

**FRANKLIN COUNTY
HEALTH DEPARTMENT
AND
FRANKLIN COUNTY
PUBLIC HEALTH TAXING DISTRICT
Frankfort, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2016**

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INDEPENDENT AUDITORS' REPORT

To the Board of Health
Franklin County Health Department
Franklin County Public Health Taxing District
Frankfort, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Franklin County Health Department (the Health Department) and the related Franklin County Public Health Taxing District (the Taxing District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Health Department and Taxing 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 financial reporting provisions of the *Administrative Reference* established by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 auditors' 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.

Opinions

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Health Department and Taxing District, on the basis of the financial reporting provisions of the *Administrative Reference*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Commonwealth of Kentucky. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Health Department and Taxing District as of June 30, 2016, and the respective changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the assets, liabilities and fund balances arising from cash transactions of the Franklin County Health Department and the related Franklin County Public Health Taxing District, as of June 30, 2016, and the respective cash receipts and cash disbursements, and budgetary results for the year then ended, in accordance with the financial reporting provisions of the *Administrative Reference* as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Health Department and Taxing District’s basic financial statements. The supplementary schedules of revenues and expenditures by reporting area are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules of revenues and expenditures by reporting area are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules of revenues and expenditures by reporting area are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, on our consideration of the Health Department and 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 the Health Department and Taxing District’s internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
October 25, 2016

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
June 30, 2016**

	Health Department	Taxing District	Totals (Memorandum Only)
ASSETS			
Current assets			
Cash			
Checking	\$ 901,895	\$ 1,256,648	\$ 2,158,543
Petty cash	<u>415</u>	<u>-</u>	<u>415</u>
Total assets	<u>\$ 902,310</u>	<u>\$ 1,256,648</u>	<u>\$ 2,158,958</u>
LIABILITIES AND FUND BALANCE			
Current liabilities			
Payroll withholdings and other payables	<u>\$ 31,043</u>	<u>\$ -</u>	<u>\$ 31,043</u>
Fund Balance			
Unrestricted	560,793	-	560,793
Temporarily restricted	-	1,256,648	1,256,648
Restricted - State	72,007	-	72,007
Restricted - Federal	21,867	-	21,867
Restricted - Fees	<u>216,600</u>	<u>-</u>	<u>216,600</u>
Total fund balance	<u>871,267</u>	<u>1,256,648</u>	<u>2,127,915</u>
Total liabilities and fund balance	<u><u>\$ 902,310</u></u>	<u><u>\$ 1,256,648</u></u>	<u><u>\$ 2,158,958</u></u>

The accompanying notes are an integral
part of the financial statements.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
STATEMENT OF CASH REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
for the year ended June 30, 2016**

	Health Department	Taxing District	Totals (Memorandum Only)
CASH REVENUES			
State	\$ 1,121,985	\$ -	\$ 1,121,985
Federal, pass-through	562,015	-	562,015
Local	1,791,744	-	1,791,744
Service fees and other	2,792,211	-	2,792,211
Interest	1,006	1,131	2,137
Taxes Collected	-	2,086,471	2,086,471
Other Revenues	-	4,867	4,867
	<u>6,268,961</u>	<u>2,092,469</u>	<u>8,361,430</u>
Total cash revenues	<u>6,268,961</u>	<u>2,092,469</u>	<u>8,361,430</u>
CASH EXPENDITURES			
Salaries and leave	2,710,513	-	2,710,513
Part-time	295,750	-	295,750
Fringe benefits	1,769,430	-	1,769,430
Contracts	253,742	-	253,742
Travel	24,542	-	24,542
Space occupancy	83,088	-	83,088
Office and administrative expense	238,881	-	238,881
Medical supplies	222,857	-	222,857
Other operating expenses	514,857	10,174	525,031
Appropriations to Health Department	-	1,770,000	1,770,000
Building and maintenance	-	16,820	16,820
	<u>6,113,660</u>	<u>1,796,994</u>	<u>7,910,654</u>
Total cash expenditures	<u>6,113,660</u>	<u>1,796,994</u>	<u>7,910,654</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	155,301	295,475	450,776
Prior year funds used	88,515	-	88,515
FUND BALANCE - beginning of year	<u>627,451</u>	<u>961,173</u>	<u>1,588,624</u>
FUND BALANCE - END OF YEAR	<u>\$ 871,267</u>	<u>\$ 1,256,648</u>	<u>\$ 2,127,915</u>

