra Weeks, Interim CEO of Bond CHC with Additional Documentation
9. March 25, 2013 Bond CHC Letter of Request
10. March 27, 2013 Addendum to Bond CHC Letter of Request

## FIRST AMENDMENT TO CONTRACT

**THIS FIRST AMENDMENT TO THE CONTRACT** dated January 14, 2013, by and between Leon County, Florida and Bond Community Health Center, Inc., is made and entered into this \_\_\_\_\_ day of May, 2013.

**NOW THEREFOR**, in consideration of the following mutual covenants and promises, the sufficiency of which being acknowledged, the Parties do hereby agree:

Section 1.

Section II. The County Agrees:

Section II. A., Contract Amount, of the Contract dated January 14, 2013, shall be and hereby is deleted in its entirety and replaced with the following:

To pay for contracted services according to the conditions of Attachment I in an amount of up to \$125.00 per patient visit for Primary Care and Women and Children's Services, not to exceed a total of \$332,052 for Primary Care, \$245,588 for Women & Children's Services, \$177,500 for Pharmacy Services and \$80.00 per patient visit for Mental Health Services not to exceed \$50,000 for a total contract amount of \$805,140, of which, \$699,346 will be remitted as grant matching funds to the Agency for Healthcare Administration, and \$105,794 will be reimbursed to the Provider, subject to the availability of funds. Leon County's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Board of County Commissioners. The costs of services paid under any other contract or from any other source are not eligible for reimbursement under this contract.

Section III. The Provider and the County Mutually Agree:

Section III. E., All Terms and Conditions Included, Attachment I, Section C, Method of Payment, number 5, of the Contract dated January 14, 2013, shall be and hereby is deleted in its Entirety and replaced with the following:

Payment for pharmacy services shall be made by the County upon receipt of valid invoice by Provider at a monthly rate equal to no more than one twelfth (1/12) of the following total contractual amount: \$105,045. The contractual amount is based upon the following line items (for twelve months):

Pharmaceutical Care Services:  
1720 South Gadsden Street  
1.0 FTE RX Manager  
\$71,016.34 (salary + fringe)

1.0 FTE Pharmacy Technician

\$24,855.72 (salary + fringe)

.50 FTE PAP Technician  
\$9172.94 (salary + fringe)

No line item (as identified above) payment shall be made until such time as the staff members identified in Section 6 of this contract are hired by the Contractor or County authorized Subcontractor. Similarly, no payment shall be made if the required monthly reports are not attached to the monthly invoice appropriately.

Section 2.

All other provisions of the Contract dated January 14, 2013, not otherwise inconsistent with the provisions herein shall remain in full force and effect.

Section 3.

This First Amendment to the Contract dated January 14, 2013, shall become effective upon full execution hereof.

(Remainder of page intentionally left blank)

**DONE AND EXECUTED** this \_\_\_\_ day of May, 2013.

WITNESS BY:

\_\_\_\_\_  
(Print Name and Title)

\_\_\_\_\_  
(Signature)

BOND COMMUNITY HEALTH CENTER,  
INC.

By: \_\_\_\_\_  
Debra Weeks, Chief Administrative  
Officer/Interim CEO

Date: \_\_\_\_\_

LEON COUNTY, FLORIDA

BY: \_\_\_\_\_  
Nicholas Maddox, Chairman  
Board of County Commissioners

ATTESTED BY:  
Bob Inzer, Clerk of Circuit Court

BY: \_\_\_\_\_

Approved as to Form:

COUNTY ATTORNEY'S OFFICE  
LEON COUNTY, FLORIDA

By: \_\_\_\_\_  
Herbert W.A. Thiele, Esq.  
County Attorney

## Letter of Agreement

THIS LETTER OF AGREEMENT is made and entered into in duplicate on the \_\_\_\_\_ day of May, 2013, by and between Leon County, Florida, a political subdivision of the State of Florida, (hereinafter referred to as the "County"), and the State of Florida, through its Agency for Health Care Administration (hereinafter referred to as the "Agency"),

1. Per House Bill 5001, the General Appropriations Act of State Fiscal Year 2012-2013, passed by the 2012 Florida Legislature, County and the Agency, agree that County will remit to the Agency an amount not to exceed a grand total of \$72,455.
  - a. The County and the Agency have agreed that these funds will only be used to increase the provision of health services for the Medicaid, uninsured, and underinsured people of the County and the State of Florida at large.
  - b. The increased provision of Medicaid, uninsured, and underinsured funded health services will be accomplished through the following Medicaid programs:
    - i. The Disproportionate Share Hospital (DSH) program.
    - ii. The removal of inpatient and outpatient reimbursement ceilings for teaching, specialty and community hospital education program hospitals.
    - iii. The removal of inpatient and outpatient reimbursement ceilings for hospitals whose charity care and Medicaid days as a percentage of total adjusted hospital days equals or exceeds 11 percent.
    - iv. The removal of inpatient and outpatient reimbursement ceilings for hospitals whose Medicaid days, as a percentage of total hospital days, exceed 7.3 percent, and are trauma centers.
    - v. Increase the annual cap on outpatient services for adults from \$500 to \$1,500.
    - vi. Medicaid Low Income Pool (LIP) payments to rural hospitals, trauma centers, specialty pediatric hospitals, primary care services and other Medicaid participating safety-net hospitals.
    - vii. Medicaid LIP payments to hospitals in the approved appropriations categories.
    - viii. Medicaid LIP payments to Federally Qualified Health Centers.
    - ix. Medicaid LIP payments to Provider Access Systems (PAS) for Medicaid and the uninsured in rural areas.
    - x. Medicaid LIP payments for the expansion of primary care services to low income, uninsured individuals.

2. The County will pay the Agency an amount not to exceed the grand total amount of \$72,455. The County will transfer payments to the Agency in the following manner:
  - a. The first 50% to be remitted by May 30, 2013 and the remaining 50% to be remitted by June 30, 2013.
  - b. The Agency will bill the County \$36,227.50 for the first payment and \$36,227.50 for the final payment.
3. Timelines: This agreement must be signed and submitted to the Agency no later than April 30, 2013, to be effective for SFY 2012-2013.
4. Attached are the DSH and LIP schedules reflecting the anticipated annual distributions for State Fiscal Year 2012-2013
5. The County and the Agency agree that the Agency will maintain necessary records and supporting documentation applicable to Medicaid, uninsured, and underinsured health services covered by this Letter of Agreement. Further, the County and Agency agree that the County shall have access to these records and the supporting documentation by requesting the same from the Agency.
6. The County and the Agency agree that any modifications to this Letter of Agreement shall be in the same form, namely the exchange of signed copies of a revised Letter of Agreement.
7. The County confirms that there are no pre-arranged agreements (contractual or otherwise) between the respective counties, taxing districts, and/or the providers to re-direct any portion of these aforementioned Medicaid supplemental payments in order to satisfy non-Medicaid, non-uninsured, and non-underinsured activities.
8. The County agrees the following provision shall be included in any agreements between the County and local providers where funding is provided for the Medicaid program. Funding provided in this agreement shall be prioritized so that designated funding shall first be used to fund the Medicaid program (including LIP) and used secondarily for other purposes.
9. The Agency will reconcile the difference between the amount of the IGTs used by or on behalf of individual hospitals' buybacks of their Medicaid inpatient and outpatient trend adjustments or exemptions from reimbursement limitations for SFY 2011-12 and an estimate of the actual annualized benefit derived based on actual days and units of service provided. Reconciliation amount may be incorporated into current year (SFY 2012-13) LOAs.
10. This Letter of Agreement covers the period of July 1, 2012 through June 30, 2013 and shall be terminated June 30, 2013.

**WITNESSETH:**

**IN WITNESS WHEREOF** the parties have duly executed this Letter of Agreement on the day and year above first written.

Leon County, Florida

State of Florida, Agency for Health Care  
Administration

\_\_\_\_\_  
Nicholas Maddox, Chairman  
Board of County Commissioners

\_\_\_\_\_  
Phil E. Williams  
Assistant Deputy Secretary for Medicaid  
Finance, Agency for Health Care  
Administration

Attest:  
Bob Inzer, Clerk of the Court  
Leon County, Florida

By: \_\_\_\_\_

Approved as to form:  
Leon County Attorney's Office

By: \_\_\_\_\_  
Herbert W. A. Thiele, Esq.  
County Attorney

<b>Local Government Intergovernmental Transfers</b>	
<b>Program / Amount</b>	<b>State Fiscal Year 2012-2013</b>
DSH	
LIP, Exemptions & SWI	72,455
Nursing Home SMP	
<b>Total Funding</b>	<b>\$72,455</b>

**Alan Rosenzweig - As Advised BY the PR Firm**

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**From:** "Debra Weeks" <dweeks@bondchc.com>  
**To:** <WilsonCa@leoncountyfl.gov>  
**Date:** 4/2/2013 4:55 PM  
**Subject:** As Advised BY the PR Firm

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**To Regulatory Agencies / Funders of Bond Community Health Center, Inc.**

Dear Colleagues:

I have some important news to share with you today about the Bond Community Health Center and some important steps we will be taking in the coming days to address some serious and troubling revelations.

As you know, last year, the Board of Directors chose not to renew former CEO J.R. Richards' contract and appointed an interim CEO. Since his departure we have also had new members join our Board of Directors and added new Executive Management to enhance the leadership team.

During the FY' 2011--12 audit, extremely serious questions have arisen about financial expenditures that have prompted us to notify our federal project manager and appropriate law enforcement agencies, and we are currently in the process of hiring a forensic auditing firm to review our financial books. We intend to actively cooperate with any investigation, because we have requested that help, and if there are any gaps in our financial safeguards we will seek expert advice on how to close them so such financial misdeeds can never happen again. As you may know, our activities are subject to periodic audits to ensure that funds we receive are properly utilized — only for the purposes and services for which they are intended and we discovered serious irregularities raising many red flags.

We will not tolerate the actions of anyone who would abuse his or her position and break a sacred trust to the community we serve. We are still assembling the complete set of facts, but know that we are committed to serving the members of our community who need us most.

It is profoundly shocking and disappointing that something like this could occur within Bond. People in this community trust us to have their best interests at heart, and we need to protect that trust.

As a result, we are going to initiate a more extensive forensic audit to find answers to the serious questions that have been raised.

Let me assure you that Bond will stick to its mission of protecting the fiscal health of this service organization.

We remain committed to delivering the same outstanding level of care to the community.

With your help, we will overcome this difficult situation and continue making a positive difference in the lives of the many people who depend on our services.

Thank you for your ongoing commitment to the great work we do.

Sincerely,

*Debra Weeks*, MSW  
Chief Administrative Officer / Interim CEO  
Bond Community Health Center, Inc.  
1720 South Gadsden Street  
Tallahassee, Florida 32301  
Office: 850-576-4073, ext. 248  
Fax: 850-521-5101  
Email: [dweeks@bondchc.com](mailto:dweeks@bondchc.com)

"In the Community... For the Community. Helping People Live Stronger and Longer..."

**From:** Alan Rosenzweig  
**To:** Coble, Christine  
**Date:** 4/9/13 8:09 AM  
**Subject:** Fwd: Update on Bond  
**Attachments:** Bond Action Plan.docx; Attachment #1.pdf; Bond Request for Information - Attachment 2.pdf

>>> Vince Long 4/3/2013 5:08 PM >>>

Commissioners,

As I indicated in my earlier e-mail to you today, I have attached an action plan in response to the situation concerning Bond Community Health Center. As I indicate in the attached, I will be providing a report to the Board which may include additional recommendations at the upcoming April 9th Commission meeting. Also attached are documents which are referenced in the action plan.

I believe the attached represents an urgent and fair response to the issues which have arisen. As I mentioned previously, I may be seeking Board authorization on broader policy issues as we learn more from Bond's response to the attached - and any other direction from the Board pursuant to this issue at the April 9th Commission meeting.

Thanks,

Vince

Vincent Long, MPA, ICMA-CM  
County Administrator  
Leon County, FL  
850-606-5300  
longv@leoncountyfl.gov

## *Board of County Commissioners*

### INTER-OFFICE MEMORANDUM

DATE: April 3, 2013

TO: Honorable Chairman and Members of the Board

FROM: Vincent S. Long, County Administrator

SUBJECT: County Action Plan Subsequent to Notification by Bond Community Health Center Regarding Serious Questions about Financial Expenditures, a Request for Criminal Investigation and Pending Forensic Audit

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On April 2, 2013, Bond Community Health Center's (Bond) Interim Chief Executive Officer, Debra Weeks, notified its funding partners that a recent audit had found "serious questions... about financial expenditures" within the organization, and that their federal project manager and law enforcement agencies have been contacted (Attachment #1). The notice also indicates that Bond was in the process of hiring a forensic auditing firm.

The County's current fiscal year primary health care contract with Bond is \$805,140. A portion of this funding (\$626,891) is currently leveraged with the State Agency for Health Care Administration (AHCA) to bring Bond an additional \$1.87 million in primary health care funding. To date the County has provided AHCA \$283,446 in matching funds. The County also budgets \$177,500 for pharmacy staffing, which has not yet been invoiced. Therefore there is currently \$520,945 in available funds to support Bond's contract. To ensure the responsible stewardship of County taxpayer dollars has occurred, I have requested that Bond respond to the following items by Friday, April 5, 2013.

1. A copy of the most recent Bond Health Resources and Services Administration (HRSA), and financial audits, and any other documents used to determine the allegations of questionable expenditures within the organization.
2. Provide Leon County the status of filing required reports with AHCA. Leon County staff has contacted AHCA regarding the status of payments to Bond. AHCA indicated that due to delinquent reporting requirements regarding the expenditure of primary health care dollars that they have suspended payments to Bond until the reporting requirements are met. Further, AHCA has advised the County to not send additional grant match dollars to AHCA until the reporting issues have been resolved. When the reports are filed, AHCA will make a determination of reporting compliance before reinstating payments to Bond and will do so in coordination with the County.
3. To ensure that the County is kept abreast of all actions concerning the investigation, that Leon County be provided access to all meetings with Bond's forensic auditing firm, and a time line for the audit to be conducted.
4. Continue to work with County staff regarding required performance monitoring reviews as specified in the contract.

