

**Greenup County Public Health Taxing District**

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June 30, 2018

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**Independent Auditor's Report**

To the Board of Directors  
**Greenup County Public Health Taxing District**

We have audited the accompanying financial statements of Greenup County Public Health Taxing District (the "District"), which comprise the statements of assets, liabilities and fund balance–cash balance as of June 30, 2018 and the related statements of cash receipts and disbursements balance for the year then 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 these financial statements in accordance with the financial reporting provisions of Special Districts Manual developed by the Office of Financial Management and Administration, Special District Branch, District for Local Government. 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 from material misstatement.

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

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

## **Independent Auditor's Report (Continued)**

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

As described in Note B, the financial statements are prepared by the District, on the basis of the financial reporting provisions of Special Districts Manual developed by the Office of Financial Management and Administration, Special District Branch, District for Local Government, 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 Office of Financial Management and Administration, Special District Branch, District for Local Government. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

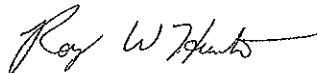
### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position the District, as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balance of the District, as of June 30, 2018, and its respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of the financial reporting provisions of Special Districts Manual developed by the Office of Financial Management and Administration, Special District Branch, District for Local Government as described in Note B.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018 on our consideration of the 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 the District's internal control over financial reporting and compliance.



Lexington, Kentucky  
October 29, 2018

**Greenup County Public Health Taxing District**  
**Statement of Assets, Liabilities and Fund Balance - Cash Basis**  
**June 30, 2018**

**Assets**

Current Assets

Cash	<u>\$ 544,968</u>
Total Current Assets	<u>544,968</u>

Long - Term Assets

Long - Term Certificates of Deposit	<u>362,542</u>
Total Long - Term Assets	<u>362,542</u>

Total Assets	<u><u>\$ 907,510</u></u>
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**Fund Balance**

Fund Balance

Unreserved Fund Balance	<u>\$ 907,510</u>
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Total Fund Balance	<u><u>\$ 907,510</u></u>
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See accompanying notes.

**Greenup County Public Health Taxing District  
Statement of Cash Receipts and Disbursements  
Year ended June 30, 2018**

Cash Receipts	
County Sheriff:	
Property/Franchise Tax	\$ 891,347
County Clerk	
Motor Vehicle/Delinquent Tax	162,844
Commonwealth of Kentucky	
Motor Vehicle/Telecommunications	55,157
Interest Income	<u>8,235</u>
Total Cash Receipts	1,117,583
Cash Disbursements	
Greenup County Health Department Appropriation	1,150,000
Building Maintenance and Repairs	11,864
Administration	<u>1,000</u>
Total Cash Disbursements	<u>1,162,864</u>
Excess of Disbursements Over Receipts	(45,281)
Total Other Adjustment to Cash	<u>-</u>
Fund Balance, Beginning of Year	<u>952,791</u>
Fund Balance, End of Year	<u><u>\$ 907,510</u></u>

See accompanying notes.

**Greenup County Public Health Taxing District**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note A – Nature of Organization and Operations**

The Greenup County Public Health Taxing District (the District) was created pursuant to Kentucky Revised Statute (KRS) 212.750 to levy a special ad valorem tax for the purpose of providing funding for the local Health Department.

**Note B – Summary of Significant Accounting Policies**

1. Basis of Accounting - The District prepares its financial statements on a cash basis of accounting pursuant to the Special Districts Manual developed by the Office of Financial Management and Administration, Special District Branch, District for Local Government. Revenues and related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. Fixed assets are recorded as expenses when paid and are not capitalized.
2. Cash Equivalents: The District considers investments with maturities of three months or less to be cash equivalents.
3. Source of Funds - Revenue sources of the District are divided into four groups as follows:
  - Commonwealth of Kentucky - includes funds from motor vehicle and telecommunication taxes.
  - County Clerk - includes funds from motor vehicle and delinquent taxes.
  - County Sheriff - includes funds from property and franchise taxes.
  - Interest - includes funds from the checking account and certificate of deposits interest.
4. Accounting 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 affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
5. Subsequent Events – Subsequent events for the District have been considered through the date of the Independent Auditor’s Report which represents the date the financial statements were available to be issued.

