

**CUMBERLAND VALLEY  
DISTRICT HEALTH DEPARTMENT  
Manchester, Kentucky**

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**FINANCIAL STATEMENTS  
June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

The Board of Health  
Cumberland Valley District Health Department  
Manchester, Kentucky

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Cumberland Valley District 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, 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. 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 Cumberland Valley District 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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 supplementary schedules of revenues and direct and indirect costs by reporting area 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 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 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 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**

RFH, PLLC  
Lexington, Kentucky  
October 25, 2019

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
REGULATORY BASIS  
June 30, 2019**

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**ASSETS**

Current assets

Cash

Checking

\$ 1,277,998

Petty cash

1,350

Total assets

\$ 1,279,348

**LIABILITIES AND FUND BALANCE**

Current liabilities

Payroll withholdings and other payables

\$ 76,762

Fund balance

Unrestricted

\$ 290,777

Restricted - State

1,634

Restricted - Federal

587

Restricted - Fees

909,588

Total fund balance

1,202,586

Total liabilities and fund balance

\$ 1,279,348

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

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

	<b>Budget</b>	<b>Actual</b>	<b>Over (under) Budget</b>
<b>REVENUES</b>			
State	\$ 1,371,981	\$ 975,219	\$ (396,762)
Federal, direct and pass-through	1,015,510	1,070,879	55,369
Local	1,013,490	995,337	(18,153)
Service fees and other	5,411,185	5,748,190	337,005
Interest	-	217	217
Prior year funds used	-	74,714	74,714
	<u>8,812,166</u>	<u>8,864,556</u>	<u>52,390</u>
Total revenues			
<b>EXPENDITURES</b>			
Salaries and leave	3,428,620	2,783,271	(645,349)
Part-time wages	196,340	288,778	92,438
Fringe benefits	2,873,067	2,410,561	(462,506)
Contracts	725,350	1,041,481	316,131
Travel	53,958	43,473	(10,485)
Space occupancy	175,497	165,889	(9,608)
Office and administrative expense	286,369	336,192	49,823
Medical supplies	327,200	464,163	136,963
Other operating expenses	475,500	547,509	72,009
	<u>8,541,901</u>	<u>8,081,317</u>	<u>(460,584)</u>
Total expenditures			
<b>EXCESS OF REVENUES OVER (EXPENDITURES)</b>	270,265	783,239	512,974
Adjustments to fund balance			
Adjustment to FEBCO account	-	(1,188)	(1,188)
Prior year funds used	-	(74,714)	(74,714)
	<u>270,265</u>	<u>707,337</u>	<u>437,072</u>
Net change in fund balance			
FUND BALANCE - beginning of year	495,249	495,249	-
	<u>495,249</u>	<u>495,249</u>	<u>-</u>
FUND BALANCE - END OF YEAR	\$ 765,514	\$ 1,202,586	\$ 437,072

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

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Cumberland Valley District Health Department (the Health Department) operates as a district health department under Kentucky Revised Statute (KRS) Chapter 212, governed by the Cumberland Valley District Board of Health. The purpose of the Health Department is to improve the delivery of health services to the people of the counties in the district. The district consists of Clay, Jackson, and Rockcastle County. The District Board of Health consists of representatives from each of the three counties as set forth in KRS 212.855.

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" represents previously accumulated excess revenues over expenditures.

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 25, 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 direct federal grant funds and those 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

Interest - includes interest received from bank accounts and investments

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 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 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.

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 fund balances are available.

The Health Department uses an indirect cost allocation plan as 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 schedules for the Health Department.

The Health Department has evaluated and considered the need to recognize or disclose subsequent events through October 25, 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 District 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 cash and investments	\$ 1,316,150
FDIC insurance	(250,000)
Collateral held by pledging bank	<u>(1,545,368)</u>
(Over) collateralized	<u>\$ (479,218)</u>



**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

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**3. FUND BALANCE**

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

	State	Federal	Fees	Totals
732 - Diabetes Prevention	\$ -	\$ -	\$ 213	\$ 213
758 - Humana Vitality	-	-	27,531	27,531
809 - Diabetes	1,324	-	-	1,324
823 - Health Alert – Area E	-	587	-	587
834 - Rockcastle ASAP	-	-	24,367	24,367
836 - Tobacco Cessation	310	-	-	310
838 - J-Chip	-	-	310	310
859 - Community Transformation	-	-	30	30
861 - Home Health	-	-	796,736	796,736
862 - Model II Waiver	-	-	7,984	7,984
867 - Homecare	-	-	315	315
868 - Home & Community Waiver	-	-	51,767	51,767
890 - Core Public Health	<u>-</u>	<u>-</u>	<u>335</u>	<u>335</u>
Total	<u>\$ 1,634</u>	<u>\$ 587</u>	<u>\$ 909,588</u>	<u>\$ 911,809</u>