5. Given the serious nature of Bond's statement and the potential exposure of public funds, provide a written explanation of Bond's ability or inability to provide services to patients pursuant to the contract.

I will provide a report to the Board for Tuesday's meeting regarding Bond's response. The report may include additional recommendations for Board authorization and will provide the Board the opportunity to request further actions as it deems necessary. In addition, at Tuesday's Board meeting, I will recommend the Board authorize the Chairmen to send a letter to Bond's Board of Directors notifying them of the County's actions.

Attachments:

#1 April 2, 2013 Bond Community Health Center Memo

#2 County Administrator April 3, 2013 Letter to Ms. Weeks, CEO Bond Community Health Center, Inc.



# Leon County

## Board of County Commissioners

301 South Monroe Street, Tallahassee, Florida 32301  
(850) 606-5302 www.leoncountyfl.gov

Commissioners

April 3, 2013

BILL PROCTOR  
District 1

Ms. Debra Weeks  
Chief Executive Officer  
Bond Community Health Center, Inc.  
1720 South Gadsden Street  
Tallahassee, Florida 32301

JANE G. SAULS  
District 2

JOHN DAILEY  
District 3

BRYAN DESLOGE  
District 4

**Subject: Response to Bond Community Health Center's April 2, 2013 Memo**

KRISTIN DOZIER  
District 5

Dear Ms. Weeks:

MARY ANN LINDLEY  
At-Large

It is with great concern for the County as a steward of taxpayer dollars, for the citizens of our community that are served by the Bond Community Health Center (BCHC), and for BCHC as a long-standing partner of the County in providing primary healthcare services, that I write today.

NICK MADDOX  
At-Large

I am in receipt of the above-referenced e-mail, regarding the issues and irregularities surrounding financial expenditures within the organization, and your subsequent notification to your federal agent and law enforcement. While we appreciate your efforts to investigate these allegations, these issues and allegations give the County great concern regarding the proper stewardship of County funds, and Bond's ability to fulfill its contractual obligation as a primary health care provider. Please provide the following information by Friday, April 5, 2013. I intend to bring this issue for the Board of County Commissioners' consideration at the Tuesday, April 9, 2013 meeting.

VINCENT S. LONG  
County Administrator

HERBERT W.A. THIELE  
County Attorney

1. A copy of the most recent Health Resources and Services Administration and financial audits, any reports prepared by Dot Inman Johnson, and any other documents used to determine the questionable financial expenditures within the organization.
2. County staff has contacted the Agency for Health Care Administration, and was told that payments of the Low Income Pool grant have been suspended due to the lack of required reporting. Provide Leon County the status of filing required reports with AHCA.
3. To ensure that the County is kept abreast of all actions concerning the investigation, provide Leon County access to all meetings with Bond's forensic auditing firm, and a time line for the audit to be conducted.
4. Continue to work with County staff regarding required performance monitoring reviews as specified in the contract.
5. Given the serious nature of Bond's statement and the potential exposure of public funds, provide a written explanation of Bond's ability or inability to provide services to patients pursuant to the contract.

If you have any questions or need further guidance, please contact me or Alan Rosenzweig at 606-5300.

Sincerely,

Vincent S. Long  
County Administrator



# Leon County

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If you have any questions or need further guidance, please contact me or Alan Rosenzweig at 606-5300.

Sincerely,

Vincent S. Long  
County Administrator



## **Bond Community Health Center, Inc.**

---

Leon County Board of County Commissioners  
301 South Monroe Street  
Tallahassee, Florida 32301

Dear County Administrator Long,

We value the longstanding relationship we have had with the Leon County Commission. You are an important partner that allows Bond to continue providing quality health care services to the Leon County residents. Last week we shared some important news about the BCHC and the important steps we are committed to taking in the coming days to address serious and troubling revelations. A recent financial audit flagged what appeared to be significant financial deficiencies. This has prompted us to notify our federal project manager and appropriate law enforcement agencies, and we are currently in the process of hiring a forensic auditing firm to review our financial books. We intend to actively cooperate with any investigation, because we have requested that help, and if there are any gaps in our financial safeguards we will seek expert advice on how to close them so such financial deficiencies can never happen again.

As stated in the Audit 2012 (see attached SAS) under section entitled: *Difficulties Encountered While Performing the Audit* "While performing our test controls for cash disbursements and testing the corporate card expenses, it was noted that certain disbursements were made either using the corporate card or checks whereby the necessary documentation supporting those payments could not be located. It was also noted during our test work that there were no policy and procedures in place for the review and approval of the corporate card expenditures and the safeguarding of supportive documents. These conditions resulted in additional testwork in order for us to gain comfort on the review and approval process of the invoices for disbursement."

During HRSA's scheduled site visit, a financial review was conducted by HRSA. To date, Bond is not in receipt of any documentation from HRSA's review. However, at the Exit conference, no financial issues were identified. Please find the 2012 Annual Financial Statement and Final SAS attached. This is presently the only document in Bond's possession that speaks to any financial questions. As stated on Friday, April 5<sup>th</sup>, Mrs. Inman Johnson was hired as a Consultant to the previous Board of Directors (1-1/2 months) and her assignment pertained to Governance, which had no financial relevance.

We have been in contact with AHCA and our Project Manager who requested additional information be included in our report that we did not know was due. We immediately gathered the information which now included FY'10 to FY' 13, as

opposed to FY'12-13 only, we electronically sent to our Project Manager today, Monday April 8<sup>th</sup>, 2013. We understand the County's concerns and look forward to updating you and the County Commissioners of the steps we are taking to address some of the other concerns and challenges we are facing.

As previously stated, the Board of Directors will make a determination of a forensic examination firm by the end of the month. Following procurement and purchasing protocols, the Finance Committee will submit their Executive Summary with recommendations to the full Board for ratification. Bond will most certainly keep the County apprised every step of the way.

Again, Bond has enjoyed a very good working relationship with the County staff and will assist with the monitoring procedure as contracted. Please also be assured that Bond has and will continue to recruit the Providers and staff necessary to assure the delivery of quality, comprehensive health care and support services that Leon and surrounding Counties have come to know and expect! We are proud and pleased to serve and continue to be "In the Community, For the Community, Helping People Live Stronger and Longer."

Respectfully submitted,

*Debra Weeks*

Debra Weeks, MSW,  
Interim CEO / CAO

Cc: BCHC Board of Directors

March 21, 2013

To the Board of Directors  
c/o Ms. Debra Weeks, CEO  
Bond Community Health Center, Inc.

We have audited the financial statements of Bond Community Health Center, Inc. (the "Center") for the year ended June 30, 2012, and have issued our report thereon dated March 21, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 29, 2012. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2012. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Patient revenue and receivables
- Depreciation of fixed assets
- Classification of expense by functional category

#### *Difficulties Encountered in Performing the Audit*

While performing our test of controls for cash disbursements and testing the company corporate card expenses, it was noted that certain disbursements were made using either the corporate card or checks whereby the supporting documentation supporting those payments could not be located. It was also noted during our test work, there was no policy and procedure in place for the review and approval of the corporate card expenditures and the safeguarding of the supporting documents. These conditions resulted in additional testwork in order for us to gain comfort on the review and approval process of the invoices for disbursement.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Except for the following three misstatements, management has corrected all such misstatements. In addition, none of the uncorrected misstatements noted below were material, either individually or in the aggregate, to the financial statements taken as a whole.

Description (Nature) of Audit Difference (AD)	Financial Statements Effect—Amount of Over (Under) Statement of						
	Total Assets	Total Liabilities	Net Assets	Revenues	Expenses	Change in Net Assets	Working Capital
Understatement of loan liability based on confirmation.		(\$3,633)			\$3,633	(\$3,633)	
Overstatement of liability for vacation accrued as of June 30, 2012		23,384			(23,384)	23,384	
To account for Accrued FICA		(8,240)			8,240	(8,240)	
Total		\$11,511			(\$11,511)	\$11,511	

Attachment I indicated the corrected misstatements.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 21, 2013.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We have also noted certain significant deficiencies which are reported in the Summary of Findings and Questioned Costs dated March 21, 2013.

#### Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Center and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



New York, New York

# ATTACHMENT I

**Bond Community Health Center, Inc.**  
 Year End: June 30, 2012  
 Adjusting Journal Entries  
 Date: 7/1/2011 To 6/30/2012

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence
ADJ #1	6/30/2012	Current Portion of LTD	2499	AA. 3		7,867.00		
ADJ #1	6/30/2012	Superior Bank - 1720	2510	AA. 3			7,867.00	
ADJ #1	6/30/2012	Note Payable-Chevy	2611	AA. 3		10,796.00		
ADJ #1	6/30/2012	Chevy Loan - Long Term	2510A	AA. 3			10,796.00	
To reclass short term loan to long term.								
ADJ #2	6/30/2012	Medipass/LIP Income	3127			233,750.00		
ADJ #2	6/30/2012	Meaningful Use	3400				233,750.00	
To reclass meaningful use revenue out of the Medipass/Lip income account.								
ADJ #3	6/30/2012	A/R Self Pay Allowance	1396	10. 1		39,602.00		
ADJ #3	6/30/2012	A/R Medicaid Allowance	1300A	10. 1			135,890.00	
ADJ #3	6/30/2012	A/R Commercial Allowance	1310A	10. 1			4,100.00	
ADJ #3	6/30/2012	A/R Medicare Allowance	1350A	10. 1			13,224.00	
ADJ #3	6/30/2012	Sliding Fee Collections:Bad Debts	3011B	10. 1		113,612.00		
To adjust allowance for doubtful accounts.								
ADJ #4	6/30/2012	Superior Bank - 1720	2510	AA. 3		8,119.00		
ADJ #4	6/30/2012	Chevy Loan - Long Term	2510A	AA. 3			8,119.00	
To undo the reclass entry made to mortgage payable from the chevy note payable								
ADJ #5	6/30/2012	Pharmacy Inventory	1550			14,287.00		
ADJ #5	6/30/2012	Pharmaceuticals	5105				14,287.00	
To correct the pharmacy inventory balance.								
						<b>428,033.00</b>	<b>428,033.00</b>	
<b>Net Income (Loss)</b>			<b>860,983.00</b>					

**Bond Community Health Center, Inc.**

**Financial Statements,  
Schedule of Expenditures of Federal Awards,  
Internal Control and Compliance  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2012**

Index

	<u>Page</u>
Independent Auditor's Report	2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18-19
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	20-21
Schedule of Findings and Questioned Costs	22-26
Status of Prior Year's Findings	27

Independent Auditor's Report

To the Board of Directors  
Bond Community Health Center, Inc.

We have audited the accompanying statement of financial position of Bond Community Health Center, Inc. (the "Center") as of June 30, 2012, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2012, and the changes in its net assets and cash flows 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 March 21, 2013 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



New York, New York  
March 21, 2013

Statement of Financial Position  
June 30, 2012Assets

## Current assets:

Cash	\$ 1,461,273
Patient services receivable, net	231,541
Contracts and other grants receivable	134,332
Prepaid expenses and other assets	128,190
Total current assets	<u>1,955,336</u>

Property and equipment, net	<u>4,063,838</u>
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Total	<u><u>\$ 6,019,174</u></u>
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Liabilities and Unrestricted Net Assets

## Current liabilities:

Accounts payable and accrued expenses	\$ 79,265
Accrued compensation	284,282
Current maturities of long-term debt	60,422
Total current liabilities	<u>423,969</u>

Long-term debt, less current maturities	<u>2,204,117</u>
---	------------------

Total liabilities	<u>2,628,086</u>
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## Commitments and contingencies

Unrestricted net assets	<u>3,391,088</u>
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Total	<u><u>\$ 6,019,174</u></u>
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See Notes to Financial Statements.

**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
DHHS grants	\$ 2,627,288		\$ 2,627,288
Patient services revenue, net	4,585,861		4,585,861
Contract services and other grants	2,652,369		2,652,369
Other	305,309		305,309
Net assets released from restrictions	127,600	(127,600)	-
	<u>10,298,427</u>	<u>(127,600)</u>	<u>10,170,827</u>
Total revenue			
Operating expenses:			
Salaries and benefits	5,611,379		5,611,379
Other than personnel services	2,691,553		2,691,553
Provision for bad debts	956,287		956,287
Interest expense	126,572		126,572
	<u>9,385,791</u>		<u>9,385,791</u>
Total operating expenses			
Operating income (loss) prior to depreciation and amortization and nonoperating revenue	912,636	(127,600)	785,036
Depreciation and amortization	206,586		206,586
	<u>706,050</u>	<u>(127,600)</u>	<u>578,450</u>
Operating income (loss) prior to nonoperating revenue			
Nonoperating activities:			
Contract services for capital additions	282,533		282,533
Net assets released from restrictions	83,900	(83,900)	-
Total nonoperating activities	366,433	(83,900)	282,533
	<u>1,072,483</u>	<u>(211,500)</u>	<u>860,983</u>
Increase (decrease) in net assets			
Net assets:			
Beginning of year	2,318,605	211,500	2,530,105
End of year	<u>\$ 3,391,088</u>	<u>\$ -</u>	<u>\$ 3,391,088</u>

See Notes to Financial Statements.

**Statement of Functional Expenses**  
**Year Ended June 30, 2012**

	Program Services	General and Administrative	Total
Salaries and wages	\$ 4,175,713	\$ 623,957	\$ 4,799,670
Fringe benefits	706,187	105,522	811,709
Consultants and contractual services	137,664		137,664
Professional fees		91,363	91,363
Consumable supplies	1,049,712	144,195	1,193,907
Space costs	77,855	9,622	87,477
Laboratory	261,082		261,082
Insurance	16,195	2,002	18,197
Repairs and maintenance	227,660	28,138	255,798
Telephone	81,862	12,232	94,094
Travel, conferences and meetings	128,484	19,199	147,683
Dues and subscriptions	23,696	3,541	27,237
Postage	11,222	1,677	12,899
Data processing	172,732	25,810	198,542
Health promotion	52,850		52,850
Interest	112,649	13,923	126,572
Provision for bad debts	956,287		956,287
Other	98,101	14,659	112,760
Totals	<u>8,289,951</u>	<u>1,095,840</u>	<u>9,385,791</u>
Depreciation and amortization	<u>183,862</u>	<u>22,724</u>	<u>206,586</u>
Total functional expenses	<u>\$ 8,473,813</u>	<u>\$ 1,118,564</u>	<u>\$ 9,592,377</u>

See Notes to Financial Statements.

