

**GRAVES COUNTY HEALTH DEPARTMENT
MAYFIELD, KENTUCKY**

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

June 30, 2017

**GRAVES COUNTY HEALTH DEPARTMENT
TABLE OF CONTENTS**

<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE	3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE.....	4
NOTES TO THE FINANCIAL STATEMENTS	6
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER	11
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL VS BUDGET	16
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 <i>GOVERNMENT AUDITING STANDARDS</i>	17



INDEPENDENT AUDITOR'S REPORT

Members of the Board
Graves County Health Department
Mayfield, Kentucky 42066

Report on the Financial Statements

We have audited the accompanying financial statements of the Graves County Health Department, which comprises the statement of assets, liabilities and fund balance as of June 30, 2017, and the related statement of revenues, expenditures and changes in fund balance, for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management and Administrative Reference. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

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. 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 opinion.

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

As described more fully in Note 1, the financial statements are prepared by the Graves County Health Department on the basis of the financial reporting provisions of the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, Administrative Reference, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, Administrative Reference. The effects on

Members of the Board
Graves County Health Department

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 Graves County Health Department, as of June 30, 2017, the changes in its financial position, or, where applicable, its cash flows 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 balance arising from cash transactions of the Graves County Health Department as of June 30, 2017, and the revenues received and expenditures it paid, and the changes in fund balance for the year ended, on the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Graves County Health Department taken as a whole. The supplementary information shown on pages 11 through 15 is presented for additional analysis and is not a required part of the basic 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 supplementary information is fairly presented, 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 17, 2017, on our consideration of the Graves County Health Department’s internal control over financial reporting and our test 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 on 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 Graves County Health Department’s internal control over financial reporting and compliance



Certified Public Accountants
Mayfield, Kentucky
October 17, 2017

GRAVES COUNTY HEALTH DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
JUNE 30, 2017

ASSETS

Current Assets

Cash (Note 2) \$ 2,146,405

Total Assets 2,146,405

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable 6,235

Total Liabilities 6,235

Fund Balance

Unrestricted fund balance 831,723
Excess unrestricted fund balance 331,101
Restricted fund balance- Capital 507,167
Restricted fund balance- State 126,898
Restricted fund balance- Federal 7,086
Restricted fund balance- Fees 336,195

Total Fund Balance 2,140,170

TOTAL LIABILITIES AND FUND BALANCE \$ 2,146,405

GRAVES COUNTY HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

Revenues	
State funds	\$ 494,446
Federal funds	586,824
Local funds	421,089
Service fees	1,332,215
Interest income	4,078
Restricted carryover	455
Unrestricted carryover	<u>3,319</u>
Total Revenues	2,842,426
Expenditures	
Compensation	1,091,094
Fringe benefits	801,237
Independent contractors	23,982
Travel	27,017
Occupancy	48,570
Office administration	66,254
Medical supplies	77,135
Automotive	16,527
Other	<u>197,278</u>
Total Expenditures	<u>2,349,094</u>
Excess of Revenues over Expenditures	493,332
Fund Balance, Beginning of Year	1,650,612
Less: Prior Year Income Carryover Included in Current Year Revenues	
Restricted carryover	(455)
Unrestricted carryover	<u>(3,319)</u>
Fund Balance, End of Year	<u><u>\$ 2,140,170</u></u>

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENTS**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	6
NOTE 2- CASH AND CASH EQUIVALENTS	6
NOTE 3- DEFINED BENEFIT PENSION PLAN	7
NOTE 4- DEFERRED COMPENSATION PLAN	8
NOTE 5- INDIRECT COST ALLOCATION	8
NOTE 6- COMPENSATED ABSENCES	9
NOTE 7- RISK MANAGEMENT	9
NOTE 8- RELATED PARTY	9
NOTE 9- CONTINGENT LIABILITY	9
NOTE 10- EXCESS UNRESTRICTED FUND BALANCE	9
NOTE 11- SUBSEQUENT EVENTS	9

GRAVES COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The Graves County Health Department (the Department) was established pursuant to the Kentucky Revised Statute (KRS) 212.850 to provide health services through the county health center in Graves County, Kentucky. The Department is governed by the Graves County Board of Health (the Board) which consists of representatives of the county as set forth in KRS 212.850. The Department is exempt from federal and state income taxes.

