

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

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**FINANCIAL STATEMENTS  
June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the Franklin County Health Department (the Health Department) and the related Franklin County Public Health Taxing District (the Taxing District) 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 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 opinions 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 Opinions on U.S. Generally Accepted Accounting Principles***

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinions on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Health Department and the Taxing District as of June 30, 2019, and the respective changes in financial position for the year then ended.

### ***Unmodified Opinions 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 Franklin County Health Department and the related Franklin County Public Health Taxing District, 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 30, 2019, on our consideration of the Health Department’s and the Taxing District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health Department’s and the Taxing District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Department’s and the Taxing District’s internal control over financial reporting and compliance.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
October 30, 2019

**FRANKLIN COUNTY HEALTH DEPARTMENT AND  
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
REGULATORY BASIS  
June 30, 2019**

	<b>Health Department</b>	<b>Taxing District</b>	<b>Totals (Memorandum Only)</b>
<b>ASSETS</b>			
Current assets			
Cash			
Checking	\$ 2,492,068	\$ 2,437,730	\$ 4,929,798
Petty cash	<u>675</u>	<u>-</u>	<u>675</u>
Total assets	<u>\$ 2,492,743</u>	<u>\$ 2,437,730</u>	<u>\$ 4,930,473</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
Current liabilities			
Payroll withholdings and other payables	<u>\$ 63,759</u>	<u>\$ -</u>	<u>\$ 63,759</u>
Fund Balance			
Unrestricted	1,986,059	-	1,986,059
Restricted	-	2,437,730	2,437,730
Restricted - State	98,120	-	98,120
Restricted - Federal	16,575	-	16,575
Restricted - Fees	<u>328,230</u>	<u>-</u>	<u>328,230</u>
Total fund balance	<u>2,428,984</u>	<u>2,437,730</u>	<u>4,866,714</u>
Total liabilities and fund balance	<u>\$ 2,492,743</u>	<u>\$ 2,437,730</u>	<u>\$ 4,930,473</u>

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

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

	Health Department			Taxing District		
	Budget	Actual	Over (under) Budget	Budget	Actual	Over (under) Budget
<b>REVENUES</b>						
State	\$1,396,139	\$ 1,372,386	\$ (23,753)	\$ -	\$ -	\$ -
Federal	501,963	497,337	(4,626)	-	-	-
Local	2,120,000	2,122,039	2,039	-	-	-
Service fees and other	2,593,572	2,584,492	(9,080)	-	-	-
Interest	1,200	9,845	8,645	21,400	62,423	41,023
Taxes collected	-	-	-	2,680,673	2,780,122	99,449
Other revenues	-	-	-	245	4,255	4,010
Prior year funds used	<u>203,089</u>	<u>127,925</u>	<u>(75,164)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>6,815,963</u>	 <u>6,714,024</u>	 <u>(101,939)</u>	 <u>2,702,318</u>	 <u>2,846,800</u>	 <u>144,482</u>
<b>EXPENDITURES</b>						
Salaries and leave	2,629,005	2,530,852	(98,153)	-	-	-
Part-time	476,078	290,102	(185,976)	-	-	-
Fringe benefits	2,013,799	1,885,226	(128,573)	-	-	-
Contracts	255,900	365,097	109,197	-	-	-
Travel	57,187	39,579	(17,608)	-	-	-
Space occupancy	75,518	67,280	(8,238)	-	-	-
Office and administrative expense	238,353	197,952	(40,401)	-	-	-
Medical supplies	272,957	314,700	41,743	-	-	-
Automotive expense	59,722	46,375	(13,347)	-	-	-
Other operating expenses	447,083	375,665	(71,418)	-	18,330	18,330
Appropriations to Health Department	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,137,350</u>	<u>2,120,000</u>	<u>(17,350)</u>
 Total expenditures	 <u>6,525,602</u>	 <u>6,112,828</u>	 <u>(412,774)</u>	 <u>2,137,350</u>	 <u>2,138,330</u>	 <u>980</u>
<b>EXCESS OF REVENUES OVER (EXPENDITURES)</b>	290,361	601,196	310,835	564,968	708,470	143,502
Adjustments to fund balance						
Prior year funds used	<u>(203,089)</u>	<u>(127,925)</u>	<u>75,164</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	 87,272	 473,271	 385,999	 564,968	 708,470	 143,502
FUND BALANCE - beginning of year	<u>1,955,713</u>	<u>1,955,713</u>	<u>-</u>	<u>1,729,260</u>	<u>1,729,260</u>	<u>-</u>
 <b>FUND BALANCE - END OF YEAR</b>	 <u>\$2,042,985</u>	 <u>\$ 2,428,984</u>	 <u>\$ 385,999</u>	 <u>\$2,294,228</u>	 <u>\$2,437,730</u>	 <u>\$ 143,502</u>