**Statement of Cash Flows**  
**Year Ended June 30, 2012**

Cash flows from operating activities:	
Cash received from DHHS grants	\$ 2,627,288
Cash received from patient services	3,531,894
Cash received from contract services and other grants	2,651,831
Cash received from other	305,309
Cash paid for personnel costs	(5,512,788)
Cash paid for other than personnel costs	(2,773,137)
Interest paid	(126,572)
Net cash provided by operating activities	<u>703,825</u>
Cash flow from investing activity - purchase of property and equipment	<u>(614,123)</u>
Cash flows from financing activities:	
Proceeds from long-term debt	18,894
Repayment of long-term debt	(42,846)
Receipt of nonoperating contract services revenue	282,533
Net cash provided by financing activities	<u>258,581</u>
Net increase in cash	348,283
Cash, beginning of year	<u>1,112,990</u>
Cash, end of year	<u><u>\$ 1,461,273</u></u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Increase in net assets	\$ 860,983
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Provision for bad debts	956,287
Depreciation and amortization	206,586
Nonoperating contract services for capital additions	(282,533)
Changes in operating assets and liabilities:	
Patient services receivable	(1,053,967)
Contracts and other grants receivable	(538)
Prepaid expenses and other assets	(55,178)
Accounts payable and accrued expenses	(26,406)
Accrued compensation	98,591
Net cash provided by operating activities	<u><u>\$ 703,825</u></u>

See Notes to Financial Statements.

**Notes to Financial Statements**

**Note 1 - Organization:**

Bond Community Health Center, Inc. (the "Center") operates a community health center located in Tallahassee, Florida. The Center provides a broad range of health services to a largely medically underserved population.

The U.S. Department of Health and Human Services (the "DHHS") provides substantial support to the Center. The Center is obligated under the terms of the DHHS grants to comply with specified conditions and program requirements set forth by the grantor.

**Note 2 - Summary of significant accounting policies:**

**Basis of presentation:**

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Use of estimates:**

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

**Classification of net assets:**

The Center reports information regarding its financial position and activities according to the following three categories:

Unrestricted net assets are reflective of revenues and expenses associated with the principal operating activities of the Center and are not subject to donor-imposed stipulations.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the financial statements. There are no temporarily restricted net assets at June 30, 2012.

Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes. There are no permanently restricted net assets at June 30, 2012.

**Notes to Financial Statements****Cash:**

The Center maintains its cash in bank deposit accounts which, at times, may exceed Federally insured limits. The Center has not experienced any losses in such accounts. At June 30, 2012, the Center's cash balance exceeds Federally-insured limits by approximately \$415,000. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. There are no cash equivalents at June 30, 2012.

**Patient services receivable and concentration of credit risk:**

The collection of receivables from third-party payors and patients is the Center's significant source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivables from third-party payors are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors. Receivables due directly from patients are carried at the original charge for the service provided less discounts provided under the Center's charity care policy, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Center considers accounts past due when they are outstanding beyond 60 days with no payment. The Center generally does not charge interest on past due accounts. Patient receivables are written off against the allowance for doubtful accounts when deemed uncollectable. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

**Property and equipment:**

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. Leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term. Expenditures, which substantially increase estimated useful lives, are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are included in change in net assets. The Center capitalizes all purchases of property and equipment in excess of \$1,500.

According to Federal regulations, any property and equipment items obtained through Federal funds are subject to a lien by the Federal government. Provided that the Center maintains its tax-exempt status and the property and equipment are used for their intended purpose, the Center is not required to reimburse the Federal government. If the stated requirements are not met, the Center would be obligated to the Federal government in an amount equal to the fair value of the property and equipment.

**Notes to Financial Statements****Impairment of long-lived assets:**

The Center reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Center compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the assets' carrying values and the present value of estimated net cash flows or comparable market values giving consideration to recent operating performance and pricing trends. The Company does not believe that any material impairment currently exists related to its long-lived assets.

**Patient services revenue:**

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include predetermined fee schedules and discounted charges. Service fees are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including retroactive adjustments, if applicable, under reimbursement agreements with third-party payors, which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined. The Center provides care to certain patients under Medicaid and Medicare payment arrangements. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action. Self-pay revenue is recorded at published charges with charitable care deducted to arrive at gross self-pay patient revenue. Contractual allowances are then deducted to arrive at net self-pay patient revenue.

**Grants and contracts:**

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances. At June 30, 2012, the Center has received conditional grants and contracts from governmental entities in the aggregate amount of \$1,971,197 that have not been recorded in the accompanying financial statements as they have not been earned. These grants and contracts require the Center to provide certain services or pay for specific expenditures during specified periods. If such services are not provided or expenditures incurred, the governmental entities are not obligated to expend the funds allotted under the grants and contracts.

**Notes to Financial Statements****Contributions:**

Contributions are recorded at fair value when received or pledged. Amounts are recorded as temporarily or permanently restricted revenue if they have donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue. Conditional contributions are recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions.

**Meaningful use incentives:**

The American Recovery and Reinvestment Act of 2009 ("ARRA") amended the Social Security Act to establish one-time incentive payments under the Medicare and Medicaid programs for certain professionals that: (1) meaningfully use certified Electronic Health Record ("EHR") technology, (2) use the certified EHR technology for electronic exchange of health information to improve quality of healthcare, and (3) use the certified EHR technology to submit clinical and quality measures. These provisions of ARRA, together with certain of its other provisions, are referred to as the Health Information Technology for Clinical and Economic Health ("HITECH") Act. The criteria for meaningful use incentives will be staged in three steps over the course of the next four years and be paid out based on a transitional schedule. The Center's providers have met the criteria for Stage 1 and have earned \$233,750 from the Medicaid incentive program as of June 30, 2012. This amount is included in other revenue on the statement of activities and changes in net assets.

**Interest earned on Federal funds:**

Interest earned on Federal funds is recorded as a payable to the United States Public Health Service ("PHS") in compliance with the regulations of the United States Office of Management and Budget.

**Functional expenses:**

Expenses are charged to program services or general and administrative based on a combination of specific identification and allocation by management.

**Notes to Financial Statements**

**Tax status:**

The Center was incorporated as a not-for-profit corporation under the laws of the State of Florida and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

The Center has no unrecognized tax benefits at June 30, 2012. The Center's Federal and state income tax returns prior to fiscal year 2009 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

**Subsequent events:**

The Center has evaluated subsequent events through March 21, 2013, which is the date the financial statements were available to be issued.

**Note 3 - Patient services receivable, net:**

Patient services receivable, net, consists of the following:

Medicaid	\$ 258,282
Medicare	52,463
Other third-party	58,489
Self-pay	<u>1,348,280</u>
Total	1,717,514
Less contractual allowance and allowance for doubtful accounts	<u>1,485,973</u>
Total	<u>\$ 231,541</u>

**Note 4 - Contracts and other grants receivable:**

Contracts and other grants receivable consists of the following:

State of Florida Department of Health:	
Department of Health Expansion Grant	\$ 10,750
Leon County Primary Care Grant	61,455
Apalachee Grant	<u>62,127</u>
Total	<u>\$134,332</u>

**Notes to Financial Statements**

**Note 5 - Property and equipment, net:**

Property and equipment, net, consists of the following:

Land	\$ 295,000
Building and improvements	3,489,170
Furniture and equipment	697,058
Mobile van and other vehicles	<u>342,473</u>
Total	4,823,701
Less accumulated depreciation and amortization	<u>759,863</u>
Total	<u>\$4,063,838</u>

In the event the DHHS grants are terminated, DHHS reserves the right to have the Federal interest in all assets purchased with grant funds transferred to PHS or third parties.

**Note 6 - Long-term debt:**

Mortgage payable - \$2,341,598 face amount maturing on March 5, 2015. The mortgage is payable in monthly installments of \$14,888, including interest of 5.50%, with balloon payment at maturity date. The note is collateralized by real property located at 1720 South Gadsen Street, Tallahassee, Florida.	\$ 2,237,526
Vehicle financing loan - \$32,390 face amount maturing on September 22, 2015, payable in monthly installments of \$675 without interest. The loan is collateralized by the vehicle.	<u>27,013</u>
Total	2,264,539
Less current portion	<u>60,422</u>
Total	<u>\$ 2,204,117</u>

Principal payment requirements on the above obligations in each of the years subsequent to June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 60,422
2014	63,373
2015	2,138,025
2016	<u>2,719</u>
Total	<u>\$2,264,539</u>

The Center is required to meet certain covenants.

Notes to Financial Statements

**Note 7 - DHHS grants:**

For the year ended June 30, 2012, the Center recognized grant revenue from DHHS as follows:

<u>Grant Number</u>	<u>Grant Period</u>	<u>Total Grant</u>	<u>Revenue Recognized</u>
6H80CS00683-10-06	03/01/2011 - 02/29/2012	\$1,875,736	\$1,392,683
6H80CS00683-11-04	03/01/2012 - 02/29/2013	2,044,454	602,797
6H76HA00710-10-02	04/01/2011 - 03/31/2012	590,000	436,487
6H76HA00710-11-00	04/01/2012 - 03/31/2013	590,000	<u>195,321</u>
Total			<u>\$2,627,288</u>

**Note 8 - Patient services revenue, net:**

For the year ended June 30, 2012, patient services revenue, net, consists of the following:

Medicaid	\$ 1,676,340
Medicare	325,919
Other third-party payors	112,464
Pharmacy 340B	1,356,327
Self-pay	<u>1,114,811</u>
Total	<u>\$ 4,585,861</u>

Based on the cost of patient services, charity care approximated \$1,200,000 and community benefit approximated \$738,000 for the year ended June 30, 2012.

Medicaid and Medicare revenue is reimbursed to the Center at the net reimbursement rates as determined by each program. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year incurred.

Notes to Financial Statements

**Note 9 - Contract services and other grants:**

Contract services and other grants consist of the following:

State of Florida Department of Health:	
Agency for Healthcare Administration	\$ 600,000*
Dental Grant	400,000
Leon County Department of Health:	
Department of Health Expansion Grant	169,885
ER Diversion Grant	1,000,000
Apalachee Grant	505,605
Leon County Primary Care Grant	249,746
Other	9,666
	<u>\$ 2,934,902</u>

\*Represents a portion of non-operating contract services revenue for capital expenditures in the amount of \$282,533.

**Note 10- Pension plan:**

The Center maintains a defined contribution pension plan covering substantially all employees who meet certain eligibility requirements. Employees are eligible to participate after one year of employment. Pension expense amounted to \$33,540 for the year ended June 30, 2012.

**Note 11- Commitments and contingencies:**

The Center has contracted with various funding agencies to perform certain healthcare services, and receives Medicaid and Medicare revenue from Federal and state governments. Reimbursements received under these contracts and payments from Medicaid and Medicare are subject to audit by Federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Center could be held responsible for refunding the amounts in question.

The Center maintains its medical malpractice coverage under the Federal Tort Claims Act ("FTCA"). FTCA provides malpractice coverage to eligible PHS-supported programs and applies to the Center and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage.

**Notes to Financial Statements**

The healthcare industry is subject to voluminous and complex laws and regulations of Federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws, and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes and regulation by healthcare providers. The Center believes that it is in material compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Upon audit, if discrepancies are discovered, the Center could be held responsible for refunding the amounts in question.

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012**

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Total Expenditures
U.S. Department of Health and Human Services:			
Direct programs:			
Consolidated Health Centers Cluster:			
Consolidated Health Centers Program	93.224	N/A	\$ 713,975
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	93.527	N/A	<u>1,281,505</u>
Total Cluster			<u>1,995,480</u>
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	<u>631,808</u>
Total direct programs			2,627,288
Passed through Florida Department of Health:			
Medical Assistance Program (Medicaid)	93.778	COTDS / COTCZ	<u>581,800</u>
Total U.S. Department of Health and Human Services			<u>3,209,088</u>
Total Federal Awards			<u>\$ 3,209,088</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1 - General Information:**

The accompanying schedule of expenditures of Federal awards presents the activities in all Federal awards of Bond Community Health Center, Inc. (the "Center"). All financial assistance received directly from Federal agencies as well as financial assistance passed through other governmental agencies or nonprofit organizations is included in the schedule.

**Note 2 - Basis of accounting:**

The accompanying schedule of expenditures of Federal awards is presented using the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The amounts reported in the schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

**Note 3 - Relationship to the financial statements:**

Federal expenditures are reported on the statement of functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of Federal awards due to program expenditures exceeding grant or contract budget limitations or agency-matching or in-kind contributions which are not included in the statement of activities and changes in net assets.

**Note 4 - Subrecipients:**

Of the Federal expenditures presented in this schedule, the Center provided no Federal awards to subrecipients for the year ended June 30, 2012.

Independent Auditor's Report on on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors  
Bond Community Health Center, Inc.

We have audited the financial statements of Bond Community Health Center, Inc. (the "Center") as of and for the year ended June 30, 2012, and have issued our report thereon dated March 21, 2013. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 2012-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Item 2012-02 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-02 through 2012-04.

We noted certain matters that we reported to management of the Center in a separate letter dated March 21, 2013.

This report is intended solely for the information and use of management, the Board of Directors, and Federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

New York, New York  
March 21, 2013

Independent Auditor's Report on Compliance with Requirements that  
Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors  
Bond Community Health Center, Inc.

Compliance

We have audited the compliance of Bond Community Health Center, Inc. (the "Center") with the types of compliance requirements described in the U.S. Office of Management and Budget ("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, 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 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 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 of the Center's compliance with those requirements.

As described in items 2012-02 through 2012-04 in the accompanying schedule of findings and questioned costs, the Center did not comply with the requirements of patient services receivable and revenue reporting, Board Members' compliance, and sliding fee discounts that are applicable to its major Federal programs noted in the schedule of findings and questioned costs. Compliance with such requirements is necessary, in our opinion, for the Center to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Center complied, in all material respects, with the 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, 2012.

