

**LAWRENCE COUNTY
HEALTH DEPARTMENT
Louisa, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2019**

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INDEPENDENT AUDITORS' REPORT

The Board of Health
Lawrence County Health Department
Louisa, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Lawrence County Health Department (the Health Department) which comprise the statement of assets, liabilities, and fund balance – regulatory basis as of and for the year ended June 30, 2019, and the related statement of revenues, expenditures, and changes in fund balance – regulatory basis – budget to actual, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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.

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, 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 as of June 30, 2019, 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 of the Lawrence County Health Department, as of June 30, 2019, and the respective revenues and expenditures, 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’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 22, 2019, on our consideration of the Health 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 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’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’s internal control over financial reporting and compliance.



RFH, PLLC
Lexington, Kentucky
October 22, 2019

**LAWRENCE COUNTY HEALTH DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
REGULATORY BASIS
June 30, 2019**

ASSETS

Current assets		
Cash	\$	254,463
Petty cash		<u>300</u>
Total current assets		254,763
Investments		
Certificates of deposit		<u>196,164</u>
Total assets	\$	<u>450,927</u>

LIABILITIES AND FUND BALANCE

Current liabilities		
Payroll withholdings and other payables	\$	<u>8,500</u>
Fund balance		
Unrestricted		274,441
Restricted - State		29,382
Restricted - Federal		102,342
Restricted - Fees		<u>36,262</u>
Total fund balance		<u>442,427</u>
Total liabilities and fund balance	\$	<u>450,927</u>

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

LAWRENCE COUNTY HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
REGULATORY BASIS - BUDGET TO ACTUAL
for the year ended June 30, 2019

	Budget	Actual	Over (under) Budget
REVENUES			
State	\$ 297,082	\$ 289,624	\$ (7,458)
Federal, direct and pass-through	429,751	596,284	166,533
Local	425,000	425,000	-
Service fees and other	508,991	394,469	(114,522)
Interest	-	695	695
Prior years funds used	<u>41,927</u>	<u>176,531</u>	<u>134,604</u>
 Total revenues	 <u>1,702,751</u>	 <u>1,882,603</u>	 <u>179,852</u>
EXPENDITURES			
Salaries and leave	751,701	751,701	-
Part-time	9,824	6,387	(3,437)
Fringe benefits	627,909	607,043	(20,866)
Contracts	25,525	11,280	(14,245)
Travel	14,540	9,646	(4,894)
Space occupancy	59,200	77,533	18,333
Office and administrative expense	62,700	68,528	5,828
Medical supplies	20,155	38,535	18,380
Automotive expenses	15,450	15,214	(236)
Other operating expenses	<u>115,747</u>	<u>144,408</u>	<u>28,661</u>
 Total expenditures	 <u>1,702,751</u>	 <u>1,730,275</u>	 <u>27,524</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	-	152,328	152,328
Adjustments to fund balance			
Prior year funds used	<u>(41,927)</u>	<u>(176,531)</u>	<u>(134,604)</u>
 Net change in fund balance	 (41,927)	 (24,203)	 17,724
 FUND BALANCE - beginning of year	 <u>466,630</u>	 <u>466,630</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 424,703</u>	 <u>\$ 442,427</u>	 <u>\$ 17,724</u>

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

LAWRENCE COUNTY HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Lawrence County Health Department (the Health Department) operates as a county health department under Kentucky Revised Statute (KRS) Chapter 212, governed by the Lawrence 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 Health Department records revenues and expenditures 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. "Prior year funds used" are previously accumulated restricted and unrestricted fund balance.

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 22, 2019, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2019.

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 federal grant funds passed through 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, and other pay for service

Interest - includes interest received from bank accounts and investments

All transactions are recorded in the operating fund 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 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 funds when an expenditure is incurred for purposes for which both restricted and unrestricted funds 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.

LAWRENCE COUNTY HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 has evaluated and considered the need to recognize or disclose subsequent events through October 22, 2019, 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, 2019, have not been evaluated by the Health Department.

2. CASH AND INVESTMENTS

KRS 66.480 authorizes the Health Department to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which have a physical presence in Kentucky and are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4). The Statute also authorizes investment in mutual funds, exchange traded funds, individual equity securities and high-quality corporate bonds that are managed by a professional investment manager and subject to additional requirements outlined in KRS 66.480.