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

**FRANKLIN COUNTY HEALTH DEPARTMENT AND  
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

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**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

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

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

The Health Department and the Taxing District record 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 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 30, 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 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

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

**FRANKLIN COUNTY HEALTH DEPARTMENT AND  
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

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

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

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

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

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

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

The Health Department and Taxing District have evaluated and considered the need to recognize or disclose subsequent events through October 30, 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 and Taxing District.

**2. CASH**

KRS 66.480 authorizes the Health Department and Taxing 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 or the Taxing District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.



**FRANKLIN COUNTY HEALTH DEPARTMENT AND  
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

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**2. CASH (CONTINUED)**

The Health Department and Taxing District'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 and Taxing District's name.

	<b>Health Department</b>	<b>Taxing District</b>
Total bank balances	\$ 2,811,703	\$ 2,968,230
FDIC insurance	(500,000)	(250,000)
Collateral held by pledging bank	<u>(2,421,995)</u>	<u>(3,212,427)</u>
 (Over) collateralized	 <u>\$ (110,292)</u>	 <u>\$ (494,197)</u>

**3. FUND BALANCE**

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

	<b>State</b>	<b>Federal</b>	<b>Fees</b>	<b>Totals</b>
712 - Dental	\$ 41,444	\$ -	\$ -	\$ 41,444
725 - KWSCP Pink County Outreach	-	3,343	-	3,343
731 - H1N1	-	29	-	29
735 - KY Oral Health Coalition	-	3,428	-	3,428
736 - CHAT	-	112	-	112
752 - HANDS GF Services	36,596	-	-	36,596
754 - DPH Hands	14,646	-	-	14,646
758 - Humana Vitality	-	-	41,813	41,813
764 - Hepatitis A Outbreak	957	-	-	957
768 - Comp HV Start-Up Admin	-	2,334	-	2,334
770 - KCCSP-HB 265	76	-	-	76
774 - Child Fatality Prevention	-	21	-	21
802 - Family Planning	698	-	3,311	4,009
823 - Bioterrorism (Focus Area E)	-	5,190	-	5,190
824 - Bioterrorism (Focus Area F)	-	186	-	186
826 - NACCHO Achieve Grant	-	-	269	269
842 - HIV Counseling & Testing	3,703	-	-	3,703
861 - Home Health	-	-	109,789	109,789
865 - E.P.S.D.T	-	-	173,048	173,048
875 - WIC Pass Thru	-	1,280	-	1,280
876 - V.A. Patients	<u>-</u>	<u>652</u>	<u>-</u>	<u>652</u>
 Total	 <u>\$ 98,120</u>	 <u>\$ 16,575</u>	 <u>\$ 328,230</u>	 <u>\$ 442,925</u>

**4. ACCRUED TIME-OFF**

The Health Department's accrued vacation and other potential compensated absences are not accrued as earned because the Health Department uses the regulatory basis of accounting. Employees of the Health Department accrue various amounts of vacation based on years of service and can rollover a maximum of 450 hours of vacation time. The Health Department's potential liability is \$236,299 at June 30, 2019.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND  
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

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**5. RISK MANAGEMENT**

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

**6. TAX LEVY**

On April 23, 2018, the Franklin County Board of Health passed a resolution recording the calendar year 2019 Health tax rate at 7.25 cents per \$100 of assessed valuation on real property, personal property and motor vehicles.