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on each of its major Federal programs to determine the 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.

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-02 through 2012-04. 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.

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Center's response and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the Center's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Center's compliance but not to provide an opinion on the effectiveness of the Center's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



New York, New York  
March 21, 2013

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none

Type of auditor's report issued on compliance for major programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

yes  no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.224  
93.527

U.S. Department of Health and Human Services:  
Consolidated Health Center Cluster:  
Consolidated Health Centers Program  
Affordable Care Act (ACA) Grants  
for New and Expanded Services  
Under the Health Center Program

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes  no

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**Section II - Financial Statement Findings**

**Item 2012-01 – Proper Documentation Relating to Disbursements**

**Criteria:**

Cash disbursement procedures are established to ensure no unauthorized payments are made, that accurate records are maintained for all payments and that unclaimed checks are adequately identified, controlled and ultimately voided.

**Statement of Condition:**

While performing our test of controls for cash disbursements and testing the company corporate card expenses, it was noted that certain disbursements were made using either the corporate card or checks whereby the supporting documentation supporting those payments could not be located. It was also noted during our test work, there was no policy and procedure in place for the review and approval of the corporate card expenditures and the safeguarding of the supporting documents. The purpose of the corporate card was to allow the Center's personnel access to efficient and alternative means of payment for approved expenses, especially expenses related to business travel and office supplies. It was noted during our test work, that all checks made to the corporate credit card were signed by the Chief Executive Officer.

**Effect:**

Without proper supporting documentation, there is no evidence that the expenditures are being reviewed properly and are allowable business expenses, and as a result, accurate records are not being maintained properly. It allows the opportunity for unauthorized payments to be made.

**Cause:**

There was turnover in management during the fiscal year. The vendor file that supported certain corporate card expenditures and other disbursements were not able to be located. In addition, there was a lack of internal controls to ensure that there is a proper approval process and adequate documentation to support the related expenditures.

**Recommendation:**

We recommend that the following procedures be implemented to strengthen internal control over disbursements.

- 1) All invoices when presented for approval for payment, should contain the proper supporting documentation along with the appropriate signatures indicating they were reviewed
- 2) All invoices, before payment is made, should contain the proper account allocation to be charged and respective subaccounts denoting what department/program the expenditures relate to.
- 3) A copy of the invoice package including the check request form should be retained for every disbursement and filed accordingly.
- 4) Revise the policies and procedures manual for disbursements and develop specific policies and procedures relating to the corporate card which addresses all of the above.

These procedures will ensure that the Center will strengthen internal controls and safeguarding of assets with respect to all disbursements of the Center. It will also allow the Center to maintain accurate books and records relating to all disbursements.

**Management's Response:**

Management concurs with this finding and has implemented measures to ensure that all disbursements are accompanied by adequate documentation.

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**Section II - Financial Statement Findings and Section III - Federal Award Findings and Questioned Costs - U.S. Department of Health and Human Services, Consolidated Health Centers Program (CFDA 93.224), Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program (CFDA 93.527):**

**Item 2012-02 – Patient Services Receivable and Revenue**

**Criteria:**

The accounts receivable subsidiary ledger should be reconciled to the general ledger control accounts on a regular basis, and should ensure that cash flow from patient services is maximized.

**Statement of Condition:**

Currently, the Center utilizes a computerized billing system to process billing and collection for patient services. The accounts receivable subsidiary ledger is not being reconciled to the general ledger control accounts on a regular basis. In addition, the Center has no formalized control procedures for (1) reviewing and evaluating specific past due accounts, (2) billing denied claims in a timely manner and (3) determining bad debts by periodic review of the accounts receivable aging reports per the billing system.

**Questioned Costs:**

None

**Effect:**

Patient services receivable may not be reported at its net realizable value.

**Cause:**

The Center did not have the appropriate resources to apply the procedures necessary to review and follow up on past-due receivables and ensure that patient services revenue was being maximized.

**Recommendation:**

We recommend that the accounts receivable subsidiary ledger, per the billing and collection system, be reconciled to the general ledger control accounts on a regular basis. All discrepancies should be investigated and resolved on a timely basis. Further, we recommend that the Center review all old outstanding receivables for collectability and, for those no longer collectible, remove from the billing system. The Center should ensure that all receivables recorded in the billing system are valid and that appropriate reserves are made for uncollectible accounts.

**Management's Response:**

Management concurs with this finding and has implemented measures to review patient service billing past due receivables and follow-up, as well as bad debt identification and write-offs on a regular basis. Management is implementing procedures that will allow the accounts receivable subsidiary ledgers to be reconciled to the general ledger control accounts on a regular basis.

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**Section II - Financial Statement Findings and Section III - Federal Award Findings and Questioned Costs - U.S. Department of Health and Human Services, Consolidated Health Centers Program (CFDA 93.224), Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program (CFDA 93.527):**

**Item 2012-03 – Board Members Compliance**

**Criteria:**

As per the 330 grant requirements, the governing board must be composed of individuals, a majority (at least 51%) of whom are being served by the Center and who, as a group, represent the individuals being served by the Center.

**Statement of Condition:**

It was noted that recently less than 51% of the current Board Members are patients of the Center.

**Questioned Costs:**

None

**Effect:**

The Center was not in compliance with requirements stipulated under the grant award.

**Cause:**

The Center did not monitor this compliance requirement regularly.

**Recommendation:**

The Center should monitor and ensure that the requirement of Board Member composition is being met.

**Management's Response:**

Management will monitor the compliance of Board Member composition and report the status to the board regularly.

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**Section II - Financial Statement Findings and Section III - Federal Award Findings and Questioned Costs - U.S. Department of Health and Human Services, Consolidated Health Centers Program (CFDA 93.224), Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program (CFDA 93.527):**

**Item 2012-04 – Sliding Fee Discounts**

**Criteria:**

Health centers are required to have a corresponding schedule of discounts applied and adjusted on the basis of the patients' ability to pay and their eligibility. A patient's eligibility to pay is determined on the basis of the official poverty guidelines, as revised by HHS (42 CFR Sections 51c.107(b)(5), 56.108(b)(5) and 56.303(f)). The Center should be implementing and monitoring procedures to properly determine, calculate and review sliding fee discounts given to patients in accordance with the Center's sliding fee scale.

**Statement of Condition:**

The Center did not properly determine the sliding fee discount category given to one of the twenty-eight self-pay patients selected for testing based on the sliding fee scale in effect for the fiscal year ended June 30, 2012. In addition, four out of the twenty-eight self-pay patients selected for testing were missing the sliding fee documentation including sliding fee application, proof of identity, proof of income and family size. Therefore, there is no evidence supporting the sliding fee discount the patients were given. Furthermore, the Center did not have a copy of the insurance card on file for three out of the total forty patients selected for testing.

**Questioned Costs:**

None

**Effect:**

The Center did not comply with the determination of sliding fee discounts based on the Federal poverty guidelines in effect for the fiscal year 2012. In addition, patient accounts were not properly adjusted to reflect the appropriate sliding fee discounts.

**Cause:**

The condition can be attributed to human error and the lack of internal controls to review and ensure that the proper sliding fee discounts are being applied.

**Recommendation:**

We recommend that proper training be given to employees at registration and that sliding fee discounts be monitored and reviewed by a supervisor on a periodic basis to ensure compliance with the sliding fee scale. In addition, we recommend that the Center update its billing system to properly reflect the discounts to be given to patients based on their sliding fee category.

**Management's Response:**

Subsequent to year-end, additional training is being conducted for employees at the Center. In addition, the sliding fee discounts will be monitored and reviewed by the supervisor on a more routine basis to ensure that the sliding fee is properly administered to eligible patients.

**Bond Community Health Center, Inc.**

**Status of Prior Year's Findings  
Year Ended June 30, 2012**

None



# Leon County

## Board of County Commissioners

301 South Monroe Street, Tallahassee, Florida 32301  
(850) 606-5302 www.leoncountyfl.gov

April 10, 2013

Commissioners

BILL PROCTOR

District 1

JANE G. SAULS

District 2

JOHN DAILEY

District 3

BRYAN DESLOGE

District 4

KRISTIN DOZIER

District 5

MARY ANN LINDLEY

At-Large

NICK MADDOX

At-Large

VINCENT S. LONG

County Administrator

HERBERT W.A. THIELE

County Attorney

Ms. Debra Weeks  
Chief Executive Officer  
Bond Community Health Center, Inc.  
1720 South Gadsden Street  
Tallahassee, Florida 32301

Subject: Request for Information

Dear Ms. Weeks:

I appreciate your response to my letter of April 3, 2013, and have provided this information to the Board of County Commissioners as noted in the enclosed copy of the County's April 9, 2013 agenda item.

As reflected in the agenda item, the County fully appreciates that Bond CHC has begun to address the internal control deficiencies as noted by your external auditor. You have also notified the County that Bond CHC is in the process of engaging a forensic auditor and has notified law enforcement. However, the documentation included in your April 8, 2013 letter does not adequately address whether County funds were included in any of the undocumented expenses noted by the auditor. Given the present inability to determine the nature or extent to which County funds may have been involved, the Board of County Commissioners approved the following actions at their April 9, 2013 meeting:

1. Request Bond CHC to provide any and all documentation to demonstrate that County funding was not used to support undocumented expenditures as noted by the aforementioned audit findings.
2. Request Bond CHC to provide any and all documentation to demonstrate that County funding is not part of the forensic audit or law enforcement investigation noted by Bond.
3. Request Bond CHC to provide any and all documentation to demonstrate that Bond CHC has implemented measures to strengthen internal controls and safeguarding of assets including County funding.
4. Defer payments to Bond CHC and AHCA in support of the Bond CHC contract and any other contract modification (including the request to support an additional contract modification for the new grant match) until such time that items 1 through 3 have been responded to and determined sufficient by the Board of County Commissioners.

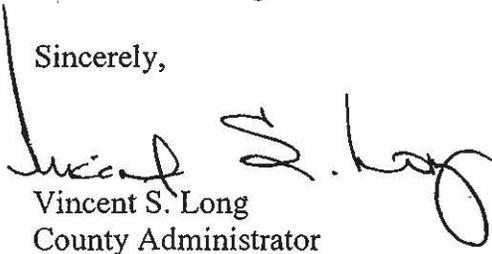
Ms. Debra Weeks  
April 10, 2013  
Page Two

The County has enjoyed a long-standing relationship with Bond CHC. As a provider of quality healthcare for our indigent and uninsured population, Bond CHC is a critical component in the continuum of healthcare services in our community.

I would appreciate a response to this request for information no later than April 17, 2013; as well as, the outstanding request from my first letter regarding any reports prepared by Dot Inman Johnson. By receiving this information in a timely fashion, I will be able to provide the information and recommendations to the Board of County Commissioners at their April 23, 2013 meeting.. The County stands ready to assist you in any way possible.

If you have any questions or need further guidance, please do not hesitate to contact me or Alan Rosenzweig at 606-5300.

Sincerely,



Vincent S. Long  
County Administrator

Enc: Board of County Commissioner Agenda Item of April 9, 2013

## Eryn Calabro - Fwd: Response Requested

---

**From:** Alan Rosenzweig  
**To:** Calabro, Eryn  
**Date:** 5/20/2013 2:48 PM  
**Subject:** Fwd: Response Requested  
**Attachments:** Letter to Commissioners05202013\_0000.pdf

RECEIVED

MAY 20 2013

>>> "Debra Weeks" <dweeks@bondchc.com> 5/20/2013 2:05 PM >>>  
Good Afternoon Mr. Long,

As per your request please find the attached response as required. Again, we thank you and the County Commissioners for your continued support of the Bond Community Health Center, Inc.

Sincerely,

Debra Weeks  
Interim CEO / CAO

Sincerely,

 MSW  
Chief Administrative Officer / Interim CEO  
Bond Community Health Center, Inc.  
1720 South Gadsden Street  
Tallahassee, Florida 32301  
Office: 850-576-4073, ext. 248  
Fax: 850-521-5101  
Email: dweeks@bondchc.com

"In the Community... For the Community. Helping People Live Stronger and Longer..."



## Bond Community Health Center, Inc.

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Vincent S. Long, County Administrator  
Leon County Courthouse  
301 S Monroe St.  
Tallahassee, FL 32301

RECEIVED

MAY 20 2013

May 8, 2013

Dear Mr. Long,

Thank you for your patience and understanding as we work through this process. I appreciate the cooperation of your team as well. You and Deputy County Administrator Rosenzweig have been most helpful.

The following narrative is in response to your letter dated, April 3, 2013. Bond Community Health Center, Inc.'s (BCHC) mission is to provide the highest quality comprehensive family health services with particular concern for the lower socioeconomic groups, regardless of their ability to pay. The support from Leon County greatly impacts our capability to accomplish our mission as it assists us in leveraging federal and state funds through matching dollars and provides staffing support for our Pharmacy which offers 340b reduced costs to patients.

Although our June 30, 2012 financial statement audit performed by CohnReznick, LLP resulted in an unqualified opinion, an internal control weakness was noted surrounding the use of the corporate credit card and a lack of supporting documentation for a selection of transactions. During the past 12 months BCHC has experienced employee turnover in the critical executive level positions responsible for initiating and authorizing such transactions. We have obtained a letter from our external auditors to ascertain whether their audit revealed any material misstatement related to the reporting of Leon County grant revenue and expenses (see *Attachment A*).

