

**CALLOWAY COUNTY HEALTH DEPARTMENT**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**CALLOWAY COUNTY HEALTH DEPARTMENT  
TABLE OF CONTENTS**

**Introductory Section**

Board of Directors and Administrative Staff

**Financial Section**

Independent Auditor's Report..... 1

**Basic Financial Statements**

Statement of Assets, Liabilities and Fund Balance

Arising from Cash Transactions ..... 4

Statement of Revenues Collected, Expenses Paid and Changes in Fund Balances

– Budget and Actual ..... 5

Notes to Financial Statements..... 6

**Supplementary and Other Information Section**

Statement of Revenues Collected and Expenses Paid

By Reporting Area ..... 12

**Internal Control and Compliance Section**

Independent Auditor's Report on Internal Control Over Financial Reporting

and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with *Government Auditing Standards* ..... 15

Schedule of Findings and Responses..... 17

Schedule of Prior Year Audit Findings ..... 18

## **INTRODUCTORY SECTION**

# **CALLOWAY COUNTY HEALTH DEPARTMENT**

June 30, 2019

## **BOARD OF DIRECTORS**

Dr. William Giese, Chairman  
Judge Kenny Imes, Member  
Dr. James Pickens, Member  
Dr. Charles Tucker, Member  
Dr. Jeannine Buchanan, Member  
Dr. Clegg Austin, Member  
Walter Mehr, Member  
Dr. Douglas Payne, Member  
Robert Deitz, Member  
Eddie Clyde Hale, Member  
Sherry Crittendon, APRN, Member  
Dr. Mackenzie Lowery, Member

## **ADMINISTRATIVE STAFF**

Amy Ferguson, Public Health Director  
Stephanie Hays, Finance Administrator

## **FINANCIAL SECTION**



**Alexander Thompson Arnold PLLC**

112 Robertson Road North, Murray, KY 42071  
☎ 270.753.2424 ☎ 270.753.3878  
[www.atacpa.net](http://www.atacpa.net)

**Independent Auditor's Report**

Members of the Board of Directors  
Calloway County Health Department  
Murray, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Calloway County Health Department, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Calloway County Health Department's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed or permitted by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, and "Administrative Reference for Local Health Departments". Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Your Long-Term Accounting Partner

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance arising from cash transactions of Calloway County Health Department as of June 30, 2019, and the revenues it collected and expenditures it paid, and the changes in fund balance - budget and actual for the year then ended in accordance with the financial reporting provisions of the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, "Administrative Reference for Local Health Departments" as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, "Administrative Reference for Local Health Departments", which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Other Matters**

### **Supplementary and Other Information**

#### *Other information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Calloway County Health Department's basic financial statements. The introductory section and statement of revenues collected and expenses paid by reporting area are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of revenues collected and expenses paid by reporting area is the responsibility of management and was derived from and relates 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 statement of revenues collected and expenses paid by reporting area is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **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 Calloway County Health Department's internal control over financial reporting and 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 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 Calloway County Health Department's internal control over financial reporting and compliance.

**Restriction on Use**

This report is intended solely for the information and use of management, Board of Directors, others within Calloway County Health Department and the Kentucky Cabinet for Health and Family Services, Department for Local Health, Division of Administration, and is not intended to be used by anyone other than these specified parties.

*Alexander Thompson Arnold PLLC*

Murray, Kentucky  
October 25, 2019



## **BASIC FINANCIAL STATEMENTS**

**CALLOWAY COUNTY HEALTH DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
ARISING FROM CASH TRANSACTIONS  
June 30, 2019**

**Current Assets**

Unrestricted Cash and Cash Equivalents - Excluding Environmental	\$ 591,302
Restricted Cash and Cash Equivalents - Excluding Environmental	<u>845,470</u>

<b>Total Assets</b>	<b>\$ <u>1,436,772</u></b>
---------------------	----------------------------

**Liabilities and Fund Balance**

**Liabilities**

Payroll Taxes and Other Withholdings	\$ <u>23,088</u>
--------------------------------------	------------------