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.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Health Department 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.

The Health Department's deposits at June 30, 2019, were fully covered by federal depository insurance or by collateral held by the custodial banks in the Health Department's name.

Total deposits	\$ 335,198
FDIC insurance	(250,000)
Collateral held by pledging bank	<u>(855,129)</u>
(Over) Collateralized	<u>\$ (769,931)</u>

**LAWRENCE COUNTY HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

2. CASH AND INVESTMENTS (CONTINUED)

The Health Department has investments of certificates of deposit. These investments are in accordance with Kentucky Revised Statute 66.480. The Health Department records investments at face value.

The Health Department's investments at June 30, 2019, were secured as follows:

Total deposits	\$ 196,164
FDIC insurance	<u>(196,164)</u>
(Over) Collateralized	<u>\$ -</u>

3. FUND BALANCE

Fund balance is restricted due to specific program restrictions. Fund balance is restricted as follows:

	State	Federal	Fees	Totals
712 – Dental	\$ 53	\$ -	\$ -	\$ 53
726 – Zika Preparedness and Response	-	20	-	20
758 – Humana Vitality	-	-	28,912	28,912
760 – HANDS Federal Funding	-	91,971	-	91,971
765 – Tobacco Program	-	8,054	-	8,054
770 – KCCSP-HB 265	9,554	-	-	9,554
803 – Maternity Services and Activity	-	37	-	37
809 – Diabetes	3,612	-	-	3,612
826 – DPP Strengthening Grant	-	1,408	-	1,408
827 – Community Outreach	-	-	3,001	3,001
828 – UWNEK Mini Grant	-	-	4,308	4,308
831 – Special Project 831	-	777	-	777
838 – Pathways	-	-	41	41
839 – Missionary Clinic	-	75	-	75
853 – Special Project – HANDS	<u>16,163</u>	<u>-</u>	<u>-</u>	<u>16,163</u>
 Total	 <u>\$ 29,382</u>	 <u>\$ 102,342</u>	 <u>\$ 36,262</u>	 <u>\$ 167,986</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 a regulatory basis of accounting. The Health Department's potential liability is approximately \$48,085 at June 30, 2019.

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 omission; 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.

LAWRENCE COUNTY HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

6. KENTUCKY EMPLOYEES' RETIREMENT SYSTEM 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 and 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, 2019, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 are required to contribute 6.00% of wages for non-hazardous job classifications. Participating employers are 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. Per House Bill 265, passed during the 2018 legislative session, certain agencies, including the Health Department, were authorized to pay the reduced KERS non-hazardous employer contribution rate for the year ended June 30, 2019. The authorized 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.

Plan members who began participating on, or after, January 1, 2014, are 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 \$365,979 for the year ended June 30, 2019, or 100% of the required contribution. The contribution was allocated \$303,762 to the KERS pension fund and \$62,217 to the KERS insurance fund.

LAWRENCE COUNTY HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

6. KENTUCKY EMPLOYEES' RETIREMENT SYSTEM PLAN (CONTINUED)

Pension Liabilities – At June 30, 2019, the Health Department estimates that its total unfunded liability would be approximately \$6,776,585, based upon its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Health Department's proportion was .0498 percent, which was an increase of .0024 percent from its proportion measured as of June 30, 2017.

OPEB Liabilities – At June 30, 2019, the Health Department estimates that its total unfunded liability would be approximately \$1,180,027 based upon its proportionate share of the total OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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. At June 30, 2018, the Health Department's proportion share was .0498 percent, which was an increase of .0023 percent from its proportion measured as of June 30, 2017.

7. COMPLIANCE

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

8. RELATED PARTY

The Health Department is related to the Lawrence County Public Health Taxing District by common Board members. The Lawrence County Board of Health sets the public health tax annually. A total of \$425,000 in public health taxes were transferred from the Taxing District to the Health Department for the year ended June 30, 2019.

9. SUBSEQUENT EVENTS

Per House Bill 1, passed during the 2019 legislative session, certain agencies, including the Health Department, were authorized to pay the reduced KERS non-hazardous employer contribution rate for the year ending June 30, 2020. The authorized participating employers will contribute 49.47% (41.06% to the pension fund and 8.41% to the insurance fund) as opposed to the contribution rate of 83.43% (71.03% to the pension fund and 12.40% to the insurance fund) other KERS non-hazardous employers pay.