The required minimum local support level is equivalent to 1.8 cents per \$100 of assessed property valuation. The Franklin County Board of Health has met this requirement set by the Department of Public Health for the year ended June 30, 2019.

**7. KENTUCKY EMPLOYEES' RETIREMENT SYSTEMS PLAN**

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

*Plan Description* – KERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides plan members with benefits through a pension trust 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. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

**FRANKLIN COUNTY HEALTH DEPARTMENT AND  
FRANKLIN COUNTY PUBLIC HEALTH TAXING DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

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**7. KENTUCKY EMPLOYEES' RETIREMENT SYSTEMS PLAN (CONTINUED)**

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 \$1,212,856 for the year ended June 30, 2019, or 100% of the required contribution. The contribution was allocated \$1,006,668 to the KERS pension fund and \$206,188 to the KERS insurance fund.

*Pension Liabilities* – At June 30, 2019, the Health Department estimates that its total unfunded liability would be approximately \$23,320,272 based on 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 .1714 percent, which was an increase of .0005 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 \$4,060,732 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 was .1713 percent, which was an increase of .0004 percent from its proportion measured as of June 30, 2017.

**8. COMPLIANCE**

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

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

**SUPPLEMENTARY INFORMATION**

**FRANKLIN 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 Fees	Interest	Total Revenues				
Food	500	\$ 67,041	\$ -	\$ 166,297	\$ 7,165	\$ 9,425	\$ 249,928	\$ 249,928	\$ -	\$ -
Public Facilities	520	-	-	71,341	3,900	-	75,241	75,241	-	-
General Sanitation	540	-	-	56,140	-	-	56,140	56,140	-	-
Onsite Sewage	560	-	-	53,191	16,850	-	70,041	70,041	-	-
Environmental - Special Project	590	-	-	1,146	-	-	1,146	1,146	-	-
Total environmental		<u>67,041</u>	<u>-</u>	<u>348,115</u>	<u>27,915</u>	<u>9,425</u>	<u>452,496</u>	<u>452,496</u>	<u>-</u>	<u>-</u>
Preventative/Presenting Problems	700	-	-	-	-	-	-	-	-	-
Dental Services	712	571	-	-	1,470	-	2,041	10,128	8,087	-
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-	-
Needle Exchange Program	727	9,411	4,225	47,490	6,155	-	67,281	67,281	-	-
Opioid Crisis Response	731	-	1,909	1,498	-	-	3,407	3,407	-	-
CHAT	736	-	12,607	23,108	-	-	35,715	35,715	-	-
Environmental Health Link	742	-	-	3,937	-	-	3,937	3,937	-	-
March Winter Storm 2015	744	-	-	403	-	-	403	403	-	-
IEP Student School Contract	748	-	-	31,771	-	-	31,771	31,771	-	-
Accreditation	750	-	-	214,172	925	-	215,097	215,097	-	-
HANDS GF Services	752	84,540	-	-	-	-	84,540	47,944	-	36,596
