

Greenup County Health Department

Financial Statements

June 30, 2018

**Roy W Hunter, CPA, PLLC
1890 Star Shoot Parkway
Suite 170-147
Lexington, KY 40509**

Greenup County Health Department

Table of Contents
June 30, 2018

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Assets, Liabilities and Fund Balance – Modified Cash Balance	4
Statement of Revenues and Expenditures – Modified Cash Balance	5
Statement of Changes in Fund Balance – Modified Cash Balance	6
Notes to Financial Statements	7 - 12
Supplementary Information	
Schedule of Revenues and Expenditures by Cost Center	13 – 18
Schedule of Revenues and Expenditures - Actual vs. Budget	19
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>	20 - 21
Management Letter Comments	
Management Letter Comments	22



Roy W. Hunter, CPA

Independent Auditor's Report

To the Board of Directors
Greenup County Health Department

Report on the Financial Statements

We have audited the accompanying financial statements of Greenup County Health Department (the Department) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Department'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 prescribed by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, Administrative Reference. 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 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 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 opinion.

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 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 (CHFS), 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 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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position the Department, 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 above present fairly, in all material respects, the cash balance of the Department, as of June 30, 2018, and the revenues, expenditures and change in fund balance for the year then ended, on the basis of the financial reporting provisions prescribed by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, Administrative Reference as described in Note B.

Other Matters

Other Information

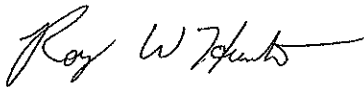
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The Schedule of Revenues and Expenditures by Cost Center and the Schedule of Revenues and Expenditures - Actual vs Budget are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures by Cost Center, Schedule of Revenues and Expenditures - Actual vs. Budget and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Revenues and Expenditures by Cost Center, the Schedule of Revenues and Expenditures - Actual vs. Budget and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent Auditor's Report (Continued)

Other Reporting Required by *Government Auditing Standards*

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



Lexington, Kentucky
October 29, 2018

Greenup County Health Department
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
June 30, 2018

Assets

Cash	<u>\$ 165,346</u>
Total Assets	<u><u>\$ 165,346</u></u>

Liabilities and Fund Balance

Liabilities

State administrative fee liability	\$ 7,637
Payroll withholdings	<u>13,127</u>
	20,764

Fund Balance

Unrestricted	104,495
Restricted	
Restricted - State	17,492
Restricted - Federal	4,999
Restricted - Fees	<u>17,596</u>
	<u>144,582</u>

Total Liabilities and Fund Balance	<u><u>\$ 165,346</u></u>
------------------------------------	--------------------------

See accompanying notes.

**Greenup County Health Department
Statement of Revenues And Expenditures - Modified Cash Basis
Year End June 30, 2018**

Revenues

State Funds:	State Restricted	\$ 146,897	
	State Restricted Carryover	34	
	State Environmental	29,590	
	Foundation Funding	2,500	
	LHD Retirement	272,034	
	Public Health Block Grant	<u>8,942</u>	\$ 459,997
Federal Funds:	Title V MCH Block Grant	28,080	
	Title X Family Planning	40,923	
	Preventive Services Block Grant	7,248	
	Federal Grant	<u>254,094</u>	330,345
Local Funds			1,150,000
Service Fees:	School Board Contracts	40,160	
	Program Admin Contracts	14,282	
	Title XVIII	1,082	
	Title XIX	241,095	
	Program Income Carryover	1,033	
	Self-pay	39,300	
	Insurance	<u>31,625</u>	368,577
Interest Income			370
Unrestricted Carryover			<u>51,467</u>
Total Revenues			2,360,756

Expenditures

Compensation		1,117,664
Fringe Benefits		809,136
Independent Contracts		8,880
Travel		13,844
Occupancy		91,099
Office Administration		70,504
Medical Supplies		63,986
Automotive		11,678
Other		<u>81,786</u>
Total Expenditures		<u>2,268,577</u>

Excess of Receipts Over Receipts

\$ 92,179

See accompanying notes.