The accompanying notes are an integral
part of the financial statements.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
STATEMENT OF CASH REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
for the year ended June 30, 2016**

	Health Department			Taxing District		
	Budget	Actual	Over (under) Budget	Budget	Actual	Over (under) Budget
CASH REVENUES						
State	\$1,235,369	\$ 1,121,985	\$ (113,384)	\$ -	\$ -	\$ -
Federal, pass-through	654,049	562,015	(92,034)	-	-	-
Local	1,786,783	1,791,744	4,961	-	-	-
Service fees and other	2,585,765	2,792,211	206,446	-	-	-
Interest	400	1,006	606	1,100	1,131	31
Taxes Collected	-	-	-	2,065,657	2,086,471	20,814
Other Revenues	-	-	-	6,400	4,867	(1,533)
	<u>6,262,366</u>	<u>6,268,961</u>	<u>6,595</u>	<u>2,073,157</u>	<u>2,092,469</u>	<u>19,312</u>
Total cash revenues	<u>6,262,366</u>	<u>6,268,961</u>	<u>6,595</u>	<u>2,073,157</u>	<u>2,092,469</u>	<u>19,312</u>
CASH EXPENDITURES						
Salaries and leave	2,833,205	2,710,513	(122,692)	-	-	-
Part-time	327,772	295,750	(32,022)	-	-	-
Fringe benefits	1,774,494	1,769,430	(5,064)	-	-	-
Contracts	233,488	253,742	20,254	-	-	-
Travel	41,742	24,542	(17,200)	-	-	-
Space occupancy	95,927	83,088	(12,839)	-	-	-
Office and administrative expense	262,146	238,881	(23,265)	-	-	-
Medical supplies	202,709	222,857	20,148	-	-	-
Other operating expenses	463,738	514,857	51,119	4,260	10,174	5,914
Appropriations to Health Department	-	-	-	1,770,000	1,770,000	-
Building and maintenance	-	-	-	-	16,820	16,820
	<u>6,235,221</u>	<u>6,113,660</u>	<u>(121,561)</u>	<u>1,774,260</u>	<u>1,796,994</u>	<u>22,734</u>
Total cash expenditures	<u>6,235,221</u>	<u>6,113,660</u>	<u>(121,561)</u>	<u>1,774,260</u>	<u>1,796,994</u>	<u>22,734</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	27,145	155,301	128,156	298,897	295,475	(3,422)
Prior year funds used	4,180	88,515	84,335	-	-	-
FUND BALANCE - beginning of year	<u>627,451</u>	<u>627,451</u>	<u>-</u>	<u>961,173</u>	<u>961,173</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 658,776</u>	<u>\$ 871,267</u>	<u>\$ 212,491</u>	<u>\$1,260,070</u>	<u>\$1,256,648</u>	<u>\$ (3,422)</u>

The accompanying notes are an integral
part of the financial statements.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Franklin County Health Department (the Health Department) operates as a county health department under KRS Chapter 212, governed by the Franklin County Board of Health. The purpose of the Health Department is to improve the delivery of health services to the people of the county.

The Franklin County Public Health Taxing District (the Taxing District) was created pursuant to Kentucky Revised Statute (KRS) 212.750. The Taxing District is responsible for requesting, with the approval of the Cabinet for Health and Family Services, that the fiscal court impose an ad valorem tax in an amount that the Board of Health deems sufficient to meet the County's public health needs. The tax rate may not exceed ten cents per \$100 of assessed value. The Taxing District then acts as a trustee over the public health tax fund. The Taxing District is restricted to expending public health tax money for the operation and maintenance of the county health department. As such, the Taxing District's fund balance on the statement of assets, liabilities and fund balance, is shown as temporarily restricted.

The Health Department and the Taxing District record revenues and expenditures on the cash receipts and disbursements method in accordance with the *Administrative Reference* established by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management. This basis of accounting and financial reporting differs from generally accepted accounting principles in several areas. Accounts receivable for revenue earned, but not received, and accounts payable for payroll accrued and expense incurred, but unpaid, are not recorded. Inventories are not recorded, but are expensed to the current period. Property, plant and equipment are not capitalized and related depreciation expense, prepaid expenses and deferred revenues are not recorded.