**4. LEASES**

The Health Department leases its district administrative office spaces in Manchester, Kentucky from Manchester Square Associates, LLC. The lease is for one year from July 1, 2018 to June 30, 2019, and renews annually. The Health Department's occupancy lease expense was \$59,400 for the year ended June 30, 2019. The Health Department also leases 35 automobiles. Automobile lease expense was \$159,178 for the year ended June 30, 2019. The future minimum required annual automobile lease payments are as follows:

Year ending June 30,	
2020	\$ 143,755
2021	137,661
2022	121,507
2023	102,142
2024	<u>81,695</u>
Total	<u>\$ 586,760</u>

**5. 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 \$313,676 at June 30, 2019.

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**6. KENTUCKY EMPLOYEE'S 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 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% 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% 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% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The Health Department contributed \$1,479,950 during the year ended June 30, 2019, or 100% of the required contribution. The contribution was allocated \$1,228,356 to the KERS pension fund and \$251,594 to the KERS insurance fund.

*Pension Liabilities* – At June 30, 2019, the Health Department estimates that its total unfunded liability would be approximately \$28,436,000 based upon its proportionate share of the total 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 .2090 percent, which was a decrease of .0082 percent from its proportion measured as of June 30, 2017.

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**6. KENTUCKY EMPLOYEE'S RETIREMENT SYSTEMS PLAN (CONTINUED)**

*OPEB Liabilities* – At June 30, 2019, the Health Department estimates that its total unfunded liability would be approximately \$4,952,000 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. The Health Department's proportionate share at June 30, 2018 was .2088 percent, which was a decrease of .0084 percent from its proportion measured as of June 30, 2017.

**7. 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.

**8. COMPLIANCE**

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

**9. RELATED PARTIES**

The Health Department is related by common Board members to three county public health taxing districts. The three county Boards of Health set their county's public health tax rate annually. A total of \$933,661 in public health taxes were transferred from the taxing districts to the Health Department for the year ended June 30, 2019. The county public health tax transfers were as follows:

Rockcastle County Public Health Taxing District	\$ 378,654
Jackson County Public Health Taxing District	260,051
Clay County Public Health Taxing District	<u>354,956</u>
Total local contributions	<u>\$ 993,661</u>