**Greenup County Public Health Taxing District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2018**

**Note C – Cash and Cash Equivalents**

The District's cash and investments consist of amounts deposited in both a checking account and certificate of deposit accounts. As of June 30, 2018, the carrying amount of the District's deposits and the banking institutions' balance of the District's deposits were \$907,510. Of the banking institutions' balance, \$500,000 was covered by the Federal Deposit Insurance Corporation. The remainder was insured by securities pledged as collateral that are held in the name of the financial institutions and pledged to the District.

**Note D - Investments**

According to KRS 41.240(4), local health Districts and local health taxing districts may invest and reinvest money subject to their control and jurisdiction in only the following:

- a. Obligations of the United States and of its agencies and instrumentalities. Such investments may be accomplished through repurchase agreements reached with national or state banks chartered in Kentucky.
- b. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.
- c. Any savings and loan association insured by an agency of the government of the United States up to the amount insured.
- d. Interest -bearing deposits in state or national banks chartered in Kentucky and insured by an agency of the government of the United States up to the amount insured, and in larger amounts providing such bank shall pledge as security, obligations as permitted by KRS 41.240(4), having a quoted market value at least equal to any uninsured deposits.
- e. No other investments or reinvestments shall be authorized.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's credit risk follows the requirements of KRS 41.240(4).

At June 30, 2018, the District held \$362,542, in three certificates of deposit, which were included in the long – term certificate of deposits on the Statement of Assets, Liabilities and Fund Balance – Cash Basis.

No major decline in market values has occurred since year-end.

**Greenup County Public Health Taxing District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2018**

**Note E – Fair Value and Measurement - Investments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that an entity has the ability to access as of the measurement date, or observable inputs.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The District has the following recurring fair value measurements as of June 30, 2018:

The certificates of deposit totaling \$362,542 are valued using quoted market prices (Level 1 inputs).

The District has no Level 2 or Level 3 inputs.

**Note F – Related Party**

The District assessed a tax rate of \$0.06 per \$100 on real property and tangible property for fiscal year 2018. During the 2018 fiscal year the District remitted \$1,150,000, to the Greenup County Health Department.



## Supplementary Information

**Greenup County Public Health Taxing District**  
**Schedule of Cash Receipts and Disbursements - Budget to Actual**  
**Year ended June 30, 2018**

	(Unaudited) Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Cash Receipts</b>			
County Sheriff: Property/Franchise Tax	\$ 900,000	\$ 891,347	\$ (8,653)
County Clerk: Motor Vehicle/Delinquent Tax	191,067	162,844	(28,223)
Commonwealth of Kentucky:			
Motor Vehicle/Telecommunications	55,120	55,157	37
Interest Income	1,285	8,235	6,950
<b>Total Cash Receipts</b>	<b>1,147,472</b>	<b>1,117,583</b>	<b>(29,889)</b>
<b>Cash Disbursements</b>			
Greenup County Health Department Appropriation	1,150,000	1,150,000	-
Building Maintenance and Repairs	21,300	11,864	9,436
Administration	-	1,000	(1,000)
<b>Total Cash Disbursements</b>	<b>1,171,300</b>	<b>1,162,864</b>	<b>8,436</b>
<b>Excess of Disbursements Over Receipts</b>	<b>\$ (23,828)</b>	<b>\$ (45,281)</b>	<b>\$ (21,453)</b>

See accompanying Independent Auditor's Report.

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  
**Greenup County Public Health Taxing District**

We have audited, 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, the financial statements of the Greenup County Public Health Taxing District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the district's basic financial statements, and have issued our report thereon dated October 29, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

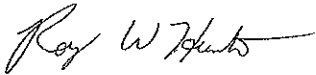
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Lexington, Kentucky  
October 29, 2018