

**FRANKLIN COUNTY
HEALTH DEPARTMENT
AND
FRANKLIN COUNTY
PUBLIC HEALTH TAXING DISTRICT
Frankfort, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2018**

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INDEPENDENT AUDITORS' REPORT

The Board of Health
Franklin County Health Department and
Franklin County Public Health Taxing District
Frankfort, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Franklin County Health Department (the Health Department) and the related Franklin County Public Health Taxing District (the Taxing District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Health Department and the Taxing District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the *Administrative Reference* established by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management as described in Note 1 to the financial statements. 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.

Auditors' 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.

Opinion

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

As described in Note 1, the financial statements are prepared by the Health Department and the Taxing District, on the basis of the financial reporting provisions of the *Administrative Reference*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Commonwealth of Kentucky.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 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 Health Department and the Taxing District as of June 30, 2018, and the respective changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the assets, liabilities and fund balances arising from cash transactions of the Franklin County Health Department and the Franklin County Public Health Taxing District, as of June 30, 2018, and the respective cash receipts and cash disbursements, and budgetary results for the year then ended, in accordance with the financial reporting provisions of the *Administrative Reference* as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Health Department and the Taxing District’s basic financial statements. The supplementary schedules of revenues and direct and indirect costs by reporting area are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules of revenues and direct and indirect costs by reporting area 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 basic financial statements or to the basic 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 schedules of revenues and direct and indirect costs by reporting area are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2018, on our consideration of the Health Department and the Taxing District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Health Department and the Taxing District’s 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 Health Department and the Taxing District’s internal control over financial reporting and compliance.



RFH, PLLC
Lexington, Kentucky
October 16, 2018

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
REGULATORY BASIS
June 30, 2018**

	Health Department	Taxing District	Totals (Memorandum Only)
ASSETS			
Current assets			
Cash			
Checking	\$ 2,010,574	\$ 1,729,260	\$ 3,739,834
Petty cash	<u>615</u>	<u>-</u>	<u>615</u>
Total assets	<u>\$ 2,011,189</u>	<u>\$ 1,729,260</u>	<u>\$ 3,740,449</u>
 LIABILITIES AND FUND BALANCE			
Current liabilities			
Payroll withholdings and other payables	<u>\$ 55,476</u>	<u>\$ -</u>	<u>\$ 55,476</u>
Fund Balance			
Unrestricted	1,468,352	-	1,468,352
Temporarily restricted	-	1,729,260	1,729,260
Restricted - State	103,063	-	103,063
Restricted - Federal	16,732	-	16,732
Restricted - Fees	<u>367,566</u>	<u>-</u>	<u>367,566</u>
Total fund balance	<u>1,955,713</u>	<u>1,729,260</u>	<u>3,684,973</u>
Total liabilities and fund balance	<u>\$ 2,011,189</u>	<u>\$ 1,729,260</u>	<u>\$ 3,740,449</u>

The accompanying notes are an integral
part of the financial statements.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
REGULATORY BASIS- BUDGET TO ACTUAL
for the year ended June 30, 2018**