**10. 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) that other KERS non-hazardous employers pay.

## **SUPPLEMENTARY INFORMATION**

**CUMBERLAND VALLEY DISTRICT 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 Fees	Interest			
Food	500	\$ 78,895	\$ -	\$ 8,573	\$ 6,640	\$ -	\$ 94,108	\$ 94,108	\$ -
Public Facilities	520	-	-	20,143	3,020	-	23,163	23,163	-
General Sanitation	540	-	-	68,797	-	-	68,797	68,797	-
Onsite Sewage	560	-	-	28,993	59,100	-	88,093	88,093	-
West Nile Virus	595	-	-	-	-	-	7	7	-
Storm 2009 - State Response	598	-	-	-	-	-	(152)	-	152
Total environmental		<u>78,895</u>	<u>-</u>	<u>126,506</u>	<u>68,760</u>	<u>-</u>	<u>274,161</u>	<u>274,016</u>	<u>152</u>
Preventative/Presenting Problems	700	-	-	-	-	-	-	-	-
Dental Services	712	745	-	-	640	-	1,385	1,534	149
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-
KWSCP Pink County Outreach	725	-	-	-	-	-	39	39	-
UK HPV	727	5,207	4,431	76,739	5,500	-	91,877	91,877	-
Vector Surveillance	729	-	905	1,563	-	-	2,468	2,468	-
Opioid Crisis Response	731	-	7,106	938	-	-	8,044	8,044	-
Diabetes Prevention Program	732	-	-	-	2,574	-	2,574	2,361	213
CHAT	736	-	16,052	2,375	3,000	-	21,427	21,427	-
Comm Put Prevention (ARRA)	738	-	-	48	-	-	48	48	-
COPD	742	-	-	301	-	-	301	301	-
March Winter Storm 2015	744	-	-	20	-	-	20	20	-
Accreditation	750	-	-	1,258	-	-	1,258	1,258	-
Special Project	752	46,470	-	43,978	-	-	90,448	90,448	-
SRAE	753	-	19,853	171	-	-	20,024	20,024	-
Humana Vitality	758	-	-	-	48,290	-	48,290	20,759	27,531
HANDS Federal Home Visiting	760	-	250,592	77,061	-	-	327,653	327,653	-
Hep A Outbreak Activities	764	25,000	-	6,381	-	-	31,381	31,381	-
MCH Coordinator	766	-	39,798	3,455	-	-	43,253	43,253	-
Competitive Home Visiting	767	-	-	-	-	-	199	199	-
Child Fatality Prevention	774	-	1,104	28	-	-	1,132	1,138	6
Pediatric/Adolescent	800	-	5,000	75,870	88,700	217	169,787	169,787	-
Childhood Immunization Services	801	-	-	925	-	-	925	1,027	102
Family Planning	802	236	47,990	95,795	38,819	-	182,840	182,840	-
Maternity Services & Activity	803	-	-	-	300	-	300	1,284	984
WIC	804	-	366,497	154,216	-	-	520,713	520,713	-
MCH Nutrition & Group Activity	805	-	18,669	11,077	9,314	-	39,060	39,609	549
Tuberculosis Visits & Activity	806	-	50	60,853	11,158	-	72,061	72,061	-
Sexually Transmitted Disease	807	-	-	-	1,875	-	1,875	11,460	9,585
Diabetes	809	17,339	-	-	165	-	17,504	16,180	1,324
Adult Visits & Follow-up	810	-	-	152,396	32,998	-	185,394	185,394	-
Lead Poisoning Prevention	811	-	-	-	-	-	2,652	2,652	-
Breast & Cervical Cancer	813	-	4,823	33,286	5,311	-	43,420	43,420	-
Healthy Communities	817	-	-	-	-	-	73	73	-
Community Based Services	818	-	-	9,436	525	-	9,961	9,961	-
Preparedness Planner	821	-	22,074	-	-	-	22,074	25,467	3,393
Epidemiologist-Area B	822	-	-	-	-	-	513	513	-
Health Alert-Area E	823	-	460	-	-	-	460	535	75
Education & Training Area	825	-	-	-	-	-	34	34	-
Breastfeeding Promotion	833	-	44,458	-	-	-	44,458	44,571	113
Rockcastle ASAP	834	-	-	-	49,050	-	49,050	24,683	24,367
Tobacco Cessation	836	4,758	-	-	500	-	5,258	4,948	310
Abstinence Education	837	-	1,350	-	-	-	1,350	3,961	2,611
J-Chip	838	-	-	676	-	-	676	366	310
Breastfeeding Peer Counselor	840	-	25,328	-	-	-	25,328	26,862	1,534
Diabetes Today Coalition	841	-	-	-	-	-	1,734	1,734	-
HIV Counseling & Testing	842	-	1,990	-	-	-	1,990	3,257	1,267
HANDS Project	853	42,040	-	32,990	386,255	-	461,285	468,169	6,884
WIC Monitor	854	-	41,333	-	-	-	41,333	47,860	6,527
Osteoporosis	856	-	-	-	-	-	1,229	1,229	-
Physical Activities	857	-	-	-	2,220	-	2,220	33,412	31,192
Community Transformation	859	-	-	-	30	-	30	-	-
Core Public Health	890	-	-	-	335	-	335	-	335
Medicaid Match	891	-	-	26,995	-	-	26,995	26,995	-
Total medical		<u>141,795</u>	<u>919,863</u>	<u>868,831</u>	<u>687,559</u>	<u>217</u>	<u>2,618,265</u>	<u>2,635,289</u>	<u>71,444</u>
Home Health	861	-	-	-	3,060,711	-	3,060,711	2,579,621	481,090
Model II Waiver	862	-	-	-	45,808	-	45,808	37,824	7,984
Home Service - Indigent	863	-	-	-	-	-	101	101	-
EPSTD Special Services	865	-	-	-	681	-	681	3,793	3,112
Homecare	867	-	-	-	315	-	315	-	315
Home & Community Based Waiver	868	-	-	-	1,883,767	-	1,883,767	1,832,000	51,767
Total home health		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,991,282</u>	<u>-</u>	<u>4,991,282</u>	<u>4,453,339</u>	<u>541,156</u>
Capital		-	-	-	-	-	-	-	-
Minor restricted		-	-	-	589	-	589	639	50
Allocable direct		<u>754,529</u>	<u>151,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>905,545</u>	<u>718,034</u>	<u>187,511</u>
Total administrative		<u>754,529</u>	<u>151,016</u>	<u>-</u>	<u>589</u>	<u>-</u>	<u>906,134</u>	<u>718,673</u>	<u>187,511</u>
Total revenues		<u>\$ 975,219</u>	<u>\$ 1,070,879</u>	<u>\$ 995,337</u>	<u>\$ 5,748,190</u>	<u>\$ 217</u>	<u>\$ 8,789,842</u>	<u>\$ 8,081,317</u>	<u>\$ 783,239</u>