Greenup County Health Department
Statement of Changes in Fund Balance - Modified Cash Basis
Year End June 30, 2018

	<u>Unrestricted Fund Balance</u>	<u>Restricted Fund Balance</u>	<u>Total</u>
Fund Balance, July 1, 2017 Balance	\$ 78,054	\$ 26,883	\$ 104,937
Transfer state restricted funds to current operations		(34)	(34)
Transfer restricted fees funds to current operations		(1,033)	(1,033)
Transfer unrestricted funds to current operations	(51,467)		(51,467)
Excess 2017-2018 revenues over expenditures - state restricted funds		13,447	13,447
Excess 2017-2018 revenues over expenditures - fees restricted funds		824	824
Excess 2017-2018 revenues over expenditures - unrestricted funds	<u>77,908</u>		<u>77,908</u>
Fund Balance, June 30, 2018 Balance	<u>\$ 104,495</u>	<u>\$ 40,087</u>	<u>\$ 144,582</u>

See accompanying notes.

Greenup County Health Department
Notes to Financial Statements
June 30, 2018

Note A - Nature of Operations

Greenup County Health Department (the Department) was established pursuant to Kentucky Revised Statute (KRS) 212.850 to provide health services through the county health department in Greenup County. The Greenup County Board of Health (the Board) which consists of representatives of the counties as set forth in KRS 212.850 governs the Department. The Department is exempt from federal and state income taxes.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The Department prepares its financial statements on the modified cash 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 (the 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 Uniform Guidance - 2 CFR part 200, Appendices III-VII. 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 54.
2. 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 grant funds passed through from CHFS.
 - Local - includes funds from taxing districts, 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, other pay for service.
3. 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.
4. Subsequent Events: Subsequent events for the Department have been considered through the date of the Independent Auditor's Report which represents the date the financial statements were available to be issued.

Note C - Cash

The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor. At June 30, 2018 the carrying amount of the Department's deposits with financial institutions was \$165,346 and the bank balance was \$165,501. The difference of \$155 between the Department's deposit balance and the banking institutions' balance results from outstanding checks. The total of the deposits were covered by the FDIC insurance.

**Greenup County Health Department
Notes to Financial Statements (Continued)
June 30, 2018**

Note D – Operating Leases

During fiscal year 2018, the Department leased office space in South Shore, Kentucky. The lease was cancelled during fiscal year 2018. The amount of lease payments related to the office space that was paid during the fiscal year was \$7,200.

The Department has two automobile leases expiring on June 30, 2019. Total auto lease expense incurred in 2018 for these operating leases was \$8,287.

These amounts are included in automotive and occupancy expenditures on the Statement of Revenues and Expenditures – Modified Cash Basis.

The scheduled lease payments for the next fiscal year are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	<u>\$ 8,287</u>
	<u>\$ 8,287</u>

Note E – Reconciliation of Financial Statement Income to Actual Income from Current Operations

Total Revenues Collected:	\$ 2,360,756
Less Carryover:	
State Restricted Carryover	\$ (34)
Program Restricted Carryover	(1,033)
Unrestricted Carryover	<u>(51,467)</u>
Revenues From Current Operations	<u>2,308,222</u>
Less Expenditures Paid:	<u>(2,268,577)</u>
Revenues Collected From Current Operations Over Expenditures	<u>\$ 39,645</u>

Note F - Defined Benefit Pension Plan

Plan Description: All employees averaging 100 or more hours per month over a calendar or fiscal year participate in the Kentucky Employees Retirement System (KERS) of the Commonwealth of Kentucky, which is a cost-sharing multiple-employer defined benefit pension plan. The KERS provides retirement, as well as health care, disability, and death benefits to plan members. The KERS provides for cost-of-living adjustments at the discretion of the Kentucky legislature. Benefits are established by State statute.

Greenup County Health Department
Notes to Financial Statements (Continued)
June 30, 2018

Note F - Defined Benefit Pension Plan (Continued)

Benefits Provided: KERS provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

All regular full-time employees of the Authority/Corporation are covered by KERS. A regular full-time employee is an employee that averages one hundred or more hours per month over a calendar or fiscal year. KERS consist of three tiers:

Tier 1: Participation prior to September 1, 2008

Tier 2: Participation on or after September 1, 2008 to December 31, 2013

Tier 3: Participation on or after January 1, 2014

For Tiers 1 and 2, the benefit paid is based on the following formula: Final Compensation X Benefit Factor X Years of Service = Annual Benefit. For Tier 3, the benefit paid is based on the member's accumulated account balance at the time of retirement.

In 2013, all Cost of Living Adjustments (COLA's) were eliminated unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100% funded or (2) the Legislature appropriates sufficient funds to prepay the increased liability for the COLA.