	Health Department			Taxing District		
	Budget	Actual	Over (under) Budget	Budget	Actual	Over (under) Budget
REVENUES						
State	\$1,485,756	\$ 1,348,017	\$ (137,739)	\$ -	\$ -	\$ -
Federal, pass-through	447,357	533,012	85,655	-	-	-
Local	2,000,000	2,000,008	8	-	-	-
Service fees and other	3,178,810	2,666,844	(511,966)	-	-	-
Interest	760	1,483	723	1,600	22,369	20,769
Taxes collected	-	-	-	2,176,318	2,194,392	18,074
Other revenues	-	-	-	250	240	(10)
Prior year funds used	<u>119,124</u>	<u>156,250</u>	<u>37,126</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>7,231,807</u>	 <u>6,705,614</u>	 <u>(526,193)</u>	 <u>2,178,168</u>	 <u>2,217,001</u>	 <u>38,833</u>
EXPENDITURES						
Salaries and leave	2,880,111	2,691,101	(189,010)	-	-	-
Part-time	448,773	298,085	(150,688)	-	-	-
Fringe benefits	2,179,576	2,059,257	(120,319)	-	-	-
Contracts	286,285	297,142	10,857	-	-	-
Travel	46,899	31,555	(15,344)	-	-	-
Space occupancy	73,961	71,493	(2,468)	-	-	-
Office and administrative expense	255,128	251,635	(3,493)	-	-	-
Medical supplies	197,120	205,547	8,427	-	-	-
Automotive expense	52,174	48,578	(3,596)	-	-	-
Other operating expenses	493,108	432,549	(60,559)	-	17,658	17,658
Appropriations to Health Department	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,016,350</u>	<u>2,000,000</u>	<u>(16,350)</u>
 Total expenditures	 <u>6,913,135</u>	 <u>6,386,942</u>	 <u>(526,193)</u>	 <u>2,016,350</u>	 <u>2,017,658</u>	 <u>1,308</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	318,672	318,672	-	161,818	199,343	37,525
Adjustments to fund balance						
Prior year funds used	<u>(119,124)</u>	<u>(156,250)</u>	<u>(37,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	199,548	162,422	(37,126)	161,818	199,343	37,525
FUND BALANCE - beginning of year	<u>1,793,291</u>	<u>1,793,291</u>	<u>-</u>	<u>1,529,917</u>	<u>1,529,917</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$1,992,839</u>	<u>\$ 1,955,713</u>	<u>\$ (37,126)</u>	<u>\$1,691,735</u>	<u>\$1,729,260</u>	<u>\$ 37,525</u>

The accompanying notes are an integral
part of the financial statements.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Franklin County Health Department (the Health Department) operates as a county health department under Kentucky Revised Statute (KRS) Chapter 212, governed by the Franklin County Board of Health. The purpose of the Health Department is to improve the delivery of health services to the people of the county.

The Franklin County Public Health Taxing District (the Taxing District) was created pursuant to Kentucky Revised Statute (KRS) 212.750. The Taxing District is responsible for requesting, with the approval of the Cabinet for Health and Family Services, that the fiscal court impose an ad valorem tax in an amount that the Board of Health deems sufficient to meet the County's public health needs. The tax rate may not exceed ten cents per \$100 of assessed value. The Taxing District then acts as a trustee over the public health tax fund. The Taxing District is restricted to expending public health tax money for the operation and maintenance of the county health department. As such, the Taxing District's fund balance on the statement of assets, liabilities and fund balance, is shown as temporarily restricted.

The Health Department and the Taxing District record revenues and expenditures on the regulatory basis in accordance with the *Administrative Reference* established by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management which is a regulatory basis of accounting. This basis of accounting and financial reporting differs from generally accepted accounting principles in several areas. Accounts receivable for revenue earned, but not received, and accounts payable for expenses incurred, but unpaid, are not recorded. Inventories are not recorded but are expensed to the current period. Property, plant and equipment are not capitalized, and the related depreciation expense is not reported; prepaid expenses and unearned revenues are also not recorded.

Federal and state revenues for services are recognized as received and are based in some instances upon reimbursement reports filed by the Health Department for eligible services and are subject to adjustments based upon federal and state agency audits as to eligibility of recipients and the computation of reimbursable costs. As of October 16, 2018, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2018.

Source of Funds:

Revenue sources of the Health Department are divided into five groups as follows:

State - includes restricted and unrestricted state grant funds

Federal - includes direct federal grant funds and funds passed through the Cabinet for Health and Family Services

Local - includes funds from taxing districts, county and city appropriations, and donations from private sources

Service fees and other - includes funds from Medicaid and Medicare payments for services, self-pay, insurance payments, other pay for service, and interest received

Interest - includes interest received from bank accounts and investments

The Taxing District receives funds from, based on remittances to, the Franklin County Sheriff, the Franklin County Clerk's Office and the Commonwealth of Kentucky.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All transactions are recorded in the operating account except those related to environmental inspection and permit fees. These fees are treated as escrow funds and are deposited in an environmental checking account with a portion being disbursed to the State and a portion being disbursed to the Health Department. Revenue is recorded in the general fund when the portion disbursed to the Health Department is deposited in the operations checking account.

Funding restricted for specific programs in excess of those programs' allowed reimbursements or expenditures are recorded at year-end in the Fund Balance - Restricted.

The Health Department is directed by the State when to use restricted or unrestricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available.