Total Liabilities	<u>23,088</u>
-------------------	---------------

**Fund Balance**

Unrestricted	568,214
Local Restricted Food	30,000
Local Restricted Dental	20,000
Local Restricted Chat	22,860
Local Restricted Accred	10,000
Local Restricted FB-MG HANDS	20,000
Local Restricted Peds	30,000
Local Restricted FP	25,000
Local Restricted Mat	15,000
Local Restricted WIC	20,000
Local Restricted Nutrition	44,449
Local Restricted TB	23,000
Local Restricted STD	10,000
Local Restricted Diabetes	36,935
Local Restricted Adult	10,000
Local Restricted Cancer	5,000
Local Restricted Health Education	37,476
Local Restricted HANDS	10,000
Local Restricted Physical Activities	7,258
Local Restricted Vehicle/Building	392,682
Local Restricted 895	40,000
Restricted - Federal	14,731
Restricted - State	19,947
Restricted - Fees	<u>1,132</u>

Total Fund Balance	<u>1,413,684</u>
--------------------	------------------

<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>1,436,772</u></b>
---	----------------------------

*The accompanying notes are an integral part of these financial statements.*

**CALLOWAY COUNTY HEALTH DEPARTMENT  
STATEMENT OF REVENUES COLLECTED, EXPENSES PAID  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2019**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues Collected</b>			
State	\$ 371,036	\$ 360,639	\$ (10,397)
Federal	658,847	629,231	(29,616)
Local	496,345	455,478	(40,867)
Service Fees and Other	418,075	297,223	(120,852)
Unrestricted Carryover	-	24,533	24,533
Total Revenues	1,944,303	1,767,104	(177,199)
<b>Expenses Paid</b>			
Salaries and Fringe Benefits	1,242,321	1,155,168	87,153
Independent Contracts	63,260	26,222	37,038
Travel	25,596	21,657	3,939
Space Occupancy	55,700	52,705	2,995
Office and Administrative Expense	66,393	52,556	13,837
Medical Supplies	33,150	20,158	12,992
Automotive	9,750	5,000	4,750
Other	417,605	366,296	51,309
Total Expenses	1,913,775	1,699,762	214,013
Excess of Revenues Collected Over Expenses Paid	<b>\$ 30,528</b>	<b>67,342</b>	<b>\$ 36,814</b>
<b>Fund Balance, June 30, 2018</b>		1,370,874	
Reductions in Restricted Fund Balance		(24,532)	
<b>Fund Balance, June 30, 2019</b>		<b>\$ 1,413,684</b>	

*The accompanying notes are an integral part of these financial statements.*

## **NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following notes to the financial statements are an integral part of the Calloway County Health Department's basic financial statements.

**A. Financial Reporting Entity**

Calloway County Health Department, with its governing board, is responsible for providing health services for the citizens of Calloway County, Kentucky and the surrounding communities. The Health Department is also charged with administrative and reporting requirements of the Kentucky Cabinet for Health and Family Services, Department for Public Health.

Calloway County Health Department withdrew from Purchase District Health Department effective July 1, 2011. The Calloway County Health Department operates under authority of the Kentucky Cabinet for Health and Family Services, Department for Public Health, and the Calloway County Board of Health.

**B. Basis of Presentation**

Calloway County Health Department prepares its financial statements on a basis of accounting prescribed by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, "Administrative Reference for Local Health Departments", which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recorded when received and expenditures are recorded when paid (the cash basis), with certain exceptions identified in the Administrative Reference.

Under this prescribed method of accounting, purchases of property, equipment and medical supplies are recorded as expenditures when purchased and no provision for depreciation is provided. This basis of accounting is also used for budgetary purposes. A fiscal year operating budget deficit is allowable provided it does not exceed the unrestricted fund balance at adoption of the budget.

**C. Source of Funds**

Revenue sources of the Calloway County Health Department are divided into four groups as follows:

1. State (Commonwealth) - includes restricted and unrestricted state grant funds;
2. Federal - includes federal grant funds passed through from the Department for Public Health;
3. Local - includes funds from taxing districts, county and city appropriations, and donations from private sources;

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

4. Service fees and other - includes funds from school board contracts, Medicaid and Medicare payments for services, self-pay, insurance payments, other pay for service, sale of surplus assets and interest received.

**D. Public Health Taxing District Funds**

The Calloway County Health Department receives local tax support from the collection of a public health tax by the Calloway County Sheriff's Office, Calloway County Court Clerk, and the Commonwealth of Kentucky. These funds are received directly by the Calloway County Health Taxing District and are transferred to the Calloway County Health Department annually or as needed. The financial activity of the Calloway County Health Taxing District as of June 30, 2019, can be determined through review of the Calloway County Health Taxing District's annual audited financial statements.

