

GREENUP COUNTY PUBLIC HEALTH TAXING DISTRICT  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Health  
Greenup County Public Health Taxing District

We have audited the accompanying financial statements of the Greenup County Public Health Taxing District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Greenup County Public Health 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 as described on Note A. 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 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 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.

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

As described in Note A, the financial statements are prepared by the Greenup County Public Health 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 A 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 Greenup County Public Health Taxing as of June 30, 2017, 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 respective financial position – cash basis, of the governmental activities of the Greenup County Public Health Taxing as of June 30, 2017, and the respective changes in financial position – cash basis, thereof for the year then ended in accordance with the financial reporting provisions of the *Administrative Reference* as described in Note A and the respective budgetary comparison.

### **Other Matters**

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, on our consideration of Greenup 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

Board of Health  
November 20, 2017

results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greenup County Public Health Taxing District's internal control over financial reporting and compliance.

*Lynette R. Schindler, CPA, PSC*

Pikeville, Kentucky  
November 20, 2017

**GREENUP COUNTY PUBLIC HEALTH TAXING DISTRICT**  
**STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS**  
**June 30, 2017**

ASSETS

Cash - Local Bank Accounts	\$ 597,427.88
Certificates of Deposit	<u>355,362.78</u>

TOTAL ASSETS	\$ <u><u>952,790.66</u></u>
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FUND BALANCE

Unrestricted Fund Balance	\$ <u>952,790.66</u>
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TOTAL FUND BALANCE	\$ <u><u>952,790.66</u></u>
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The accompanying notes are an integral part of these financial statements

**GREENUP COUNTY PUBLIC HEALTH TAXING DISTRICT  
 STATEMENT OF REVENUES COLLECTED AND EXPENDITURES  
 PAID - CASH BASIS  
 For the Year Ended June 30, 2017**

REVENUES COLLECTED:

Real and Personal Property Taxes	\$ 1,151,925.36
Miscellaneous: AEP Kentucky Power	11,401.38
Interest Income	<u>3,101.56</u>

TOTAL REVENUES COLLECTED	1,166,428.30
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EXPENDITURES PAID:

Appropriations to Greenup County Health Department	1,150,000.00
Building Expense	40,079.33
Audit	<u>2,000.00</u>

TOTAL EXPENDITURES PAID	<u>1,192,079.33</u>
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EXCESS REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ <u><u>(25,651.03)</u></u>
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The accompanying notes are an integral part of these financial statements

**GREENUP COUNTY PUBLIC HEALTH TAXING DISTRICT  
STATEMENT OF CHANGES IN FUND BALANCE - CASH BASIS  
For the Year Ended June 30, 2017**

Fund Balance, June 30, 2016	\$ 978,441.69
Excess 2016-2017 Revenues Collected Over (Under) Expenditures Paid	<u>(25,651.03)</u>
Fund Balance, June 30, 2017	<u>\$ 952,790.66</u>

The accompanying notes are an integral part of these financial statements

**GREENUP COUNTY PUBLIC HEALTH TAXING DISTRICT**  
**STATEMENT OF REVENUES COLLECTED AND EXPENDITURES**  
**PAID - CASH BASIS - BUDGET TO ACTUAL**  
**For the Year Ended June 30, 2017**

	<u>TAXING DISTRICT BUDGET</u>	<u>TAXING DISTRICT ACTUAL</u>	<u>VARIANCE OVER (UNDER)</u>
<b>REVENUES COLLECTED:</b>			
Real and Personal Property Taxes	\$ 1,146,186.91	\$ 1,151,925.36	\$ 5,738.45
Miscellaneous: AEP Kentucky Power	0.00	11,401.38	11,401.38
Interest Income	1,285.54	3,101.56	1,816.02
<b>TOTAL REVENUES COLLECTED</b>	<u>1,147,472.45</u>	<u>1,166,428.30</u>	<u>18,955.85</u>
<b>EXPENDITURES PAID:</b>			
Appropriations to Greenup County			
Health Department	1,150,000.00	1,150,000.00	0.00
Building & Maintenance	20,000.00	40,079.33	20,079.33
Audit	1,000.00	2,000.00	1,000.00
Bonding	300.00	0.00	(300.00)
<b>TOTAL EXPENDITURES PAID</b>	<u>1,171,300.00</u>	<u>1,192,079.33</u>	<u>20,779.33</u>
<b>EXCESS REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID</b>	<u>\$ (23,827.55)</u>	<u>\$ (25,651.03)</u>	<u>\$ (1,823.48)</u>

The accompanying notes are an integral part of these financial statements



**GREENUP COUNTY PUBLIC HEALTH TAXING DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

Greenup County Public Health Taxing District was established to receive public health funds from property tax assessments within Greenup County.

**Note A – Statement of Significant Accounting Policies**

The taxing district maintains its records using the regulatory basis of accounting, which is prescribed by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, *Administrative Reference*. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. GASB Statement No. 34, *Basic Financial Statements---and Management's Discussion and Analysis---for State and Local Governments*, sets the standard for financial statement presentation in accordance with generally accepted accounting principles. As mandated by the Department for Public Health, the taxing district has elected not to apply the provisions of GASB Statement No. 34 for its financial statement presentation.

The Public Health Taxing District accounts are organized on the basis of fund accounting, using the General Fund for operations.

**Note B – Cash and Investments**

The Public Health Taxing District's investments are in three Certificates of Deposit at People's Bank renewable in thirteen to eighteen month terms. The Public Health Taxing District's checking account is kept at First & People's Bank. The cash accounts and certificates of deposit are segregated into the following for identification purposes only:

Checking Account	\$ 597,428
Certificates of Deposit	<u>355,363</u>
Total Cash and Cash Equivalents	<u>\$952,791</u>

The taxing district has \$1,390,000 par value in additional collateral pledged at First & People's Bank along with \$331,847 par value in additional collateral pledged at People's Bank to secure amounts over the \$250,000 F.D.I.C. Insurance limit.

**Note C – Insurance and Related Activities**

Greenup County Public Health Taxing District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicle accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance, which includes worker's compensation insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**GREENUP COUNTY PUBLIC HEALTH TAXING DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note D – Property Taxes**

Except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at a discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues at the time they are received. The property tax rates assessed for the year ended June 30, 2017, to finance the general fund operations were as follows: real and business property taxes \$0.06 per \$100 valuation; motor vehicle \$0.06 per \$100 valuation.

**Note E – Subsequent Events**

Subsequent events have been evaluated through November 20, 2017 which is the date the financial statements were available to be issued.

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**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***

To the Board of Health  
Greenup County Public Health Taxing District

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 Greenup County Public Health Taxing District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Greenup County Public Health Taxing District's basic financial statements, and have issued our report thereon dated November 20, 2017.

Our report disclosed that, as described in Note A to the financial statements, Greenup County Public Health Taxing District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, *Administrative Reference*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

*Lynette R. Schindler, CPA, PSC*

Pikeville, Kentucky  
November 20, 2017