The Health Department uses an indirect cost allocation plan approved by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, and is prepared in accordance with 2 CFR Part 200.

Functional classifications are included in the supplementary information of the Health Department.

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Health Department and Taxing District have evaluated and considered the need to recognize or disclose subsequent events through October 16, 2018, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2018, have not been evaluated by the Taxing District.

2. CASH

Under Kentucky Revised Statute 66.480, the Health Department and Taxing District are allowed to invest in obligations of the U.S. and of its agencies, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit or other interest-bearing accounts issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Health Department or the Taxing District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Health Department does not have a policy governing interest rate risk.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

2. CASH (CONTINUED)

The Health Department and Taxing District's deposits at June 30, 2018, were fully covered by federal depository insurance or by collateral held by the custodial banks in the Health Department and Taxing District's name.

	Health Department	Taxing District	
Total bank balances	\$ 2,070,627	\$ 1,729,260	
FDIC insurance	(250,000)	(250,000)	
Collateral held by pledging bank	<u>(1,886,431)</u>	<u>(1,978,356)</u>	
 (Over) collateralized	 <u>\$ (65,804)</u>	 <u>\$ (499,096)</u>	

3. FUND BALANCE

The Health Department's fund balance is restricted due to specific program restrictions. Fund balance is restricted as follows:

	State	Federal	Fees	Totals
712 - Dental	\$ 49,530	\$ -	\$ -	\$ 49,530
725 - KWSCP Pink County Outreach	-	3,343	-	3,343
731 - H1N1	-	29	-	29
735 - KY Oral Health Coalition	-	3,428	-	3,428
736 - CHAT	-	112	-	112
754 - DPH Hands	14,646	-	-	14,646
758 - Humana Vitality	-	-	109,789	109,789
768 - Comp HV Start-Up Admin	-	2,334	-	2,334
770 - KCCSP-HB 265	76	-	-	76
774 - Child Fatality Prevention	-	21	-	21
823 - Bioterrorism (Focus Area E)	-	5,190	-	5,190
824 - Bioterrorism (Focus Area F)	-	186	-	186
826 - NACCHO Achieve Grant	-	1,280	-	1,280
842 - HIV Counseling & Testing	3,998	-	-	3,998
853 - HANDS	34,813	-	-	34,813
861 - Home Health	-	-	249,427	249,427
865 - E.P.S.D.T	-	-	8,350	8,350
875 - WIC Pass Thru	-	652	-	652
876 - V.A. Patients	<u>-</u>	<u>157</u>	<u>-</u>	<u>157</u>
 Total	 <u>\$ 103,063</u>	 <u>\$ 16,732</u>	 <u>\$ 367,566</u>	 <u>\$ 487,361</u>

4. ACCRUED TIME-OFF

The Health Department's accrued vacation and other potential compensated absences are not accrued as earned because the Health Department uses the regulatory basis of accounting. Employees of the Health Department accrue various amounts of vacation based on years of service and can rollover a maximum of 450 hours of vacation time. The Health Department records show a potential liability totaling \$226,830 at June 30, 2018.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

5. RISK MANAGEMENT

The Health Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the Health Department also carries commercial insurance for all other risks of loss such as worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

6. TAX LEVY

On March 6, 2017, the Franklin County Board of Health passed a resolution recording the fiscal year 2018 Health tax rate at 5.75 cents per \$100 of assessed valuation on real property, personal property and motor vehicles.

The required minimum local support level is equivalent to 1.8 cents per \$100 of assessed property valuation. The Franklin County Board of Health has met this requirement as set by the Department of Public Health for the year ended June 30, 2018.

7. KENTUCKY EMPLOYEES' RETIREMENT SYSTEMS PLAN

The Health Department is a participating employer of the Kentucky Employees' Retirement System (KERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the KERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description – KERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides plan members with benefits through a pension trust insurance trust. The pension trust provides retirement, disability, and death benefits. The insurance trust provides health insurance or other postemployment benefits (OPEB). Benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2018, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute 6.00% of wages for non-hazardous job classifications. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2018, participating employers contributed 49.47% (41.06% to the pension fund and 8.41% to the insurance fund) of each non-hazardous employee's wages, which is equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

7. KENTUCKY EMPLOYEES' RETIREMENT SYSTEMS PLAN (CONTINUED)

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1.00% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4.00% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The Health Department contributed \$1,328,936 for the year ended June 30, 2018, or 100% of the required contribution. The contribution was allocated \$1,103,017 to the KERS pension fund and \$225,919 to the KERS insurance fund.