Contributions: Kentucky statutes set the rates for employer and employee contributions. Contributions rates can only be modified by the state legislature.

The employer and each employee contribute a percentage of the employee's creditable compensation. Creditable compensation consists of all wages includable on the employee's Federal Form W-2, Wage and Tax statement, under the heading "Wages, Tips, and Other Compensation". There are two exceptions of payment of wages not included in creditable compensation: (1) the lump-sum compensatory leave payments to employees in Tier 2 and 3 and (2) vacation payout at termination. The employer total contribution rate for FY18 was 49.47% comprised of 41.06% for pension contributions and 8.41% for insurance contributions. The employee's contribution rates are as follows: Tier 1 - 5%, Tier 2 and 3 - 6%.

Retired employees receive certain health care benefits depending on length of service. In accordance with State statutes, such benefits are provided and advanced-funded on an actuarially determined basis through the KERS. As indicated above, covered employees hired after September 1, 2008 are required by State statute to contribute an additional 1.00% of their salary to fund the Kentucky Retirement Systems insurance fund. The related employer contribution is included in the required employer contribution rates indicated above.

The Department's contribution requirement for the year ended June 30, 2018 totaled \$547,740. The amounts includes the pension and insurance contributions.

The risks of participating in a multiple-employer plan are different from a single-employer plan in the following two respects: (1) assets contributed to a multiple-employer plan by one employer may be used to provide benefits to employees of other participating employers and (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Greenup County Health Department
Notes to Financial Statements (Continued)
June 30, 2018

Note F - Defined Benefit Pension Plan (Continued)

Net Pension Liability: The net pension liability is the total pension liability, less the amount of the plan's fiduciary net position. The most recent actuarial valuation of the net pension liability was performed as of June 30, 2016 and rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2017. The net pension liability at June 30, 2017 for the System, as a whole, determined through an actuarial valuation performed as of that date was calculated based on three discount rates as follows:

Assumption	1% Increase In Discount Rate	Current Discount Rate	1% Decrease In Discount Rate
Discount Rate	6.25%	5.25%	4.25%
Net Pension Liability	\$ 11,810,153,309	\$ 13,388,336,606	\$ 15,286,444,750

The Kentucky Retirement System is required to determine the pro-rata share of each member for reporting in the member's financial statements. At June 30, 2017, the Health Department's proportionate share of the Total Net Pension Liability was .0703 percent, an increase from the prior year proportionate share of .0649 percent. The Department's share of the net pension liability at June 30, 2017 was calculated based on three discount rates as follows:

Assumption	1% Increase In Discount Rate	Current Discount Rate	1% Decrease In Discount Rate
Discount Rate	6.25%	5.25%	4.25%
Net Pension Liability	\$ 8,307,026	\$ 9,417,088	\$ 10,752,180

The Department's net employer pension expense for the fiscal year ended June 30, 2017 was \$1,700,569. These amounts do not appear in the financial statements since the financial statements are prepared on the modified cash 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.

In addition to the KERS, the Department's employees are also eligible to participate in two deferred compensation plans sponsored by the Commonwealth. These plans are organized as a Section 457 plan and as a Section 401(k) plan under the Internal Revenue Code. Both plans permit employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Kentucky Public Employees Deferred Compensation Department issues a publicly available report that includes financial statements and other required supplementary information relative to the deferred compensation plans. Such report may be obtained by writing to the Kentucky Public Employees Deferred Compensation Department, 101 Sea Hero Road, Suite 110, Frankfort, Kentucky 40601. The Commonwealth's Comprehensive Annual Financial Report should also be referred to for additional disclosures related to the two deferred compensation plans.

Ten-year historical trend information showing the KERS' progress in accumulating sufficient assets to pay benefits when due (as well as financial statements and other required supplementary information) is presented in the Kentucky Employees Retirement System's Annual Financial Report (which is a matter of public record). The most recent actuarial valuation is as of June 30, 2016. Such report may be obtained by writing to the Kentucky Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky 40601. The Commonwealth's Comprehensive Annual Financial Report should also be referred to for additional disclosures related to the KERS.

**Greenup County Health Department
Notes to Financial Statements (Continued)
June 30, 2018**

Note G - Compensated Absences

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 B, the liability for the value of the compensated absences earned as of June 30, 2018 is 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 \$131,452.

The sick hours earned are not subject to cash payment upon termination but are subject to conversion into the employee's retirement account (see Note F) 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 \$335,405. Based on the employer's contribution rate of 49.47% the retirement contribution liability at June 30, 2018 was \$165,925.

