

**GRAVES COUNTY HEALTH DEPARTMENT
MAYFIELD, KENTUCKY**

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

June 30, 2018

**GRAVES COUNTY HEALTH DEPARTMENT
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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, 2018, 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

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, 2018, 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, 2018, 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 12 through 16 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 November 14, 2018, 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
November 14, 2018

GRAVES COUNTY HEALTH DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
JUNE 30, 2018

ASSETS

Current Assets

Cash (Note 2)	\$ 2,187,408
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Total Assets	2,187,408
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LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	23,926
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Total Liabilities	23,926
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Fund Balance

Unrestricted fund balance	445,330
Restricted fund balance- Capital	1,026,320
Restricted fund balance - KERS	200,000
Restricted fund balance- State	81,787
Restricted fund balance- Federal	7,086
Restricted fund balance- Fees	402,959

Total Fund Balance	2,163,482
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TOTAL LIABILITIES AND FUND BALANCE	\$ 2,187,408
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GRAVES COUNTY HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

Revenues	
State funds	\$ 511,823
Federal funds	476,666
Local funds	376,319
Service fees	1,186,084
Interest income	26,496
Restricted carryover	<u>177,849</u>
Total Revenues	2,755,237
Expenditures	
Compensation	1,132,941
Fringe benefits	852,434
Independent contractors	25,048
Travel	22,153
Occupancy	50,254
Office administration	66,288
Medical supplies	68,892
Automotive	22,724
Other	146,128
Capital expenditures	<u>167,214</u>
Total Expenditures	<u>2,554,076</u>
Excess of Revenues over Expenditures	201,161
Fund Balance, Beginning of Year	2,140,170
Less: Prior Year Income Carryover Included in Current Year Revenues	
Restricted carryover	<u>(177,849)</u>
Fund Balance, End of Year	<u><u>\$ 2,163,482</u></u>

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TO THE FINANCIAL STATEMENTS**

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GRAVES COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, GASB 68 and GASB 75.

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, 2018

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, 2018, 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		1,962,584	
Total	<u>\$ 250,000</u>	<u>\$ 1,962,584</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, 2018, 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, 2018, participating employers contributed 49.47 percent of each employee’s creditable compensation.

The Department’s required contribution to KERS for the year ended was \$515,767 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, 2018

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, 2016 and Measurement date of June 30, 2017. The net pension liability for employers participating in KERS is as follows: non-hazardous \$13,338,336,598 and hazardous \$497,100,842, for a total net pension liability of \$13,885,437,440 as of June 30, 2017. Based on these requirements, KRS has determined that Graves County Health Department's proportionate share of the net pension liability is \$8,250,295 for non-hazardous as of June 30, 2018. 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.

C. Postemployment Benefits Other Than Pensions

As promulgated by GASB 75 the total liability for KERS was determined by an actuarial valuation as of June 30, 2016 and Measurement date of June 30, 2017. The net OPEB liability for employers participating in KERS is as follows: non-hazardous \$2,535,962,243 and hazardous \$6,030,905, for a total net OPEB liability of \$2,541,993,148 as of June 30, 2018. Based on these requirements, KRS has determined that Graves County Health Department's proportionate share of the net OPEB liability is \$1,562,736 for non-hazardous as of June 30, 2018. The complete actuarial valuation report including all actuarial assumptions and methods is publicly 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.

GRAVES COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

NOTE 5- INDIRECT COST ALLOCATION (Continued)

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.

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, 2018, the value of vacation and compensated hours was approximately \$121,635.

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, 2018, the value of sick hours earned was approximately \$252,903.

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 \$375,000 from the Graves County Public Health Taxing District for the fiscal year 2018.

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 no excess unrestricted fund balance at year-end, June 30, 2018.

GRAVES COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

NOTE 11- SUBSEQUENT EVENTS

Management has evaluated subsequent events that may require disclosure in the financial statements through November 14, 2018, 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, 2018

	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	\$ 16,504	\$ 6,011	\$ 15,303	\$ -	\$ -	\$ -	\$ 73	\$ -	\$ -	\$ -	\$ -
Federal funds									-	-	1,015
Local funds			8,902	1,822	1,440		326		66	1,565	1,077
Service fees	1,520	595	1,740	29,555			3,002				
Restricted carryover											
Interest income	26,119						-				
Total Revenues	44,143	6,606	25,945	31,377	1,440	-	3,401	-	66	1,565	2,092
Expenditures											
Direct											
Compensation	17,363	2,739	10,558	12,634	694	208,805	1,477	8,968	33	357	505
Fringe benefits	8,785	1,251	5,314	6,896	384	99,365	725	4,215	18	198	282
Independent contracts						10,573		3,331			
Travel	410		922	23		243					10
Occupancy											
Office administrative											
Medical supplies						29,792		10,308			
Automotive											
Other	948					265		200	-	366	24
Capital expenditures											
Total Direct	27,506	3,990	16,794	19,553	1,078	349,043	2,202	27,022	51	921	821
Indirect allocation	16,637	2,616	9,151	11,824	362	288,556	620	12,398	15	644	1,271
Resource based allocation						(637,599)	579	(39,420)			
Total Expenditures	44,143	6,606	25,945	31,377	1,440	-	3,401	-	66	1,565	2,092
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2018