**CUMBERLAND VALLEY DISTRICT 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	Other	
Food	500	\$ 38,474	\$ -	\$ 24,103	\$ -	\$ 1,198	\$ -	\$ 137	\$ -	\$ -	\$ 63,912
Public Facilities	520	9,206	-	5,767	-	6	-	-	-	-	14,979
General Sanitation	540	28,343	-	17,758	-	-	-	-	-	-	46,101
Onsite Sewage	560	36,199	-	22,684	-	-	-	-	-	257	59,140
West Nile Virus	595	-	-	-	-	-	-	7	-	-	7
Storm 2009 - State Response	598	-	-	-	-	-	-	(152)	-	-	(152)
Total environmental		<u>112,222</u>	<u>-</u>	<u>70,312</u>	<u>-</u>	<u>1,204</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>257</u>	<u>183,987</u>
Preventative/Presenting Problems	700	310,476	21,605	157,364	4,378	1,758	-	-	30,780	-	526,361
Dental Services	712	153	-	81	-	-	-	-	-	-	234
Laboratory/Testing/Radiology	718	15,155	-	7,535	505	-	-	-	22,067	200	45,462
KWSCP Pink County Outreach	725	-	-	-	-	-	-	-	-	39	39
UK HPV	727	34,422	-	22,437	-	3,173	-	57	14,054	4,222	78,365
Vector Surveillance	729	1,208	-	791	-	-	-	-	-	-	1,999
Opioid Crisis Response	731	3,093	10	2,018	-	1,310	-	98	-	306	6,835
Diabetes Prevention Program	732	1,013	-	659	-	-	-	-	-	185	1,857
CHAT	736	2,874	8,380	3,041	-	102	-	-	-	2,123	16,520
Comm Put Prevention (ARRA)	738	23	-	17	-	-	-	-	-	-	40
COPD	742	146	-	98	-	-	-	-	-	-	244
March Winter Storm 2015	744	-	-	-	-	-	-	-	-	20	20
Accreditation	750	579	-	379	-	-	-	-	-	-	958
Special Project	752	36,867	-	24,039	-	-	-	-	-	12,809	73,715
SRAE	753	6,632	-	4,327	-	-	-	-	-	6,483	17,442
Humana Vitality	758	7,705	-	5,023	-	35	-	-	1,532	2,497	16,792
HANDS Federal Home Visiting	760	143,134	3,935	93,877	-	-	-	-	-	29,281	270,227
Hep A Outbreak Activities	764	-	-	-	-	-	-	-	31,381	-	31,381
MCH Coordinator	766	21,120	-	13,762	-	-	-	-	-	-	34,882
Competitive Home Visiting	767	16	-	111	-	-	-	-	-	-	127
Child Fatality Prevention	774	503	-	332	-	-	-	-	-	31	866
Pediatric/Adolescent	800	151	-	98	-	-	-	-	-	-	249
Childhood Immunization Services	801	404	-	264	-	203	-	-	-	-	871
Family Planning	802	-	-	-	144	176	-	5	8,079	15	8,419
Maternity Services & Activity	803	-	-	-	-	-	-	-	496	-	496
WIC	804	15,800	1,676	10,530	2,007	271	-	-	-	28	30,312
MCH Nutrition & Group Activity	805	5,673	-	3,702	-	61	-	-	-	-	9,436
Tuberculosis Visits & Activity	806	3,157	-	2,066	80	127	-	-	2,240	-	7,670
Sexually Transmitted Disease	807	-	-	-	-	-	-	-	-	-	-
Diabetes	809	6,390	-	4,165	-	634	-	-	-	1,008	12,197
Adult Visits & Follow-up	810	12,117	-	7,897	428	111	-	-	6,363	-	26,916
Lead Poisoning Prevention	811	1,083	-	710	-	-	-	-	-	-	1,793
Breast & Cervical Cancer	813	2,838	-	1,849	2,342	38	-	-	-	-	7,067
Healthy Communities	817	-	-	-	-	-	-	-	-	-	-
Community Based Services	818	618	4,625	1,043	-	79	-	-	-	1,275	7,640
Preparedness Planner	821	11,171	140	7,307	-	80	-	723	-	-	19,421
Epidemiologist-Area B	822	249	-	166	-	-	-	-	-	-	415
Health Alert-Area E	823	232	-	148	-	63	-	-	-	-	443
