

**LAKE CUMBERLAND DISTRICT
HEALTH DEPARTMENT
Somerset, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2023**

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INDEPENDENT AUDITORS' REPORT

The Board of Health
Lake Cumberland District Health Department
Somerset, Kentucky

Report on the Audit of the Financial Statements **Opinions**

We have audited the accompanying financial statements of the Lake Cumberland District Health Department (the District Health Department), which comprise the statement of assets, liabilities, and fund balance - regulatory basis as of June 30, 2023, and the related statement of revenues, expenditures, and changes in fund balance - regulatory basis - budget to actual for the year then ended, and the related notes to the financial statements.

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 Lake Cumberland District Health Department, as of June 30, 2023, and the revenues it received and expenditures it paid, and budgetary results for the year then ended, 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.

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 section of our report, 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 District Health Department, as of June 30, 2023, or changes in financial position for the year then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District Health Department to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the District 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 meet 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 and pervasive.

Responsibilities of Management 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. 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District Health Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District Health Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Health Department's basic financial statements. The accompanying supplementary schedules of revenues and direct and indirect costs by reporting area and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

The supplementary 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 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 9, 2023, on our consideration of the District 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 District 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 District Health Department's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
October 9, 2023

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
REGULATORY BASIS
June 30, 2023

ASSETS

Current assets	
Checking	\$ 12,187,766
Petty cash	<u>2,100</u>
Total current assets	12,189,866
 Investments	
Certificates of deposit	<u>4,116,160</u>
Total assets	<u>\$ 16,306,026</u>

LIABILITIES AND FUND BALANCE

Current liabilities	
Payroll withholdings and other payables	<u>\$ 167,150</u>
 Fund Balance	
Unrestricted	8,316,755
Restricted - MCH	3,052
Restricted - Medicaid match	466,169
Restricted - Local Community Health	150
Restricted - Capital	125,000
Restricted - Employer retirement	4,839,453
Restricted - State	648,171
Restricted - Federal	198,272
Restricted - Fees	<u>1,541,854</u>
Total fund balance	<u>16,138,876</u>
Total liabilities and fund balance	<u>\$ 16,306,026</u>

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

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
REGULATORY BASIS - BUDGET TO ACTUAL
June 30, 2023

	Budget	Actual	Over (under) Budget
REVENUES			
State	\$ 6,264,049	\$ 6,153,404	\$ (110,645)
Federal, pass-through and direct	5,642,262	4,900,429	(741,833)
Local	3,558,507	3,558,509	2
Service fees and other	4,571,590	4,396,143	(175,447)
Interest	42,600	109,938	67,338
Prior year funds used	<u>298,382</u>	<u>-</u>	<u>(298,382)</u>
Total revenues	<u>20,377,390</u>	<u>19,118,423</u>	<u>(1,258,967)</u>
EXPENDITURES			
Salaries and leave	6,161,744	6,740,588	578,844
Part-time	240,334	192,646	(47,688)
Fringe benefits	6,632,726	6,524,640	(108,086)
Contracts	33,350	61,679	28,329
Travel	375,086	336,180	(38,906)
Space occupancy	731,631	629,786	(101,845)
Office and administrative expense	463,720	548,985	85,265
Medical supplies	367,802	468,777	100,975
Automotive	14,824	19,058	4,234
Other operating expenses	2,540,632	1,330,535	(1,210,097)
Capital	<u>-</u>	<u>20,726</u>	<u>20,726</u>
Total expenditures	<u>17,561,849</u>	<u>16,873,600</u>	<u>(688,249)</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	2,815,541	2,244,823	(570,718)
Adjustments to fund balance			
Prior year funds used	<u>(298,382)</u>	<u>-</u>	<u>298,382</u>
Net change in fund balance	2,517,159	2,244,823	(272,336)
FUND BALANCE - beginning of year	<u>13,894,053</u>	<u>13,894,053</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 16,411,212</u>	<u>\$ 16,138,876</u>	<u>\$ (272,336)</u>

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

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Lake Cumberland District Health Department (the District Health Department) was created and became fully operational on July 1, 1971, and is governed by a District Board of Health, which is a body politic and corporate. The purpose of the District Health Department is to provide centralized administrative services for the county health departments. In July 1982, the District Health Department expanded from five counties to its current ten counties in the Lake Cumberland area which includes the counties of Adair, Casey, Clinton, Cumberland, Green, McCreary, Pulaski, Russell, Taylor, and Wayne. The District Board of Health consists of representatives from each of the ten counties as set forth in Kentucky Revised Statutes 212.855.

The District 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 expense incurred, but unpaid, are not recorded. Inventories are not recorded but are expensed to the current period. Capital assets 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 revenue over expenditures.

Federal and state revenues for services are recognized as received and are based in some instances upon reimbursement reports filed by the District 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 9, 2023, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2023.

Source of Funds:

Revenue sources of the District 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, and other pay for service

Interest – includes interest received from bank accounts and investments.

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

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

The District Health Department is directed by the State when to use restricted or unrestricted funds when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District 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 supplementary data for the District 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 District Health Department has evaluated and considered the need to recognize or disclose subsequent events through October 9, 2023, 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, 2023, have not been evaluated by the District Health Department.

2. CASH AND INVESTMENTS

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District 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 District 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 District Health Department's deposits at June 30, 2023, were fully covered by federal depository insurance or by collateral held by the custodial banks in the District Health Department's name.