**E. Fund Balance**

Unrestricted fund balance may, at the direction of the Kentucky Cabinet for Health and Family Services, Department for Public Health, be reduced due to settlement of prior year grants and the current year close-out of excess of expenditures over revenues for specific reporting areas. For the year ending June 30, 2019 the prior year's close-out of excess of expenditures net of the settlement of grants was \$24,532.

Excess of revenues over expenditures in each reporting area are closed out to fund balance in the following order to the extent there are revenues from the applicable source:

- Restricted Federal Revenues
- Restricted State Revenues
- Restricted Fees
- Unrestricted Revenues

**F. Use of Estimates**

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

**G. Third Party Service Organization**

The Calloway County Health Department uses a third party service organization, Custom Data Processing, Inc., for financial reporting information, production of program revenue and expenditures in detail, the allocation of indirect costs, payroll, and patient encounter coding. Other reports can be generated to support the financial reporting process. Custom Data Processing, Inc. serves the Commonwealth of Kentucky, Cabinet for Health and Family Services as the integrator of information systems for local health departments throughout the Commonwealth.

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

**H. Allocation of Indirect Costs**

The Calloway County 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 OMB Circular A-87.

**I. Cash and Cash Equivalents**

The Health Department considers demand deposits, money market funds, and time deposits purchased with a maturity of three months or less to be cash equivalents.

**J. Subsequent Events**

Management has evaluated subsequent events through October 25, 2019, the date on which the financial statements were available to be issued.

**NOTE 2 – DETAILED NOTES ON ACCOUNTS**

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, Calloway County Health Department's deposits may not be returned or the Organization will not be able to recover collateral securities in the possession of an outside party. The Organization's investment policy requires all investments to be made in accordance with applicable legal requirements with consideration of investment safety.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investing is performed in accordance with investment policies adopted by the governing board and KRS 212.480. It is the Department's policy not to purchase any investment on a margin basis or through the use of any similar leveraging technique.

During the year ended June 30, 2019, the Department's only investments were demand deposits. At year end, the book balance and the bank balance of the Department's cash and cash equivalents was \$1,436,422 and \$1,444,827, respectively. These amounts exclude petty cash of \$350. As of June 30, 2019, the Department's bank balance was adequately collateralized.

Environmental fees are deposited in a separate demand deposit checking account. The account is maintained and reconciled by the Calloway County Health Department but is not presented in the Statement of Assets, Liabilities and Fund Balance Arising from Cash Transactions. As of June 30, 2019, the carrying amount and bank balance in the account was \$7,968 and \$11,786, respectively.

**B. Fund Balance**

The restricted fund balances at June 30, 2019 represent the cumulative excess of restricted revenues over expenditures from the applicable revenue source and are comprised of restricted federal funds totaling \$14,731, restricted state funds totaling \$19,947 and restricted fees totaling \$1,132. Additional local restrictions totaled \$809,660.

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

In accordance with Title 902 of the Kentucky Administrative Regulation, Chapter 8, Paragraph 170 Section 3, Use of Receipts, the state allotment to a local health department shall be adjusted if the local health department accumulates an unrestricted fund balance, as of June 30 of the fiscal year, in excess of thirty (30) percent of that year's expenditures for non-fee programs plus forty (40) percent of that year's expenditures for fee-for-service programs, or \$100,000, whichever is greater. The local health department shall submit, to the Department for Public Health, a written plan of use for the amount of the excess. If approved, the funds shall be placed into a local restricted fund to be used solely for the purpose(s) approved. As of June 30, 2019, the Calloway County Health Department had a calculated excess unrestricted fund balance of \$13,486.

**C. Environmental Fee Revenue**

Fees from environmental inspections and permits are treated as escrow funds and are deposited into a separate environmental demand deposit account with a portion being disbursed to the Commonwealth and a portion being disbursed to the local health department. Revenue is recorded only when funds are disbursed to the Calloway County Health Department.

**NOTE 3 – OTHER INFORMATION**

**A. Retirement Plan**

Calloway County Health Department and Taxing District participates in the Kentucky Employees' Retirement System (KERS), administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous duty positions of any state department, board, or agency directed by Executive Order to participate in the System.