Education & Training Area	825	-	-	-	-	34	-	-	-	-	34
Breastfeeding Promotion	833	20,344	-	13,265	-	1,378	-	-	-	702	35,689
Rockcastle ASAP	834	-	-	-	-	-	-	-	-	24,683	24,683
Tobacco Cessation	836	2,000	205	1,333	-	60	-	-	-	-	3,598
Abstinence Education	837	1,370	-	893	-	565	-	-	-	600	3,428
J-Chip	838	-	-	-	-	-	-	266	-	100	366
Breastfeeding Peer Counselor	840	2,482	11,238	3,192	-	602	-	-	-	1,637	19,151
Diabetes Today Coalition	841	-	-	-	-	-	-	-	-	1,734	1,734
HIV Counseling & Testing	842	902	-	595	-	-	-	-	-	1,338	2,835
HANDS Project	853	218,652	4,810	143,233	-	197	-	500	-	4,648	372,040
WIC Monitor	854	20,288	-	13,232	-	3,595	-	1,202	-	160	38,477
Osteoporosis	856	600	-	395	-	-	-	-	-	-	995
Physical Activities	857	153	6,613	1,038	21,058	-	-	-	-	140	29,002
Community Transformation	859	-	-	-	-	-	-	-	-	-	-
Core Public Health	890	-	-	-	-	-	-	-	-	-	-
Medicaid Match	891	-	-	-	-	-	-	-	-	26,995	26,995
Total medical		<u>911,793</u>	<u>63,237</u>	<u>553,012</u>	<u>30,942</u>	<u>14,652</u>	<u>-</u>	<u>2,851</u>	<u>116,992</u>	<u>123,259</u>	<u>1,816,738</u>
Home Health	861	477,083	-	245,568	703,174	15,061	-	115,787	344,688	4,014	1,905,375
Model II Waiver	862	524	-	281	36,263	-	-	-	-	-	37,068
Home Service - Indigent	863	11	-	31	-	-	-	-	-	-	42
EPSDT Special Services	865	49	-	30	3,648	-	-	-	-	-	3,727
Homecare	867	-	-	-	-	-	-	-	-	-	-
Home & Community Based Waiver	868	517,705	726	284,592	127,238	5,331	-	1,476	146	127,210	1,064,424
Total home health		<u>995,372</u>	<u>726</u>	<u>530,502</u>	<u>870,323</u>	<u>20,392</u>	<u>-</u>	<u>117,263</u>	<u>344,834</u>	<u>131,224</u>	<u>3,010,636</u>
Capital	-	-	-	-	-	-	-	-	-	-	-
Minor restricted	-	-	-	-	-	-	-	-	-	639	639
Allocable direct	-	-	-	718,034	-	-	-	-	-	-	718,034
Total administrative		<u>-</u>	<u>-</u>	<u>718,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>639</u>	<u>718,673</u>
Indirect cost allocation - departmental		113,789	33,176	87,481	38,234	2,530	-	198,395	-	114,490	588,095
Indirect cost allocation - home health		344,470	173,564	274,880	77,965	593	28,680	13,461	1,424	155,838	1,070,875
Indirect cost allocation - environmental		15,127	-	11,017	-	256	-	-	-	18,732	45,132
Indirect cost allocation - clinic		218,441	12,768	112,113	22,142	2,481	-	1,754	913	-	370,612
Indirect cost allocation - medical		28,088	3,207	20,899	1,875	1,365	16	2,476	-	3,070	60,996
Indirect cost allocation - space		43,969	2,100	32,311	-	-	137,193	-	-	-	215,573
Indirect cost allocation		<u>763,884</u>	<u>224,815</u>	<u>538,701</u>	<u>140,216</u>	<u>7,225</u>	<u>165,889</u>	<u>216,086</u>	<u>2,337</u>	<u>292,130</u>	<u>2,351,283</u>
Total expenditures		<u>\$ 2,783,271</u>	<u>\$ 288,778</u>	<u>\$ 2,410,561</u>	<u>\$ 1,041,481</u>	<u>\$ 43,473</u>	<u>\$ 165,889</u>	<u>\$ 336,192</u>	<u>\$ 464,163</u>	<u>\$ 547,509</u>	<u>\$ 8,081,317</u>