Total cash and investments	\$ 16,431,524
FDIC insurance	(553,683)
Collateral held by pledging bank	<u>(17,235,883)</u>
Under (over) collateralized	\$ <u>(1,358,042)</u>

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

3. FUND BALANCE

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

	State	Federal	Fees	Totals
428 – Unrestricted PHT Funds	\$ 37,785	\$ -	\$ -	\$ 37,785
500 – Food Services	-	-	92,996	92,996
520 – Public Facilities	-	-	236,968	236,968
590 – Food License Project	-	-	123,584	123,584
712 – Dental Services	909	-	26,796	27,705
725 – KWSCP Pink County Outreach	-	3,583	-	3,583
726 – ZIKA Preparedness	-	957	-	957
727 – Harm Reduc/Needle Exchange	24,190	-	547	24,737
731 – Opioid Crisis Response	-	564	-	564
758 – Humana Vitality	-	-	769,370	769,370
809 – Diabetes	15,689	-	-	15,689
827 – Teen Pregnancy Prevention	-	82,356	-	82,356
829 – Heart4Change	-	16,299	-	16,299
832 – KIPRC ROPA	-	1,526	-	1,526
833 – Breastfeeding Training	-	7,421	-	7,421
838 – Foundation for Healthy KY	-	-	5,000	5,000
839 – Marshall Grant Diabetes	-	-	28,736	28,736
842 – HIV Counseling & Testing	8,071	-	-	8,071
846 – Rural Health Opioid Grant	-	52,886	-	52,886
853 – HANDS	<u>561,527</u>	<u>32,680</u>	<u>257,857</u>	<u>852,064</u>
Total	<u>\$ 648,171</u>	<u>\$ 198,272</u>	<u>\$ 1,541,854</u>	<u>\$ 2,388,297</u>

4. LEASES

The District Health Department leases its district administrative office spaces in Somerset, Kentucky from the Pulaski County Fiscal Court. The lease is for \$1 a year for 20 years from March 1, 2022 to February 28, 2042. Additional spaces are leased from time to time as needed on a month by month basis.

5. ACCRUED TIME-OFF

The District Health Department’s accrued vacation and other potential compensated absences are not accrued as earned because the District Health Department uses the regulatory basis of accounting. The District Health Department’s potential liability is \$836,442 at June 30, 2023.

6. RISK MANAGEMENT

The District 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 District 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.

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

7. KENTUCKY EMPLOYEES' RETIREMENT SYSTEM PLAN

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

Plan Description – KERS is a cost-sharing multiple-employer defined benefit pension plan and was established by Kentucky Revised Statute (KRS) 61.515 for the purpose of providing retirement benefits to all regular full-time members employed in positions of any state department, board, or agency directed by Executive Order to participate in KERS. 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 or plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2023, grandfathered plan members were required to contribute 5% 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.

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% 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.

Pursuant to Kentucky Revised Statute (KRS) 61.5991, the method of calculating the employer contribution changed from a percentage of pay to a two-part calculation effective July 1, 2021:

The normal cost contributions are based on each employers' reported payroll multiplied by the normal cost percentage. House Bill 192, passed during the 2021 regular session of the legislature, set the KERS non-hazardous employer contribution rate for the year ended June 30, 2023 at 9.97% (7.82% to the pension fund and 2.15% to the insurance fund).

The unfunded liability cost is an actuarially accrued liability contribution based upon the actuarial valuation for fiscal year 2021 and is prorated according to each employer's percentage of the plan's total actuarial accrued liability that is attributable to each employer's current and former employees. The Health Department's share of the actuarially accrued liability contribution is 0.3913%, with 90% allocated to the pension fund and 10% allocated to the insurance fund.

The Health Department contributed \$4,683,032, \$680,744 as the normal cost contribution and \$4,002,288 as the actuarially accrued liability contribution, for the year ended June 30, 2023, which is 100% of the required contribution. The contribution was allocated \$4,136,003 to the KERS pension fund and \$547,029 to the KERS insurance fund.

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

7. KENTUCKY EMPLOYEES' RETIREMENT SYSTEM PLAN

Pension Liabilities – At June 30, 2023, the District Health Department estimates that its total unfunded net pension liability would be approximately \$52,323,480 based upon its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward using generally accepted valuation techniques. The Health Department's proportion of the net pension liability was primarily based upon their allocation of the normal cost portion of the required contributions, as allocated by actual salaries for the fiscal year ending June 30, 2021. At June 30, 2022, the District Health Department's proportion was 0.3944 percent, which was an increase of 0.0008 percent from its proportion measured as of June 30, 2021.

OPEB Liabilities – At June 30, 2023, the District Health Department estimates that its total unfunded net OPEB liability would be approximately \$9,191,208 based upon its proportionate share of the total OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward using generally accepted valuation techniques. The Health Department's proportion of the net OPEB liability was primarily based upon their allocation of the normal cost portion of the required contributions, as allocated by actual salaries for the fiscal year ending June 30, 2021. At June 30, 2022, the District Health Department's proportion was 0.4155 percent, which was an increase of 0.0189 percent from its proportion measured as of June 30, 2021.

8. COMPLIANCE

The Lake Cumberland District Health Department is not in compliance per 902 KAR 8:170 Section 3, Subsection 3(c). The District Health Department has excess unrestricted fund balance in the amount of \$2,740,018. The District Health Department is required to submit a plan to spend this excess amount to the State Department of Public Health.