Note H - Postemployment Benefit Other Than Pension Liability

Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (OPEB)" required that the Kentucky Retirement System (KRS) determine the total OPEB liability related to the Kentucky Employees' Health Plan that KRS administrates. The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The most recent actuarial valuation of the net OPEB liability was performed as of June 30, 2016 and rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2017. The net OPEB liability at June 30, 2017 for the System, as a whole was calculated based on three discount rates and three healthcare cost trend rates as follows:

Assumption	1% Increase In Discount Rate	Current Discount Rate	1% Decrease In Discount Rate
Discount Rate	6.83%	5.83%	4.83%
Net OPEB Liability	\$ 2,179,532,929	\$ 2,535,962,243	\$ 2,964,846,175

Assumption	1% Decrease In Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase In Healthcare Cost Trend Rate
Net OPEB Liability	\$ 2,154,746,815	\$ 2,535,962,243	\$ 3,014,646,108

As a result of GASBS No. 75 the Kentucky Retirement System required the pro-rata share of each member to be determined for reporting in the member's financial statements. At June 30, 2017, the Health Department's proportion was .0703 percent. The Department's share of the net pension liability at June 30, 2017 was calculated based on three discount rates and three healthcare trend rates as follows:

Greenup County Health Department
Notes to Financial Statements (Continued)
June 30, 2018

Note H - Postemployment Benefit Other Than Pension Liability (Continued)

Assumption	1% Increase In Discount Rate	Current Discount Rate	1% Decrease In Discount Rate
Discount Rate	6.83%	5.83%	4.83%
Net OPEB Liability	\$ 1,533,040	\$ 1,783,745	\$ 2,085,414

Assumption	1% Decrease In Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase In Healthcare Cost Trend Rate
Net OPEB Liability	\$ 1,515,606	\$ 1,783,745	\$ 2,120,442

The Department's net employer health plan expense for the fiscal year ended June 30, 2017 was \$176,949. These amounts do not appear in the financial statements since the financial statements are prepared on the modified cash 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.

Note I - Related Parties

The Greenup County Public Health Taxing 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. During the fiscal year under audit the Greenup County Public Health Taxing District assessed a tax rate of \$0.06 per \$100 on real property and tangible property. During the 2018 fiscal year the Greenup County Public Health Taxing District remitted \$1,150,000 to the Department; this amount is included as "Local funds" revenue on the Statement of Revenues and Expenditures – Modified Cash Basis.

Supplementary Information

**Greenup County Health Department
Schedule of Revenues and Expenditures By Cost Center
Year Ended June 30, 2018**

	500	520	540	560	700	712	718	725	726
	Food Service	Public Facilities	General Sanitation	Onsite Sewage	Preventive/ Presenting Problems	Dental	Laboratory/ Testing/ Radiology	Pink County Outreach	Zika Preparedness and Response
Revenues									
State funds	\$ 29,590	\$	\$	\$	\$	\$	\$ -	\$	\$
Federal funds	25,007	19,702	25,069	53,426	285			2,807	5,656
Local funds	500	450	100	15,438	1,207				1,749
Service fees	303				67				
Interest income									
Unrestricted carryover									
Total revenues	55,400	20,152	25,169	68,864	-	1,559	-	2,807	7,405
Expenditures									
Direct									
Compensation	21,216	7,810	9,884	26,129	319,274	268	5,742	1,074	1,597
Fringe benefits	10,368	3,820	4,832	12,770	132,983	113	2,451	487	723
Independent contracts		617			2,762		880		
Travel	393		435	996	552	136			
Occupancy									
Office administration									
Medical supplies					23,461		3,467		
Automotive									
Other	150	20		603				350	3,706
Total direct	32,127	12,352	15,151	40,498	479,032	517	12,540	1,911	6,026
Indirect allocation	23,273	7,800	10,018	28,366	420,470	214	9,211	896	1,379
Resource based allocation					(899,502)	828	(21,751)		
Total expenditures	55,400	20,152	25,169	68,864	-	1,559	-	2,807	7,405
Excess of revenues over expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$