*Plan Description* - KERS provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed five percent in any plan year.

*Contributions* - Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who began participation after September 1, 2008 were required to contribute 6% of their salary to the plan. The Department's contribution rate for nonhazardous employees was 49.47% (41.06% represents the pension component and 8.41% represents the insurance component).

The Department's contributions for the years ended June 30, 2019, 2018, and 2017, were \$314,683, \$309,558, and \$301,655, respectively.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.



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

KERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, nonhazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on KERS. This report may be by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

The complete KRS actuarial valuation report including all actuarial assumptions and methods is publicly available on the website at [www.kyret.ky.gov](http://www.kyret.ky.gov) or can be obtained as described in the paragraph above.

**B. Risk Management**

Calloway County Health Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Calloway County Health Department has responded to these various risks with commercial insurance coverage.

**C. Contingencies**

Funding for Calloway County Health Department's grants is provided by federal, state and local government agencies. These grants are to be used for designated purposes only. If, based upon the grantor's review, the grants are considered not to have been used for the intended purpose, the grantor may request a refund of monies advanced, or may refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are spent as intended and the grantor's continued funding of their programs.

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

**D. Litigation**

The Calloway County Health Department has no pending litigation, threatened claims, or judgments payable as of June 30, 2019.

**E. Related Parties**

The Calloway County Health Department is related to the Calloway County Public Health Taxing District by common board members. The Calloway County Board of Health sets the public health tax annually. A total of \$455,468 in public health taxes was transferred from the taxing district to the Health Department for the year ended June 30, 2019. The tax rate for the year ending June 30, 2019, was set by the Calloway County Board of Health at \$0.028 per \$100 assessed value for real and personal property other than motor vehicles, and \$0.031 per \$100 assessed value for motor vehicles. As of June 30, 2019, the Calloway County Public Health Taxing District fund balance was \$2,971,148.

**F. Uniform Guidance**

The Calloway County Health Department receives Federal funds under a series of grants passed through the Kentucky Department for Public Health. Among these grants is the KY WIC Program, which is a short-term intervention program designed to influence lifetime nutrition and health behavior in certain high-risk populations. The Kentucky WIC Program, with approval from the regional office of the United States Department of Agriculture, notified local health departments it would no longer be providing expenditure data specific to WIC food instruments. Accordingly, the Calloway County Health Department was not required to have an audit performed under Uniform Guidance for the year ended June 30, 2019, since WIC food instrument expenditures were excluded from federal expenditures.

## **SUPPLEMENTARY AND OTHER INFORMATION SECTION**

**CALLOWAY COUNTY HEALTH DEPARTMENT**  
**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID BY REPORTING AREA**  
For the Year Ended June 30, 2019