As a result of the audit findings, in January 2013, BCHC implemented a credit card policy to provide clear guidelines on the appropriate use of credit cards and the required supporting documentation (See *Attachment B*). To further strengthen internal controls, we are in the process of implementing a new fund accounting system to segregate funds and ensure discrete tracking to properly code expenses to general ledger accounts allocating expenses to the related funds, grants, programs, etc. In addition, we

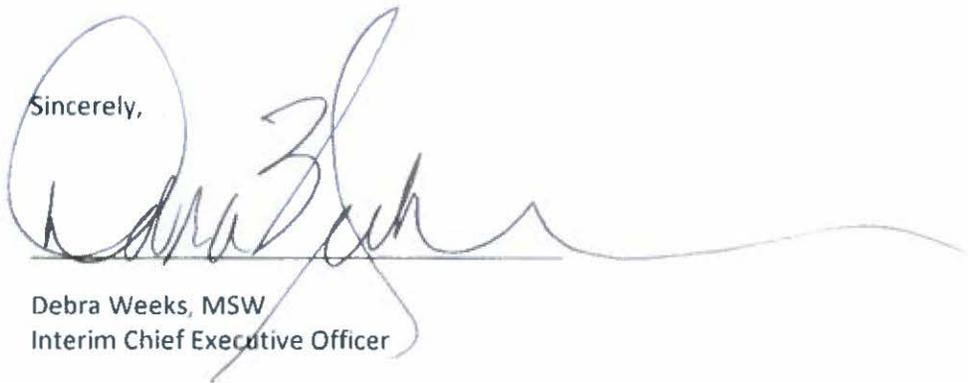
reviewed the methodology for allocating expenses to programs supported by Leon County LIP matching grants and Pharmacy support and believe our treatment is appropriate.

In the abundance of caution, we have retained an additional external CPA firm, Grayson Accounting & Consulting, P.A. to perform an agreed upon procedures engagement to verify our calculation of the maximum potential exposure of undocumented credit card transaction allocable to the funds received from the Leon County Board of County Commissioners in fiscal year 2012 (see Grayson report in Attachment C). As a result of this engagement, we believe the maximum potential exposure to be \$5,679 and request this amount to be deducted from our current funding request as a reduction in Pharmacy staffing support to satisfy this FY' 12 audit report.

In addition, you have requested a copy of the letter from Mrs. Dorothy Inman-Johnson (see Attachment D).

In closing, I want to thank you, Mr. Rosenzweig and Board of County Commissioners for your continued commitment to Bond Community Health Center, Inc. and the Leon County and surrounding County residents we serve.

Sincerely,

A handwritten signature in black ink, appearing to read 'Debra Weeks', written over a horizontal line.

Debra Weeks, MSW  
Interim Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Antonio Jefferson', written over a horizontal line.

Antonio Jefferson  
Chairman, Board of Directors



# **Bond Community Health Center, Inc.**

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## ATTACHMENT A

April 29, 2013

Ms. Debra Weeks, Acting Chief Executive Officer  
Bond Community Health Center, Inc.  
1720 South Gadsden Street  
Tallahassee, Florida 32301

Dear Ms. Weeks:

We conducted our audit of the financial statements of Bond Community Health Center, Inc. (the "Center") as of and for the fiscal year ended June 30, 2012 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We have issued our report dated March 21, 2013 which was an unqualified opinion. We have also issued our report in accordance with Government Auditing Standards on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bond Community Health Center, Inc. financial statements include various grants from Leon County for the fiscal year ended June 30, 2012. In connection with our audit, based on documentation and other audit evidence we obtained, nothing came to our attention that the revenue and expenditures recognized relating to those grants is materially misstated.

If you have any further questions, please free to call my office.

Very truly yours,



Steven D. Schwartz, CPA, Partner  
For CohnReznick, LLP



# **Bond Community Health Center, Inc.**

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## ATTACHMENT B



# Bond Community Health Center, Inc.

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## CREDIT CARD POLICY

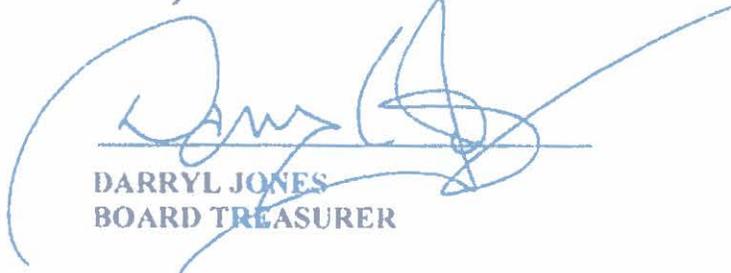
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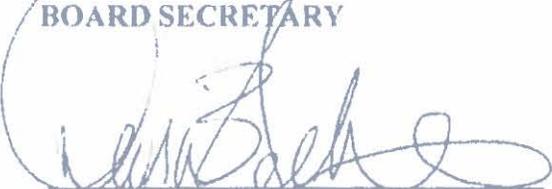
APPROVED DATE:

*January 24, 2013*

  
DR. JOSEPH WEBSTER  
BOARD CHAIR

  
WILLIAM LAMAR  
BOARD SECRETARY

  
DARRYL JONES  
BOARD TREASURER

  
DEBRA WEEKS  
CHIEF EXECUTIVE OFFICER



## **BOND COMMUNITY HEALTH CENTER, INC.**

### **CREDIT CARD POLICY AND PROCEDURES**

#### **Objectives**

1. To allow Bond personnel access to efficient and alternative means of payment for approved expenses, especially expenses related to business travel and office supplies.
2. To improve managerial reporting related to credit card purchases.
3. To improve efficiency and reduce costs of payables processing.

#### **Policies**

1. Bond credit cards will be issued to the CEO and staff, only with approval of the Finance Committee.
2. Credit cards will only be used for business purposes. Personal purchases of any type are not allowed.
3. The following purchases are not allowed:
  - Capital equipment and upgrades
  - Construction, renovation/installation
  - Controlled substances
  - Items or services on term contracts
  - Maintenance agreements
  - Personal items or loans
  - Purchases involving trade-in of Bond property
  - Rentals (other than short-term autos)
  - Telephones, related equipment, or services
  - Any other items deemed inconsistent with the values of Bond
4. Cash advances on credit cards are *not* allowed.
5. Cardholders will be required to sign an agreement indicating they accept these terms. Individuals who do not adhere to these policies and procedures risk revocation of their credit card privileges and/or disciplinary action.
6. Any exceptions to this policy must be approved by the Board.

## Procedures

1. Credit cards may be requested for prospective cardholders by written request (Credit Card Request Form) to the CEO who will approve / deny and submit to CFO.
2. Detailed receipts must be retained and attached to the credit card statements. In the case of meals and entertainment, each receipt must include the names of all persons involved in the purchase, and a brief description of the business purpose of the purchase, in accordance with Internal Revenue Service regulations.
3. Monthly statements, with attached detailed receipts, must be submitted to the accounting department within ten days of receipt of the statement to enable timely payment of amounts due.
4. All monthly statements submitted for payment must include the initials of the cardholder, the signature of the approving staff member and the date of approval. Each statement must have the approval of the approving staff member in addition to the approval of the cardholder, unless the cardholder is him/herself the staff member.
5. All monthly statements submitted for payment must have the appropriate account number(s) and the associated amounts clearly written on the statement. Multiple purchases charged to the same account number must be subtotaled. Cards may be designated to have all expenses charged to a specific account number, with exceptions noted on the monthly statement, if desired.
6. Cardholders should make every effort to ensure that purchases do not include sales tax. Tax-exempt certificates are available through the accounting department. Tangible personal property is property that can be touched and retained in one's possession (excludes food, entertainment, and other consumables.) Services are works or activities performed by another for a fee (includes normal services such as personal services performed by professionals and/or non-professionals, but excludes lodging.) Sales tax may be paid for minimal expenditures from one-time vendors who refuse the exemption, but sales taxes should not be paid (select another vendor) where the purchases are for more substantial expenditures or are repetitively incurred.



## CREDIT CARD CARDHOLDER AGREEMENT

Bond Community Health Center, Inc. (BCHC) credit card(s) provides users with an alternate payment method when making purchases for goods and services. The program reduces the volume of accounts-payable transactions, and the associated administrative costs, by eliminating vendor invoices and consolidating multiple vendor payments into one monthly statement with each credit card.

Credit cards are issued or approved for usage of said card(s) is at the discretion of the Chief Executive Officer to current employees who are granted a formal delegation of BCHC purchasing authority. The cardholder agrees to comply with all applicable BCHC policies and procedures, and this Cardholder agreement. When signed and accepted, this form acts to assign the formal delegation of purchase authority to a current BCHC employee.

Employee violations to this agreement, or to any policy regarding the purchase of goods or services, will be investigated, and may result in either one or more of the following actions: written warning, revocation of credit card privileges, cancellation of delegation of purchasing authority, disciplinary action, and termination and/or criminal prosecution. Human error and extraordinary circumstances may be taken into consideration when investigating any violation to this agreement. BCHC will consider the facts and circumstances of each incident, and will take action as deemed appropriate and as permitted by applicable law and/or BCHC policy.

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**Employee Signature**

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**Date**

---

**Chief Executive Officer**

---

**Date**



**BOND COMMUNITY  
HEALTH CENTER, INC.**

*"Your New Medical Home"*

## Credit Card Payment Authorization Form

Please check credit card type:    Lowes \_\_\_    Office Depot \_\_\_    American Express \_\_\_

Requested By: \_\_\_\_\_ Title: \_\_\_\_\_

Amount to be charged: \$ \_\_\_\_\_ Dept. /Grant \_\_\_\_\_

Description: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Requester's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_  
Approver's Name/Signature/Date

---

Please forward this credit card payment form and supporting documents to:

Rhonda Showers, ATTN: Finance Department, 1720 South Gadsden Street, Tallahassee, Florida 32301



# **Bond Community Health Center, Inc.**

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## ATTACHMENT C

Grayson Accounting & Consulting, P.A.  
118 Salem Court, Suite B  
P.O. Box 12774 / Tallahassee, FL 32317  
Telephone (850) 216-4045 / Facsimile (850) 216-4075  
e-mail: [john@graysonaccounting.com](mailto:john@graysonaccounting.com)

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## **INDEPENDENT ACCOUNTANTS REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors,  
Bond Community Health Center, Inc.

We have performed the procedures enumerated below, which were agreed to by the Bond Community Health Center, Inc., solely to recalculate the maximum exposure of undocumented American Express charge card expenditures allocable to Leon County during the 2012 fiscal year.

- The Bond Community Health Center, Inc. is responsible for the calculation of the maximum exposure of undocumented American Express charge card expenditures allocable to Leon County during the 2012 fiscal year.
- CohnReznick, LLP, is responsible for the Independent Auditor's Report for the year ended June 30, 2012.
- American Express is responsible for the total expenditures charged to the American Express charge card during the 2012 fiscal year.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### **Verify the total revenue for the 2012 fiscal year.**

- The total revenue of \$10,170,827, for the year ended June 30, 2012, was verified by the Independent Auditor's Report.

### **Verify the total Leon County grant revenue for the 2012 fiscal year.**

- The total Leon County grant revenue of \$419,631, for the year ended June 30, 2012, was verified by the Independent Auditor's Report.

**Verify the total amount of expenditures charged to the American Express charge card during the 2012 fiscal year.**

- The total charges to the American Express charge card of \$137,647, were verified through the examination of American Express statements for the year ended June 30, 2012.

**Recalculate the maximum amount of undocumented expenditures charged to the American Express charge card which could be allocable to Leon County during the 2012 fiscal year, based on Leon County's percentage of total revenue.**

- The total amount of expenditures charged to the American Express card during the 2012 fiscal year of \$137,647, was verified with American Express statements. Although some of the charges were documented during the audit, Bond Community Health Center staff, in an abundance of caution, opted to perform its calculation of undocumented expenditures charged to the American Express charge card based on the total charges instead of the undocumented charges. The portion of grant revenue from Leon County was divided by total revenues for the period ended June 30, 2012. That percentage (4.13%) was applied to the total expenditures charged to the American Express charge card (\$137,647) to attain the amount of undocumented expenses which were allocable to Leon County (\$5,679). The calculation was verified for its accuracy.

We were not engaged to, and did not; perform an audit, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Bond Community Health Center, Inc. and is not intended to be and should not be used by anyone other than the specified party.

***Grayson Accounting & Consulting, P.A.***

May 7, 2012



# **Bond Community Health Center, Inc.**

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## ATTACHMENT D

## **Status Report on Contracted Scope of Work for Board's Executive Consultant**

### **1. Manage day to day activities w/ top priority given to bringing Board into compliance w/ HRSA requirements, and take measures to facilitate improved Board governance.**

**Status:** Very little progress because neither the Board or the CAO have provided me with the findings from the HRSA Report or the Drew report so I can assess the Organization's progress in taking corrective action and develop recommendations for Board consideration to ensure the organization remains in compliance going forward. I have even been unable to get staff to provide me a copy of the Personnel Policies. Based on discussions at the Board meeting, it is clear that employees or former employees have sent copies of complaints against the organization to the federal government. It also seems clear that little has been done to address weaknesses in the Personnel Policies to demonstrate Board concern and oversight before the site visit this month. My hands have been tied in carrying out this responsibility since neither the Board nor Ms. Weeks has provided me the documents I need to do the job. In a previous e-mail I shared these concerns as well.

**Recommendation:** There should be a designated Board member to whom I regularly report, and who oversees and monitors my assignments, and makes sure I receive information and cooperation to get my job for the Board done.

Please provide copies of all relevant reports and information, including policies to allow me to do a thorough review to suggest corrective actions for Board consideration.

### **2. Provide technical assistance on operational matters for needed Board efficiencies.**

**Status:** Assisted the Personnel Committee with the development of a CEO Salary Matrix and a list of issues to take into consideration when determining the salary for the new CEO; and organized the New Board Member Orientation, at the request of Dr. Webster. No other issues have been identified and assigned by the Board.

**Recommendation:** More clarity is needed from the Board on Consultant's assignments and specific information on areas in which the Board needs technical assistance in carrying out its governance responsibilities.

### **3. Provide evaluation/ assessment of Board Committee Structure, task forces, ad-hoc committees, and refine organizational chart.**

**Status:** Except for reviewing the Board bylaws, the written committee structure, and the Board Roster with committee chairs and members listed, there has not been an opportunity to discuss with committees issues they would like addressed. I have begun to work on simplifying the Organizational chart.

**Recommendation:** All committees should have a designated meeting schedule, so that reports can be completed and included in Board packets prior to Board meeting date. Any reports with issues requiring

a Board vote should be sent to Board members in advance to give members the time to digest the information. Most non-profits send Board packets at least the week before the meeting.

**4. Develop a Board Work Plan that is in harmony w/ the Bond CHC Strategic Plan in developing the 2013-14 Work Plan.**

**Status:** There has been no activity because the organization does not have a strategic plan. The last strategic plan was done in 2010, according to information provided to me by staff. There must be a strategic plan before a year's work plan can be developed to implement the goals and objectives.