Federal and state revenues for services are recognized as received and are based in some instances upon reimbursement reports filed by the Health Department for eligible services and are subject to adjustments based upon federal and state agency audits as to eligibility of recipients and the computation of reimbursable costs. As of October 25, 2016, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2016.

Source of Funds:

Revenue sources of the Health Department are divided into four groups as follows:

State - includes restricted and unrestricted state grant funds

Federal - includes direct federal grant funds and funds passed through the Cabinet for Health and Family Services

Local - includes funds from taxing districts, county and city appropriations, and donations from private sources

Service fees and other - includes funds from Medicaid and Medicare payments for services, self-pay, insurance payments, other pay for service, and interest received.

The Taxing District receives funds from, based on remittances to, the Franklin County Sheriff, the Franklin County Clerk's Office and the Commonwealth of Kentucky.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All transactions are recorded in the general fund except those related to environmental inspection and permit fees. These fees are treated as escrow funds and are deposited in an environmental checking account with a portion being disbursed to the State and a portion being disbursed to the Health Department. Revenue is recorded in the general fund when the portion disbursed to the Health Department is deposited in the operations checking account.

Funding restricted for specific programs in excess of those programs' allowed reimbursements or expenditures are recorded at year-end in the Fund Balance - Restricted.

The Health Department is directed by the State when to use restricted or unrestricted resources when an expenditure is incurred for purposes, for which both restricted and unrestricted net assets are available.

The Health Department uses an indirect cost allocation plan as approved by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, and is prepared in accordance with 2 CFR Part 200.

Functional classifications are included in supplementary data and are a part of the audit for the Health Department.

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

The Health Department and Taxing District have evaluated and considered the need to recognize or disclose subsequent events through October 25, 2016, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2016, have not been evaluated by the Taxing District.

2. CASH

Under Kentucky Revised Statute 66.480, the Health Department and Taxing District are allowed to invest in obligations of the U.S. and of its agencies, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit or other interest-bearing accounts issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Health Department or the Taxing District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

2. CASH AND INVESTMENTS

The Health Department and Taxing District's deposits at June 30, 2016, were fully covered by federal depository insurance or by collateral held by the custodial banks in the Health Department and Taxing District's name.

	Health Department	Taxing District
Total bank balances	\$ 1,156,576	\$ 1,261,987
FDIC insurance	(250,000)	(250,000)
Collateral held by pledging bank	<u>(1,596,252)</u>	<u>(2,574,708)</u>
 (Over) collateralized	 <u>\$ (689,676)</u>	 <u>\$ (1,562,721)</u>

3. ACCRUED TIME-OFF

The Health Department's accrued vacation and other potential compensated absences are not accrued as earned because the Health Department uses the cash basis of accounting. The Health Department records show a potential liability totaling \$211,816 at June 30, 2016.

4. RISK MANAGEMENT

The Health Department and the Taxing District are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the Health Department and the Taxing District also carry commercial insurance for all other risks of loss such as worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

5. TAX LEVY

On February 23, 2015, the Franklin County Board of Health passed a resolution recording the fiscal year 2015 Health tax rate at 5.75 cents per \$100 of assessed valuation on real property, personal property and motor vehicles.

The required minimum local support level is equivalent to 1.8 cents per \$100 of assessed property valuation. The Franklin County Board of Health has met this requirement as set by the Department of Public Health for the year ended June 30, 2016.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

6. FUND BALANCE

The Health Department's fund balance is restricted due to specific program restrictions. Fund balance is restricted as follows:

	State	Federal	Fees	Totals
725 - KWSCP Pink County Outreach	\$ -	\$ 8,500	\$ -	\$ 8,500
731 - H1N1	-	29	-	29
735 - KY Oral Health Coalition	-	3,428	-	3,428
736 - CHAT	-	111	-	111
758 - Humana Vitality	-	-	50,116	50,116
768 - Comp HV Start-Up Admin	-	2,334	-	2,334
770 - KCCSP-HB 265	77	-	-	77
823 - Bioterrorism (Focus Area E)	-	5,190	-	5,190
824 - Bioterrorism (Focus Area F)	-	186	-	186
826 - NACCHO Achieve Grant	-	1,280	-	1,280
842 - HIV Counseling & Testing	9,234	-	-	9,234
853 - HANDS	62,696	-	-	62,696
861 - Home Health	-	-	166,484	166,484
875 - WIC Pass Thru	-	652	-	652
876 - V.A. Patients	-	157	-	157
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 72,007</u>	<u>\$ 21,867</u>	<u>\$ 216,600</u>	<u>\$ 310,474</u>

7. RETIREMENT PLAN

The Health Department is a participating employer of the Kentucky Employees' Retirement System (KERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the KERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description – KERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2016, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute 6% of wages for non-hazardous job classifications. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2016, participating employers contributed 38.77% of each non-hazardous employee's wages, which is equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016**

7. RETIREMENT PLAN (CONTINUED)

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The Health Department contributed \$1,044,335 for the year ended June 30, 2016, or 100% of the required contribution. The contribution was allocated \$830,727 to the KERS pension fund and \$213,608 to the KERS insurance fund.

