

CHRISTIAN COUNTY PUBLIC HEALTH
TAXING DISTRICT

HOPKINSVILLE, KENTUCKY

FINANCIAL STATEMENTS
JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Health
Christian County Public Health Taxing District
Hopkinsville, Kentucky

We have audited the accompanying modified cash basis financial statements of the Christian County Public Health Taxing District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, *Administrative Reverence* described in Note 1. This practice differs from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis Statement of Assets, Liabilities and Fund Balance of the Christian County Public Health Taxing District, as of June 30, 2014, and the respective Statement of Cash Receipts and Disbursements for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014, on our consideration of the Christian County Public Health Taxing District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christian County Public Health Taxing District's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, others within the organization, the Kentucky Cabinet for Health and Family Services, 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.

Thurman Campbell Group, PLC

Hopkinsville, Kentucky
November 10, 2014

CHRISTIAN COUNTY PUBLIC HEALTH TAXING DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
JUNE 30, 2014

ASSETS:

Current Assets:

Cash in Bank	\$ 418,818
Investments	<u>1,478,151</u>

TOTAL ASSETS	<u>\$ 1,896,969</u>
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LIABILITIES AND FUND BALANCE:

Liabilities:

None	\$ -
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Fund Balance	<u>1,896,969</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,896,969</u>
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CHRISTIAN COUNTY PUBLIC HEALTH TAXING DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
JUNE 30, 2014

RECEIPTS:

Tax Revenue	\$ 850,247
Interest	36,481
Realized Gain (Loss) on Investments	<u>(3)</u>
Total Receipts	<u>886,725</u>

DISBURSEMENTS:

Current:	
Christian County Health Department	<u>874,290</u>
Total Disbursements	<u>874,290</u>
Excess (Deficiency) of Cash Receipts over Cash Disbursements	12,435
Cash and Investments - Beginning of Year	<u>1,884,534</u>
Cash and Investments - End of Year	<u><u>\$ 1,896,969</u></u>

See Notes to the Financial Statements

CHRISTIAN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies

The Christian County Public Health Taxing District was formed as a taxing district as provided in Kentucky Revised Statutes. The entity is a governmental unit and as such is exempt from income tax.

The following is a summary of the more significant policies:

The Reporting Entity

The District, for financial purposes, includes all of the funds relevant to the operations of the District.

Fund Accounting

The accounts of the District are organized on the basis of funds. The only fund type applicable to the District is the General Fund, which is the general operating fund of the District. It is used to account for all financial resources.

Property, Plant and Equipment

The accounting and reporting treatment applied to property, plant and equipment associated with a fund is determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (receipts) and decreases (disbursements) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Property, plant and equipment used in governmental fund type operations are reported as cash disbursements on the statement of cash receipts and disbursements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The records of the Christian County Public Health Taxing Districted are maintained on a modified cash basis of accounting, consequently certain revenue and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. This is the accounting method prescribed by the Kentucky Cabinet for Health and Family Services, Department for Public Health. This modified cash basis system does not require the maintenance of a general fixed asset account group or general long-term debt group of accounts.

Note 2: Related Party Transactions

The District is related through common board members with the Christian County Health Department. The District periodically makes transfers of tax revenues to the Christian County Health Department. During the years ended June 30, 2014 and 2013, the District made transfers to the Health Department of \$874,290 and \$1,327,545 respectively.

CHRISTIAN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 3: Property Taxes

The District's property tax is levied on October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes are due and payable by December 31, with a discount offered for earlier payment. All unpaid taxes become delinquent January 1 of the following year. Taxes are collected by county fee officials and remitted to the District on a monthly basis.

Note 4: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions. The District is covered for liability through a common policy with the Christian County Health Department.

Note 5: Cash and Investments

In November of 2008, the district converted its cash to a money market account and various investments. The District reports its investments at cost. This is a departure from accounting principles generally accepted in the United States which prescribes that investments be reported at fair market value. At June 30, 2014, the fair market value of the District's investments was \$1,856,421.



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

To the Members of the Board of Health
Hopkinsville County Public Health Taxing District
Hopkinsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Christian County Public Health Taxing District, as of and for the year ended June 30, 2014, and the related notes to the financial statements and have issued our report thereon dated November 10, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Thurman Campbell Group, PLC

Hopkinsville, Kentucky
November 10, 2014