See Accompanying Independent's Auditor's Report

**Greenup County Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2018**

	727	729	730	736	737	742	750	752	755
	UK HPV	ELC Regional Epidemiologist	Breast Cancer Trust Fund	Healthy Communities	PHEP Ebola Preparedness	Envirohealth Link	Accreditation	Hands GF Services	Zika Vector Control Activities
Revenues									
State funds	\$	\$	\$ 20,000	\$	\$	\$	\$	\$ 46,110	\$
Federal funds	2,137			544					
Local funds	25,955	108	1,203	66	294	3,806	29,166	78,117	156
Service fees									
Interest income									
Unrestricted carryover									
Total revenues	28,092	108	21,203	610	294	3,806	29,166	124,227	156
Expenditures									
Direct									
Compensation	11,076		4,854		128	1,473	7,543	50,905	
Fringe benefits	4,997		2,189		59	663	3,403	22,973	
Independent contracts									
Travel	274	108				32	661	1,427	
Occupancy									
Office administration	89						6,000		
Medical supplies	2,171								
Automotive									
Other			9,208			410	2,650		
Total direct	18,607	108	16,251	-	187	2,578	20,257	75,305	-
Indirect allocation	9,485		4,952	610	107	1,228	8,909	48,922	156
Resource based allocation									
Total expenditures	28,092	108	21,203	610	294	3,806	29,166	124,227	156
Excess of revenues over expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$

See Accompanying Independent's Auditor's Report

**Greenup County Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2018**

	758	764	766	800	802	803	804	805	806
	Human Vitality	Hepatitis A Outbreak	MCH Coordinator	Pediatric/ Adolescent	Family Planning	Maternity Services & Activity	WIC	MCH Nutrition & Group	Tuberculosis
Revenues									
State funds	\$	\$ 40,000	\$	\$ 2,000	\$ 2,364	\$	\$	\$	\$ 2,000
Federal funds			21,802	250	25,851		140,700	5,304	50
Local funds			1,448	163,766	77,565	203	159,185		75,867
Service fees	31,625			68,935	32,716	68		1,158	11,464
Interest income									
Unrestricted carryover									
Total revenues	31,625	40,000	23,250	234,951	138,496	271	299,885	6,462	89,381
Expenditures									
Direct									
Compensation	10,290		7,994	1,050	208		643		
Fringe benefits	4,178		3,606	476	91		289		
Independent contracts									
Travel				801					
Occupancy									
Office administration									
Medical supplies	5,399	26,553			902				2,011
Automotive									
Other			1,499	358					
Total direct	19,867	26,553	13,099	2,685	1,201	-	932	-	2,011
Indirect allocation	11,105		10,151	878	174		691	255	87,370
Resource based allocation				231,388	137,121	271	298,262	6,036	
Total expenditures	30,972	26,553	23,250	234,951	138,496	271	299,885	6,291	89,381
Excess of revenues over expenditures	\$ 653	\$ 13,447	\$	\$	\$	\$	\$	\$ 171	\$

See Accompanying Independent's Auditor's Report

**Greenup County Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2018**

	807	809	810	813	818	821	823	832	836
	Sexually Transmitted Disease	Diabetes	Adult Visits & Follow-up	Breast and Cervical Cancer	Community Based Programs	Bioterrorism (Focus Area A)	Bioterrorism (Focus Area E)	Cardiovascular Health	Tobacco Control
Revenues									
State funds	\$	\$ 14,626	\$ 2,075	\$ 943	\$	\$	\$	\$	\$ 9,065
Federal funds				1,000		28,337	2,145		
Local funds	3,109	4,620	217,084	16,821	5,215	9,885	791	1,025	3,984
Service fees	549	5	46,204	2,411					
Interest income									
Unrestricted carryover									
Total revenues	3,658	19,251	265,363	21,175	5,215	38,222	2,936	1,025	13,049
Expenditures									
Direct									
Compensation	175	7,437	17,237		2,066	14,443	1,133	421	4,429
Fringe benefits	80	2,973	7,779		931	6,517	513	188	2,001
Independent contracts				1,620					
Travel	28	143					44		179
Occupancy									
Office administration									
Medical supplies									
Automotive									
Other		808							
Total direct	283	11,361	25,016	1,620	3,182	21,384	1,690	609	6,609
Indirect allocation	179	7,758	15,841	44	2,033	16,838	1,246	416	6,440
Resource based allocation	3,196	132	224,506	19,511					
Total expenditures	3,658	19,251	265,363	21,175	5,215	38,222	2,936	1,025	13,049
Excess of revenues over expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$