Basis of Accounting – The Department prepares its financial statements on the basis of accounting as prescribed by the Kentucky Cabinet for Health and Family Services (CHFS), 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. Under this basis of accounting, revenues are recorded when received and expenditures are recorded when paid (cash basis), with certain exceptions identified in the Administrative Reference. The Department uses the indirect cost allocation plan developed by CHFS in accordance with the requirement of OMB Circular A-87. Fixed assets are recorded as expenses when paid and are not capitalized. Also, in accordance with policy established by CHFS, the Department has not adopted the financial reporting standards of GASB 34 and GASB 68.

Source of Funds – Revenue sources of the Department are divided into four groups as follows:

- State – includes restricted and unrestricted state grant funds;
- Federal – includes federal grants passed through from CHFS;
- Local – includes funds from taxing district, county and city appropriations, and donations from private sources;
- Service fees – includes funds from school board contracts, Medicaid and Medicare payments for services, self-pay, insurance payments, and other pay for services and sale of surplus assets.

Estimates – The preparation of financial statements in conformity with accounting principles consistent with the basis of accounting described above requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2- CASH AND CASH EQUIVALENTS

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(D). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

GRAVES COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 2- CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government’s deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240 (4). As of June 30, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. Below is the degree to which their deposits were exposed to custodial credit risk:

- Category 1 – deposits that are insured (such as by the Federal Deposit Insurance Corporation – FDIC – or a state insurance fund) or that are collateralized with securities that are held by the government itself or by its agent in the government’s name.
- Category 2 – deposits that are collateralized with securities that are held by the bank’s trust department or by an agent in the government’s name.
- Category 3 – deposits that are not collateralized, or that are collateralized with securities held by the bank or by the bank’s trust department or agent, but not in the government’s name.

	Category		
	1	2	3
Federal Deposit Insurance Corporation	\$ 250,000	\$ -	\$ -
U.S. Government Securities		2,012,871	
Total	<u>\$ 250,000</u>	<u>\$ 2,012,871</u>	<u>\$ -</u>

NOTE 3- DEFINED BENEFIT PENSION PLAN

A. Plan Description

All full-time employees are covered under the Kentucky Employees Retirement System (KERS), a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

The Board of Trustees of the Kentucky Retirement Systems administers the KERS, as well as various other pension plans. As such, the Kentucky Retirement System issues its own financial reports for each of the pension plans it administers.

A copy of the financial reports may be obtained by writing to The Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601.

For the year ending June 30, 2017, plan members were required to contribute 5 percent of their creditable compensation. Plan members who began participation on or after September 1, 2008 were required to contribute 6 percent of their creditable compensation. Participating employers were required to contribute at an actuarially determined rate. For the year ended June 30, 2017, participating employers contributed 48.59 percent of each employee’s creditable compensation.

The Department’s required contribution to KERS for the year ended was \$463,033 and was paid fully to the plan as of the completion of our audit report.

GRAVES COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 3- DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability

As promulgated by GASB Statements No. 67 and 68 the total pension liability for KERS was determined by an actuarial valuation as of June 30, 2015 and Measurement date of June 30, 2016. The net pension liability for employers participating in KERS is as follows: non-hazardous \$11,339,489,047 and hazardous \$391,638,035, for a total net pension liability of \$11,791,127,082 as of June 30, 2016. Based on these requirements, KRS has determined that Graves County Health Department's proportionate share of the net pension liability is \$7,024,013 for non-hazardous as of June 30, 2017. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kyret.ky.gov or can be obtained as described in the paragraph above.

NOTE 4- DEFERRED COMPENSATION PLAN

The Department offers all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized to provide administration of tax sheltered supplemental retirement plans for all state, public school, and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing The Kentucky Public Employees' Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

NOTE 5- INDIRECT COST ALLOCATION

Within the local health department, there are two separate and distinct areas of responsibility. These responsibility areas are medical and environmental services, which benefit more than one program. These charges are accumulated in the General Medical or General Environmental administration programs. These accumulated costs are then reallocated to the respective medical and environmental programs based on direct salary and fringe benefit costs.

Costs that are not directly related to a specific program or to the medical or environmental responsibility areas are classified as Departmental Administration and reallocated to all programs based on direct salary and fringe benefit costs or square footage utilization in the case of space costs. Capital expenditures are not allocated. All leave time and fringe benefits recorded in the indirect costs reporting area are allocated as above but are added to the direct recorded expenses within the program to which the indirect costs are allocated.