Pension Liabilities – At June 30, 2016, the Health Department estimates that its total unfunded liability would be approximately \$16,335,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health Department's proportion of the net pension liability was based on a projection of the Health Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the Health Department's proportion was .163 percent, which was a decrease of .003 percent from its proportion measured as of June 30, 2014.

8. COMPLIANCE

The Franklin County Health Department is in compliance with 902 KAR 8:170, Section 3, Subsection 3(c).

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF REVENUES BY REPORTING AREA
for the year ended June 30, 2016

		REVENUE					Total Revenues	Total Costs	Department Carryover	Excess Revenues (Expenditures)
		State	Federal	Local	Service Fees	Interest				
Food	500	\$ 38,250	\$ -	\$ 221,280	\$ 9,540	\$ 599	\$ 269,669	\$ 269,669	\$ -	\$ -
Public Facilities	520	12,572	-	57,598	3,100	-	73,270	73,270	-	-
General Sanitation	540	1,384	-	50,482	-	-	51,866	51,866	-	-
Onsite Sewage	560	775	-	17,340	18,067	-	36,182	36,182	-	-
Radiology/Prod Safety	580	-	-	18	-	-	18	18	-	-
Environmental - Special Project	590	-	-	121	-	-	121	121	-	-
Total Environmental		52,981	-	346,839	30,707	599	431,126	431,126	-	-
Preventative/Presenting Problems	700	-	-	-	-	-	-	-	-	-
Dental Services	712	1,503	-	2,174	4,962	-	8,639	10,733	2,094	-
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-	-
Osteoporosis Prevention & Ed.	723	611	1,640	-	-	-	2,251	2,251	-	-
KWSCP Pink County Outreach	725	-	10,000	-	-	-	10,000	1,500	-	8,500
Needles Exchange Program	727	2,367	-	31,710	-	-	34,077	34,077	-	-
Ebola Coordination	731	-	-	-	-	-	-	-	-	-
KY Oral Health Coalition	735	-	-	-	-	-	-	-	-	-
CHAT	736	-	14,452	2,408	-	-	16,860	16,860	-	-
PHEP Ebola Preparedness	737	-	5,564	262	-	-	5,826	5,826	-	-
Environmental Strike Team	746	-	143	2,113	-	-	2,256	2,256	-	-
IEP Student School Contract	748	-	-	40,419	-	-	40,419	40,419	-	-
Accreditation	750	-	35,561	95,962	600	-	132,123	132,123	-	-
HANDS GF Services	752	45,811	-	5,841	-	-	51,652	51,652	-	-
DPH Hands	754	28,076	-	1,786	-	-	29,862	29,862	-	-
Humana Vitality	758	-	-	-	87,339	-	87,339	61,705	-	25,634
MCH Coordinator	766	-	49,790	9,178	-	-	58,968	58,968	-	-
KCCSP-HB 265	770	1,061	-	-	-	-	1,061	984	-	77
Child Fatality Prevention	774	-	9	1	-	-	10	10	-	-
Pediatric/Adolescent	800	-	33,402	97,449	84,873	-	215,724	215,724	-	-