SRAE	753	-	24,715	1,661	-	-	26,376	26,376	-	-
Humana Vitality	758	-	-	-	139,645	-	139,645	97,989	-	41,656
Hepatitis A Outbreak	764	40,755	-	-	-	-	40,755	39,798	-	957
Tobacco Program Federal Funds	765	-	12,382	6,304	-	-	18,686	18,686	-	-
MCH Coordinator	766	-	39,334	789	-	-	40,123	40,123	-	-
Child Fatality Prevention	774	-	1,827	3,401	-	-	5,228	5,228	-	-
Pediatric/Adolescent	800	-	5,000	100,927	85,903	-	191,830	191,830	-	-
Family Planning	802	698	88,359	-	67,959	-	157,016	153,008	-	4,008
Maternity Services & Activity	803	-	-	5,963	3,146	-	9,109	9,109	-	-
WIC	804	-	130,192	26,657	-	-	156,849	156,849	-	-
MCH Nutrition & Group Activity	805	-	6,354	1,648	1,373	-	9,375	9,375	-	-
Tuberculosis Visits & Activity	806	-	17,274	73,028	13,972	-	104,274	104,274	-	-
Sexually Transmitted Disease	807	-	-	58,015	28,741	-	86,756	86,756	-	-
Diabetes	809	35,682	-	39,571	3,007	-	78,260	78,260	-	-
Adult Visits & Follow-up	810	12,666	-	341,365	256,906	420	611,357	611,357	-	-
Lead Poisoning Prevention	811	-	-	1,389	-	-	1,389	1,389	-	-
Breast & Cervical Cancer	813	-	7,974	13,538	2,727	-	24,239	24,239	-	-
Bioterrorism (Focus Area A)	821	-	32,775	6,049	-	-	38,824	38,824	-	-
Bioterrorism (Focus Area E)	823	-	2,459	3,955	-	-	6,414	6,414	-	-
CDC TIPS Campaign	826	-	-	-	1,690	-	1,690	1,421	-	269
CPR Training	827	-	-	5,615	150	-	5,765	5,765	-	-
NCSD STD Grant	828	-	15,000	1,913	-	-	16,913	16,913	-	-
Tobacco Cessation	836	18,521	-	8,532	-	-	27,053	27,053	-	-
Abstinence Ed Initiative	837	-	9,450	813	-	-	10,263	10,263	-	-
Federal Diabetes Today	841	-	1,935	3,500	-	-	5,435	5,435	-	-
HIV Counseling & Testing	842	-	3,370	-	-	-	3,370	3,665	295	-
HANDS	853	42,960	-	17,432	147,422	-	207,814	242,627	34,813	-
Physical Activity	857	-	-	7,209	-	-	7,209	7,209	-	-
Special Project-School Nurse	858	-	-	137,531	815,577	-	953,108	953,108	-	-
Home Health	861	-	-	-	967,807	-	967,807	1,033,050	65,243	-
Home & Community Based Waiver	868	-	-	-	10,925	-	10,925	30,412	19,487	-
CCHC	870	274,124	-	15,343	-	-	289,467	289,467	-	-
DPH Hands	878	118,782	-	4,758	-	-	123,540	123,540	-	-
Core Public Health	890	-	-	15,969	140	-	16,109	16,109	-	-
Medicaid Match	891	-	-	153,389	-	-	153,389	153,389	-	-
Clinical Expenses for Other HD	893	-	-	537	937	-	1,474	1,474	-	-
Total medical		<u>638,710</u>	<u>417,141</u>	<u>1,379,180</u>	<u>2,556,577</u>	<u>420</u>	<u>4,992,028</u>	<u>5,036,467</u>	<u>127,925</u>	<u>83,486</u>
Minor restricted		-	-	1,494	-	-	1,494	1,494	-	-
Allocable direct		<u>666,635</u>	<u>80,196</u>	<u>393,250</u>	<u>-</u>	<u>-</u>	<u>1,140,081</u>	<u>622,371</u>	<u>-</u>	<u>517,710</u>
Total administrative		<u>666,635</u>	<u>80,196</u>	<u>394,744</u>	<u>-</u>	<u>-</u>	<u>1,141,575</u>	<u>623,865</u>	<u>-</u>	<u>517,710</u>
Total revenues		<u>\$ 1,372,386</u>	<u>\$ 497,337</u>	<u>\$ 2,122,039</u>	<u>\$ 2,584,492</u>	<u>\$ 9,845</u>	<u>\$ 6,586,099</u>	<u>\$ 6,112,828</u>	<u>\$ 127,925</u>	<u>\$ 601,196</u>