9. RELATED PARTIES

The District Health Department is related by common Board members to ten county public health taxing districts. The ten county Boards of Health set their county's public health tax rate annually. A total of \$3,558,509 in public health taxes were transferred from the taxing districts to the District Health Department for the year ended June 30, 2023. An additional \$396,705 was transferred from the taxing districts for reimbursements for various expenditures and mini grants. The county public health tax transfers were as follows:

Adair County Public Health Taxing District	\$ 243,231
Casey County Public Health Taxing District	211,529
Clinton County Public Health Taxing District	151,835
Cumberland County Public Health Taxing District	122,113
Green County Public Health Taxing District	148,234
McCreary County Public Health Taxing District	166,314
Pulaski County Public Health Taxing District	1,387,144
Russell County Public Health Taxing District	369,625
Taylor County Public Health Taxing District	476,598
Wayne County Public Health Taxing District	<u>281,886</u>
Total local contributions	<u>\$ 3,558,509</u>

SUPPLEMENTARY INFORMATION

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF REVENUES BY REPORTING AREA
for the year ended June 30, 2023

	REVENUES						Total Costs	Department Carryover	Program Excess (Deficit)	
	State	Federal	Local	Service Fees	Interest	Total Revenues				
Food	500	\$ -	\$ -	\$ 73,114	\$ 240,034	\$ -	\$ 313,148	\$ 313,148	\$ -	\$ -
Public Facilities	520	-	-	-	197,657	-	197,657	87,518	-	110,139
General Sanitation	540	-	-	170,163	-	-	170,163	170,163	-	-
Onsite Sewage	560	-	-	307,346	537,106	-	844,452	844,452	-	-
Food License Project	590	-	-	-	299,415	-	299,415	241,254	-	58,161
Radon	591	509	234	-	-	-	743	743	-	-
Total Environmental	509	234	550,623	1,274,212	-	1,825,578	1,657,278	-	-	168,300
Preventative Problems	700	-	-	-	-	-	-	-	-	-
Dental Services	712	783	-	-	318	-	1,101	809	-	292
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-	-
Covid Vac Com Outreach & Equity	725	-	682	-	-	-	682	654	-	28
Needle Exchange Program	727	18,580	15,460	-	49,575	-	83,615	79,866	-	3,749
Fentanyl Test Strips	729	-	10,046	1,204	-	-	11,250	11,250	-	-
SSP Expansion Project	734	-	50,246	10,046	-	-	60,292	60,292	-	-
CHAT	736	20,104	30,000	-	-	-	50,104	50,104	-	-
COVID-19 Immunization Supp.	738	-	109,455	68,481	-	-	177,936	177,936	-	-
HANDS - ARPA	740	-	39,508	1,178	-	-	40,686	40,686	-	-
Envirohealth Link	742	-	-	4,499	-	-	4,499	4,499	-	-
Federal HANDS Special Project	743	-	19,226	24,396	-	-	43,622	43,622	-	-
CHW Expansion OHE	744	21,667	142,356	-	-	-	164,023	164,023	-	-
PHEP	753	90,829	43,526	-	-	-	134,355	134,355	-	-
Personal Responsibility Education	756	73,396	83,100	-	-	-	156,496	156,496	-	-
Go365 - Humana Vitality	758	9,055	-	-	243,913	-	252,968	252,968	-	-
ELC Surveillance Activities	759	440	-	-	-	-	440	440	-	-
HANDS Federal Home Visiting	760	-	-	814	-	-	814	814	-	-
Diabetes Telehealth	761	20,245	13,180	-	-	-	33,425	33,425	-	-
JULY 2022 Flood	763	1,144	-	-	-	-	1,144	1,144	-	-
Tobacco Program Federal Funds	765	7,332	9,430	-	-	-	16,762	16,762	-	-
MCH Coordinator	766	37,903	227,574	-	-	-	265,477	265,475	-	2
ELC Enhancing Detection	769	-	289,342	17,822	-	-	307,164	307,164	-	-
Cares Act	771	154	-	-	-	-	154	154	-	-
COVID-19 Federal	772	3,038	20,000	-	-	-	23,038	23,038	-	-
Contact Tracing	773	219	-	-	-	-	219	219	-	-
Child Fatality Prevention	774	139	-	-	-	-	139	139	-	-
KY Span	775	25,000	-	-	-	-	25,000	25,000	-	-
Pediatric/Adolescent	800	22,129	-	-	6,510	-	28,639	28,639	-	-
Immunization	801	-	-	573,631	146,319	-	719,950	719,950	-	-
Family Planning	802	406,999	200,000	-	156,809	-	763,808	763,808	-	-
Maternity Services & Activity	803	339	-	-	108	-	447	447	-	-
WIC	804	81,876	1,423,055	443,148	37	-	1,948,116	1,948,116	-	-
MCH Nutrition & Group Activity	805	51,336	19,984	-	936	-	72,256	72,256	-	-
Tuberculosis	806	-	8,004	294,179	68,758	-	370,941	370,941	-	-
Sexually Transmitted Disease	807	-	-	21,092	3,935	-	25,027	25,027	-	-
Communicable Disease	808	-	-	33,589	-	-	33,589	33,589	-	-
Diabetes	809	360,101	-	-	-	-	360,101	360,101	-	-
Adult Visits & Follow-up	810	112,037	-	-	24,433	-	136,470	136,470	-	-
Lead Poisoning Prevention	811	-	-	1,315	571	-	1,886	1,886	-	-
Breast & Cervical Cancer	813	25,751	26,143	-	5,548	-	57,442	57,442	-	-
COVID-19 Vaccine	816	-	-	60,999	-	-	60,999	60,999	-	-
Prep. Coordination & Training	821	-	101,553	55,817	-	-	157,370	157,370	-	-
Prep. Epidemic & Surveillance	822	-	97,000	31,130	-	-	128,130	128,130	-	-
WFD School Health	825	6,629	125,360	-	-	-	131,989	131,989	-	-
Teen Pregnancy Prevention	827	-	80,588	-	-	-	80,588	8,251	-	72,337
Heart4Change	829	-	11,500	-	-	-	11,500	-	-	11,500
KIPRC ROPA	832	-	250,768	-	-	-	250,768	249,242	-	1,526
Breastfeeding Promotion	833	-	92,620	-	-	-	92,620	85,200	-	7,420
Tobacco	836	159,104	-	-	2,500	-	161,604	161,604	-	-
Foundation For Health KY-Chip	838	26	-	-	-	-	26	26	-	-
Marshall Univ Grant Diabetes	839	1,954	-	-	-	-	1,954	1,954	-	-
Breastfeeding Peer Counselor	840	20,314	74,930	-	-	-	95,244	95,244	-	-
Diabetes Today Program	841	10,312	15,877	-	-	-	26,189	26,189	-	-
Ryan White Pharmacy Rebate	844	503,804	-	61,617	-	-	565,421	565,421	-	-
Ryan White Program	845	-	147,727	18,071	-	-	165,798	165,798	-	-
Rural Health Opioid Grant	846	311	-	-	-	-	311	311	-	-
KIPRC Jail Education Grant	847	8,659	163,754	-	-	-	172,413	172,413	-	-
Healthy Start Day Care	848	62,623	-	-	-	-	62,623	62,623	-	-
HANDS Prima Gravida Program	853	485,626	530,780	-	2,390,810	-	3,407,216	3,407,216	-	-
WIC Infrastructure	854	2,223	1,350	-	-	-	3,573	3,573	-	-
Immunization Projects	859	273	-	-	-	-	273	273	-	-
EPSDT Verbal Notification	883	178	-	-	-	-	178	178	-	-
Immunization Grant Project	887	-	-	121	-	-	121	121	-	-
Monkeypox	888	4,363	-	-	-	-	4,363	4,363	-	-
Hurricane Ian	889	6,398	-	-	-	-	6,398	6,398	-	-
Core Public Health	890	-	-	13,552	1,811	-	15,363	15,363	-	-
Medicaid Match	891	10,539	-	-	-	-	10,539	10,539	-	-
Minor Restricted	892	2,813	-	2	19	-	2,834	2,834	-	-
Total Medical	2,676,745	4,474,124	1,736,703	3,102,910	-	11,990,482	11,893,628	-	-	96,854
Capital	894	20,726	-	-	-	-	20,726	20,726	-	-
Allocable Direct	895	3,455,424	426,071	1,271,183	19,021	109,938	5,281,637	3,301,968	-	1,979,669
Total Administrative	3,476,150	426,071	1,271,183	19,021	109,938	5,302,363	3,322,694	-	-	1,979,669
Totals	\$ 6,153,404	\$ 4,900,429	\$ 3,558,509	\$ 4,396,143	\$ 109,938	\$ 19,118,423	\$ 16,873,600	\$ -	\$ -	\$ 2,244,823