Pension Liabilities – At June 30, 2018, the Health Department estimates that its total unfunded liability would be approximately \$22,881,471 based upon its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health Department's proportion of the net pension liability was based on a projection of the Health Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Health Department's proportion was .1709 percent, which was an increase of .0067 percent from its proportion measured as of June 30, 2016.

OPEB Liabilities - At June 30, 2018, the Health Department estimates that its total unfunded liability would be approximately \$4,334,112 based upon its proportionate share of the total OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Health Department's proportion of the net OPEB liability was based on a projection of the Health Department's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The Health Department's proportionate share as of June 30, 2017 was .1709 percent.

8. COMPLIANCE

The Franklin County Health Department is in compliance with 902 KAR 8:170, Section 3, Subsection 3(c).

SUPPLEMENTARY INFORMATION

FRANKLIN COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF REVENUES BY REPORTING AREA
for the year ended June 30, 2018

	REVENUES						Total Costs	Department Carryover	Program Excess (Deficit)	
	State	Federal	Local	Service Fees	Interest	Total Revenues				
Food	500	\$ 65,092	\$ -	\$ 201,075	\$ 6,260	\$ 1,208	\$ 273,635	\$ 273,635	\$ -	
Public Facilities	520	-	-	80,374	1,900	-	82,274	82,274	-	
General Sanitation	540	-	-	49,771	-	-	49,771	49,771	-	
Onsite Sewage	560	-	-	40,856	19,245	-	60,101	60,101	-	
Total Environmental		65,092	-	372,076	27,405	1,208	465,781	465,781	-	
Preventative/Presenting Problems	700	-	-	-	-	-	-	-	-	
Dental Services	712	1,391	-	-	3,288	-	4,679	7,496	2,817	
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-	
Osteoporosis Prevention & Ed.	723	-	3,860	2,966	-	-	6,826	6,826	-	
KWSCP Pink County Outreach	725	-	-	830	-	-	830	830	-	
Zika Preparedness and Response	726	-	924	1	-	-	925	925	-	
Needles Exchange Program	727	-	5,774	57,104	-	-	62,878	62,878	-	
CHAT	736	-	3,000	23,978	-	-	26,978	26,978	-	
PHEP Ebola Preparedness	737	-	-	264	-	-	264	264	-	
Environmental Health Link	742	-	10,418	11,733	-	-	22,151	22,151	-	
Hurricane Irma	745	-	-	3,258	12,681	-	15,939	15,939	-	
Environmental Strike Team	746	-	-	40	-	-	40	40	-	
IEP Student School Contract	748	-	-	36,931	-	-	36,931	36,931	-	
Accreditation	750	-	-	122,743	-	-	122,743	122,743	-	
HANDS GF Services	752	85,060	-	-	-	-	85,060	70,414	14,646	