GRAVES COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 6- COMPENSATED ABSENCES

The employees of the Department earn vacation, sick and compensated hours monthly depending on job classification, length of service, and other factors. Under the Department's method of accounting as described in Note 1, the liabilities for the value of the compensated absences earned are not recorded.

The vacation and compensated hours earned are subject to cash payment upon termination of employment. At June 30, 2017, the value of vacation and compensated hours was approximately \$109,788.

The sick hours earned are not subject to cash payment upon termination, but are subject to conversion into the employee's retirement account as creditable compensation. Upon such conversion, the Department is liable for the payment of the employer's share of the retirement contribution. At June 30, 2017, the value of sick hours earned was approximately \$203,793.

NOTE 7- RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Department carries commercial insurance for risks or loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past year.

NOTE 8- RELATED PARTY

The Graves County Health Department is composed of the members of the Graves County Public Health Taxing District, who are appointed pursuant to KRS 212.786. The local board has jurisdiction over the activities of the Graves County Health Department conducted in Graves County, Kentucky. The Graves County Public Health Taxing District sets their tax rate for the county and collects the revenues from the Sheriff's office. The Graves County Public Health Taxing District has the responsibility of taking care of the local Public Health Department building in Mayfield, Kentucky. The Graves County Health Department received \$420,000 from the Graves County Public Health Taxing District for the fiscal year 2017.

NOTE 9- CONTINGENT LIABILITY

The Graves County Public Health Department participates in federally assisted grant programs and other restricted programs subject to compliance requirements. Expenditures may, upon audit, be disallowed. That amount, if any, cannot be determined but is not normally expected to be material.

NOTE 10- EXCESS UNRESTRICTED FUND BALANCE

According to Kentucky Administrative Regulation title 902 KAR 8:170 Sec. 3 (3)(c), if the local health department accumulates an unrestricted fund balance, as of June 30 of a fiscal year, in excess of thirty (30) percent of that year's expenditures for non fee programs plus forty (40) percent of that year's expenditures for fee for service programs, or \$100,000, whichever is greater, then the local health department shall submit, to the Department of Public Health, a written plan of use for the amount of the excess. If approved, the funds shall be placed into a local restricted fund to be used solely for the purpose(s) approved. The Graves County Public Health Department had an excess unrestricted fund balance of \$331,101 at year-end, June 30, 2017.

NOTE 11- SUBSEQUENT EVENTS

Management has evaluated subsequent events that may require disclosure in the financial statements through October 17, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2017

	500	520	540	560	598	700	712	718	725	726	736
	Food Service	Public Facilities	General Sanitation	On Site Sewage	Healthy Homes & Lead Poison Prev	Preventive/ Presenting Problems	Dental Services	Laboratory/ Testing/ Radiology	KWSCP Pink Outreach	ZIKA Preparedness Response	Chat
Revenues											
State funds	\$ 38,623	\$ 1,985	\$ -	\$ -	\$ -	\$ -	\$ 251	\$ -	\$ -	\$ -	\$ -
Federal funds									6,000	8,600	9,367
Local funds	-	1,918	16,782	12,070	1,568		912		1,321	6,065	1,333
Service fees	1,200	4,472	1,305	25,855			3,835				
Restricted carryover											
Unrestricted carryover							-				
Interest income	3,653						-				
Total Revenues	43,476	8,375	18,087	37,925	1,568	-	4,998	-	7,321	14,665	10,700
Expenditures											
Direct											
Compensation	17,763	3,575	7,549	15,452	737	195,077		8,882	2,428	4,477	4,436
Fringe benefits	8,674	1,677	4,021	8,565	412	93,570		4,206	1,357	2,233	2,482
Independent contracts						9,062		4,647			
Travel	920	27	124	706	7	111				800	186
Occupancy											
Office administrative										26	
Medical supplies						22,267		7,649			
Automotive										280	
Other	-			216		290			2,418	4,725	458
Capital expenditures	-										
Total Direct	27,357	5,279	11,694	24,939	1,156	320,377	-	25,384	6,203	12,541	7,562
Indirect allocation	16,119	3,096	6,393	12,986	412	272,624		12,359	1,118	2,124	3,138
Resource based allocation						(593,001)	4,998	(37,743)			
Total Expenditures	43,476	8,375	18,087	37,925	1,568	-	4,998	-	7,321	14,665	10,700
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2017