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT**  
**SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS BY REPORTING AREA**  
**for the year ended June 30, 2019**

INDIRECT COSTS									
		Departmental	Home Health	Environmental	Clinic	Medical	Space	Allocation	Total Indirect Costs
Food	500	\$ 11,897	\$ -	\$ 15,473	\$ -	\$ -	\$ 2,826	\$ -	\$ 30,196
Public Facilities	520	2,846	-	3,702	-	-	1,636	-	8,184
General Sanitation	540	8,769	-	11,398	-	-	2,529	-	22,696
Onsite Sewage	560	11,197	-	14,559	-	-	3,197	-	28,953
West Nile Virus	595	-	-	-	-	-	-	-	-
Storm 2009 - State Response	598	-	-	-	-	-	-	-	-
Total environmental		34,709	-	45,132	-	-	10,188	-	90,029
Preventative/Presenting Problems	700	83,962	-	-	354,891	17,582	60,371	(1,043,167)	(526,361)
Dental Services	712	35	-	-	-	8	37	1,220	1,300
Laboratory/Testing/Radiology	718	3,717	-	-	15,721	779	5,055	(70,734)	(45,462)
KWSCP Pink County Outreach	725	-	-	-	-	-	-	-	-
UK HPV	727	11,080	-	-	-	2,320	112	-	13,512
Vector Surveillance	729	388	-	-	-	81	-	-	469
Opioid Crisis Response	731	1,000	-	-	-	209	-	-	1,209
Diabetes Prevention Program	732	324	-	-	-	68	112	-	504
CHAT	736	3,934	-	-	-	824	149	-	4,907
Comm Put Prevention (ARRA)	738	6	-	-	-	2	-	-	8
COPD	742	47	-	-	-	10	-	-	57
March Winter Storm 2015	744	-	-	-	-	-	-	-	-
Accreditation	750	188	-	-	-	39	73	-	300
Special Project	752	11,868	-	-	-	2,485	2,380	-	16,733
SRAE	753	2,135	-	-	-	447	-	-	2,582
Humana Vitality	758	2,482	-	-	-	519	966	-	3,967
HANDS Federal Home Visiting	760	47,483	-	-	-	9,943	-	-	57,426
Hep A Outbreak Activities	764	-	-	-	-	-	-	-	-
MCH Coordinator	766	6,798	-	-	-	1,424	149	-	8,371
Competitive Home Visiting	767	58	-	-	-	14	-	-	72
Child Fatality Prevention	774	165	-	-	-	34	73	-	272
Pediatric/Adolescent	800	47	-	-	-	10	73	169,408	169,538
Childhood Immunization Services	801	129	-	-	-	27	-	-	156
Family Planning	802	-	-	-	-	-	-	174,421	174,421
Maternity Services & Activity	803	-	-	-	-	-	-	788	788
WIC	804	5,687	-	-	-	1,191	7,435	476,088	490,401
MCH Nutrition & Group Activity	805	1,823	-	-	-	382	222	27,746	30,173
Tuberculosis Visits & Activity	806	1,017	-	-	-	213	73	63,088	64,391
Sexually Transmitted Disease	807	-	-	-	-	-	-	11,460	11,460
Diabetes	809	2,058	-	-	-	431	856	638	3,983
Adult Visits & Follow-up	810	3,899	-	-	-	817	222	153,540	158,478
Lead Poisoning Prevention	811	347	-	-	-	73	73	366	859
Breast & Cervical Cancer	813	912	-	-	-	191	112	35,138	36,353
Healthy Communities	817	-	-	-	-	-	73	-	73
Community Based Services	818	1,858	-	-	-	390	73	-	2,321
Preparedness Planner	821	3,646	-	-	-	764	1,636	-	6,046
Epidemiologist-Area B	822	82	-	-	-	16	-	-	98
Health Alert-Area E	823	76	-	-	-	16	-	-	92
Education & Training Area	825	-	-	-	-	-	-	-	-
Breastfeeding Promotion	833	6,545	-	-	-	1,371	966	-	8,882
Rockcastle ASAP	834	-	-	-	-	-	-	-	-
Tobacco Cessation	836	717	-	-	-	150	483	-	1,350
Abstinence Education	837	441	-	-	-	92	-	-	533
J-Chip	838	-	-	-	-	-	-	-	-
Breastfeeding Peer Counselor	840	4,840	-	-	-	1,013	1,858	-	7,711
Diabetes Today Coalition	841	-	-	-	-	-	-	-	-
HIV Counseling & Testing	842	288	-	-	-	61	73	-	422
HANDS Project	853	72,108	-	-	-	15,098	8,923	-	96,129
WIC Monitor	854	6,528	-	-	-	1,368	1,487	-	9,383
Osteoporosis	856	194	-	-	-	40	-	-	234
Physical Activities	857	2,429	-	-	-	494	1,487	-	4,410
Community Transformation	859	-	-	-	-	-	-	-	-
Core Public Health	890	-	-	-	-	-	-	-	-
Medicaid Match	891	-	-	-	-	-	-	-	-
Total medical		291,341	-	-	370,612	60,996	95,602	-	818,551
Home Health	861	121,230	495,322	-	-	-	57,694	-	674,246
Model II Waiver	862	141	578	-	-	-	37	-	756
Home Service - Indigent	863	11	48	-	-	-	-	-	59
EPSDT Special Services	865	12	54	-	-	-	-	-	66
Homecare	867	-	-	-	-	-	-	-	-
Home & Community Based Waiver	868	140,651	574,873	-	-	-	52,052	-	767,576
Total home health		262,045	1,070,875	-	-	-	109,783	-	1,442,703
Capital		-	-	-	-	-	-	-	-
Minor restricted		-	-	-	-	-	-	-	-
Allocable direct		-	-	-	-	-	-	-	-
Total administrative		-	-	-	-	-	-	-	-
Indirect allocation		(588,095)	(1,070,875)	(45,132)	(370,612)	(60,996)	(215,573)	-	(2,351,283)
Totals		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**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  
Cumberland Valley District Health Department  
Manchester, 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 Cumberland Valley District 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 25, 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.