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF DIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2023**

DIRECT COSTS

	Salaries	Part-Time	Fringes	Contracts	Travel	Occupancy	Administration	Supplies	Auto	Other	Capital	Total Direct Costs	
Food	500	\$ 105,446	\$ -	\$ 43,946	\$ -	\$ 6,107	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ 156,999	
Public Facilities	520	29,462	-	12,273	-	1,791	-	546	-	932	-	45,004	
General Sanitation	540	58,068	-	24,185	-	2,550	-	635	-	135	-	85,573	
Onsite Sewage	560	285,387	11	118,933	-	36,709	-	154	-	952	-	442,146	
Food License Project	590	-	-	-	-	-	-	17,459	-	223,795	-	241,254	
Radon	591	75	-	32	-	-	-	-	-	399	-	506	
Total Environmental		<u>478,438</u>	<u>11</u>	<u>199,369</u>	<u>-</u>	<u>47,157</u>	<u>-</u>	<u>20,294</u>	<u>-</u>	<u>226,213</u>	<u>-</u>	<u>971,482</u>	
Preventative Problems	700	805,254	15,648	354,152	765	9,888	-	2,400	29,215	-	-	1,217,322	
Dental Services	712	-	405	41	-	-	-	-	-	-	-	446	
Laboratory/Testing/Radiology	718	45,689	-	20,019	9,814	33	-	16,063	-	-	-	91,618	
Covid Vac Com Outreach & Equity	725	314	-	129	-	60	-	-	-	-	-	503	
Needle Exchange Program	727	225	-	96	-	-	-	170	79,266	-	-	79,757	
Fentanyl Test Strips	729	-	-	-	-	-	-	-	11,250	-	-	11,250	
SSP Expansion Project	734	-	-	-	-	3,742	-	10,257	7,213	238	38,842	60,292	
CHAT	736	21,885	-	9,959	-	3,667	-	-	-	1,820	-	37,331	
COVID-19 Immunization Supp.	738	27,582	-	12,556	-	207	-	38,856	45,370	-	30,026	154,597	
HANDS - ARPA	740	4,333	-	1,981	-	920	-	-	-	31,305	-	38,539	
Envirohealth Link	742	-	-	-	-	4,499	-	-	-	-	-	4,499	
Federal HANDS Special Project	743	18,738	-	8,519	-	1,450	-	2,839	-	2,772	-	34,318	
CHW Expansion OHE	744	67,689	54	30,788	-	6,584	-	233	-	4,291	-	109,639	
PHEP	753	61,824	-	28,120	-	2,699	-	200	-	2,433	-	95,276	
Personal Responsibility Education	756	69,469	-	31,583	-	3,251	-	2,671	-	7,038	-	114,012	
Go365 - Humana Vitality	758	66,501	-	30,235	-	3,007	-	3,688	73,363	36,706	-	213,500	
ELC Surveillance Activities	759	215	-	97	-	19	-	-	-	-	-	331	
HANDS Federal Home Visiting	760	206	25	97	-	61	-	-	-	300	-	689	
Diabetes Telehealth	761	16,674	-	7,591	-	451	-	-	-	-	-	24,716	
July 2022 Flood	763	523	-	225	-	141	-	-	-	-	-	889	
Tobacco Program Federal Funds	765	1,812	-	832	-	339	-	78	-	12,164	-	15,225	
MCH Coordinator	766	68,106	-	30,977	-	1,445	-	908	-	125,573	-	227,009	
ELC Enhancing Detection	769	44,418	100	20,218	-	772	1,654	28,320	658	179,114	-	275,254	
Cares Act	771	80	-	32	-	-	-	-	-	-	-	112	
COVID-19 Federal	772	5,955	-	2,721	10,000	1,402	-	-	-	-	-	20,078	
Contact Tracing	773	83	-	33	-	61	-	-	-	-	-	177	
Child Fatality Prevention	774	65	-	32	-	-	-	-	-	-	-	97	
KY Span	775	-	-	-	-	-	-	-	-	25,000	-	25,000	
Pediatric/Adolescent	800	-	-	-	-	-	-	-	-	-	-	-	
Immunization	801	-	-	-	-	-	-	-	-	-	-	-	
Family Planning	802	303	-	129	-	-	-	-	40,069	425	-	40,926	
Maternity Services & Activity	803	-	-	-	-	-	-	-	-	-	-	-	
WIC	804	14,966	-	6,790	-	2,015	-	1,896	141	72,325	-	98,133	
MCH Nutrition & Group Activity	805	32,567	-	14,802	-	4,014	-	86	-	146	-	51,615	
Tuberculosis	806	3,923	189	1,810	-	-	-	89	10,474	225	-	16,710	
Sexually Transmitted Disease	807	128	-	65	-	-	-	61	-	-	-	254	
Communicable Disease	808	16,367	-	7,435	-	17	-	-	-	-	-	23,819	
Diabetes	809	166,298	-	75,626	-	9,694	-	4,010	-	3,904	-	259,532	