SUPPLEMENTARY INFORMATION

LAWRENCE COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF REVENUES BY REPORTING AREA
for the year ended June 30, 2019

		REVENUES						Total Costs	Department Carryover	Program Excess (Deficit)
		State	Federal	Local	Service		Total Revenues			
					Fees	Interest				
Food	500	\$ 27,331	\$ -	\$ 14,931	\$ 250	\$ 709	\$ 43,221	\$ 43,221	\$ -	\$ -
Public Facilities	520	-	-	5,351	1,000	-	6,351	6,351	-	-
General Sanitation	540	-	-	7,273	500	-	7,773	7,773	-	-
OnSite Sewage	560	-	-	54,550	12,110	-	66,660	66,660	-	-
Other Environmental	590	-	-	829	-	-	829	829	-	-
Total Environmental		<u>27,331</u>	<u>-</u>	<u>82,934</u>	<u>13,860</u>	<u>709</u>	<u>124,834</u>	<u>124,834</u>	<u>-</u>	<u>-</u>
Preventative & Presenting Prob.	700	-	-	-	-	-	-	-	-	-
Oral Health	712	410	-	-	38	-	448	395	-	53
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-	-
Cancer Trust Fund	730	17,888	-	1,390	-	-	19,278	19,278	-	-
Opioid Crisis Response	731	-	1,500	3,127	-	-	4,627	4,663	36	-
Preventive Dental Hygiene Team	733	6,750	-	58,037	48,151	-	112,938	123,019	10,081	-
CHAT	736	-	4,157	3,978	-	-	8,135	8,135	-	-
SRAE	753	-	6,823	1,910	-	-	8,733	8,733	-	-
PREP	756	-	10,907	499	-	-	11,406	11,406	-	-
Humana Vitality	758	-	-	-	13,200	-	13,200	5,619	-	7,581
HANDS Federal Funding for Svcs.	760	-	342,184	-	-	-	342,184	252,522	-	89,662
Tobacco Program Federal Funds	765	-	24,283	-	-	-	24,283	16,229	-	8,054
MCH Coordinator	766	-	11,012	1,208	-	-	12,220	12,220	-	-
Child Fatality Prevention	774	-	324	546	-	-	870	870	-	-
Pediatric/Adolescent	800	-	5,000	105,351	80,701	(14)	191,038	191,096	58	-
Family Planning	802	56	7,984	9,841	5,919	-	23,800	23,800	-	-
WIC	804	-	92,813	80,179	-	-	172,992	174,084	1,092	-
MCH Nutrition & Group Activity	805	-	2,321	514	-	-	2,835	2,835	-	-
Tuberculosis	806	-	50	41,027	7,018	-	48,095	48,095	-	-
Sexually Transmitted Disease	807	-	-	1,500	425	-	1,925	1,925	-	-
Diabetes	809	20,600	-	-	2,644	-	23,244	20,293	-	2,951
Adult Services & Follow-up	810	-	-	32,959	26,191	-	59,150	109,128	49,978	-
Breast and Cervical Cancer	813	-	2,995	-	7,855	-	10,850	40,188	29,338	-
Community Based Programs	818	-	-	-	-	-	-	478	478	-
Bioterrorism (Focus Area A)	821	-	25,042	-	-	-	25,042	58,498	33,456	-
Bioterrorism (Focus Area E)	823	-	2,665	-	-	-	2,665	3,313	648	-
Community Outreach	827	-	-	-	6,600	-	6,600	3,599	-	3,001
UWNEK Mini Grant	828	-	-	-	2,000	-	2,000	1,955	-	45
Special Project 831	831	-	-	-	-	-	-	856	856	-
Tobacco	836	6,573	-	-	-	-	6,573	7,624	1,051	-
Abstinence	837	-	300	-	-	-	300	1,413	1,113	-
Pathways	838	-	-	-	20,301	-	20,301	20,366	65	-
Breastfeeding Peer Counselors	840	-	21,474	-	50	-	21,524	24,097	2,573	-
Diabetes Today	841	-	2,498	-	-	-	2,498	2,849	351	-
Special Project - HANDS	853	11,220	-	-	157,608	-	168,828	168,505	-	323
HANDS Admin - Trainer/TA	878	-	-	-	-	-	-	1,980	1,980	-
Core Public Health	890	-	-	-	10	-	10	1,294	1,284	-
Medicaid Match	891	-	-	-	-	-	-	41,673	41,673	-
Total Medical		<u>63,497</u>	<u>564,332</u>	<u>342,066</u>	<u>378,711</u>	<u>(14)</u>	<u>1,348,592</u>	<u>1,413,033</u>	<u>176,111</u>	<u>111,670</u>
Minor Restricted		-	-	-	1,770	-	1,770	2,190	420	-
Capital		-	-	-	-	-	-	-	-	-
Allocable Direct		<u>198,796</u>	<u>31,952</u>	<u>-</u>	<u>128</u>	<u>-</u>	<u>230,876</u>	<u>190,218</u>	<u>-</u>	<u>40,658</u>
Total Administrative		<u>198,796</u>	<u>31,952</u>	<u>-</u>	<u>1,898</u>	<u>-</u>	<u>232,646</u>	<u>192,408</u>	<u>420</u>	<u>40,658</u>
Grand Total		<u>\$ 289,624</u>	<u>\$ 596,284</u>	<u>\$ 425,000</u>	<u>\$ 394,469</u>	<u>\$ 695</u>	<u>\$ 1,706,072</u>	<u>\$ 1,730,275</u>	<u>\$ 176,531</u>	<u>\$ 152,328</u>