	<u>737</u>	<u>739</u>	<u>741</u>	<u>752</u>	<u>754</u>	<u>756</u>	<u>758</u>	<u>766</u>	<u>767</u>	<u>774</u>	<u>800</u>
	PHEP Ebola Preparedness	Worksite Wellness	Passport Referrals	Hands GF Services	Hands GF Start-Up	Prep	Humana Vitality	MCH Coordinator	Competitive Home Visiting	Child Fatality Prevention	Pediatric/ Adolescent
Revenues											
State funds	\$ -	\$ -	\$ -	\$ 98,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal funds	-					20,000		39,825	58,390	1,000	7,032
Local funds	101	7,077	750		2,359	387		3,968		40	-
Service fees			588				144,926		3,173		201,244
Restricted carryover											
Unrestricted carryover			203								
Interest income											6
Total Revenues	101	7,077	1,541	98,500	2,359	20,387	144,926	43,793	61,563	1,040	208,282
Expenditures											
Direct											
Compensation		2,903	711	46,024	1,167	5,933	20,302	20,007	30,890	487	1,393
Fringe benefits		908	401	16,667	653	1,824	8,992	11,195	9,911	274	780
Independent contracts											
Travel		310				228					
Occupancy											
Office administrative		28		20			1,001		1,056		
Medical supplies							33,945				
Automotive							3,036		-		
Other		1,434		996		8,233	407		3,009		-
Capital expenditures											
Total Direct	-	5,583	1,111	63,707	1,820	16,218	67,683	31,202	44,866	761	2,173
Indirect allocation	101	1,494	430	29,080	539	4,169	15,349	12,591	16,697	279	834
Resource based allocation							-	-	-	-	192,359
Total Expenditures	101	7,077	1,541	92,787	2,359	20,387	83,032	43,793	61,563	1,040	195,366
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ 5,713	\$ -	\$ -	\$ 61,894	\$ -	\$ -	\$ -	\$ 12,916

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2017

	802	803	804	805	806	807	809	810	813	821	823
	Family Planning	Maternity Services & Activity	WIC	MCH Nutrition & Group Activity	Tuberculosis	Sexually Transmitted Disease	Diabetes	Adult Visits & Follow-up	Breast & Cervical Cancer	Bioterrorism (Focus Area A)	Bioterrorism (Focus Area E)
Revenues											
State funds	\$ 326	\$ -	\$ -	\$ -	\$ 40,088	\$ -	\$ 21,171	\$ -	\$ -	\$ -	
Federal funds	21,249		212,877	5,627	7,450				13,000	28,215	2,072
Local funds		22,653	30,723	147	14,553	5,266	14,293	9,676	30,872	11,449	792
Service fees	40,095	435		1,413	31,346	13,073	6,463	35,468	22,650	-	
Restricted carryover	455	-		-		-	-				
Unrestricted carryover	589			381				988			
Interest income					419						
Total Revenues	62,714	23,088	243,600	7,568	93,856	18,339	41,927	46,132	66,522	39,664	2,864
Expenditures											
Direct											
Compensation	1,322		26,420	2,011	4,619	66	18,297	4,086	2,738	16,081	606
Fringe benefits	132		14,785	1,125	2,586	24	10,153	2,284	1,532	8,755	340
Independent contracts	1,089				-				9,184		
Travel	321		-	-	2,964		1,207			507	152
Occupancy											
Office administrative			4,601				-			2,120	
Medical supplies	6,697				-		50				
Automotive										178	
Other			11,214	999	3,923		1,348		320	3,437	1,382
Capital expenditures											
Total Direct	9,561	-	57,020	4,135	14,092	90	31,055	6,370	13,774	31,078	2,480
Indirect allocation	894	-	15,481	1,118	2,478	45	10,284	2,343	1,619	8,586	384
Resource based allocation	52,259	23,088	171,099	2,315	77,286	18,204	588	37,419	51,129	-	-
Total Expenditures	62,714	23,088	243,600	7,568	93,856	18,339	41,927	46,132	66,522	39,664	2,864
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2017