Family Planning	802	8,093	45,021	54,559	87,611	380	195,664	244,632	48,968	-
Maternity Services & Activity	803	-	-	31,975	769	-	32,744	32,744	-	-
WIC	804	-	195,941	75,074	-	-	271,015	271,015	-	-
MCH Nutrition & Group Activity	805	-	5,076	17,951	1,248	-	24,275	24,275	-	-
Tuberculosis Visits & Activity	806	-	50	68,159	9,486	-	77,695	77,695	-	-
Sexually Transmitted Disease	807	-	-	115,539	42,756	-	158,295	158,295	-	-
Diabetes	809	15,365	-	20,540	1,853	-	37,758	37,758	-	-
Adult Visits & Follow-up	810	5,000	-	164,806	86,491	-	256,297	256,297	-	-
Lead Poisoning Prevention	811	-	977	2,118	-	-	3,095	3,095	-	-
Breast & Cervical Cancer	813	-	7,900	26,552	5,087	-	39,539	39,539	-	-
Community Based Services	818	-	-	2,266	740	-	3,006	3,006	-	-
Bioterrorism (Focus Area A)	821	-	31,676	3,347	-	-	35,023	35,023	-	-
Bioterrorism (Focus Area E)	823	-	264	282	-	-	546	546	-	-
CPR Training	827	-	-	278	-	-	278	278	-	-
Tobacco Cessation	836	20,256	-	7,939	-	-	28,195	28,195	-	-
Abstinence Ed Initiative	837	-	15,671	4,167	-	-	19,838	19,838	-	-
Federal Diabetes Today	841	-	2,500	302	-	-	2,802	2,802	-	-
HIV Counseling & Testing	842	5,347	-	-	-	-	5,347	3,736	-	1,611
HANDS	853	24,759	-	5,291	163,100	-	193,150	202,069	8,919	-
Physical Activity	857	-	-	12,356	-	-	12,356	12,356	-	-
Special Project-School Nurse	858	-	-	177,469	785,061	-	962,530	962,530	-	-
Home Health	861	-	-	-	1,203,779	27	1,203,806	1,106,574	-	97,232
E.P.S.D.T.	865	-	-	-	-	-	-	227	227	-
Home & Community Based Waiver	868	-	-	-	126,436	-	126,436	152,644	26,208	-
CCHC	870	247,013	-	47,976	-	-	294,989	294,989	-	-
Admin Resource MGR	872	95,585	-	12,219	-	-	107,804	107,804	-	-
ECMH	873	21,347	-	17,417	-	-	38,764	38,764	-	-
HANDS MBD	874	-	25,500	157	-	-	25,657	25,657	-	-
WIC Pass Thru	875	-	30,064	266	-	-	30,330	30,330	-	-
DPH Hands	878	87,255	-	15,190	-	-	102,445	102,445	-	-
EPSDT Outreach	883	-	-	457	5,280	-	5,737	5,737	-	-
Core Public Health	890	-	-	51,928	50	-	51,978	51,978	-	-
Medicaid Match	891	-	-	206,627	-	-	206,627	208,726	2,099	-
Clinical Expenses for Other HD	893	-	-	9,794	20,277	-	30,071	30,071	-	-
Total Medical		609,449	511,201	1,442,304	2,717,798	407	5,281,159	5,236,620	88,515	133,054
Minor Restricted		-	-	2,601	42,500	-	45,101	45,101	-	-
Allocable Direct		459,555	50,814	-	1,206	-	511,575	400,813	-	110,762
Total Administrative		459,555	50,814	2,601	43,706	-	556,676	445,914	-	110,762
Total revenues		\$ 1,121,985	\$ 562,015	\$ 1,791,744	\$ 2,792,211	\$ 1,006	\$ 6,268,961	\$ 6,113,660	\$ 88,515	\$ 243,816