Reporting Area	REVENUE					DIRECT COSTS						
	State	Federal	Local	Service Fees	Unrestricted Carryover	Total Revenue	Salaries	Fringes	Contracts	Travel	Space Occupancy	Office Admin.
500 Food	\$ 44,558	\$ -	\$ 3,698	\$ 380	\$ -	\$ 48,636	\$ 17,756	\$ 7,947	\$ -	\$ 255	\$ -	\$ -
520 Public facilities	-	-	14,317	990	-	15,307	5,598	2,506	-	9	-	-
540 General sanitation	-	-	2,931	-	-	2,931	940	419	-	54	-	-
560 On site sewage	-	-	52,517	29,150	-	81,667	29,647	13,267	-	1,463	-	-
Total environmental	<u>44,558</u>	<u>-</u>	<u>73,463</u>	<u>30,520</u>	<u>-</u>	<u>148,541</u>	<u>53,941</u>	<u>24,139</u>	<u>-</u>	<u>1,781</u>	<u>-</u>	<u>-</u>
774 Child fatality prevention	-	774	98	-	-	872	376	185	-	9	-	-
712 Dental services	1,184	-	-	3,166	-	4,350	-	-	-	-	-	-
729 Vector surveillance	-	-	1,041	-	-	1,041	475	235	-	-	-	-
736 CHAT - healthy communities	-	4,652	2,315	-	-	6,967	588	290	-	-	-	-
730 BCRET grant	17,000	-	1,125	-	-	18,125	703	350	-	10	-	-
750 Accreditation	-	-	322	-	-	322	52	26	-	-	-	-
752 HANDS GF services	21,210	-	16,562	-	-	37,772	14,272	7,079	-	1,850	-	-
731 Opioid Crisis Response	-	3,163	100	-	-	3,263	1,400	694	-	196	-	-
766 MCH coordinator	-	207,170	-	-	-	207,170	1,013	502	-	9	-	-
758 Humana vitality	-	-	-	3,080	-	3,080	579	287	-	14	-	-
800 Pediatric/adolescent	-	5,000	79,659	126,746	-	211,405	323	159	-	1,110	-	-
802 Family planning	83	48,612	42,567	23,932	-	115,194	-	-	75	-	-	-
803 Maternity services & activity	10,197	-	32,499	-	-	42,696	-	-	14,623	-	-	-
804 WIC	-	181,133	30,863	-	-	211,996	3,002	1,489	-	-	-	-
805 MCH nutrition & group activity	-	6,130	-	791	-	6,921	198	99	-	-	-	-
806 Tuberculosis	-	50	53,781	6,180	-	60,011	364	181	-	-	-	-
807 Sexually transmitted disease	-	-	21,696	3,576	-	25,272	-	-	-	-	-	-
809 Diabetes	17,665	-	3,979	-	-	21,644	8,566	4,250	-	841	-	-
810 Adult visits & follow-up	-	-	28,735	5,697	-	34,432	5,290	2,625	-	6	-	-
813 Breast and cervical cancer	-	6,088	7,548	1,972	-	15,608	-	-	2,730	-	-	-
818 Community based services	-	-	65	440	24,533	25,038	8,021	3,979	-	149	-	153
821 Bioterrorism - focus area A	-	27,659	3,485	-	-	31,144	5,826	2,889	-	259	-	249
833 WIC breastfeeding - special project	-	63,736	7,965	-	-	71,701	19,127	9,489	-	1,571	-	427
836 Tobacco control	18,148	-	1,250	-	-	19,398	3,865	1,918	-	570	-	25
840 Breastfeeding peer counselor	-	23,542	2,980	-	-	26,522	11,462	2,795	-	1,734	-	509
842 HIV counseling and testing	-	2,091	480	-	-	2,571	1,107	548	-	-	-	-
848 Healthy start in day care	51,000	-	313	-	-	51,313	21,256	10,543	-	3,996	-	-
853 HANDS	9,790	-	-	56,252	-	66,042	24,163	11,986	-	3,367	-	-
858 School health	-	-	7,647	25,985	-	33,632	17,120	1,589	-	-	-	-
890 Core public health	-	-	12,669	-	-	12,669	5,590	2,773	-	-	-	-
891 Medicaid match	-	-	22,271	6,936	-	29,207	-	-	-	-	-	-
895 Allocable leave & fringes	169,804	49,431	-	1,950	-	221,185	-	160,931	-	-	-	-
Total medical	<u>316,081</u>	<u>629,231</u>	<u>382,015</u>	<u>266,703</u>	<u>24,533</u>	<u>1,618,563</u>	<u>154,738</u>	<u>227,891</u>	<u>17,428</u>	<u>15,691</u>	<u>-</u>	<u>1,363</u>
Total medical and environmental	<u>360,639</u>	<u>629,231</u>	<u>455,478</u>	<u>297,223</u>	<u>24,533</u>	<u>1,767,104</u>	<u>208,679</u>	<u>252,030</u>	<u>17,428</u>	<u>17,472</u>	<u>-</u>	<u>1,363</u>
Indirect/resource based cost allocation	-	-	-	-	-	-	452,890	241,569	8,794	4,185	52,705	51,193
Total	<u>\$ 360,639</u>	<u>\$ 629,231</u>	<u>\$ 455,478</u>	<u>\$ 297,223</u>	<u>\$ 24,533</u>	<u>\$ 1,767,104</u>	<u>\$ 661,569</u>	<u>\$ 493,599</u>	<u>\$ 26,222</u>	<u>\$ 21,657</u>	<u>\$ 52,705</u>	<u>\$ 52,556</u>

See independent auditor's report.