**LAWRENCE COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF DIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2019**

	DIRECT COSTS											Total Direct Costs	
	Salaries	Part-Time	Fringes	Contracts	Travel	Occupancy	Administration	Supplies	Automotive	Other			
Food	500	\$ 15,610	\$ 3,176	\$ 8,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,276
Public Facilities	520	2,751	-	1,436	-	-	-	25	-	-	-	-	4,212
General Sanitation	540	3,372	-	1,761	-	-	-	-	-	-	-	-	5,133
OnSite Sewage	560	29,191	-	15,236	-	-	-	-	-	-	-	-	44,427
Disaster - Flood - Emergency	590	380	-	199	-	-	-	-	-	-	-	-	579
Total Environmental		<u>51,304</u>	<u>3,176</u>	<u>27,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,627</u>
Preventative & Presenting Prob.	700	175,086	-	86,224	9,499	-	-	1,097	24,887	-	-	-	296,793
Oral Health	712	154	-	75	-	-	-	-	-	-	-	-	229
Laboratory/Testing/Radiology	718	3,813	-	1,877	457	-	-	-	7,614	-	-	-	13,761
Cancer Trust Fund	730	3,045	-	1,690	-	29	-	-	-	-	12,496	-	17,260
Opioid Crisis Response	731	992	-	550	-	-	-	2,049	-	-	-	470	4,061
Preventive Dental Hygiene Team	733	51,430	-	28,516	-	489	-	358	2,198	1,700	1,992	-	86,683
CHAT	736	2,366	-	1,311	-	39	-	845	-	-	2,100	-	6,661
SRAE	753	2,280	-	1,265	-	651	-	-	-	-	3,152	-	7,348
PREP	756	3,949	-	2,189	-	107	-	-	-	-	2,305	-	8,550
Humana Vitality	758	2,489	-	1,381	-	-	-	-	-	-	-	-	3,870
HANDS Federal Funding for Svcs.	760	98,648	-	54,698	-	199	-	3,786	-	10,763	8,845	-	176,939
Tobacco Program Federal Funds	765	1,744	-	966	-	126	-	2,049	-	-	10,285	-	15,170
MCH Coordinator	766	4,780	-	2,652	-	592	-	-	-	-	395	-	8,419
Child Fatality Prevention	774	296	-	163	-	-	-	-	-	-	222	-	681
Pediatric/Adolescent	800	-	-	-	-	-	-	-	-	-	-	-	-
Family Planning	802	-	-	-	-	-	-	-	3,116	-	-	-	3,116
WIC	804	6,234	-	3,458	-	-	-	45	215	-	984	-	10,936
MCH Nutrition & Group Activity	805	1,277	-	708	-	-	-	-	-	-	-	-	1,985
Tuberculosis	806	-	-	-	-	-	-	-	-	-	-	-	-
Sexually Transmitted Disease	807	-	-	-	-	-	-	-	-	-	-	-	-
Diabetes	809	8,127	-	4,506	-	544	-	26	-	-	409	-	13,612
Adult Services & Follow-up	810	1,377	-	762	-	-	-	-	-	-	-	-	2,139
Breast and Cervical Cancer	813	-	-	-	1,324	-	-	-	-	-	-	-	1,324