Adult Visits & Follow-up	810	6,177	-	2,818	-	-	-	-	-	-	-	8,995	
Lead Poisoning Prevention	811	-	-	-	-	-	-	-	-	-	-	-	
Breast & Cervical Cancer	813	551	-	258	13,762	-	-	-	-	-	-	14,571	
COVID-19 Vaccine	816	29,409	-	13,389	-	51	-	-	-	-	-	42,849	
Prep. Coordination & Training	821	72,078	-	32,769	-	2,397	396	2,354	1,250	420	-	111,664	
Prep. Epidemic & Surveillance	822	60,892	-	27,681	-	1,665	-	3,608	-	289	-	94,135	
WFD School Health	825	-	-	-	-	-	-	-	130,439	1,550	-	131,989	
Teen Pregnancy Prevention	827	4,246	-	1,922	-	(18)	-	-	-	-	-	6,150	
Heart4Change	829	-	-	-	-	-	-	-	-	-	-	-	
KIPRC ROPA	832	88,994	-	40,456	-	9,581	-	4,043	-	54,044	-	197,118	
Breastfeeding Promotion	833	37,740	117	17,180	-	3,227	-	1,168	114	76	4,984	64,606	
Tobacco	836	64,731	-	29,435	-	4,216	-	600	(639)	24,174	-	122,517	
Foundation For Health KY-Chip	838	21	-	-	-	-	-	-	-	-	-	21	
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	-	-	1,954	-	1,954	
Breastfeeding Peer Counselor	840	7,024	39,566	7,221	-	651	-	4,713	-	496	-	59,671	
Diabetes Today Program	841	11,335	-	5,159	-	1,214	-	-	-	1,894	-	19,602	
Ryan White Pharmacy Rebate	844	192,338	116	87,485	27,096	22,253	-	7,206	21,670	2,784	-	455,290	
Ryan White Program	845	72,004	830	32,820	242	12,368	3,185	337	(511)	1,726	-	123,001	
Rural Health Opioid Grant	846	-	-	-	-	-	-	311	-	-	-	311	
KIPRC Jail Education Grant	847	61,326	-	27,900	-	9,131	-	2,341	450	31,925	-	133,073	
Healthy Start Day Care	848	29,045	-	13,201	-	3,450	-	-	-	85	-	45,781	
HANDS Prima Gravida Program	853	1,499,619	22,334	684,213	-	67,523	-	40,827	-	126,863	-	2,441,379	
WIC Infrastructure	854	-	-	-	-	-	-	3,573	-	-	-	3,573	
Immunization Projects	859	4	-	-	-	90	-	-	-	179	-	273	
EPSDT Verbal Notification	883	99	-	32	-	-	-	-	-	-	-	131	
Immunization Grant Project	887	-	-	-	-	-	-	-	-	121	-	121	
Monkeypox	888	2,021	-	1,090	-	49	-	25	-	-	-	3,185	
Hurricane Ian	889	2,971	-	1,600	-	92	-	-	-	-	-	4,663	
Core Public Health	890	2,845	-	1,444	-	146	-	-	-	8,400	-	12,835	
Medicaid Match	891	-	-	-	-	-	-	-	-	10,539	-	10,539	
Minor Restricted	892	-	-	-	-	16	-	-	-	2,818	-	2,834	
Total Medical		<u>3,807,662</u>	<u>79,384</u>	<u>1,725,763</u>	<u>61,679</u>	<u>198,540</u>	<u>99,577</u>	<u>167,807</u>	<u>465,258</u>	<u>972</u>	<u>849,654</u>	<u>7,456,296</u>	
Capital	894	-	-	-	-	-	-	-	-	-	20,726	20,726	
Allocable Direct	895	-	-	3,301,968	-	-	-	-	-	-	-	3,301,968	
Total Administrative		-	-	3,301,968	-	-	-	-	-	-	20,726	3,322,694	
Indirect Cost Allocation													
Departmental		655,504	20,628	379,774	-	13,954	565	295,849	4,150	227,470	-	1,597,894	
Environmental		264,875	6,301	153,283	-	19,853	-	9,421	515	6,637	-	460,885	
Clinic		1,143,358	11,488	531,761	-	22,137	12,560	43,104	3,159	12,112	-	1,779,679	
Medical		262,356	38,982	155,118	-	13,823	-	11,413	-	8,449	-	490,501	
Space		128,395	35,852	77,604	-	20,716	517,084	1,097	13,421	-	-	794,169	
Total Indirect Cost Allocation		<u>2,454,488</u>	<u>113,251</u>	<u>1,297,540</u>	<u>-</u>	<u>90,483</u>	<u>530,209</u>	<u>360,884</u>	<u>3,519</u>	<u>18,086</u>	<u>254,668</u>	<u>5,123,128</u>	
Totals		<u>\$ 6,740,588</u>	<u>\$ 192,646</u>	<u>\$ 6,524,640</u>	<u>\$ 61,679</u>	<u>\$ 336,180</u>	<u>\$ 629,786</u>	<u>\$ 548,985</u>	<u>\$ 468,777</u>	<u>\$ 19,058</u>	<u>\$ 1,330,535</u>	<u>\$ 20,726</u>	<u>\$ 16,873,600</u>