DPH Hands	754	-	-	72	-	-	72	32,485	32,413	
Humana Vitality	758	-	-	-	111,595	-	111,595	80,553	31,042	
Tobacco Program Federal Funds	765	-	5,717	2,771	-	-	8,488	8,488	-	
MCH Coordinator	766	-	52,023	4,650	-	-	56,673	56,673	-	
Child Fatality Prevention	774	-	741	-	-	-	741	720	21	
ECD School Projects	775	30,000	-	-	-	-	30,000	30,000	-	
Pediatric/Adolescent	800	-	250	202,239	75,724	275	278,488	278,488	-	
Family Planning	802	702	72,563	71,661	75,551	-	220,477	220,477	-	
Maternity Services & Activity	803	-	-	27,893	900	-	28,793	28,793	-	
WIC	804	-	181,816	85,798	-	-	267,614	267,614	-	
MCH Nutrition & Group Activity	805	-	6,131	10,200	2,252	-	18,583	18,583	-	
Tuberculosis Visits & Activity	806	-	7,203	88,682	14,798	-	110,683	110,683	-	
Sexually Transmitted Disease	807	5,000	-	67,180	23,436	-	95,616	95,616	-	
Diabetes	809	28,027	-	31,776	5,805	-	65,608	65,608	-	
Adult Visits & Follow-up	810	2,908	-	154,829	110,354	-	268,091	268,091	-	
Lead Poisoning Prevention	811	-	-	771	-	-	771	771	-	
Breast & Cervical Cancer	813	-	10,899	26,025	3,827	-	40,751	40,751	-	
Healthy Communities	817	-	-	6	-	-	6	6	-	
Bioterrorism (Focus Area A)	821	-	29,552	2,185	-	-	31,737	31,737	-	
Bioterrorism (Focus Area E)	823	-	1,360	532	-	-	1,892	1,892	-	
CPR Training	827	-	-	4,146	4,100	-	8,246	8,246	-	
Tobacco Cessation	836	26,230	-	2,117	-	-	28,347	28,347	-	
Abstinence Ed Initiative	837	-	31,859	6,319	-	-	38,178	38,178	-	
Federal Diabetes Today	841	-	695	1,739	-	-	2,434	2,434	-	
HIV Counseling & Testing	842	-	-	-	-	-	-	2,084	2,084	
HANDS	853	46,050	-	-	172,690	-	218,740	280,697	61,957	
Physical Activity	857	-	-	17,282	-	-	17,282	17,282	-	
Special Project-School Nurse	858	-	-	195,869	817,187	-	1,013,056	1,013,056	-	
Home Health	861	-	-	-	1,042,449	-	1,042,449	1,029,250	13,199	
E.P.S.D.T.	865	-	-	-	1,531	-	1,531	990	541	
Home & Community Based Waiver	868	-	-	-	144,549	-	144,549	201,528	56,979	
CCHC	870	253,537	-	21,962	-	-	275,499	275,499	-	
DPH Hands	878	86,091	-	7,233	-	-	93,324	93,324	-	
Core Public Health	890	-	-	19,679	100	-	19,779	19,779	-	
Medicaid Match	891	-	-	194,295	-	-	194,295	194,295	-	
Clinical Expenses for Other HD	893	-	-	2,882	16,622	-	19,504	19,504	-	
Total Medical		564,996	424,785	1,510,641	2,639,439	275	5,140,136	5,236,937	156,250	59,449
Minor Restricted		-	-	2,174	-	-	2,174	2,174	-	-
Allocable Direct		717,929	108,227	115,117	-	-	941,273	682,050	-	259,223
Total Administrative		717,929	108,227	117,291	-	-	943,447	684,224	-	259,223
Total revenues		\$ 1,348,017	\$ 533,012	\$ 2,000,008	\$ 2,666,844	\$ 1,483	\$ 6,549,364	\$ 6,386,942	\$ 156,250	\$ 318,672