**Recommendation:** The Board needs a planning session to identify its goals for the next 5 years, its five year plan toward achieving its goals, and an annual work plan for implementation. Priority should be placed on these goals in the budget. The work plan should designate timelines and persons in the organization accountable for leadership in the achievement of the goal.

The proposed budget for 2013-14 should be made available to make sure resources needed to achieve strategic plan goals are reflected in the budget. The budget should be finalized and voted on by the Board before the start of the new fiscal year.

**5. Work with Staff in coordinating the Strategic plan with the operational plan.**

**Status:** There has been no progress. Ms. Weeks has not provided budget information or information on staff's work so far on developing a strategic plan, or work/ operational plan. She indicated that the organization's budget can only be provided to certain staff and Board members. This is an unusual practice for an organization funded mainly by tax dollars. For federal or state funded non-profits, more transparency is generally required.

**Recommendation:** Please provide approval and direction to staff to release to me documents necessary for me to do my job.

I also suggest that a short training at an upcoming Board meeting be held on compliance requirements of the Sunshine and Public Records Law to insure that the Board and organization are operating in compliance. Ms. Weeks states because of Bond CHC's classification type, it is exempt from the Sunshine Law and Public Records Law. However, those laws generally apply to any organization funded mainly from the public's tax dollars. It would not hurt to get a second opinion from a state expert on both of those laws and their applications. I can arrange such a training at no cost to the organization.

**6. Conduct ongoing Board Training sessions (w/ certified Board trainers) collectively and for individual members as needed or requested.**

**Status:** I have not been able to discuss with the Board its training needs. Further, I was not included in any of the information about the March 2 training. It is very difficult to plan Board training if information on the Board's needs is not readily available.

**Recommendation:** As indicated in #5, it is urgent that the Board receive training soon on the Sunshine and Public Records Law, as well as training on the Labor Law as it relates to liability for violations; particularly protected class violations. Reoccurring employment complaints without being able to document timely investigations and compliance with the law could create major legal risk for the Board and organization. It is not enough to take action in accordance with personnel policies and the law if good records are not kept to document it. The Board also should take advantage of the availability of experts here in the Capital for free training.

**7. Assist Nominating Committee in processing and communicating with potential Board members.**

**Status:** I know of no Nominating Committee Meeting. No one has discussed with me the plan for filling vacancies on the Board so that I can assist. This is an area in which clarity is needed on my role and Ms. Week's role in this process. To date, I have not been invited to be involved in the process, and therefore, have not been able to provide assistance.

**Recommendation:** A Nominating Committee Meeting is needed soon. Please provide me with information on your process for filling Board vacancies. I would appreciate an opportunity to meet w/ committees and/or chairs to get directions on how I can assist. Immediate concerns for the Nominating Committee in filling these vacancies should be greater diversity on the Board, and filling gaps on the Board for specific expertise.

**8. Create a plan/ System to digitize all Board records for easy storage and retrieval of Board information.**

**Status:** This will require an open, cooperative working relationship between staff, the consultant and the Board to develop such a plan, with clearly defined roles for each party, and designated resources in the budget. No progress has been made thus far for which I am aware. Once role clarity and clear directions are given, I am ready to start. I look forward to working cooperatively to achieve this goal.

**Recommendation:** The Board needs to designate a budget, clarify roles, and give clear directions on the job.

**9. Develop a Board office that houses documents and an appropriate space for consultant to work.**

**Status:** The consultant has no authority to direct how space is used in the organization. This seems to be a role for the Interim CEO/ CAO, rather than a role for a consultant. As a result, nothing has been done in this regard, except to allow the consultant temporary work space in the conference area of the past CEO.

**Recommendation:** Board records are in chaos with no clear chain of custody and no specific position in the organization accountable for the security of these records. In order to do the bios I had to run all over the agency trying to find each Board member's file; and still had to call or e-mail several members to get the data required for their bio. Item #9 should be the responsibility of the CEO/ CAO or her designee. However, if the Board still feels this should be the responsibility of the Consultant, the Board

Chairman should meet with the Consultant and Interim CEO on the specific roles of each. There is no way to do this without it being a cooperative effort between those two parties.

**10. Work with staff to ensure consistent, timely, seamless communication with all Board members and assist chairs with logistics for committee meetings.**

**Status:** In preparing for the last Executive Committee and Board meetings, there was little cooperation or communication from the CEO/ CAO office on the preparation of the agenda, and materials for the meetings. After Ms. Harris and I completed the agenda and sent it to Ms. Weeks to review, she explained that she and Atty. Knowles are responsible for developing the agenda and had already completed the one for the packet. That was fine with me, but I did not understand why she did not just tell me that up front so time was not spent duplicating effort.

**Recommendation:** Please clarify roles for preparation of the Board packets. It seems unnecessary to involve the Board's attorney, at his hourly rate, in general administrative duties like preparing a Board agenda. Provide a timeline by which packets should be mailed in advance of the meeting. It would seem wise for the CEO/CAO and Board Consultant to coordinate and communicate on the preparation of Board/ committee meeting materials.

**11. Attend all Board meetings (whether regular or called) and all committee meetings.**

**Status:** I have attended all meetings for which I was aware. However, as a consultant, not an employee, I have other contracts and will not always be able to attend meetings with no prior notice if I have already committed to another client at that time. I was specifically asked not to attend the March 2, 2013 Board meeting until the Board was ready to meet with me.

**Recommendation:** To ensure my availability for all meetings, it would be helpful to have regularly scheduled dates for meetings so I can schedule other clients around those dates. Further, there is a strict limit on the number of hours I'm allowed to be paid per week. Having a meeting schedule will also assist the Board in tracking the number of hours I spend in meetings.

**12. Such other similar duties as may be assigned from time to time.**

**Status:** I see no problem, but must remind the Board that I am contracted a maximum of 20 hours per week, or no more than 40 hours biweekly. As the contract is currently written, I cannot be paid for more than 40 hours in any two week cycle. Therefore, for my first pay cycle, I donated 4 hours that I worked beyond the 40 hours for the two weeks in that pay period.

**Other Issues:**

1. Consultants on contracts should be held accountable to timely performance of scope of work regardless of where the work is performed; as long as the consultant is available to staff and the Board

as needed for meetings and coordination of tasks. I found it unusual that I'm the only consultant required to spend a certain number of hours at the office, as for an employee.

2. With Ms. Weeks' reassignment of Ms. Harris, the Board has no designated **executive assistant** for clerical, secretarial support.

A handwritten signature in black ink, reading "Det. James Johnson". The signature is written in a cursive, flowing style with a large loop at the end.



*Joseph Webster, MD*  
*Chair*

*Gail Milton*  
*Ex-Officio*

*Dr. Leila Walker*  
*Vice Chair*

*Darryl Jones*  
*Treasurer*

*William Lamar*  
*Secretary*

*Helen Johnson*

*Dr. Delores Lawson*

*Dr. Doris Ballard-Ferguson*

*Dr. Donald Palm*

*Brenda Williams*

February 1, 2013

Re: Independent Contractor's Agreement

Dear Ms. Inman-Johnson:

This correspondence comes to advise you of the decision of the Bond Community Health Center (BCHC) Board of Directors in its January 24, 2013 meeting to retain your services as an executive consultant to its Board of Directors, commencing on the date this Letter of Engagement has been executed by all parties, continuing for a period of six (6) months with a review at the end of the 6-month period to determine whether further services will be needed.

The scope of work and services to be provided by you as an independent contractor to the Board at its direction, are as follows:

- 1) Provide on-site management of Board "day to day" activities with top priority given to bringing Board "into compliance" with HRSA requirements. To that end, work collaboratively with the CEO, the Board's General Counsel and staff in taking measures to facilitate improved board governance;
- 2) Provide technical assistance in connection with operational matters needed for board efficiency;
- 3) Provide evaluation and assessment of existing committee structure, task forces, ad hoc committees and Board's Organizational Chart;
- 4) Develop a Board Work Plan tailored for each committee and/or task force that is in harmony with the Board and the BCHC Strategic Plans – giving to developing a Work Plan for 2013 – 2014;
- 5) Work with staff in coordinating the Strategic Plan with an Operational Plan, including Board benchmarks;
- 6) Conduct ongoing board training sessions (certified board trainer) collectively and for individual board members as needed/requested;
- 7) Assist Nominating Committee in "processing and communicating" with potential Board nominees;
- 8) Develop an information archival/retrieval strategy and system for board review and adoption ( plan to "go digital" with all important board documents )
- 9) Develop a board office that houses documents, etc. and appropriate space for consultant to work ( and directors when they are on site working )
- 10) Work with staff to ensure consistent, timely and seamless communication with all board members and assist chair with logistics of coordinating meetings of numerous committees and task forces, including scheduled and "emergency" called meetings as needed;

1720 S. Gadsden Street • Tallahassee, Florida 32301

Telephone: 850.576.4073 • Fax: 850.576.2824

- 11) Attend all board meeting (whether regular or called) and all committee meetings; and
- 12) Such other similar duties as may be assigned from time to time.

It is anticipated that reasonably carrying out the requirements of this engagement will require that you be on premises at least three days per week, but you are permitted to work remotely on occasion, when it is more efficient to do so. Your rate of pay shall be \$25.00 per hour. Your hourly work schedule must not to exceed 20 hours per week, nor be less than 15 hours per week, and must be turned in to the CEO no later than the first day of the month following the month for which services are being billed. This independent contractor's agreement may be terminated with or without cause by either party at any time upon thirty (30) days' notice from the terminating party to the non-terminating party. All sums agreed to by the parties under this engagement shall be subject to appropriation by the Board.

It is our policy to provide the most effective support systems available, while at the same time allocating the cost of such systems in accordance with usage by the particular consultant. Therefore, BCHC will be responsible for certain usual and customary office support, including but not limited to clerical assistance, photocopies, long distance telephone, facsimile, messenger, courier including overnight express charges, and similar standard office expenses. Arrangements must be made through the CEO to provide you the essential support services you require for this engagement.

No amounts payable under this engagement, including, without limitation, amounts payable in the event of the termination hereof, may be subject to withholding for federal, state and local taxes pursuant to applicable laws, rules or regulatory requirements. Your relationship to BCHC is that of an independent contractor and nothing herein shall be construed as creating any other relationship. As such, you agree to comply with all laws and assume all risks incident to your status as an independent contractor. This includes, but is not limited to, responsibility for all applicable federal and state income taxes, associated payroll and business taxes, licenses and fees, and such insurance as is necessary for your protection in connection with work performed under this agreement.

The provisions of this engagement are severable and if any provision of this Agreement shall be held to be invalid or otherwise unenforceable, in whole or in part, the remainder of the provisions, or enforceable parts thereof, shall not be otherwise affected.

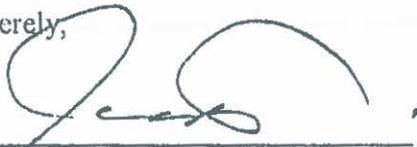
Since this is personal services contract you agree that you have no right to assign, delegate or otherwise transfer to any other person or entity any duty or obligation to be performed by you.

~~2/2/13~~  
2/2/13

This Letter of Engagement supersedes all prior agreements and understandings between you and BCHC, oral or written, and may not be modified or terminated orally. No modification, termination, or attempted waiver shall be valid unless in writing, signed by the party against whom such modification, termination or waiver is sought to be enforced. This Letter of Engagement was the subject of negotiation by the parties hereto and their counsel. ~~The parties agree that no prior drafts of this Agreement/ Letter of Engagement shall be admissible as evidence in any proceeding which involves the interpretation of its contents and, further, that it shall be governed by and construed in accordance with the internal laws of the State of Florida without reference to the conflict of law thereof.~~

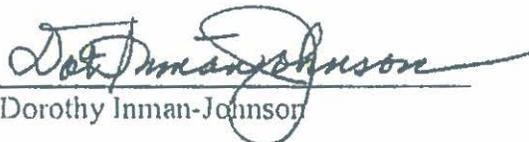
In the event either party is required to engage the services of legal counsel to enforce the terms and conditions of this Agreement against the other party, regardless of whether such action results in litigation, the prevailing party shall be entitled to reasonable attorneys' fees and reasonable costs from the other party, which shall include any fees or costs incurred at trial or any appellate proceeding, and expenses and other costs, including any accounting expenses incurred.

Sincerely,



Joseph Webster, Sr., Chair

This consulting engagement is accepted and agreed to as outlined above this 2 day of FEBRUARY, 2013.



Dorothy Inman-Johnson

1720 S. Gadsden Street • Tallahassee, Florida 32301

Telephone: 850.576.4073 • Fax: 850.576.2824



## Bond Community Health Center, Inc.

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Eryn Calabro  
Financial Compliance Administrator  
Office of Human Services and  
Community Partnerships  
918 Railroad Avenue  
Tallahassee, Florida 32310

March 25, 2013

Ms. Calabro,

As you may be aware, I have just returned from Washington, DC for the NACHC Policy and Issues Conference and would like to thank you for extending the date of my response. As a follow up to your email dated 3/22/2013 the Bond Community Health Center, Inc. (BCHC) is formally requesting to amend the current contract to use \$72,455 of pharmacy staffing funding from \$177,500 for the AHCA LIP funding grant.

Accordingly BCHC will attempt to answer each bullet:

- Specify what is this particular AHCA LIP grant for and how much it is:

Per House Bill 5001, the General Appropriations Act of State Fiscal Year 2012-2013, passed by the 2012 Florida Legislature, County and the Agency, the County will remit to the State an amount not to exceed a grand total of \$72,455. With this match, the State of Florida will make available \$98,955 for a total of \$171,410.