FRANKLIN COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF DIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2016

		DIRECT COSTS									Total Direct Costs
		Salaries	Part-Time	Fringes	Contracts	Travel	Occupancy	Administration	Supplies	Other	
Food	500	\$ 118,339	\$ -	\$ 53,736	\$ -	\$ 43	\$ -	\$ 22	\$ -	\$ 58	\$ 172,198
Public Facilities	520	32,181	-	14,610	-	33	-	-	-	360	47,184
General Sanitation	540	22,712	-	10,312	-	-	-	-	-	249	33,273
Onsite Sewage	560	15,868	-	7,204	-	-	-	-	-	-	23,072
Radiology/Prod Safety	580	-	-	-	-	-	-	-	-	-	-
Environmental - Special Project	590	-	-	-	-	-	-	-	-	-	-
Total Environmental		189,100	-	85,862	-	76	-	22	-	667	275,727
Preventative/Presenting Problems	700	259,819	60,036	122,469	-	-	-	-	6,038	-	448,362
Dental Services	712	-	-	-	-	-	-	-	-	-	-
Laboratory/Testing/Radiology	718	13,579	7,255	6,816	1,674	-	-	-	2,677	248	32,249
Osteoporosis Prevention & Ed.	723	1,125	-	576	-	-	-	-	-	-	1,701
KWSCP Pink County Outreach	725	-	-	-	-	-	-	-	-	1,500	1,500
Needles Exchange Program	727	14,771	46	7,599	-	185	-	2,520	1,809	1,873	28,803
Ebola Coordination	731	-	-	-	-	-	-	-	-	-	-
KY Oral Health Coalition	735	-	-	-	-	-	-	-	-	-	-
CHAT	736	7,984	-	4,110	-	340	-	410	-	1,149	13,993
PHEP Ebola Preparedness	737	2,346	663	1,270	-	-	-	-	-	440	4,719
Environmental Strike Team	746	1,131	-	576	-	-	-	-	-	99	1,806
IEP Student School Contract	748	21,027	550	10,862	-	-	-	-	-	-	32,439
Accreditation	750	61,857	354	31,839	-	1,120	-	7,731	-	3,452	106,353
HANDS GF Services	752	19,117	9,780	10,807	-	791	-	-	-	-	40,495
DPH Hands	754	-	-	-	-	850	-	12,332	-	16,680	29,862
Humana Vitality	758	14,717	-	7,566	-	-	-	5,024	23,885	1,403	52,595
MCH Coordinator	766	25,882	2,634	13,573	-	76	-	-	-	1,215	43,380
KCCSP-HB 265	770	-	-	-	-	-	-	-	984	-	984
Child Fatality Prevention	774	-	-	-	-	-	-	-	-	-	-
Pediatric/Adolescent	800	7,902	484	4,106	-	84	-	-	5,477	228	18,281
Family Planning	802	1,687	842	954	-	-	-	20	26,092	-	29,595
Maternity Services & Activity	803	1,181	-	603	16,239	-	-	-	895	-	18,918
WIC	804	17,017	-	8,744	-	-	-	56	-	796	26,613
MCH Nutrition & Group Activity	805	8,193	-	4,215	-	15	-	-	-	24	12,447
Tuberculosis Visits & Activity	806	2,059	-	1,057	-	150	-	-	430	-	3,696
Sexually Transmitted Disease	807	3,329	-	1,713	-	96	-	-	40	199	5,377
Diabetes	809	18,386	-	9,455	-	239	-	-	-	1,400	29,480
Adult Visits & Follow-up	810	5,749	498	3,010	-	10	-	-	92,055	109	101,431
Lead Poisoning Prevention	811	1,117	-	576	-	27	-	-	-	788	2,508