See Accompanying Independent's Auditor's Report

**Greenup County Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2018**

	840	841	842	853	857	858	890	891	892
	WIC	Diabetes Today	HIV Counseling and Testing	Hands	Physical Activity	Supplemental School Health	Core Public Health	Medicaid Match	Minor Restricted
Revenues									
State funds	\$	\$	\$	\$	\$	\$	\$	\$	\$
Federal funds	31,607	2,999		710			2,498		
Local funds	6,104	3,949		70,475	6,433	55,555			
Service fees		384		113,437	650	41,276			
Interest income									
Unrestricted carryover						32,964	931	14,512	3,060
Total revenues	37,711	7,332	34	184,622	7,083	129,795	3,429	14,512	3,060
Expenditures									
Direct									
Compensation	15,405	2,029		70,524		52,693	1,461		
Fringe benefits	3,798	915		31,827		23,780	658		
Independent contracts					3,001				
Travel	141		34	2,184		251			
Occupancy									
Office administration	450								
Medical supplies									
Automotive									
Other		2,427		1,758	4,082			14,512	3,060
Total direct	19,794	5,371	34	106,293	7,083	76,724	2,119	14,512	3,060
Indirect allocation	17,917	1,961		78,329		53,071	1,310		
Resource based allocation									
Total expenditures	37,711	7,332	34	184,622	7,083	129,795	3,429	14,512	3,060
Excess of revenues over expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$

See Accompanying Independent's Auditor's Report

**Greenup County Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2018**

	895	897	898	899	900	901	Totals
	Allocable	Space	Departmental	Clinic	Medical	Environmental	
	Leave &	Indirect	Indirect	Clerical	Administrative	Administrative	
	Fringes						
Revenues							
State funds	\$ 287,982	\$	\$	\$	\$	\$	\$ 459,997
Federal funds	61,963						330,345
Local funds							1,150,000
Service fees							368,577
Interest income							370
Unrestricted carryover							51,467
Total revenues	349,945						2,360,756
Expenditures							
Direct							
Compensation		24,925	239,800	135,824	36,283	2,221	1,117,664
Fringe benefits	272,030	14,899	143,311	62,427	21,694	1,344	809,136
Independent contracts							8,880
Travel			3,840		36	725	13,844
Occupancy		91,099					91,099
Office administration			63,880				70,504
Medical supplies			11,678				63,986
Automotive			35,780	212	30		11,678
Other							81,786
Total direct	272,030	130,923	498,289	198,463	58,043	4,290	2,268,577
Indirect allocation	5	(130,923)	(498,289)	(198,463)	(58,043)	(4,290)	-
Resource based allocation	2						-
Total expenditures	272,037						2,268,577
Excess of revenues over expenditures	\$ 77,908	\$	\$	\$	\$	\$	\$ 92,179

See Accompanying Independent's Auditor's Report

Greenup County Health Department
Schedule of Revenues and Expenditures by Actual vs. Budget - Modified Cash Basis
Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Positive (Negative) Variance
Revenues			
State funds	\$ 459,997	\$ 474,985	\$ (14,988)
Federal funds	330,345	262,933	67,412
Local funds	1,150,000	1,150,000	-
Service fees	368,577	500,693	(132,116)
Interest income	370	300	70
Unrestricted carryover	51,467	-	51,467
	<u>2,360,756</u>	<u>2,388,911</u>	<u>(28,155)</u>
Total Revenues			
Expenditures			
Compensation	1,117,664	1,128,299	10,635
Fringe benefits	809,136	820,847	11,711
Independent contracts	8,880	13,610	4,730
Travel	13,844	12,925	(919)
Occupancy	91,099	64,600	(26,499)
Office administration	70,504	47,140	(23,364)
Medical supplies	63,986	41,960	(22,026)
Automotive	11,678	11,787	109
Other	81,786	108,464	26,678
	<u>2,268,577</u>	<u>2,249,632</u>	<u>(18,945)</u>
Total Expenditures			
Excess of Revenues Over Expenditures	<u>\$ 92,179</u>	<u>\$ 139,279</u>	<u>\$ (47,100)</u>

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 Health Department

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 Health Department (the Department), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Department'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 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

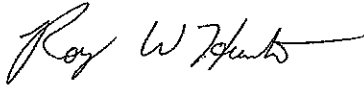
**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department'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

Management Letter Comments

**Greenup County Health Department
Management Letter Comments
For the Year Ended June 30, 2018**

No current year management letter comments.