- a. The County and the Agency have agreed that these funds will only be used to increase the provision of health services for the Medicaid, uninsured, and underinsured people of the County and the State of Florida at large.*
- b. The increased provision of Medicaid, uninsured, and underinsured funded health services will be accomplished through the following Medicaid programs:*
  - i. The Disproportionate Share Hospital (DSH) program.*
  - ii. The removal of inpatient and outpatient reimbursement ceilings for teaching, specialty and community hospital education program hospitals.*

- iii. *The removal of inpatient and outpatient reimbursement ceilings for hospitals whose charity care and Medicaid days as a percentage of total adjusted hospital days equals or exceeds 11 percent.*
  - iv. *The removal of inpatient and outpatient reimbursement ceilings for hospitals whose Medicaid days, as a percentage of total hospital days, exceed 7.3 percent, and are trauma centers.*
  - v. *Increase the annual cap on outpatient services for adults from \$500 to \$1,500.*
  - vi. *Medicaid Low Income Pool (LIP) payments to rural hospitals, trauma centers, specialty pediatric hospitals, primary care services and other Medicaid participating safety-net hospitals.*
  - vii. *Medicaid LIP payments to hospitals in the approved appropriations categories.*
  - viii. *Medicaid LIP payments to Federally Qualified Health Centers.*
  - ix. *Medicaid LIP payments to Provider Access Systems (PAS) for Medicaid and the uninsured in rural areas.*
  - x. *Medicaid LIP payments for the expansion of primary care services to low income, uninsured individuals.*
- Detail how you will use the total funding:

The total funds from this grant \$171,410 related to fiscal year 2012-2013 will assist us with maintaining and supporting the operations of the Mobile Unit to provide services to patients throughout Leon County at various sites. In addition, clinical and outreach staff consisting of an ARNP, LPN, MA, Outreach worker, Intake Specialist and Driver will provide services to the Mobile Unit. Other operating costs include medical supplies and fuel. The mobile unit provides an additional resource to mitigate the barrier for patients in Leon County who do not have access to the Health Center located at 1720 Gadsden Street.

- How will it benefit the County to fund these positions rather than the pharmacy staff?

For the 2012/2013 fiscal year, additional Leon County residents can now be afforded quality health care with access to the Mobile Unit.

The Pharmacy will remain operational and fully staffed.

- How will the pharmacy staffing be funded now? (Detail how the remaining, if any, of the funding will be used for staffing. Titles, FTEs, salaries, fringe)

The Pharmacy staffing previously supported by the County will now be supported by patient revenue derived from self-pay/co-pay, Medicaid reimbursement and third-party insurance to maintain the following:

1 FTE Pharmacy Manager	\$120,000 (salary + fringe)
1 FTE Pharmacy Technician	\$ 42,000 (salary + fringe)
.5 FTE PAP Technician	<u>\$ 15,500 (salary + fringe)</u>
Total	\$177,500

If there are any additional questions or information needed please contact me at (850) 321-5333 or Mrs. Poole at (850) 576-4073, ext. 273. Once again, the Bond Community Health Center, Inc. appreciates your continued support of the services we provide to Leon County.

Sincerely,

*Debra Weeks*, MSW

Chief Administrative Officer / Interim CEO  
Bond Community Health Center, Inc.  
1720 South Gadsden Street  
Tallahassee, Florida 32301

Cc: Angela Poole, CFO, BCHC  
Candice Wilson, Director, Office of Human Services and Community Partnerships  
Kimberly Dressel, Director of Management Services

## Candice Wilson - follow up

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**From:** "Angela Poole" <apoole@bondchc.com>  
**To:** "Candice Wilson" <WilsonCa@leoncountyfl.gov>, <rosensweiga@leoncountyfl...>  
**Date:** 3/27/2013 12:18 PM  
**Subject:** follow up  
**CC:** "Debra Weeks" <dweeks@bondchc.com>

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Alan and Candice,

Thank you for meeting with me this morning.

As discussed, \$72,455 will be shifted from Pharmacy staffing to apply as match towards the LIP grant for \$171,410 (\$98,955 from State funds.) The remaining \$105,045 will be available for further match dollars if an additional matching grant becomes available before the end of the County's fiscal year. Until such an opportunity is identified, these funds will remain for Pharmacy staffing.

To clarify the last bullet on the agenda item request letter, Pharmacy staffing of \$177,500 will be funded as follows: \$105,045 from the County and \$72,455 from patient revenue derived from Medicaid, third-part insurance and sliding fee self-pay/co-payments.

If you have any additional questions, please do not hesitate to contact me at (850)57+-4073 ext. 273 or on my cell at (6778)910-2487.

Truly,

Angela

# **Additional Information for Public Hearing Agenda Items #17 and #18**

**#17 - First and Only Public Hearing to Consider  
Proposed Revised Solid Waste Ordinance**

**#18 - First and Only Public Hearing on a Proposed  
Stormwater Management System Ordinance,  
and Adoption of Resolution Relating to the  
Provision of Funding Stormwater Management  
System and the Related Rate Study**

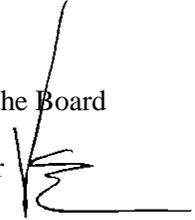
**Meeting of Tuesday, May 28, 2013**

# *Board of County Commissioners*

## INTER-OFFICE MEMORANDUM

DATE: May 23, 2013

TO: Honorable Chairman and Members of the Board

FROM: Vincent S. Long, County Administrator 

SUBJECT: Additional Information on Public Hearing Agenda Items #'s 17 and 18 regarding the Third and Final Community Meeting at Montford Middle School on May 21, 2013

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Attached for your consideration is a record of comments taken during the community meeting held at Montford Middle School on May 21, 2013. This was the third and final community meeting authorized by the Board as part of a Public Information and Community Outreach Plan. These meetings were designed to address concerns from citizens in regards to the proposed changes to the stormwater assessment fee, authorizing the five-cent gas tax, and the possibility of implementing universal solid waste collection services in the unincorporated areas of the County. The recorded comments of the community meetings at Chaires Elementary and Fort Braden School were provided as attachments to the Public Hearing items on the proposed Stormwater Management Ordinance and proposed revisions to the Solid Waste Ordinance.

In summary, as required by state law that necessitates that a first class notice be provided to property owners when increasing a non-ad valorem assessment, the Board authorized the mailing of 37,781 first-class notices to owners affected by the proposed increase to the stormwater assessment. Included with the required notice, information was also provided regarding the proposed five-cent gas tax and universal collection of solid waste.

Table 1 shows the responses received by the County to the mailing, and the advertised community meetings. It should be noted that some citizens submitted multiple e-mails, some sent letters, called, and attended multiple community meetings.

**Table 1: Cumulative Citizen Response to Proposed Fee Changes Mailing and Advertised Community Meetings**

Number of Mailings	Response Forum	Number of Responses		Percent Response to Mailing
37,781	Call Center	354		0.90
	Letters and E-Mails	37		0.10
	Chaires Elementary School	Attendees	100	0.26
		Speakers	26	0.07
	Ft. Braden School	Attendees	150	0.40
		Speakers	31	0.08
	Montford Middle School	Attendees	55	0.15
		Speakers	20	0.05
	Total Community Meetings	Attendees	305	0.81
		Speakers	77	0.20

Community Meeting  
Montford Middle School  
May 21, 2013  
5:30 PM – 7:33 PM

Citizens in Attendance: 55  
Speaker Cards: 22 (2 self-pulled or left)  
Speakers: 20

Opening Remarks and Presentation by County Administrator  
County Panel introduced and answers were provided to citizens during the public speaking time.

Speakers:

1. Marlene Brudenell – Representing a single senior with two properties, and one is rented. Waste Management provides good service with many options. Also uses Miccosukee roll-off site. Appreciative of the Counties work and support everyone paying for services.
2. Bill Berlow – Will be unable to attend public hearing. Thanks to County for rebidding contract. Solid waste collection is a public health issue. Strongly support a reduced rate for people on fixed income and who take in less income than the national poverty line. Thinks universal collection is important to help keep ground water and national forests in good condition. Urge County to bring roll-off sites to where they pay for themselves. Supports “pay as you throw” program.
3. Ruth Chase – Doesn’t agree with curbside service and how it could cost less than roll-off sites. Has not seen a waste dumping or burning problem in the County. People who handle their own garbage tend to minimize their waste. She, and people she knows personally, are willing to pay more. She agrees that everyone should pay. Cannot handle large trucks down our road. Does not want County to take over maintenance of roads, but someone will have to pay for the additional truck traffic.
4. Curtis Baynes –Congratulations on getting the price of universal collection down. Everyone should not have to subscribe to curbside collection. Concerned with the exclusive contract with the vendor. Objects to stormwater fees. Prefers the fees on the utility bill so renters pay for it. Agrees with the increase in fuel tax if that is the best way to implement a user-based fee. There is more elasticity in the fuel tax with regards to individuals taking one less trip or making trips more productive. Does not understand raising fees to generate an additional \$3 million - \$5 million, while proposing merit increases to employees. Can the fuel tax be leveraged to pull down any more state or federal dollars?
5. Paul Garrison – Concerned with charging a single-member household the same as a multiple-member household and the fairness of fees. Paying a fee (Fire Service) for which a service is not being provided. Fire Service in the County is lacking when property insurance companies say that any home beyond 800 ft from a fire hydrant does not receive fire service. Insurance company says the water tank fire trucks do not qualify. Paying for Fire Service fee and an additional insurance rate.

6. Charlie Leppold – Why is this being done now? Will this revenue go toward funding Gaines Street? Pays a fire service fee that's new as of two years ago. You're increasing my costs even though you seem to be very efficient at what you do. County is increasing cost at a time when they can't pay. What contracts are signed between Leon County and Waste Pro? "This is a done deal."
7. Tom Matthias – Sound like a done deal. By the letter it stated that all homes must be served but is happy to hear there are other options. Hazardous waste locations next to the rural waste centers; what happens to those? People are talking about reducing their waste and this doesn't recognize specific situations. Why is there a 70% revenue increase for gas tax? This is a 70% increase in revenue though we have already been maintaining the roads. All these have been subsidized by our property tax; where is the tax reduction?
8. Abner Glenn Wright – Lived in Leon County for 25 years and seen 2 major stormwater projects; while there appears to be a new one by my property. They have had storms, but no flooding. Opposed to the gas tax.
9. David Westaway – Has six people in household and uses Miccosukee roll-off site heavily. Don't know what he will do without roll-off site. The employee who works there is very helpful. Does not see problem of proper waste disposal being solved by curb pick up. There is no place to drag the containers to outside of our private road.
10. Leatrice Denson – Satisfied after speaking with the Waste Pro representative to get specific questions answered. On a fixed income and is \$85 the lowest the County can go? How is the 50% savings for low-income seniors established? Lives at the end of what used to be a County maintained road and now the road is not maintained anymore. Needs road repaired. Rain washed away gravel that was in place to repair road. What will be done to the people who bury and/or burn their trash?
11. Rich Miller - Will the \$40 waste disposal fee and \$20 stormwater fee on my tax bill be replaced with the new fees? Will the new collection take the place of the \$40 on the tax bill? Should receive discounts for proper environmental actions taken on property.
12. Nansalary Huston – Will the \$40 disposal fee on the tax bill be taken off? I have one property that is not occupied; will it be charged a collection fee? Why is the stormwater fee going up? Already paying the fire service fee and not in support of additional fees.
13. Richard Floerke – Concerned with closing roll-off sites and the improper dumping of waste, such as oil and hazardous waste. Thomas County in Georgia and Gadsden County had sites that closed and there has been illegal dumping that cost more to clean up than to run the sites. Elderly people will struggle with curbside collection. Would prefer to have the roll-off sites remain open and would be willing to pay for that rather than curbside collection. Recommends having the meetings on weekends to get greater attendance.

14. Mike Murray – Concerned that three new items will be added to his tax bill and taking a double hit. Will this fee be added to the property tax bill? Concerned that taxes have not gone down. No objection to the school taxes going up. Why doesn't the County collect more property tax instead of introducing new fees? Concerned that County is playing games by extracting items one by one from the property taxes. What contractual restraints are in line to keep Waste Pro from increasing their fees? What stormwater service am I receiving in Killlearn Lakes? What is Leon County doing to combat the sheet flow issue and how will the drainage system improve?
15. Linda Bell — Stormwater is self-contained in Plantation Woods. Has a large lot that absorbs the water before it goes anywhere. No one has flooded in our neighborhood; what is maintained? Does not feel that the County provides services in Plantation Woods. Opposes any fee increases. Splits trash collection with neighbor and together creates as much waste as a family. Makes just more than the amount to qualify for a discount and feels there should be incremental allowances. This increase will cause her to go in the hole. There should be an allowance for one-person households on a limited income. The \$85 for stormwater is not reasonable.
16. Bob Galloway – Support the roll-off site. Currently recycles and brings oil to the Miccosukee location. The site is kept clean and many neighbors use it. Will there be a decrease in the Children' Lighthouse Waste Management bill of \$600? Lighthouse stormwater fee will increase to more than \$2,000. Are their adjustments for the stormwater fee that the Children's Lighthouse could receive?
17. Jack Pelham – Thank you all for coming. How did the stormwater fee difference come about between single-family homes and mobile homes? How many of you on the panel and County Commissioners have a vehicle furnished or are reimbursed for the use of your personal vehicle? How do you get a County employee to clean ditches in front of your house?
18. Kathy Austin –Lives on a private dirt road and had a County employee with Solid Waste come out to determine if curbside pickup would be unavailable. Neighborhood has to take 13 trashcans and 13 recycle bins to the end of our one-mile road and keep them from dogs and coyotes. Would be willing to pay the fees to keep the rural stations open. Miccosukee is a wonderful operation.
19. Richard Coates – If all fee increases and universal collection passes, what is the total financial impact to me? What does Waste Pro pick up? Will everything that we can take to Miccosukee be able to be collected by Waste Pro? There are fabulous employees at the Miccosukee roll-off site. What should be done with hazardous waste? The rural waste centers should be kept open on certain days or unmanned?
20. Kirk Headley Purdue – Opposed all fees as owners of mobile home parks will be passing the fees on to those with fixed incomes living in the mobile homes. Fees total average \$400. This is not about convenience, but survival for some people.