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2023**

	INDIRECT COSTS						Total	
	Departmental	Environmental	Clinic	Medical	Space	Allocation	Indirect Costs	
Food	500	\$ 35,777	\$ 101,574	\$ -	\$ -	\$ 18,798	\$ -	\$ 156,149
Public Facilities	520	10,003	28,381	-	-	4,130	-	42,514
General Sanitation	540	19,702	55,938	-	-	8,950	-	84,590
Onsite Sewage	560	96,832	274,922	-	-	30,552	-	402,306
Food License Project	590	-	-	-	-	-	-	-
Radon	591	32	70	-	-	135	-	237
Total Environmental		162,346	460,885			62,565		685,796
Preventative Problems	700	294,348	-	1,686,388	100,572	322,941	(3,621,571)	(1,217,322)
Dental Services	712	192	-	-	64	24	83	363
Laboratory/Testing/Radiology	718	16,283	-	93,291	5,562	20,950	(227,704)	(91,618)
Covid Vac Com Outreach & Equity	725	112	-	-	39	-	-	151
Needle Exchange Program	727	80	-	-	29	-	-	109
Fentanyl Test Strips	729	-	-	-	-	-	-	-
SSP Expansion Project	734	-	-	-	-	-	-	-
CHAT	736	8,101	-	-	2,766	1,906	-	12,773
COVID-19 Immunization Supp.	738	10,211	-	-	3,487	9,641	-	23,339
HANDS - ARPA	740	1,598	-	-	549	-	-	2,147
Envirohealth Link	742	-	-	-	-	-	-	-
Federal HANDS Special Project	743	6,935	-	-	2,369	-	-	9,304
CHW Expansion OHE	744	25,087	-	-	8,569	20,728	-	54,384
PHEP	753	22,882	-	-	7,819	8,378	-	39,079
Personal Responsibility Education	756	25,726	-	-	8,785	7,973	-	42,484
Go365 - Humana Vitality	758	24,623	-	-	8,412	6,433	-	39,468
ELC Surveillance Activities	759	80	-	-	29	-	-	109
HANDS Federal Home Visiting	760	96	-	-	29	-	-	125
Diabetes Telehealth	761	6,168	-	-	2,112	429	-	8,709
July 2022 Flood	763	191	-	-	64	-	-	255
Tobacco Program Federal Funds	765	671	-	-	231	635	-	1,537
MCH Coordinator	766	25,215	-	-	8,613	4,638	-	38,466
ELC Enhancing Detection	769	16,490	-	-	5,636	9,784	-	31,910
Cares Act	771	32	-	-	10	-	-	42
COVID-19 Federal	772	2,205	-	-	755	-	-	2,960
Contact Tracing	773	32	-	-	10	-	-	42
Child Fatality Prevention	774	32	-	-	10	-	-	42
KY Span	775	-	-	-	-	-	-	-
Pediatric/Adolescent	800	-	-	-	-	-	28,639	28,639
Immunization	801	-	-	-	-	-	719,950	719,950
Family Planning	802	110	-	-	39	-	722,733	722,882
Maternity Services & Activity	803	-	-	-	-	-	447	447
WIC	804	5,545	-	-	1,893	2,462	1,840,083	1,849,983
MCH Nutrition & Group Activity	805	12,064	-	-	4,120	2,255	2,202	20,641
Tuberculosis	806	1,534	-	-	525	10,634	341,538	354,231
Sexually Transmitted Disease	807	48	-	-	15	-	24,710	24,773
Communicable Disease	808	6,056	-	-	2,070	1,644	-	9,770
Diabetes	809	61,567	-	-	21,038	17,964	-	100,569
Adult Visits & Follow-up	810	2,285	-	-	780	-	124,410	127,475
Lead Poisoning Prevention	811	-	-	-	-	-	1,886	1,886
Breast & Cervical Cancer	813	208	-	-	69	-	42,594	42,871
COVID-19 Vaccine	816	10,882	-	-	3,718	3,550	-	18,150
Prep. Coordination & Training	821	26,685	-	-	9,118	9,903	-	45,706
Prep. Epidemic & Surveillance	822	22,546	-	-	7,701	3,748	-	33,995
WFD School Health	825	-	-	-	-	-	-	-
Teen Pregnancy Prevention	827	1,566	-	-	535	-	-	2,101
Heart4Change	829	-	-	-	-	-	-	-
KIPRC ROPA	832	32,949	-	-	11,257	7,918	-	52,124
Breastfeeding Promotion	833	14,030	-	-	4,792	1,772	-	20,594
Tobacco	836	23,968	-	-	8,186	6,933	-	39,087
Foundation For Health KY-Chip	838	-	-	-	5	-	-	5
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	-
Breastfeeding Peer Counselor	840	21,156	-	-	7,230	7,187	-	35,573
Diabetes Today Program	841	4,202	-	-	1,432	953	-	6,587
Ryan White Pharmacy Rebate Fund	844	71,266	-	-	24,348	14,517	-	110,131
Ryan White Program	845	27,052	-	-	9,241	6,504	-	42,797
Rural Health Opioid Grant	846	-	-	-	-	-	-	-
KIPRC Jail Education Grant	847	22,706	-	-	7,755	8,879	-	39,340
Healthy Start Day Care	848	10,754	-	-	3,674	2,414	-	16,842
HANDS Prima Gravida Program	853	565,639	-	-	193,262	206,936	-	965,837
WIC Infrastructure	854	-	-	-	-	-	-	-
Immunization Projects	859	-	-	-	-	-	-	-
EPSDT Verbal Notification	883	32	-	-	15	-	-	47
Immunization Grant Project	887	-	-	-	-	-	-	-
Monkeypox	888	879	-	-	299	-	-	1,178
Hurricane Ian	889	1,294	-	-	441	-	-	1,735
Core Public Health	890	1,135	-	-	422	971	-	2,528
Medicaid Match	891	-	-	-	-	-	-	-
Minor Restricted	892	-	-	-	-	-	-	-
Total Medical		1,435,548		1,779,679	490,501	731,604		4,437,332
Capital	894	-	-	-	-	-	-	-
Allocable Direct	895	-	-	-	-	-	-	-
Total Administrative								
Indirect Allocation		(1,597,894)	(460,885)	(1,779,679)	(490,501)	(794,169)	-	(5,123,128)
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
Lake Cumberland District Health Department
Somerset, 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 Lake Cumberland District Health Department (the District Health Department), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District Health Department's basic financial statements, and have issued our report thereon dated October 9, 2023. Our report contains an unmodified opinion on the regulatory basis of accounting in accordance with the *Administrative Reference*