FRANKLIN COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF DIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2018

	DIRECT COSTS										Total Direct Costs	
	Salaries	Part-Time	Fringes	Contracts	Travel	Occupancy	Administration	Supplies	Automotive	Other		
Food	500	\$ 116,613	\$ -	\$ 51,688	\$ -	\$ -	\$ -	\$ 97	\$ -	\$ -	\$ 70	\$ 168,468
Public Facilities	520	34,879	-	15,464	-	-	-	-	-	-	90	50,433
General Sanitation	540	20,712	-	9,179	-	-	-	-	-	-	-	29,891
Onsite Sewage	560	25,213	-	11,172	-	-	-	-	-	-	-	36,385
Total Environmental		197,417	-	87,503	-	-	-	97	-	-	160	285,177
Preventative/Presenting Problems	700	266,847	43,521	130,541	-	-	-	-	90,850	-	192	531,951
Dental Services	712	-	-	-	-	-	39	-	-	-	6,713	6,752
Laboratory/Testing/Radiology	718	9,146	4,266	4,767	-	-	-	5,417	-	-	-	23,596
Osteoporosis Prevention & Ed.	723	3,103	-	1,522	-	-	-	-	-	148	826	5,599
KWSCP Pink County Outreach	725	-	-	-	-	-	-	-	-	-	830	830
Zika Preparedness and Response	726	-	-	-	-	-	-	-	-	-	882	882
Needles Exchange Program	727	24,284	-	11,941	-	156	-	81	14,774	-	698	51,934
CHAT	736	13,585	-	6,677	-	443	-	586	-	63	307	21,661
PHEP Ebola Preparedness	737	135	-	67	-	-	-	-	-	-	-	202
Environmental Health Link	742	8,651	-	4,253	-	-	-	-	-	-	6,263	19,167
Hurricane Irma	745	8,191	-	4,025	-	-	-	25	-	424	448	13,113
Environmental Strike Team	746	-	-	-	-	-	-	-	-	-	-	-
IEP Student School Contract	748	18,780	1,591	9,403	-	-	-	-	-	-	-	29,774
Accreditation	750	58,343	-	28,698	-	-	715	-	187	-	10,101	98,578
HANDS GF Services	752	20,254	19,249	11,978	-	1,029	-	55	-	-	-	52,565
DPH Hands	754	17,745	-	8,736	-	(114)	-	-	-	-	-	26,367
Humana Vitality	758	10,215	16,213	6,717	-	228	-	2,113	25,206	41	6,591	67,324
Tobacco Program Federal Funds	765	1,370	-	673	-	-	-	-	-	38	5,933	8,014
MCH Coordinator	766	28,401	391	14,013	-	103	-	-	-	5	820	43,733
Child Fatality Prevention	774	385	-	187	-	-	-	-	-	-	-	572
ECD School Projects	775	-	-	-	-	-	-	-	-	-	30,000	30,000
Pediatric/Adolescent	800	5,307	75	2,619	-	278	-	-	-	-	300	8,579
Family Planning	802	2,686	96	1,328	-	-	190	9,168	-	-	244	13,712
Maternity Services & Activity	803	261	-	132	14,909	-	-	-	-	-	10	15,312
WIC	804	22,519	-	11,078	-	-	-	-	1,000	-	303	34,900
MCH Nutrition & Group Activity	805	6,009	-	2,960	-	-	-	-	-	-	590	9,559
Tuberculosis Visits & Activity	806	3,692	-	1,816	-	-	-	-	-	-	-	5,508
Sexually Transmitted Disease	807	5,365	558	2,697	-	2,901	-	-	-	-	570	12,091
Diabetes	809	32,286	-	15,883	-	679	9	-	-	-	2,337	51,194