**ADD-ON**

**Attached is Agenda Item #20**

**Consideration of Negotiations on Implementation of the  
Five-Cent Gas Tax with the City of Tallahassee**

*(This item will be taken up as the first item under General Business; this will be reflected in a revised Agenda Outline to be distributed Tuesday.)*

**Meeting of Tuesday, May 28, 2013**

**This document distributed May 23, 2013**

**Leon County  
Board of County Commissioners**

**Cover Sheet for Item #20**

**May 28, 2013**

**To:** Honorable Chairman and Members of the Board

**From:** Vincent S. Long, County Administrator 

**Title:** Consideration of Negotiations on Implementation of the Five-Cent Gas Tax with the City of Tallahassee

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<b>County Administrator Review and Approval:</b>	Vincent S. Long, County Administrator
<b>Department/Division Review:</b>	N/A
<b>Lead Staff/Project Team:</b>	N/A

**Fiscal Impact:**

As the County has not imposed the additional five-cent gas tax, by not proceeding with its implementation there is no current fiscal impact.

**Staff Recommendation:**

Option #1: Do not proceed further with implementing the five cent local option gas tax and cancel the scheduled June 18, 2013 public hearing.

## **Report and Discussion**

### **Background:**

As part of the April 23, 2013 Budget Workshop, with regard to the possible implementation of the five-cent gas tax, the Board directed the following:

1. Implement the entire five cent gas tax in one year and authorize the County Administrator to negotiate an interlocal agreement with the City of Tallahassee presuming a 50/50 split, and schedule a public hearing for June 18, 2013.
2. Authorize the County Administrator to negotiate with the City of Tallahassee the extension of the existing six cent gas tax which is set to expire August 31, 2015.

Subsequent to this time, the County Administrator has had discussions with the City Manager regarding the matter.

### **Analysis:**

As part of the negotiations, County staff presented to the City a proposal of a 50/50 split for both the extension of the existing six-cent gas tax and the additional five-cent gas tax. The City staff countered with a proposal of 53.33% City and 46.67% County for both the six-cent and five-cent gas taxes. In the spirit of cooperation, the County Administrator, though not originally authorized by the Board, offered that the original six cents stay at the current allocations (53.33% City and 46.67% County), and that the five-cent tax be split at a 50/50 ratio. The County Administrator stated to the City that he would make this as a recommendation to the Board of County Commissioners. The aggregate allocation of the entire 11 cents equates to 52% for the City and 48% for the County. As reflected in the City's agenda item (Attachment #1), the negotiations between the City and County staff was the recommended action the City staff made to the City Commission.

During the City Commission meeting, the City Commission directed the City Manager to negotiate the five-cent gas tax at the 53.33/46.67 ratio and approved the six-cent extension as the same. This action by the City is not reflective of a cooperative nature. The Board of County Commissioners has taken the leadership position on this issue in presenting the necessity of imposing a new five-cent gas tax for our community. Throughout this effort, the County has had to clearly articulate to its residents the need for the additional gas tax, the ongoing reasoned and necessary approach the County has taken to imposing increased fees and taxes, and why now is the right time to address aligning user fees with programmatic expenditures. These efforts have included mailings to all unincorporated area residents, three public meetings, and responses to phone calls and e-mails.

The approach of a 50/50 split on the five cents (which equates to 52% City and 48% County when taking into consideration the six cents), allows each government to prioritize and address our respective transportation needs as they deem appropriate. As such, the City might determine public transportation to be the greatest need. In turn, the County might agree that public transportation is worthy of additional funding or determine that roads and streets are the County's highest priority for funding.

Title: Consideration of Negotiations on Implementation of the Five-Cent Gas Tax with the City of Tallahassee

May 28, 2013

Page 3

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As the County and City have a number of other significant joint efforts currently underway (e.g. sales tax extension, fire services, solid waste, cultural plan update, etc.), it is important that the County not acquiesce to the City's desire to receive a greater share of the additional gas tax. An agreement at this point only serves to lay the foundation for how future negotiations may occur. Negotiations should recognize the needs of both parties with particular recognition for those who are responsible for taking the necessary actions to effectuate the changes being proposed. The County's position in the current gas tax discussion is reasoned and acknowledges the needs of both governments.

Given the posture taken by the City Commission on this matter, the recommendation at this point in time is to proceed no further with implementing the additional five-cent gas tax and cancel the related scheduled June 18, 2013 public hearing. Staff will provide any updated information from the City at the May 28, 2013 Board meeting.

**Options:**

1. Do not proceed further with implementing the five-cent local option gas tax and cancel the scheduled June 18, 2013 public hearing.
2. Direct the County Administrator to proceed with negotiating a 53.33% City and 46.67% County allocations for the five-cent local option gas tax and continue forward with the June 18, 2013 public hearing.
3. Board direction.

**Recommendation:**

Option #1.

**Attachment:**

1. City of Tallahassee May 22, 2013 Agenda Item



### **Agenda Item Details**

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Meeting	May 22, 2013 - City Commission Meeting
Category	13. POLICY FORMATION AND DIRECTION
Subject	13.02 Approval of Interlocal Agreements with Leon County on Local Option Gas Tax--- RAOUL LAVIN, MANAGEMENT & ADMINISTRATION
Type	Action, Discussion
Preferred Date	May 22, 2013
Absolute Date	May 22, 2013
Fiscal Impact	Yes
Dollar Amount	\$ 2,100,000.00
Budgeted	No
Budget Source	Gas Tax Revenues
Recommended Action	Option 1 Approve the proposed interlocal agreement with Leon County on the distribution of the 5 cents local option gas tax (Attachment 1) and Option 2 Approve the extension of the existing interlocal agreement with Leon County on the distribution of the 6 cents local option gas tax (Attachment 2).

**FOR INFORMATION CONTACT: Raoul Lavin, 891-8149.**

### **Statement of Issue**

Florida Statutes provide County governments with the authority to levy up to 12 cents of local option fuel taxes in the form of three separate levies.

1. The 9<sup>th</sup> Cent fuel tax is a tax of 1 cent on every net gallon of motor and diesel fuel sold within a county.
2. A tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold within a county.
3. A tax of 1 to 5 cents on every net gallon of motor fuel sold within a county.

Each of the levies can be approved by ordinance of the governing body (voting requirements differ for each three levies) or by voter approval in a countywide referendum. Florida Statutes provide for different requirements on how revenues generated by each levy are distributed and allow for interlocal agreements setting the distribution formula to be implemented between counties and municipalities within the county. Revenues from the local option gas tax can be utilized to fund transportation expenditures including public transit.

Currently, 7 cents of the allowable 12 cents are levied in Leon County. Per State Statutes revenues collected from the 9<sup>th</sup> Cent Fuel Tax (one cent) are retained by Leon County. The City and County

have an existing interlocal agreement that identifies the distribution of the other 6 cents being levied. Under the current agreement the City receives 53.33% and the County receives 46.67%. The City received \$4.1 million from this source in FY12. The current interlocal agreement for the 6-cent levy expires in August of 2015.

At the April 23, 2013 Leon County Commission Budget Workshop, the County Commission approved moving towards implementation of the remaining 5 cents in local option gas tax. Over the last few weeks, County and City staff have been negotiating interlocal agreements aimed at identifying how proceeds of the existing 6 cents and proposed 5 cents in local option gas tax revenues will be distributed between the City and County.

This agenda item seeks City Commission approval of the new proposed interlocal agreement with Leon County for the additional 5 cents in local option gas tax. The proposed interlocal agreement calls for an equal split of these revenues. If approved, collection of the additional 5 cents will begin on January 1, 2014. The city's distribution of revenues for the first year is estimated at \$2.1 million. These revenues will assist in addressing projected budget shortfall of \$4.9 million for the FY14 that was presented to the City Commission during the FY14 Budget update at the May 8, 2013 City Commission meeting.

Additionally, this agenda item also seeks renewal of the existing interlocal agreement of the 6 cents under the same terms of the current agreement. If approved, aggregate distribution of the 11 cents in local option gas tax would be 52% City and 48% County based upon both interlocal agreements.

Leon County will be considering the proposed interlocal agreement for the additional 5 cents at their June 18, 2013 County Commission meeting. This will provide the County sufficient time to notify the Florida Department of Revenue of the intent to levy the additional 5 cents in local option gas tax by the July 1, 2013 deadline.

### **Recommended Action - Approve Options 1 and 2**

Option 1 Approve the proposed interlocal agreement with Leon County on the distribution of the 5 cents local option gas tax (Attachment 1) and Option 2 Approve the extension of the existing interlocal agreement with Leon County on the distribution of the 6 cents local option gas tax (Attachment 2).

### **Fiscal Impact**

If approved collection of revenues will begin on January 1, 2014. It is estimated that for the first year (nine months of collections) the City will receive approximately \$2.1 million. In FY15 it is estimated that the City will receive approximately \$2.75 million. These funds will help support transportation expenditures in the general fund.

## **SUPPLEMENTAL MATERIAL / ISSUE ANALYSIS**

### **HISTORY / FACTS AND ISSUES**

Florida Statutes provide County governments with the authority to levy up to 12 cents of local option fuel taxes in the form of three separate levies. The first, known as the 9<sup>th</sup> Cent Fuel Tax is a one cent levy on every net gallon of motor and diesel fuel sold within a county and can be authorized by an ordinance approved by an extraordinary vote of the governing body or voter approval in a countywide

referendum. The second available levy is a tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold within a county and can be approved by an ordinance adopted by a majority vote of the governing body or voter approval in a countywide referendum. The third available levy is a tax of 1 to 5 cents on every net gallon of motor fuel sold within the county and can be authorized by an ordinance adopted by a majority plus one vote of the governing body or voter approval in a countywide referendum. Local option gas tax proceeds can be used to fund transportation expenditures including public transit expenditures.

Currently, the 9<sup>th</sup> Cent Fuel Tax (one cent) and the first 6 cents local option gas tax are levied within Leon County. Although State Statutes allow for counties to retain all the proceeds generated from the 9<sup>th</sup> Cent Fuel Tax, State Statutes allow for counties to enter into interlocal agreements with municipalities within the County for the distribution of proceeds for the other two levies. If an interlocal agreement cannot be reached, the state divides the tax through a statutory distribution formula. The City and County have an existing interlocal agreement, approved in 1985 and amended in 1987, that identifies the distribution of the 6 cents. The following provides a history of this agreement.

Agreement	Distribution
1 <sup>st</sup> Agreement – June 25, 1985	Four cents enacted and distributed equally between the City and the County (50%: 50%)
Agreement Amended – May 29, 1987	Additional two cents enacted. Distribution of the first four cents remains the same. Distribution of the additional two cents is as follows: 50% City /50% County first 5 years of agreement (thru 8/31/92) 55% City /45% County second 5 years of agreement (thru 8/31/97) 60% City /40% County remaining 18 years of agreement (thru 8/31/15)

Based upon the formulas enacted in the interlocal agreement the City receives 53.33% and the County receives 46.67% of total revenues. The current 6 cents levy expires in August of 2015. The following table shows total revenues received by the City from this source.

1st Local Option Gas Tax (6 Cents)	Revenues Received
FY08	3,921,676
FY09	3,894,406
FY10	3,993,140
FY11	4,125,720
FY12	4,110,477
FY13 YTD	1,628,485
Total	15,934,942

At the April 23, 2013 Leon County Commission Budget Workshop, the County Commission approved moving towards implementing the remaining 5 cents in local option gas tax. If fully implemented the additional 5 cents will generate approximately \$5.5 million countywide.

Leon County staff have indicated that they will be seeking approval of the new interlocal agreement for the additional 5 cents at their June 18, 2013 County Commission meeting. In order for the additional 5 cents to be effective for FY14, the County has to notify the Florida Department of Revenue of its approval of the new levy by no later than July 1, 2013.

Under the current proposal negotiated by City and County staff, distribution of the 5 cents would be split equally between both governments. If approved, this will generate approximately \$2.1 million in additional revenues for the City in FY14 and approximately \$2.75 million in FY15 and beyond. In light of the currently projected general fund shortfall of \$4.9 million for FY14, this new revenue will significantly assist in balancing the proposed FY14 budget shortfall as presented to the City Commission as part of the May 8, 2013 budget update. In future years and as the economy continues to improve, revenues generated from this source could be allocated for additional transportation infrastructure needs including sidewalks, bikeways, road improvements, etc.

City and County staff also negotiated extending the current interlocal agreement on the existing 6 cent local option gas tax under the existing terms. Revenues collected from the 6 cents will continue to be distributed based on the City receiving 53.33% and the County receiving 46.67% of total revenues collected.

If approved, aggregate distribution of all 11 cents in local option gas tax would be 52% City and 48% County based upon the provisions of both interlocal agreements. This agenda item seeks City Commission approval of both interlocal agreements.

## **OPTIONS**

**Option 1** Approve the proposed interlocal agreement with Leon County on the distribution of the 5 cents local option gas tax (Attachment 1).

### **Pros**

- Provides additional revenues for transportation expenditures that can free up other general fund resources to assist with balancing the FY14 budget.
- Gas tax is paid by individuals buying fuel in Leon County including visitors.
- Will help fund transportation needs in future budgets.
- Implements an untapped revenue source available to local governments.
- Increase in gas tax may not be significantly noticed as a result of fuel price fluctuations.

### **Cons**

- Adds an additional 5 cents to each gallon of fuel purchased in Leon County.

**Option 2** Approve the extension of the existing interlocal agreement with Leon County on the distribution of the 6 cents local option gas tax (Attachment 2).

**Pros**

- Ensures continued receipt of approximately \$4.1 million that is programmed for transportation expenditures.
- Gas tax is paid by individuals buying fuel in Leon County including visitors.

**Cons**

- Continues collection of 6 cents on each gallon of fuel purchased in Leon County.

**Option 3** Direct staff to negotiate an interlocal agreement that distributes the additional 5 cents based on the current distribution of 53.33% City and 46.67% County.

**Pros**

- Could result in higher distribution of revenues to the City.

**Cons**

- May not be enough time to meet statutory requirements to implement 5 cents for FY14.

**Option 4** Do not approve the interlocal agreements and provide staff direction.

**ATTACHMENTS**

1. Interlocal Agreement 5 cent local option gas tax
2. Interlocal Agreement 6 cent local option gas tax

[Interlocal Agreement 5th cent local option gas tax.pdf \(262 KB\)](#)

[Interlocal Agreement 6 cent local option gas tax.pdf \(262 KB\)](#)