**FRANKLIN 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	\$ 113,922	\$ -	\$ 50,117	\$ -	\$ -	\$ -	\$ 99	\$ -	\$ -	\$ 53	\$ 164,191
Public Facilities	520	34,155	-	15,025	-	-	-	-	-	-	35	49,215
General Sanitation	540	25,374	-	11,164	-	-	-	-	-	-	33	36,571
Onsite Sewage	560	31,762	-	13,974	-	-	-	-	-	-	15	45,751
Environmental - Special Project	590	403	-	174	-	-	-	-	-	-	-	577
Total environmental		<u>205,616</u>	<u>-</u>	<u>90,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>136</u>	<u>296,305</u>
Preventative/Presenting Problems	700	296,027	54,024	146,482	-	872	-	-	166,211	-	476	664,092
Dental Services	712	1,241	234	616	-	-	-	-	-	-	6,194	8,285
Laboratory/Testing/Radiology	718	9,991	6,860	5,456	-	-	-	-	5,289	-	621	28,217
Needle Exchange Program	727	19,528	84	9,458	-	124	2,450	24,997	263	1,672	58,576	
Opioid Crisis Response	731	1,575	-	764	-	-	-	-	-	10	552	2,901
CHAT	736	17,742	-	8,585	-	649	-	-	-	1,268	1,196	29,440
Environmental Health Link	742	1,353	-	654	-	-	-	-	-	-	1,500	3,507
March Winter Storm 2015	744	83	-	135	-	-	-	-	-	-	-	218
IEP Student School Contract	748	15,961	1,987	7,923	-	-	-	-	-	-	-	25,871
Accreditation	750	111,129	214	53,801	-	2,048	932	-	-	618	6,887	175,629
HANDS GF Services	752	7,398	19,472	5,550	-	1,283	-	-	-	-	-	33,703
SRAE	753	13,266	1,299	6,547	-	3	-	-	-	395	129	21,639
Humana Vitality	758	12,563	15,419	7,641	-	123	16,963	27,843	-	-	4,905	85,457
Hepatitis A Outbreak	764	-	-	-	-	-	-	39,798	-	-	-	39,798
Tobacco Program Federal Funds	765	1,807	-	877	-	1	1,055	-	226	14,139	18,105	
MCH Coordinator	766	18,959	942	9,272	-	-	-	-	-	301	1,408	30,882
Child Fatality Prevention	774	2,891	-	1,395	-	-	-	-	-	-	-	4,286
Pediatric/Adolescent	800	2,277	21	1,102	-	-	75	-	-	-	100	3,575
Family Planning	802	1,023	106	505	300	-	63	3,299	-	-	32	5,328
Maternity Services & Activity	803	-	-	-	2,849	-	-	-	-	-	-	2,849
WIC	804	3,157	-	1,529	-	-	-	500	-	-	-	5,186
MCH Nutrition & Group Activity	805	3,229	-	1,567	-	-	-	-	-	-	198	4,994
Tuberculosis Visits & Activity	806	1,669	613	865	-	-	-	-	-	-	-	3,147
Sexually Transmitted Disease	807	6,965	-	3,368	-	165	-	-	-	-	-	10,498
Diabetes	809	28,038	-	13,567	-	1,591	-	-	-	-	21,603	64,899
Adult Visits & Follow-up	810	6,050	5,300	3,461	2,271	-	-	-	-	-	930	18,012
Lead Poisoning Prevention	811	604	-	296	-	-	-	-	-	-	255	1,155
Breast & Cervical Cancer	813	186	3,725	464	7,877	-	-	-	-	-	-	12,252
Bioterrorism (Focus Area A)	821	19,109	-	9,251	-	2	-	1,568	-	124	25	30,079