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lake Cumberland District Health Department's internal control over financial reporting (internal control) as a basis for designing 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 District Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the District 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District 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 financial statements. 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 9, 2023



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

The Board of Health
Lake Cumberland District Health Department
Somerset, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Cumberland District Health Department's (the District Health Department) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District Health Department's major federal programs for the year ended June 30, 2023. The District Health Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lake Cumberland 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Health Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District Health Department's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District Health Department's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District Health Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District Health Department's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District Health Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District Health Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District Health Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 9, 2023

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2023**

GRANTOR/PROGRAM TITLE	Federal AL 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	01160022	7/1/22 - 6/30/23	\$ -	\$ 636,034
WIC Program - Administrative Services	10.557	01160023	7/1/22 - 6/30/23	-	1,065,741
WIC Program - Administrative Services	10.557	02540021	7/1/22 - 6/30/23	-	23,349
WIC Program - Administrative Services	10.557	02540022	7/1/22 - 6/30/23	-	58,312
				<u>\$ -</u>	<u>\$ 1,783,436</u>
WIC Infrastructure					
WIC Program	10.578	2290022	7/1/22 - 6/30/23	-	1,350
				<u>-</u>	<u>1,350</u>
Total U.S. Department of Agriculture				<u>\$ -</u>	<u>\$ 1,784,786</u>
U.S. Environmental Protection Agency (EPA)					
Passed through State (CHFS)					
State Indoor Radon Grants					
State Indoor Radon Grants	66.032	02610023	7/1/22 - 6/30/23	\$ -	\$ 233
State Indoor Radon Grants	66.032	02610018	7/1/22 - 6/30/23	-	1,126
Total U.S. Environmental Protection Agency				<u>\$ -</u>	<u>\$ 1,359</u>
U.S. Department of Health and Human Services (HHS)					
Direct Grants					
Teenage Pregnancy Prevention Program					
Approach to Reducing Appalachian Teen Pregnancy	93.297	TP1AH0185A	7/1/22 - 6/30/23	\$ -	\$ 80,588
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Previder Quality Improvement					
Rural Health Care Services Outreach Grant Program	93.912	18-RHCSOP	7/1/22 - 6/30/23	-	11,500
Passed through the University of Kentucky (UK)					
Injury Prevention and Control Research and State and Community Based Programs					
Kentucky Overdose Date to Action - Jail Education Program	93.136	NU17CE924971	7/1/22 - 6/30/23	-	414,522
Passed through State (CHFS)					
Public Health Emergency Preparedness					
HPP & PHEP Combined Cooperative Agreement	93.069	02140021	7/1/22 - 6/30/23	-	101,558
Environmental Public Health and Emergency Response	93.070	0265C321	7/1/22 - 6/30/23	-	20,000
ACA Personal Responsibility Education Programs					
PREP	93.092	02980022	7/1/22 - 6/30/23	-	83,100
Subtotal HHS				<u>\$ -</u>	<u>\$ 711,268</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Lake Cumberland 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 Lake Cumberland District Health Department did not elect to use the 10 percent *de minimis* cost rate as allowed under the Uniform Guidance.