Breast & Cervical Cancer	813	1,128	4,830	1,059	7,789	-	-	-	-	1,250	16,056
Community Based Services	818	1,468	-	752	-	-	-	-	-	48	2,268
Bioterrorism (Focus Area A)	821	7,069	12,180	4,845	-	246	-	626	-	1,824	26,790
Bioterrorism (Focus Area E)	823	-	198	21	-	-	-	90	-	-	309
CPR Training	827	-	-	-	-	-	-	-	-	-	-
Tobacco Cessation	836	14,444	-	7,431	-	5	-	-	-	37	21,917
Abstinence Ed Initiative	837	6,922	-	3,561	-	-	-	1,776	-	5,115	17,374
Federal Diabetes Today	841	-	-	-	-	-	-	-	-	2,792	2,792
HIV Counseling & Testing	842	1,580	-	817	-	-	-	-	-	-	2,397
HANDS	853	55,130	51,448	33,485	-	1,021	-	2,995	-	10,477	154,556
Physical Activity	857	4,554	150	2,359	-	-	-	-	-	3,102	10,165
Special Project-School Nurse	858	481,640	27,575	250,364	-	146	-	3,830	3,131	5,659	772,345
Home Health	861	248,165	47,772	92,814	227,813	2,463	-	50,360	58,861	220	728,468
E.P.S.D.T.	865	-	-	-	227	-	-	-	-	-	227
Home & Community Based Waiver	868	56,887	-	20,808	-	112	-	-	483	-	78,290
CCHC	870	131,310	-	65,201	-	2,371	-	4,880	-	56,317	260,079
Admin Resource MGR	872	61,173	-	30,371	-	-	-	-	-	-	91,544
ECMH	873	-	18,480	1,846	-	-	-	-	-	12,620	32,946
HANDS MBD	874	14,017	-	6,962	-	485	-	-	-	-	21,464
WIC Pass Thru	875	16,656	-	8,276	-	620	-	-	-	349	25,901
DPH Hands	878	48,448	-	24,906	-	7,395	-	1,549	-	722	83,020
EPSDT Outreach	883	1,599	-	817	-	-	-	-	-	-	2,416
Core Public Health	890	22,105	-	11,368	-	346	-	2,491	-	3,721	40,031
Medicaid Match	891	-	-	-	-	-	-	-	-	208,726	208,726
Clinical Expenses for Other HD	893	495	19,338	2,185	-	-	-	-	-	-	22,018
Total Medical		1,684,765	265,113	822,744	253,742	19,193	-	96,690	222,857	344,582	3,709,686
Minor Restricted		-	-	-	-	-	-	-	-	45,101	45,101
Allocable Direct		-	-	400,813	-	-	-	-	-	-	400,813
Total Administrative		-	-	400,813	-	-	-	-	-	45,101	445,914
Indirect Cost Allocation - Departmental		210,848	24,078	126,350	-	3,961	-	112,082	-	78,392	555,711
Indirect Cost Allocation - Environmental		50,695	-	29,796	-	10	-	3,897	-	12,830	97,228
Indirect Cost Allocation - Clinic		271,581	2,646	125,053	-	-	-	8,348	-	2,519	410,147
Indirect Cost Allocation - Medical		64,434	2,854	38,165	-	877	-	1,187	-	1,304	108,821
Indirect Cost Allocation - Space		49,413	-	29,045	-	-	83,088	-	-	-	161,546
Indirect Cost Allocation - Home Health		189,677	1,059	111,602	-	425	-	16,655	-	29,462	348,880
Indirect Cost Allocation		836,648	30,637	460,011	-	5,273	83,088	142,169	-	124,507	1,682,333
Total expenditures		\$ 2,710,513	\$ 295,750	\$ 1,769,430	\$ 253,742	\$ 24,542	\$ 83,088	\$ 238,881	\$ 222,857	\$ 514,857	\$ 6,113,660