Bioterrorism (Focus Area E)	823	3,263	-	1,579	-	-	-	-	-	-	472	5,314
CDC TIPS Campaign	826	422	-	210	-	-	61	-	15	580	1,288	
CPR Training	827	2,310	560	1,179	-	-	-	-	-	601	4,650	
NCSD STD Grant	828	5,356	-	2,590	-	926	-	-	473	5,854	15,199	
Tobacco Cessation	836	13,826	-	6,686	-	1	-	188	669	324	21,694	
Abstinence Ed Initiative	837	504	-	245	-	-	-	-	-	-	9,350	10,099
Federal Diabetes Today	841	2,426	-	1,173	-	-	-	-	-	-	1,002	4,601
HIV Counseling & Testing	842	1,897	-	915	-	-	-	-	-	4	-	2,816
HANDS	853	85,235	44,203	45,720	-	2,595	3,868	-	7,091	3,568	192,280	
Physical Activity	857	3,554	-	1,716	-	6	-	-	84	115	5,475	
Special Project-School Nurse	858	460,514	67,461	229,671	-	90	6,586	3,392	2,469	3,920	774,103	
Home Health	861	161,957	19,230	59,762	351,800	766	45,143	43,183	-	150	681,991	
Home & Community Based Waiver	868	8,596	-	3,280	-	-	-	-	-	-	-	11,876
CCHC	870	139,479	-	61,798	-	10,664	6,758	-	-	30,905	249,604	
DPH Hands	878	62,620	-	30,306	-	7,342	1,192	-	-	250	101,710	
Core Public Health	890	6,498	-	3,147	-	-	2,107	-	111	-	11,863	
Medicaid Match	891	-	-	-	-	-	-	-	-	153,389	153,389	
Clinical Expenses for Other HD	893	(81)	1,185	119	-	-	-	-	-	-	-	1,223
Total medical		<u>1,562,197</u>	<u>242,939</u>	<u>751,227</u>	<u>365,097</u>	<u>29,251</u>	<u>88,921</u>	<u>314,700</u>	<u>14,121</u>	<u>273,302</u>	<u>3,641,755</u>	
Minor restricted	-	-	-	-	-	-	-	-	-	1,494	1,494	
Allocable direct	-	-	-	622,371	-	-	-	-	-	-	622,371	
Total administrative		<u>-</u>	<u>-</u>	<u>622,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494</u>	<u>623,865</u>	
Indirect cost allocation - Departmental	235,960	45,334	139,757	-	9,152	-	90,084	-	9,540	86,963	616,790	
Indirect cost allocation - Environmental	46,689	-	26,743	-	20	-	4,099	-	9,508	580	87,639	
Indirect cost allocation - Clinic	249,746	1,109	122,599	-	1,099	-	6,713	-	1,457	1,134	383,857	
Indirect cost allocation - Medical	6,758	-	3,873	-	-	-	935	-	-	343	11,909	
Indirect cost allocation - Space	53,953	-	30,910	-	-	67,280	-	-	-	-	152,143	
Indirect cost allocation - Home Health	169,933	720	97,292	-	57	-	7,101	-	11,749	11,713	298,565	
Indirect cost allocation	<u>763,039</u>	<u>47,163</u>	<u>421,174</u>	<u>-</u>	<u>10,328</u>	<u>67,280</u>	<u>108,932</u>	<u>-</u>	<u>32,254</u>	<u>100,733</u>	<u>1,550,903</u>	
Total expenditures	<u>\$ 2,530,852</u>	<u>\$ 290,102</u>	<u>\$ 1,885,226</u>	<u>\$ 365,097</u>	<u>\$ 39,579</u>	<u>\$ 67,280</u>	<u>\$ 197,952</u>	<u>\$ 314,700</u>	<u>\$ 46,375</u>	<u>\$ 375,665</u>	<u>\$ 6,112,828</u>	