Adult Visits & Follow-up	810	6,273	599	3,146	-	574	-	99	-	-	644	11,335
Lead Poisoning Prevention	811	423	-	204	-	-	-	-	-	-	-	627
Breast & Cervical Cancer	813	65	3,624	406	11,978	-	-	-	-	-	460	16,533
Healthy Communities	817	-	-	-	-	-	-	-	-	6	-	6
Bioterrorism (Focus Area A)	821	10,763	5,523	5,869	-	-	595	-	-	-	168	22,918
Bioterrorism (Focus Area E)	823	617	-	309	-	-	(11)	-	-	-	702	1,617
CPR Training	827	2,793	60	1,381	-	-	-	-	-	-	2,844	7,078
Tobacco Cessation	836	13,548	-	6,662	-	-	20	1,424	235	-	798	22,687
Abstinence Ed Initiative	837	12,600	-	6,194	-	-	4,293	-	265	-	10,287	33,639
Federal Diabetes Today	841	237	-	121	-	-	253	-	-	-	1,683	2,294
HIV Counseling & Testing	842	997	-	485	-	-	-	-	-	-	-	1,482
HANDS	853	82,665	57,984	46,734	-	4,078	-	5,681	-	6,889	19,125	223,156
Physical Activity	857	8,179	16	4,027	-	353	-	-	-	154	1,094	13,823
Special Project-School Nurse	858	485,984	65,186	245,888	-	84	-	6,315	2,899	2,287	3,681	812,324
Home Health	861	204,544	22,526	86,685	269,265	2,435	-	51,465	54,630	-	-	691,550
E.P.S.D.T.	865	-	-	-	990	-	-	-	-	-	-	990
Home & Community Based Waiver	868	68,507	-	29,558	-	142	-	-	-	-	-	98,207
CCHC	870	135,594	-	64,986	-	2,681	-	9,259	-	-	23,358	235,878
DPH Hands	878	44,888	-	22,085	-	6,479	-	2,030	-	-	475	75,957
Core Public Health	890	7,371	-	3,623	-	1,995	-	1,689	-	259	-	14,937
Medicaid Match	891	-	-	-	-	-	-	-	-	-	194,295	194,295
Clinical Expenses for Other HD	893	4	10,146	1,061	-	-	-	-	-	-	4,053	15,264
Total Medical		1,653,612	251,624	812,135	297,142	25,058	-	85,402	205,467	11,001	338,625	3,680,066
Minor Restricted	-	-	-	-	-	-	-	-	-	-	2,174	2,174
Allocable Direct	-	-	682,050	-	-	-	-	-	-	-	-	682,050
Total Administrative		-	-	682,050	-	-	-	-	-	-	2,174	684,224
Indirect Cost Allocation - Departmental		233,928	33,030	143,523	-	3,924	-	121,176	-	12,442	76,328	624,351
Indirect Cost Allocation - Environmental		58,214	-	38,039	-	-	-	4,500	-	10,872	889	112,514
Indirect Cost Allocation - Clinic		266,601	13,378	130,711	-	-	-	20,277	-	1,973	1,253	434,193
Indirect Cost Allocation - Medical		37,641	-	22,531	-	2,059	-	930	-	-	4,404	67,565
Indirect Cost Allocation - Space		56,292	-	33,704	-	24	71,493	-	-	-	-	161,513
Indirect Cost Allocation - Home Health		187,396	53	109,061	-	490	-	19,253	80	12,290	8,716	337,339
Indirect Cost Allocation		840,072	46,461	477,569	-	6,497	71,493	166,136	80	37,577	91,590	1,737,475
Total expenditures		\$ 2,691,101	\$ 298,085	\$ 2,059,257	\$ 297,142	\$ 31,555	\$ 71,493	\$ 251,635	\$ 205,547	\$ 48,578	\$ 432,549	\$ 6,386,942