FRANKLIN COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2016

INDIRECT COSTS									
		Departmental	Environmental	Clinic	Medical	Space	Home Health	Allocation	Total Indirect Costs
Food	500	\$ 28,769	\$ 60,846	\$ -	\$ -	\$ 7,856	\$ -	\$ -	\$ 97,471
Public Facilities	520	7,824	16,546	-	-	1,716	-	-	26,086
General Sanitation	540	5,524	11,678	-	-	1,391	-	-	18,593
Onsite Sewage	560	3,857	8,158	-	-	1,095	-	-	13,110
Radiology/Prod Safety	580	-	-	-	-	18	-	-	18
Environmental - Special Project	590	-	-	-	-	121	-	-	121
Total Environmental		<u>45,974</u>	<u>97,228</u>	<u>-</u>	<u>-</u>	<u>12,197</u>	<u>-</u>	<u>-</u>	<u>155,399</u>
Preventative/Presenting Problems	700	81,251	-	383,955	23,814	61,080	-	(998,462)	(448,362)
Dental Services	712	-	-	-	-	-	-	10,733	10,733
Laboratory/Testing/Radiology	718	5,540	-	26,192	1,625	5,102	-	(70,708)	(32,249)
Osteoporosis Prevention & Ed.	723	311	-	-	90	149	-	-	550
KWSCP Pink County Outreach	725	-	-	-	-	-	-	-	-
Needles Exchange Program	727	4,079	-	-	1,195	-	-	-	5,274
Ebola Coordination	731	-	-	-	-	-	-	-	-
KY Oral Health Coalition	735	-	-	-	-	-	-	-	-
CHAT	736	2,195	-	-	645	27	-	-	2,867
PHEP Ebola Preparedness	737	856	-	-	251	-	-	-	1,107
Environmental Strike Team	746	311	-	-	92	47	-	-	450
IEP Student School Contract	748	5,963	-	-	1,747	270	-	-	7,980
Accreditation	750	17,138	-	-	5,023	3,609	-	-	25,770
HANDS GF Services	752	8,341	-	-	2,444	372	-	-	11,157
DPH Hands	754	-	-	-	-	-	-	-	-
Humana Vitality	758	4,051	-	-	1,187	3,872	-	-	9,110
MCH Coordinator	766	7,952	-	-	2,331	5,305	-	-	15,588
KCCSP-HB 265	770	-	-	-	-	-	-	-	-
Child Fatality Prevention	774	-	-	-	-	10	-	-	10
Pediatric/Adolescent	800	2,328	-	-	682	1,577	-	192,856	197,443
Family Planning	802	728	-	-	214	417	-	213,678	215,037
Maternity Services & Activity	803	322	-	-	95	342	-	13,067	13,826
WIC	804	4,686	-	-	1,373	4,415	-	233,928	244,402
MCH Nutrition & Group Activity	805	2,257	-	-	661	417	-	8,493	11,828
Tuberculosis Visits & Activity	806	568	-	-	166	278	-	72,987	73,999
Sexually Transmitted Disease	807	917	-	-	269	585	-	151,147	152,918
Diabetes	809	5,063	-	-	1,483	1,034	-	698	8,278
Adult Visits & Follow-up	810	1,739	-	-	509	1,103	-	151,515	154,866
Lead Poisoning Prevention	811	306	-	-	90	-	-	191	587
Breast & Cervical Cancer	813	1,828	-	-	536	1,242	-	19,877	23,483
Community Based Services	818	406	-	-	119	213	-	-	738
Bioterrorism (Focus Area A)	821	5,779	-	-	1,693	761	-	-	8,233
Bioterrorism (Focus Area E)	823	61	-	-	18	158	-	-	237
CPR Training	827	-	-	-	-	278	-	-	278
Tobacco Cessation	836	3,973	-	-	1,165	1,140	-	-	6,278
Abstinence Ed Initiative	837	1,906	-	-	558	-	-	-	2,464
Federal Diabetes Today	841	-	-	-	-	10	-	-	10
HIV Counseling & Testing	842	433	-	-	127	779	-	-	1,339
HANDS	853	31,364	-	-	9,193	6,956	-	-	47,513
Physical Activity	857	1,300	-	-	381	510	-	-	2,191
Special Project-School Nurse	858	141,245	-	-	41,399	7,541	-	-	190,185
Home Health	861	62,167	-	-	-	20,064	295,875	-	378,106
E.P.S.D.T.	865	-	-	-	-	-	-	-	-
Home & Community Based Waiver	868	11,136	-	-	-	10,213	53,005	-	74,354
CCHC	870	34,910	-	-	-	-	-	-	34,910
Admin Resource MGR	872	16,260	-	-	-	-	-	-	16,260
ECMH	873	5,818	-	-	-	-	-	-	5,818
HANDS MBD	874	3,729	-	-	-	464	-	-	4,193
WIC Pass Thru	875	4,429	-	-	-	-	-	-	4,429
DPH Hands	878	13,337	-	-	3,909	2,179	-	-	19,425
EPSDT Outreach	883	439	-	-	129	2,753	-	-	3,321
Core Public Health	890	6,085	-	-	1,785	4,077	-	-	11,947
Medicaid Match	891	-	-	-	-	-	-	-	-
Clinical Expenses for Other HD	893	6,230	-	-	1,823	-	-	-	8,053
Total Medical		<u>509,737</u>	<u>-</u>	<u>410,147</u>	<u>108,821</u>	<u>149,349</u>	<u>348,880</u>	<u>-</u>	<u>1,526,934</u>
Minor Restricted		-	-	-	-	-	-	-	-
Allocable Direct		-	-	-	-	-	-	-	-
Total Administrative		-	-	-	-	-	-	-	-
Indirect Allocation		<u>(555,711)</u>	<u>(97,228)</u>	<u>(410,147)</u>	<u>(108,821)</u>	<u>(161,546)</u>	<u>(348,880)</u>	<u>-</u>	<u>(1,682,333)</u>
Totals		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**INDEPENDENT AUDITORS' 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 Board of Health
Franklin County Health Department and
Franklin County Public Health Taxing District
Frankfort, 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 Franklin County Health Department (the Health Department) and the related Franklin County Public Health Taxing District (the Taxing District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Health Department and the Taxing District's basic financial statements, and have issued our report thereon dated October 25, 2016.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Health Department and 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 the Health Department and Taxing District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Department and 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 the Health Department and 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.



RFH, PLLC
Lexington, Kentucky
October 25, 2016

**FRANKLIN COUNTY HEALTH DEPARTMENT
SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2016**

There are no prior audit findings to report.

**FRANKLIN COUNTY HEALTH DEPARTMENT
AUDIT ADJUSTMENTS
June 30, 2016**

There are no proposed audit adjustments.