A handwritten signature in black ink, consisting of the letters 'RFH' in a stylized, bold, and slightly slanted font.

RFH, PLLC  
Lexington, Kentucky  
October 25, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Health  
Cumberland Valley District Health Department  
Manchester, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited the Cumberland Valley District Health Department's (the Health Department) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Health Department's major federal programs for the year ended June 30, 2019. The Health Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Health Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Health Department's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Cumberland Valley District Health Department, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### ***Report on Internal Control over Compliance***

Management of the Health Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Health Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Department's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
October 25, 2019

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the year ended June 30, 2019**

GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass/Through Contract Number	Grant Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture (USDA) Passed through Kentucky Cabinet for Health and Family Services (CHFS):					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children:					
WIC Program - Administrative Services	10.557	01160018	7/1/2018-6/30/2019	\$ -	\$ 222,886
WIC Program - Administrative Services	10.557	01160019	7/1/2018-6/30/2019	-	297,622
WIC Program - Administrative Services	10.557	02540017	7/1/2018-6/30/2019	-	12,954
WIC Program - Administrative Services	10.557	02540018	7/1/2018-6/30/2019	-	15,897
<b>Total U.S. Department of Agriculture</b>				<b>\$ -</b>	<b>\$ 549,359</b>
U.S. Department of Health and Human Services (HHS) Passed through State (CHFS):					
Public Health Emergency Preparedness:					
HPP & PHEP	93.069	02140017	7/1/2018-6/30/2019	-	16,354
HPP & PHEP Combined Cooperative Agreement	93.069	02140018	7/1/2018-6/30/2019	-	568
				-	16,922
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements:					
HPP & PHEP	93.074	0214SUP17	7/1/2018-6/30/2019	-	21,736
HPP & PHEP	93.074	0215SUP17	7/1/2018-6/30/2019	-	230
				-	21,966
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:					
Tuberculosis Control Programs	93.116	010600OL19	7/1/2018-6/30/2019	-	50
Family Planning Services:					
Title X Family Planning	93.217	011500OL18	7/1/2018-6/30/2019	-	6,590
Title X Family Planning	93.217	011500OL19	7/1/2018-6/30/2019	-	46,692
Title X Family Planning	93.217	011500OL20	7/1/2018-6/30/2019	-	1,298
				-	54,580
Sexual Risk Avoidance Education:					
Title V State SRAE	93.235	01270018	7/1/2018-6/30/2019	-	1,350
Title V State SRAE	93.235	01270019	7/1/2018-6/30/2019	-	19,853
				-	21,203
Immunization Cooperative Agreements:					
Immunization Grant	93.268	010500OL16	7/1/2018-6/30/2019	-	5,000
Epidemiology and Laboratory Capacity for Infectious Diseases:					
ELC for Infectious Diseases	93.323	01390019	7/1/2018-6/30/2019	-	905
Cooperative Agreement for Emergency Response:					
Public Health Crisis Response	93.354	02130019	7/1/2018-6/30/2019	-	7,106
Preventive Health Services Block Grant:					
Preventive Health Services	93.758	01040017	7/1/2018-6/30/2019	-	14,030
<b>Subtotal HHS</b>				<b>\$ -</b>	<b>\$ 141,762</b>

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cumberland Valley District Health Department and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in, or used in the preparation of, the basic financial statements may differ from these numbers.