Community Based Programs	818	209	-	116	-	26	-	-	-	-	-	-	351
Bioterrorism (Focus Area A)	821	24,661	-	13,673	-	459	-	-	-	-	-	-	38,793
Bioterrorism (Focus Area E)	823	1,516	-	840	-	35	-	-	-	-	-	-	2,391
Community Outreach	827	-	-	-	-	-	-	400	-	-	3,199	-	3,599
UWNEK Mini Grant	828	-	-	-	-	-	-	-	-	-	1,955	-	1,955
Special Project 831	831	-	-	-	-	-	-	37	505	-	314	-	856
Tobacco	836	3,091	-	1,714	-	422	-	-	-	-	230	-	5,457
Abstinence	837	598	-	335	-	117	-	-	-	-	-	-	1,050
Pathways	838	-	-	-	-	-	-	425	-	-	19,941	-	20,366
Breastfeeding Peer Counselors	840	6,046	3,049	3,682	-	666	-	1,708	-	-	201	-	15,352
Diabetes Today	841	1,128	-	622	-	114	-	-	-	-	-	-	1,864
Special Project - HANDS	853	68,525	-	37,997	-	221	-	-	-	144	428	-	107,315
HANDS Admin - Trainer/TA	878	575	-	320	-	711	-	23	-	-	-	-	1,629
Core Public Health	890	581	-	321	-	-	-	-	-	-	-	-	902
Medicaid Match	891	-	-	-	-	-	-	-	-	-	41,673	-	41,673
Total Medical		<u>475,017</u>	<u>3,049</u>	<u>252,611</u>	<u>11,280</u>	<u>5,547</u>	<u>-</u>	<u>12,848</u>	<u>38,535</u>	<u>12,607</u>	<u>111,596</u>	<u>-</u>	<u>923,090</u>
Minor Restricted		-	-	-	-	-	-	-	-	-	2,190	-	2,190
Capital		-	-	-	-	-	-	-	-	-	-	-	-
Allocable Direct		-	-	190,218	-	-	-	-	-	-	-	-	190,218
Total Administrative		<u>-</u>	<u>-</u>	<u>190,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,190</u>	<u>-</u>	<u>192,408</u>
Indirect Cost Allocation - Departmental		137,786	162	90,706	-	3,972	-	46,624	-	361	29,761	-	309,372
Indirect Cost Allocation - Environmental		1,469	-	964	-	-	-	50	-	2,246	-	-	4,729
Indirect Cost Allocation - Clinic		85,532	-	45,031	-	127	-	8,937	-	-	861	-	140,488
Indirect Cost Allocation - Medical		593	-	391	-	-	-	44	-	-	-	-	1,028
Indirect Cost Allocation - Space		-	-	-	-	-	77,533	-	-	-	-	-	77,533
Indirect Cost Allocation		<u>225,380</u>	<u>162</u>	<u>137,092</u>	<u>-</u>	<u>4,099</u>	<u>77,533</u>	<u>55,655</u>	<u>-</u>	<u>2,607</u>	<u>30,622</u>	<u>-</u>	<u>533,150</u>
GRAND TOTALS		<u>\$ 751,701</u>	<u>\$ 6,387</u>	<u>\$ 607,043</u>	<u>\$ 11,280</u>	<u>\$ 9,646</u>	<u>\$ 77,533</u>	<u>\$ 68,528</u>	<u>\$ 38,535</u>	<u>\$ 15,214</u>	<u>\$ 144,408</u>	<u>\$ -</u>	<u>\$ 1,730,275</u>