**CALLOWAY COUNTY HEALTH DEPARTMENT**  
**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID BY REPORTING AREA**  
For the Year Ended June 30, 2019

Reporting Area	DIRECT COSTS				INDIRECT COSTS				
	Medical Supplies	Automotive	Other	Total Direct Costs	Department Indirect	Environmental Indirect	Medical Indirect	Space Indirect	Total Indirect Costs
500 Food	\$ -	\$ -	\$ -	\$ 25,958	\$ 8,886	\$ 12,498	\$ -	\$ 1,294	\$ 22,678
520 Public facilities	-	-	67	8,180	2,801	3,940	-	386	7,127
540 General sanitation	-	-	-	1,413	470	662	-	386	1,518
560 On site sewage	-	-	-	44,377	14,836	20,868	-	1,586	37,290
Total environmental	-	-	67	79,928	26,993	37,968	-	3,652	68,613
774 Child fatality prevention	-	-	-	570	208	-	53	41	302
712 Dental services	-	-	-	-	-	-	-	-	-
729 Vector surveillance	-	-	-	710	264	-	67	-	331
736 CHAT - healthy communities	-	-	5,586	6,464	326	-	83	94	503
730 BCRET grant	-	-	16,260	17,323	390	-	99	313	802
750 Accreditation	-	-	-	78	28	-	7	209	244
752 HANDS GF services	-	-	3,529	26,730	7,916	-	2,010	1,116	11,042
731 Opioid Crisis Response	-	-	-	2,290	777	-	196	-	973
766 MCH coordinator	-	-	203,363	204,887	562	-	143	261	966
758 Humana vitality	839	-	-	1,719	320	-	81	156	557
800 Pediatric/adolescent	-	-	715	2,307	178	-	45	303	526
802 Family planning	3,168	-	-	3,243	-	-	-	1,471	1,471
803 Maternity services & activity	162	-	-	14,785	-	-	-	-	-
804 WIC	1,000	-	3,325	8,816	1,665	-	423	814	2,902
805 MCH nutrition & group activity	-	-	2,787	3,084	110	-	28	647	785
806 Tuberculosis	1,901	-	450	2,896	202	-	51	574	827
807 Sexually transmitted disease	-	-	-	-	-	-	-	-	-
809 Diabetes	-	-	734	14,391	4,750	-	1,206	1,001	6,957
810 Adult visits & follow-up	-	-	2,218	10,139	2,934	-	745	209	3,888
813 Breast and cervical cancer	-	-	-	2,730	-	-	-	1,679	1,679
818 Community based services	-	-	6,272	18,574	4,448	-	1,130	886	6,464
821 Bioterrorism - focus area A	-	-	16,700	25,923	3,232	-	821	1,168	5,221
833 WIC breastfeeding - special project	-	-	26,991	57,605	10,609	-	2,694	793	14,096
836 Tobacco control	-	-	9,843	16,221	2,143	-	544	490	3,177
840 Breastfeeding peer counselor	-	-	606	17,106	7,310	-	1,856	250	9,416
842 HIV counseling and testing	-	-	-	1,655	614	-	156	146	916
848 Healthy start in day care	-	-	5	35,800	11,790	-	2,993	730	15,513
853 HANDS	-	-	3,777	43,293	13,401	-	3,403	1,460	18,264
858 School health	-	-	-	18,709	11,768	-	2,988	167	14,923
890 Core public health	-	-	-	8,363	3,102	-	787	417	4,306
891 Medicaid match	-	-	29,207	29,207	-	-	-	-	-
895 Allocable leave & fringes	-	-	-	160,931	-	-	-	-	-
Total medical	7,070	-	332,368	756,549	89,047	-	22,609	15,395	127,051
Total medical and environmental	7,070	-	332,435	836,477	116,040	37,968	22,609	19,047	195,664
Indirect/resource based cost allocation	13,088	5,000	33,861	863,285	(116,040)	(37,968)	(22,609)	(19,047)	(195,664)
Total	\$ 20,158	\$ 5,000	\$ 366,296	\$ 1,699,762	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditor's report.