**Indirect Cost Rates**

The Cumberland Valley District Health Department did not elect to use the 10 percent *de minimis* cost rate as allowed under the *Uniform Guidance*.

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the year ended June 30, 2019**

<b>GRANTOR/PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Pass/Through Contract Number</b>	<b>Grant Contract Period</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services (HHS) (previous page)				\$ -	\$ 141,762
U.S. Department of Health and Human Services (HHS) Passed through State (CHFS):					
Maternal, Infant and Early Childhood Home Visiting Grant Program:					
Home Visiting Program	93.870	01300015	7/1/2018-6/30/2019	-	129,092
Home Visiting Program	93.870	01300016	7/1/2018-6/30/2019	-	121,500
				<u>-</u>	<u>250,592</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations:					
KY Women's Cancer Screening Program	93.898	011100OL17	7/1/2018-6/30/2019	-	2,213
KY Women's Cancer Screening Program	93.898	011100OL18	7/1/2018-6/30/2019	-	4,823
				<u>-</u>	<u>7,036</u>
HIV Prevention Activities Health Department Based:					
KY Integrated HIV Surveillance & Prevention	93.940	015100OL18	7/1/2018-6/30/2019	-	2,253
KY Integrated HIV Surveillance & Prevention	93.940	015100OL19	7/1/2018-6/30/2019	-	4,168
				<u>-</u>	<u>6,421</u>
Assistance Programs for Chronic Disease Prevention and Control:					
Arthritis - State Public Health Approaches	93.945	017600OL17	7/1/2018-6/30/2019	-	2,223
Arthritis - State Public Health Approaches	93.945	017600OL18	7/1/2018-6/30/2019	-	211
				<u>-</u>	<u>2,434</u>
Preventative Health and Health Services Block Grant:					
Preventive Health Services	93.991	01040018	7/1/2018-6/30/2019	-	8,500
Maternal and Child Health Services Block Grant to the States:					
MCH Services Block Grant	93.994	01120017	7/1/2018-6/30/2019	-	64,911
MCH Services Block Grant	93.994	011200D118	7/1/2018-6/30/2019	-	39,864
				<u>-</u>	<u>104,775</u>
<b>Total U.S. Department of Health and Human Services</b>				<u>-</u>	<u>521,520</u>
<b>Grand total federal awards expended</b>				<u>\$ -</u>	<u>\$ 1,070,879</u>

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
for the year ended June 30, 2019**

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**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified \_\_Yes XNo

Significant deficiencies identified that are not  
considered to be material weaknesses \_\_Yes XNone reported

Non-compliance material to financial statements noted \_\_Yes XNo

Federal Awards:

Internal control over major programs:

Material weaknesses identified \_\_Yes XNo

Significant deficiencies identified that are not  
considered to be material weaknesses \_\_Yes XNone reported

Type of auditors' report issued on compliance for major programs:

Unmodified for all major programs.

Any audit findings disclosed that are required to be reported in  
accordance with 2 CFR 200.516(a)? \_\_Yes XNo

**Major Programs:**

**CFDA Number**

**Name of Federal Program or Cluster**

10.577

USDA - WIC Administration

Dollar threshold used to distinguish between type A  
and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? XYes \_\_No

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS**

NONE

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE

**IV. PRIOR AUDIT FINDINGS**

NONE

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2019**

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There are no prior audit findings to report.

**CUMBERLAND VALLEY DISTRICT HEALTH DEPARTMENT**  
**AUDIT ADJUSTMENTS**  
**June 30, 2019**

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<u>Account Number</u>	<u>Program/General Ledger Account Description</u>	<u>Dr.</u>	<u>Cr.</u>
100-171000	Unrestricted Fund Balance	\$ 1,188.30	
000-104001	Febco Account		\$ 1,188.30
	To adjust Febco account to actual per Bank statements.		