**LAWRENCE COUNTY HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2019**

INDIRECT COSTS

		Departmental	Environmental	Clinic	Medical	Space	Allocation	Total Indirect Costs
Food	500	\$ 11,187	\$ 1,677	\$ -	\$ -	\$ 3,081	\$ -	\$ 15,945
Public Facilities	520	1,569	235	-	-	335	-	2,139
General Sanitation	540	1,924	288	-	-	428	-	2,640
OnSite Sewage	560	16,647	2,496	-	-	3,090	-	22,233
Other Environmental	590	217	33	-	-	-	-	250
Total Environmental		<u>31,544</u>	<u>4,729</u>	<u>-</u>	<u>-</u>	<u>6,934</u>	<u>-</u>	<u>43,207</u>
Preventative & Presenting Prob.	700	94,206	-	137,494	349	16,532	(545,374)	(296,793)
Oral Health	712	84	-	-	-	37	45	166
Laboratory/Testing/Radiology	718	2,051	-	2,994	8	298	(19,112)	(13,761)
Cancer Trust Fund	730	1,844	-	-	7	167	-	2,018
Opioid Crisis Response	731	600	-	-	2	-	-	602
Preventive Dental Hygiene Team	733	31,157	-	-	115	5,064	-	36,336
CHAT	736	1,432	-	-	5	37	-	1,474
SRAE	753	1,380	-	-	5	-	-	1,385
PREP	756	2,391	-	-	9	456	-	2,856
Humana Vitality	758	1,510	-	-	6	233	-	1,749
HANDS Federal Funding for Svcs.	760	59,761	-	-	221	15,601	-	75,583
Tobacco Program Federal Funds	765	1,055	-	-	4	-	-	1,059
MCH Coordinator	766	2,896	-	-	11	894	-	3,801
Child Fatality Prevention	774	179	-	-	1	9	-	189
Pediatric/Adolescent	800	-	-	-	-	-	191,096	191,096
Family Planning	802	-	-	-	-	-	20,684	20,684
WIC	804	3,777	-	-	14	1,564	157,793	163,148
MCH Nutrition & Group Activity	805	773	-	-	3	74	-	850
Tuberculosis	806	-	-	-	-	-	48,095	48,095
Sexually Transmitted Disease	807	-	-	-	-	-	1,925	1,925
Diabetes	809	4,922	-	-	18	1,741	-	6,681
Adult Services & Follow-up	810	835	-	-	3	167	105,984	106,989
Breast and Cervical Cancer	813	-	-	-	-	-	38,864	38,864
Community Based Programs	818	127	-	-	-	-	-	127
Bioterrorism (Focus Area A)	821	14,940	-	-	55	4,710	-	19,705
Bioterrorism (Focus Area E)	823	919	-	-	3	-	-	922
Community Outreach	827	-	-	-	-	-	-	-
UWNEK Mini Grant	828	-	-	-	-	-	-	-
Special Project 831	831	-	-	-	-	-	-	-
Tobacco	836	1,872	-	-	7	288	-	2,167
Abstinence	837	362	-	-	1	-	-	363
Pathways	838	-	-	-	-	-	-	-
Breastfeeding Peer Counselors	840	5,856	-	-	22	2,867	-	8,745
Diabetes Today	841	684	-	-	3	298	-	985
Special Project - HANDS	853	41,515	-	-	154	19,521	-	61,190
HANDS Admin - Trainer/TA	878	350	-	-	1	-	-	351
Core Public Health	890	350	-	-	1	41	-	392
Medicaid Match	891	-	-	-	-	-	-	-
Total Medical		<u>277,828</u>	<u>-</u>	<u>140,488</u>	<u>1,028</u>	<u>70,599</u>	<u>-</u>	<u>489,943</u>
Minor Restricted		-	-	-	-	-	-	-
Capital		-	-	-	-	-	-	-
Allocable Direct		-	-	-	-	-	-	-
Total Administrative		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Indirect Allocation		<u>(309,372)</u>	<u>(4,729)</u>	<u>(140,488)</u>	<u>(1,028)</u>	<u>(77,533)</u>	<u>-</u>	<u>(533,150)</u>
TOTAL		<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
Lawrence County Health Department
Louisa, 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 Lawrence County Health Department (the Health Department) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements, and have issued our report thereon dated October 22, 2019. 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'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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'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 22, 2019

**LAWRENCE COUNTY HEALTH DEPARTMENT
SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2019**

There are no prior audit findings to report.

**LAWRENCE COUNTY HEALTH DEPARTMENT
AUDIT ADJUSTMENTS
June 30, 2019**

There are no proposed audit adjustments.