	739	741	750	752	756	758	766	774	800	802	803
	Worksite Wellness	Passport Referrals	Accreditation	Hands GF Services	Prep	Humana Vitality	MCH Coordinator	Child Fatality Prevention	Pediatric/ Adolescent	Family Planning	Maternity Services & Activity
Revenues											
State funds	\$ -	\$ -	\$ -	\$ 78,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315	\$ -
Federal funds					17,506		35,999	370	250	42,007	
Local funds	16,856	400	8,725		1,325		5,844	886	33,505		19,061
Service fees						98,175			171,116	43,225	71
Restricted carryover				16,132					12,916	-	-
Interest income									377		
Total Revenues	16,856	400	8,725	94,267	18,831	98,175	41,843	1,256	218,164	85,547	19,132
Expenditures											
Direct											
Compensation	3,306	119	2,238	44,663	5,043	17,799	18,644	549	915		
Fringe benefits	1,865	65	1,260	21,301	1,422	8,530	10,504	312	517		
Independent contracts											
Travel			487	1,298	355	8	6				
Occupancy											
Office administrative	3,580										
Medical supplies						21,537				2,535	5
Automotive						944					
Other	6,078		3,336		8,107	158		69	-		
Capital expenditures											
Total Direct	14,829	184	7,321	67,262	14,927	48,976	29,154	930	1,432	2,535	5
Indirect allocation	2,027	216	1,404	27,005	3,904	16,884	12,689	326	605	91	-
Resource based allocation									216,127	59,675	19,127
Total Expenditures	16,856	400	8,725	94,267	18,831	65,860	41,843	1,256	218,164	62,301	19,132
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,315	\$ -	\$ -	\$ -	\$ 23,246	\$ -

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2018

	804	805	806	807	809	810	813	818	821	823	834
	WIC	MCH Nutrition & Group Activity	Tuberculosis	Sexually Transmitted Disease	Diabetes	Adult Visits & Follow-up	Breast & Cervical Cancer	Community Based Services	Bioterrorism (Focus Area A)	Bioterrorism (Focus Area E)	Asth SMBP
Revenues											
State funds	\$ -	\$ -		\$ -	\$ 30,798	\$ -	\$ -	\$ -	\$ -		\$ 3,391
Federal funds	197,954	6,373	5,684				15,015	-	28,215	1,879	-
Local funds	32,427		59,684	2,711	20,839	26,216	36,643	3,750	3,217	2,033	722
Service fees		2,400	34,708	3,400	3,649	32,979	22,003		-		-
Restricted carryover					-						2,733
Interest income											
Total Revenues	230,381	8,773	100,076	6,111	55,286	59,195	73,661	3,750	31,432	3,912	6,846
Expenditures											
Direct											
Compensation	24,500	1,301	4,474	155	23,409	3,405	3,111	1,606	8,347	1,662	2,348
Fringe benefits	13,804	732	2,519	89	13,151	1,920	1,751	856	4,703	936	1,326
Independent contracts							11,144				
Travel			61		1,166			29	174	356	
Occupancy											
Office administrative	1,299	50	52		230				1,708		
Medical supplies									515		
Automotive									-		
Other	16	1,451	2,305		894			150	10,018		2,039
Capital expenditures											
Total Direct	39,619	3,534	9,411	244	38,850	5,325	16,006	2,641	25,465	2,954	5,713
Indirect allocation	15,311	832	2,626	80	16,082	2,154	1,783	1,109	5,967	958	1,133
Resource based allocation	175,451	4,292	88,039	5,787	354	51,716	55,872	-	-	-	-
Total Expenditures	230,381	8,658	100,076	6,111	55,286	59,195	73,661	3,750	31,432	3,912	6,846
Excess of Revenues over Expenditures	\$ -	\$ 115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2018