**ALLOWAY COUNTY HEALTH DEPARTMENT**  
**STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID BY REPORTING AREA**  
For the Year Ended June 30, 2019

**RESOURCE BASED COST ALLOCATIONS**

Reporting Area	Preventive Medical Indirect	Preventive Counseling Indirect	Problem Medical Indirect	Problem Counseling Indirect	Lab Services Indirect	Total Resource Based Allocations	Total Costs	Excess Revenues (Expenditures)
500 Food	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,636	\$ -
520 Public facilities	-	-	-	-	-	-	15,307	-
540 General sanitation	-	-	-	-	-	-	2,931	-
560 On site sewage	-	-	-	-	-	-	81,667	-
Total environmental	-	-	-	-	-	-	148,541	-
774 Child fatality prevention	-	-	-	-	-	-	872	-
712 Dental services	-	-	4,120	-	75	4,195	4,195	155
729 Vector surveillance	-	-	-	-	-	-	1,041	-
736 CHAT - healthy communities	-	-	-	-	-	-	6,967	-
730 BCRET grant	-	-	-	-	-	-	18,125	-
750 Accreditation	-	-	-	-	-	-	322	-
752 HANDS GF services	-	-	-	-	-	-	37,772	-
731 Opioid Crisis Response	-	-	-	-	-	-	3,263	-
766 MCH coordinator	-	-	-	-	-	-	205,853	1,317
758 Humana vitality	-	-	-	-	-	-	2,276	804
800 Pediatric/adolescent	205,636	-	1,252	-	1,684	208,572	211,405	-
802 Family planning	46,099	-	48,328	-	16,053	110,480	115,194	-
803 Maternity services & activity	-	-	26,975	-	936	27,911	42,696	-
804 WIC	-	-	117,624	62,204	20,450	200,278	211,996	-
805 MCH nutrition & group activity	-	2,724	-	-	-	2,724	6,593	328
806 Tuberculosis	321	-	43,229	-	12,738	56,288	60,011	-
807 Sexually transmitted disease	-	-	18,068	-	7,204	25,272	25,272	-
809 Diabetes	-	-	204	61	31	296	21,644	-
810 Adult visits & follow-up	15,923	-	4,337	-	145	20,405	34,432	-
813 Breast and cervical cancer	8,505	-	2,017	-	677	11,199	15,608	-
818 Community based services	-	-	-	-	-	-	25,038	-
821 Bioterrorism - focus area A	-	-	-	-	-	-	31,144	-
833 WIC breastfeeding - special project	-	-	-	-	-	-	71,701	-
836 Tobacco control	-	-	-	-	-	-	19,398	-
840 Breastfeeding peer counselor	-	-	-	-	-	-	26,522	-
842 HIV counseling and testing	-	-	-	-	-	-	2,571	-
848 Healthy start in day care	-	-	-	-	-	-	51,313	-
853 HANDS	-	-	-	-	-	-	61,558	4,484
858 School health	-	-	-	-	-	-	33,632	-
890 Core public health	-	-	-	-	-	-	12,669	-
891 Medicaid match	-	-	-	-	-	-	29,207	-
895 Allocable leave & fringes	-	-	-	-	-	-	160,931	60,254
Total medical	276,484	2,724	266,154	62,265	59,993	667,620	1,551,221	67,342
Total medical and environmental	276,484	2,724	266,154	62,265	59,993	667,620	1,699,762	67,342
Indirect/resource based cost allocation	(276,484)	(2,724)	(266,154)	(62,265)	(59,993)	(667,620)	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,699,762	\$ 67,342

See independent auditor's report.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Alexander Thompson Arnold PLLC**

112 Robertson Road North, Murray, KY 42071

☎ 270.753.2424 ☎ 270.753.3878

www.atacpa.net

**Independent Auditor's Report On Internal Control Over Financial Reporting  
And on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed In  
Accordance with *Government Auditing Standards***

Members of the Board  
Calloway County Health Department  
Murray, 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 Calloway County Health Department as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Calloway County Health Department's basic financial statements, and have issued our report thereon dated October 25, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the Department prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws prescribed by the Commonwealth of Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, "Administrative Reference for Local Health Departments."

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Calloway County Health Department's internal control over financial reporting (internal control) to determine the auditing 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 Calloway County Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Calloway County 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.

Your Long-Term Accounting Partner



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Calloway County Health Department's financial statements are free of 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.

*Alexander Thompson Arnold PLLC*

Murray, Kentucky  
October 25, 2019

## **SCHEDULE OF FINDINGS AND RESPONSES**

**CALLOWAY COUNTY HEALTH DEPARTMENT**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
June 30, 2019

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported.

**CALLOWAY COUNTY HEALTH DEPARTMENT**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**  
June 30, 2019

**FINDINGS – PRIOR YEAR FINANCIAL STATEMENT AUDIT**

None reported.