	834	836	837	841	842	846	853	858	877	883	890
	Asth SMBP	Tobacco Control	Abstinence	Diabetes Coalition	HIV Counseling Testing	Flouride Personnel	Hands	Supplemental School Health	Hands Administration Funding	EPSDT/ KCHIP Notification	Core Public Health
Revenues											
State funds	\$ 3,000	\$ 17,256	\$ -	\$ -	\$ -	\$ 4,200	\$ 7,560	\$ -	\$ -	\$ -	\$ -
Federal funds	-		3,505	2,500					56,331		
Local funds	-	3,183	496	16		335			5,864	345	2,251
Service fees	-						171,112	501,494		-	78
Restricted carryover							-				
Unrestricted carryover					1,158						
Interest income											
Total Revenues	3,000	20,439	4,001	2,516	1,158	4,535	178,672	501,494	62,195	345	2,329
Expenditures											
Direct											
Compensation	-	6,739	1,075		535		76,967	210,573	21,881	171	1,059
Fringe benefits	-	3,771	306		301		26,624	109,925	13,726	94	592
Independent contracts							-				
Travel	267	2	317				2,152	3,228	4,836	-	
Occupancy											
Office administrative	-		-			400	6,996	242	1,259		
Medical supplies								6,527			
Automotive							2,362		5,185		
Other	-	5,943	1,387	2,516		-	852	619	2,011		
Capital expenditures							-				
Total Direct	267	16,455	3,085	2,516	836	400	115,953	331,114	48,898	265	1,651
Indirect allocation	-	3,984	916	-	322	4,135	46,001	99,129	13,297	80	678
Resource based allocation	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	267	20,439	4,001	2,516	1,158	4,535	161,954	430,243	62,195	345	2,329
Excess of Revenues over Expenditures	\$ 2,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,718	\$ 71,251	\$ -	\$ -	\$ -

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2017

	891	895	897	898	899	900	901	
	Medicaid Match	Allocable Leave & Fringes	Space Indirect	Departmental Administrative	Clinic Indirect	General Medical Administrative	General Environmental Administrative	Totals
Revenues								
State funds	\$ -	\$ 261,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494,446
Federal funds		83,784						586,824
Local funds		211,524						421,089
Service fees	117,043	4,947						1,332,215
Restricted carryover								455
Unrestricted carryover								3,319
Interest income								4,078
Total Revenues	117,043	561,741	-	-	-	-	-	2,842,426
Expenditures								
Direct								
Compensation		-	16,467	168,516	114,344	38	6,290	\$ 1,091,094
Fringe benefits		239,633	11,233	113,823	56,556	27	4,108	801,237
Independent contracts					-			23,982
Travel				7,178	467		-	27,017
Occupancy			48,570					48,570
Office administrative				47,966	111	350	78	66,254
Medical supplies								77,135
Automotive				4,426			1,060	16,527
Other	117,043			21,967	100		31	197,278
Capital expenditures								-
Total Direct	117,043	239,633	76,270	363,876	171,578	415	11,567	2,349,094
Indirect allocation	-	-	(76,270)	(363,876)	(171,578)	(415)	(11,567)	-
Resource based allocation	-	-	-	-	-	-	-	-
Total Expenditures	117,043	239,633	-	-	-	-	-	2,349,094
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ 322,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,332</u>

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL VS BUDGET
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues			
State funds	\$ 512,576	\$ 494,446	\$ (18,130)
Federal funds	531,766	586,824	55,058
Local funds	392,573	421,089	28,516
Service fees	1,173,439	1,332,215	158,776
Interest income	1,500	4,078	2,578
Restricted carryover	20,130	455	(19,675)
Unrestricted carryover	122,327	3,319	(119,008)
Total Revenues	<u>2,754,311</u>	<u>2,842,426</u>	<u>88,115</u>
Expenditures			
Compensation	1,218,509	1,091,094	(127,415)
Fringe benefits	856,410	801,237	(55,173)
Independent contractors	73,500	23,982	(49,518)
Travel	33,606	27,017	(6,589)
Occupancy	54,400	48,570	(5,830)
Office administration	76,982	66,254	(10,728)
Medical supplies	101,957	77,135	(24,822)
Automotive	18,850	16,527	(2,323)
Other	164,434	197,278	32,844
Capital expenditures	15,000	-	(15,000)
Total Expenditures	<u>2,613,648</u>	<u>2,349,094</u>	<u>(264,554)</u>
Excess of Revenues over Expenditures	<u>\$ 140,663</u>	<u>\$ 493,332</u>	<u>\$ 352,669</u>



**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 Members of the Board of the
Graves County Health Department

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 accompanying financial statements of the Graves County Health Department as of and for the year ended June 30, 2017 and the related notes to the financial statements, and have issued our report thereon dated October 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Graves County Health Department'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Graves County Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Graves County Health Department'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Graves County Health Department'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 no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

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

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.

Romaine & Associates, PLLC

Certified Public Accountants
Mayfield, Kentucky
October 17, 2017