FRANKLIN COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2018

INDIRECT COSTS									
	Departmental	Environmental	Clinic	Medical	Space	Home Health	Allocation	Total	
								Indirect Costs	
Food	500	\$ 31,517	\$ 66,461	\$ -	\$ -	\$ 7,189	\$ -	\$ -	\$ 105,167
Public Facilities	520	9,428	19,879	-	-	2,534	-	-	31,841
General Sanitation	540	5,600	11,804	-	-	2,476	-	-	19,880
Onsite Sewage	560	6,812	14,370	-	-	2,534	-	-	23,716
Total Environmental		<u>53,357</u>	<u>112,514</u>	<u>-</u>	<u>-</u>	<u>14,733</u>	<u>-</u>	<u>-</u>	<u>180,604</u>
Preventative/Presenting Problems	700	92,703	-	415,414	13,805	60,380	-	(1,114,253)	(531,951)
Dental Services	712	-	-	-	-	-	-	744	744
Laboratory/Testing/Radiology	718	4,189	-	18,779	624	4,219	-	(51,407)	(23,596)
Osteoporosis Prevention & Ed.	723	930	-	-	139	158	-	-	1,227
KWSCP Pink County Outreach	725	-	-	-	-	-	-	-	-
Zika Preparedness and Response	726	-	-	-	-	43	-	-	43
Needles Exchange Program	727	7,286	-	-	1,084	2,574	-	-	10,944
CHAT	736	4,077	-	-	607	633	-	-	5,317
PHEP Ebola Preparedness	737	37	-	-	6	19	-	-	62
Environmental Health Link	742	2,598	-	-	386	-	-	-	2,984
Hurricane Irma	745	2,460	-	-	366	-	-	-	2,826
Environmental Strike Team	746	-	-	-	-	40	-	-	40
IEP Student School Contract	748	6,212	-	-	926	19	-	-	7,157
Accreditation	750	17,501	-	-	2,606	4,058	-	-	24,165
HANDS GF Services	752	13,105	-	-	1,951	2,793	-	-	17,849
DPH Hands	754	5,326	-	-	792	-	-	-	6,118
Humana Vitality	758	8,984	-	-	1,338	2,907	-	-	13,229
Tobacco Program Federal Funds	765	412	-	-	62	-	-	-	474
MCH Coordinator	766	8,660	-	-	1,290	2,990	-	-	12,940
Child Fatality Prevention	774	112	-	-	17	19	-	-	148
ECD School Projects	775	-	-	-	-	-	-	-	-
Pediatric/Adolescent	800	1,617	-	-	241	1,189	-	266,862	269,909
Family Planning	802	843	-	-	125	475	-	205,322	206,765
Maternity Services & Activity	803	81	-	-	12	336	-	13,052	13,481
WIC	804	6,755	-	-	1,006	11,130	-	213,823	232,714
MCH Nutrition & Group Activity	805	1,804	-	-	268	237	-	6,715	9,024
Tuberculosis Visits & Activity	806	1,105	-	-	165	990	-	102,915	105,175
Sexually Transmitted Disease	807	1,811	-	-	270	911	-	80,533	83,525
Diabetes	809	9,685	-	-	1,442	2,297	-	990	14,414
Adult Visits & Follow-up	810	2,098	-	-	313	1,366	-	252,979	256,756
Lead Poisoning Prevention	811	125	-	-	19	-	-	-	144
Breast & Cervical Cancer	813	1,342	-	-	200	951	-	21,725	24,218
Healthy Communities	817	-	-	-	-	-	-	-	-
Bioterrorism (Focus Area A)	821	5,245	-	-	781	2,793	-	-	8,819
Bioterrorism (Focus Area E)	823	187	-	-	28	60	-	-	275
CPR Training	827	862	-	-	128	178	-	-	1,168
Tobacco Cessation	836	4,065	-	-	605	990	-	-	5,660
Abstinence Ed Initiative	837	3,777	-	-	563	199	-	-	4,539
Federal Diabetes Today	841	69	-	-	11	60	-	-	140
HIV Counseling & Testing	842	300	-	-	45	257	-	-	602
HANDS	853	45,965	-	-	6,844	4,732	-	-	57,541
Physical Activity	857	2,460	-	-	366	633	-	-	3,459
Special Project-School Nurse	858	169,561	-	-	25,250	5,921	-	-	200,732
Home Health	861	59,638	-	-	-	19,010	259,052	-	337,700
E.P.S.D.T.	865	-	-	-	-	-	-	-	-
Home & Community Based Waiver	868	18,025	-	-	-	7,009	78,287	-	103,321
CCHC	870	39,621	-	-	-	-	-	-	39,621
DPH Hands	878	13,461	-	-	2,005	1,901	-	-	17,367
Core Public Health	890	2,210	-	-	329	2,303	-	-	4,842
Medicaid Match	891	-	-	-	-	-	-	-	-
Clinical Expenses for Other HD	893	3,690	-	-	550	-	-	-	4,240
Total Medical		<u>570,994</u>	<u>-</u>	<u>434,193</u>	<u>67,565</u>	<u>146,780</u>	<u>337,339</u>	<u>-</u>	<u>1,556,871</u>
Minor Restricted		-	-	-	-	-	-	-	-
Allocable Direct		-	-	-	-	-	-	-	-
Total Administrative		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Indirect Allocation		<u>(624,351)</u>	<u>(112,514)</u>	<u>(434,193)</u>	<u>(67,565)</u>	<u>(161,513)</u>	<u>(337,339)</u>	<u>-</u>	<u>(1,737,475)</u>
Totals		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**INDEPENDENT AUDITORS' 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**

The Board of Health
Franklin County Health Department and
Franklin County Public Health Taxing District
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Franklin County Health Department (the Health Department) and the related Franklin County Public Health Taxing District (the Taxing District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Health Department and the Taxing District's basic financial statements, and have issued our report thereon dated October 16, 2018. Our report contains an unmodified opinion on the regulatory basis of accounting in accordance with the *Administrative Reference*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health Department and the Taxing District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health Department and the Taxing District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Department and the Taxing 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 Health Department and the Taxing District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RFH

RFH, PLLC
Lexington, Kentucky
October 16, 2018

**FRANKLIN COUNTY HEALTH DEPARTMENT
SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2018**

There are no prior audit findings to report.

**FRANKLIN COUNTY HEALTH DEPARTMENT
AUDIT ADJUSTMENTS
June 30, 2018**

There are no proposed audit adjustments.