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2023**

GRANTOR/PROGRAM TITLE	Federal AL Number	Pass/Through Contract Number	Grant Contract Period	Passed Through to Subrecipients	Expenditures
Passed through State (CHFS)					
U.S. Department of Health and Human Services (HHS) (previous page)				\$ -	\$ 711,268
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
Tuberculosis Control Programs	93.116	010600N23	7/1/22 - 6/30/23	-	6,238
Tuberculosis Control Programs	93.116	010600N24	7/1/22 - 6/30/23	-	1,766
Tuberculosis Control Programs	93.116	013900CRR2	7/1/22 - 6/30/23	-	2,116
				-	<u>10,120</u>
Family Planning Services					
Title X Family Planning	93.217	011500OL23	7/1/22 - 6/30/23	-	156,253
Title X Family Planning	93.217	011500OL24	7/1/22 - 6/30/23	-	50,000
				-	<u>206,253</u>
Title V State Sexual Risk Avoidance Education Program					
Sexual Avoidance Education	93.235	01270023	7/1/22 - 6/30/23	-	43,526
Immunization Cooperative Agreements					
Covid-19 Immunization Support	93.268	010500OL19	7/1/22 - 6/30/23	-	4,356
Immunization Grant	93.268	0105OLARPA18	7/1/22 - 6/30/23	-	683
Immunization Grant	93.268	0105OLCRR218	7/1/22 - 6/30/23	-	109,455
Immunization Grant	93.268	0105OLCRR19	7/1/22 - 6/30/23	-	8,483
Immunization Grant	93.268	0105OLARPA	7/1/22 - 6/30/23	-	1,865
				-	<u>124,842</u>
Epidemiology & Laboratory Capacity for Infectious Disease (ELC)					
Contact Tracing	93.323	013900CRR21	7/1/22 - 6/30/23	-	289,342
Contact Tracing	93.323	013900CRR22	7/1/22 - 6/30/23	-	48,055
				-	<u>337,397</u>
WFD School Health					
Preparedness Epidem & Survllnc	93.354	0266ARPA21	7/1/22 - 6/30/23	-	222,360
National and State Tobacco Control Program					
Tobacco Control Program	93.387	01620123	7/1/22 - 6/30/23	-	11,112
Tobacco Control Program	93.387	01620124	7/1/22 - 6/30/23	-	1,638
				-	<u>12,750</u>
Activities to Support State, Tribal, Local & Territorial (STLT) Health					
Department Response to Public Health or Healthcare Crises					
SSP Expansion Project	93.391	0158RCCRR21	7/1/22 - 6/30/23	-	142,356
SSP Expansion Project	93.391	01270022	7/1/22 - 6/30/23	-	5,683
SSP Expansion Project	93.391	02980021	7/1/22 - 6/30/23	-	5,959
SSP Expansion Project	93.391	0158RCCRR2	7/1/22 - 6/30/23	-	21,140
				-	<u>175,138</u>
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke					
Diabetes Today Program	93.426	02440122	7/1/22 - 6/30/23	-	9,058
Diabetes Today Program	93.426	02440123	7/1/22 - 6/30/23	-	15,877
				-	<u>24,935</u>
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke					
Diabetes Telehealth	93.435	02450022	7/1/22 - 6/30/23	-	1,638
Diabetes Telehealth	93.435	02450019	7/1/22 - 6/30/23	-	10,772
Diabetes Telehealth	93.435	02450023	7/1/22 - 6/30/23	-	2,300
				-	<u>14,710</u>
Subtotal HHS				\$ -	\$ 1,883,299

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2023**

GRANTOR/PROGRAM TITLE	Federal AL Number	Pass/Through Contract Number	Grant Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of Health and Human Services (HHS) (previous page) Passed through State (CHFS)				\$ -	\$ 1,883,299
Opioid STR					
SSP Expansion Project	93.788	02030022	7/1/22 - 6/30/23	-	25,924
SSP Expansion Project	93.788	02790022	7/1/22 - 6/30/23	-	45,738
				-	71,662
ACA — Maternal, Infant, and Early Childhood Home Visiting Program Formula, Expansion, and Development Grants to States-Cluster: Maternal, Infant and Early Childhood Home Visiting Grant Program					
Home Visiting Program	93.870	01300019	7/1/22 - 6/30/23	-	102,508
Home Visiting Program	93.870	0130ARPA19	7/1/22 - 6/30/23	-	39,508
Home Visiting Program	93.870	01300020	7/1/22 - 6/30/23	-	488,175
				-	630,191
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations					
Breast and Cervical Cancer	93.898	011100OL21	7/1/22 - 6/30/23	-	2,436
Breast and Cervical Cancer	93.898	011100OL22	7/1/22 - 6/30/23	-	26,144
				-	28,580
HIV Care Formula Grants					
Ryan White Care Act Title II	93.917	01690022	7/1/22 - 6/30/23	-	151,567
Ryan White Care Act Title II	93.917	01690023	7/1/22 - 6/30/23	-	27,039
				-	178,606
HIV Prevention Activities Health Department Based KY Integrated HIV Surveillance & Prevention	93.940	015000OL22	7/1/22 - 6/30/23	-	15,460
				-	15,460
Preventive Health and Health Service Block Grant					
Preventive Health - CHAT	93.991	01040021	7/1/22 - 6/30/23	-	13,306
Preventive Health - CHAT	93.991	01040022	7/1/22 - 6/30/23	-	20,000
				-	33,306
Maternal and Child Health Services Block Grant to the States:					
MCH Services Block Grant	93.994	01120021	7/1/22 - 6/30/23	-	104,273
MCH Services Block Grant	93.994	01120022	7/1/22 - 6/30/23	-	168,907
				-	273,180
Total U.S. Department of Health and Human Services				-	3,114,284
Grand total federal awards expended				\$ -	\$ 4,900,429

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2023**

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 XNo

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 XNo

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:

AL Number

Name of Federal Program or Cluster

10.557 Special Supplement Nutrition Program for Women, Infant, and
Children (WIC)

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

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2023**

There are no prior audit findings to report.

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF AUDIT ADJUSTMENTS
June 30, 2023**

There are no proposed audit adjustments.