**FRANKLIN 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	Home Health	Allocation	Total Indirect Costs
Food	500	\$ 32,332	\$ 48,555	\$ -	\$ -	\$ 4,850	\$ -	\$ 85,737
Public Facilities	520	9,695	14,558	-	-	1,773	-	26,026
General Sanitation	540	7,204	10,816	-	-	1,549	-	19,569
Onsite Sewage	560	9,018	13,538	-	-	1,734	-	24,290
Environmental - Special Project	590	117	172	-	-	280	-	569
<b>Total environmental</b>		<b>58,366</b>	<b>87,639</b>	<b>-</b>	<b>-</b>	<b>10,186</b>	<b>-</b>	<b>156,191</b>
Preventative/Presenting Problems	700	110,930	-	365,394	2,799	57,026	(1,200,241)	(664,092)
Dental Services	712	469	-	-	12	-	1,362	1,843
Laboratory/Testing/Radiology	718	5,607	-	18,463	141	3,974	(56,402)	(28,217)
Needle Exchange Program	727	6,125	-	-	155	2,425	-	8,705
Opioid Crisis Response	731	494	-	-	12	-	-	506
CHAT	736	5,539	-	-	140	596	-	6,275
Environmental Health Link	742	419	-	-	11	-	-	430
March Winter Storm 2015	744	179	-	-	6	-	-	185
IEP Student School Contract	748	5,718	-	-	144	38	-	5,900
Accreditation	750	34,768	-	-	877	3,823	-	39,468
HANDS GF Services	752	9,505	-	-	240	4,496	-	14,241
SRAE	753	4,620	-	-	117	-	-	4,737
Humana Vitality	758	9,622	-	-	243	2,667	-	12,532
Hepatitis A Outbreak	764	-	-	-	-	-	-	-
Tobacco Program Federal Funds	765	567	-	-	14	-	-	581
MCH Coordinator	766	6,267	-	-	158	2,816	-	9,241
Child Fatality Prevention	774	901	-	-	23	18	-	942
Pediatric/Adolescent	800	722	-	-	18	1,120	186,395	188,255
Family Planning	802	358	-	-	9	447	146,866	147,680
Maternity Services & Activity	803	-	-	-	-	93	6,167	6,260
WIC	804	987	-	-	25	10,484	140,167	151,663
MCH Nutrition & Group Activity	805	1,005	-	-	26	224	3,126	4,381
Tuberculosis Visits & Activity	806	746	-	-	19	933	99,429	101,127
Sexually Transmitted Disease	807	2,171	-	-	55	858	73,174	76,258
Diabetes	809	8,752	-	-	221	2,163	2,225	13,361
Adult Visits & Follow-up	810	3,849	-	-	95	1,287	588,114	593,345
Lead Poisoning Prevention	811	191	-	-	5	38	-	234
Breast & Cervical Cancer	813	1,437	-	-	36	896	9,618	11,987
Bioterrorism (Focus Area A)	821	5,964	-	-	151	2,630	-	8,745
Bioterrorism (Focus Area E)	823	1,018	-	-	26	56	-	1,100
CDC TIPS Campaign	826	130	-	-	3	-	-	133
CPR Training	827	925	-	-	23	167	-	1,115
NCSO STD Grant	828	1,672	-	-	42	-	-	1,714
Tobacco Cessation	836	4,317	-	-	109	933	-	5,359
Abstinence Ed Initiative	837	160	-	-	4	-	-	164
Federal Diabetes Today	841	759	-	-	19	56	-	834
HIV Counseling & Testing	842	592	-	-	15	242	-	849
HANDS	853	42,941	-	-	1,083	6,323	-	50,347
Physical Activity	857	1,110	-	-	28	596	-	1,734
Special Project-School Nurse	858	168,686	-	-	4,256	6,063	-	179,005
Home Health	861	44,403	-	-	-	21,673	284,983	351,059
Home & Community Based Waiver	868	2,115	-	-	-	2,839	13,582	18,536
CCHC	870	39,863	-	-	-	-	-	39,863
DPH Hands	878	19,546	-	-	493	1,791	-	21,830
Core Public Health	890	2,029	-	-	51	2,166	-	4,246
Medicaid Match	891	-	-	-	-	-	-	-
Clinical Expenses for Other HD	893	246	-	-	5	-	-	251
<b>Total medical</b>		<b>558,424</b>	<b>-</b>	<b>383,857</b>	<b>11,909</b>	<b>141,957</b>	<b>298,565</b>	<b>1,394,712</b>
Minor restricted		-	-	-	-	-	-	-
Allocable direct		-	-	-	-	-	-	-
<b>Total administrative</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Indirect allocation		(616,790)	(87,639)	(383,857)	(11,909)	(152,143)	(298,565)	(1,550,903)
<b>Totals</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Franklin County Health Department (the Health Department) and the related Franklin County Public Health Taxing District (the Taxing District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Health Department's and the Taxing District's basic financial statements, and have issued our report thereon dated October 30, 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 and the Taxing District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 and the Taxing District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of this Report**

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

**RFH**

RFH, PLLC  
Lexington, Kentucky  
October 30, 2019

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

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There are no prior audit findings to report.

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

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There are no proposed audit adjustments.