	836	837	841	842	845	846	853	856	858	878	890
	Tobacco Control	Abstinence	Diabetes Coalition	HIV Counseling Testing	Ryan White Services	Flouride Personnel	Hands	Arthritis	Supplemental School Health	Hands Administration Trainers/TA	Core Public Health
Revenues											
State funds	\$17,256	\$ -	\$ -	\$ -	\$ -	\$ 4,200	\$ 21,224	\$ -	\$ -	\$ 61,560	\$ -
Federal funds		10,002	2,500					10,000			
Local funds	427	930	1,017	354	14,510	374		3,944		7,869	1,585
Service fees							194,363		468,129		34
Restricted carryover				452			33,669				
Interest income											
Total Revenues	17,683	10,932	3,517	806	14,510	4,574	249,256	13,944	468,129	69,429	1,619
Expenditures											
Direct											
Compensation	7,405	2,640	1,068	393	6,430		116,321	6,637	210,382	25,009	706
Fringe benefits	3,996	1,488	600	222	3,623		54,016	3,598	113,703	14,091	396
Independent contracts											
Travel	227	354			1,355		425	12	2,417	4,284	
Occupancy											
Office administrative	150	65	1,006				1,785		179	3,545	
Medical supplies									4,200		
Automotive							6,142			4,022	
Other	992	4,585	330				3,636	465	2,407	3,680	
Capital expenditures							-				
Total Direct	12,770	9,132	3,004	615	11,408	-	182,325	10,712	333,288	54,631	1,102
Indirect allocation	4,913	1,800	513	191	3,102	4,574	66,931	3,232	102,963	14,798	517
Resource based allocation	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	17,683	10,932	3,517	806	14,510	4,574	249,256	13,944	436,251	69,429	1,619
Excess of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,878	\$ -	\$ -

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES BY COST CENTER
FOR THE YEAR ENDED JUNE 30, 2018

	891	894	895	897	898	899	900	901	
	Medicaid Match	Capital	Allocable Leave & Fringes	Space Indirect	Departmental Administrative	Clinic Indirect	General Medical Administrative	General Environmental Administrative	Totals
Revenues									
State funds	\$ -		\$ 257,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,823
Federal funds			101,897						476,666
Local funds		55,267							376,319
Service fees	75,420								1,186,084
Restricted carryover		111,947							177,849
Interest income									26,496
Total Revenues	75,420	167,214	358,950	-	-	-	-	-	2,755,237
Expenditures									
Direct									
Compensation		-		19,640	179,324	119,144		6,115	\$ 1,132,941
Fringe benefits			245,343	13,391	121,849	57,031		4,091	852,434
Independent contracts									25,048
Travel					6,685	846			22,153
Occupancy				50,254					50,254
Office administrative					48,032	4,292	275	40	66,288
Medical supplies									68,892
Automotive					8,951			2,665	22,724
Other	75,420				17,806	200		183	146,128
Capital expenditures		167,214							167,214
Total Direct	75,420	167,214	245,343	83,285	382,647	181,513	275	13,094	2,554,076
Indirect allocation	-	-		(83,285)	(382,647)	(181,513)	(275)	(13,094)	-
Resource based allocation	-	-		-	-	-	-	-	-
Total Expenditures	75,420	167,214	245,343	-	-	-	-	-	2,554,076
Excess of Revenues over Expenditures	\$ -	\$ -	\$ 113,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,161

GRAVES COUNTY HEALTH DEPARTMENT
SCHEDULE OF REVENUES AND EXPENDITURES – ACTUAL VS BUDGET
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues			
State funds	\$ 558,089	\$ 511,823	\$ (46,266)
Federal funds	369,662	476,666	107,004
Local funds	416,644	376,319	(40,325)
Service fees	1,305,804	1,186,084	(119,720)
Interest income	2,500	26,496	23,996
Restricted carryover	42,938	177,849	134,911
Unrestricted carryover	118,248	-	(118,248)
Total Revenues	<u>2,813,885</u>	<u>2,755,237</u>	<u>(58,648)</u>
Expenditures			
Compensation	1,188,999	1,132,941	(56,058)
Fringe benefits	864,773	852,434	(12,339)
Independent contractors	71,500	25,048	(46,452)
Travel	46,650	22,153	(24,497)
Occupancy	54,400	50,254	(4,146)
Office administration	89,130	66,288	(22,842)
Medical supplies	107,160	68,892	(38,268)
Automotive	23,900	22,724	(1,176)
Other	280,392	146,128	(134,264)
Capital expenditures	34,000	167,214	133,214
Total Expenditures	<u>2,760,904</u>	<u>2,554,076</u>	<u>(206,828)</u>
Excess of Revenues over Expenditures	<u>\$ 52,981</u>	<u>\$ 201,161</u>	<u>\$ 148,180</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, 2018 and the related notes to the financial statements, and have issued our report thereon dated November 14, 2018.

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
November 14, 2018