

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

**FINANCIAL STATEMENTS
June 30, 2021**

CONTENTS

Independent Auditors' Report	1-2
Statement of Assets, Liabilities and Fund Balance – Regulatory Basis	3
Statement of Revenues, Expenditures and Changes in Fund Balance – Regulatory Basis – Budget to Actual	4
Notes to Financial Statements.....	5-10
Supplementary Schedules of Revenues and Direct and Indirect Costs by Reporting Area.....	11-13
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 <i>Government Auditing Standards</i>	14-15
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	16-17
Schedule of Expenditures of Federal Awards.....	18-19
Schedule of Findings and Questioned Costs.....	20
Schedule of Prior Audit Findings.....	21
Audit Adjustments	22



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the *Administrative Reference* established by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by the 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 comply with the requirements of the Commonwealth of Kentucky.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District Health Department as of June 30, 2021, and the respective changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the assets, liabilities and fund balances of the Lake Cumberland District Health Department, as of June 30, 2021, and the respective revenues and expenditures, and budgetary results for the year then ended, in accordance with the financial reporting provisions of the *Administrative Reference* as described in Note 1.

Other Matters

Other Information

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

The supplementary schedules of revenues and direct and indirect costs by reporting area and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules of revenues and direct and indirect costs by reporting area and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021, 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 14, 2021

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
REGULATORY BASIS
June 30, 2021

ASSETS

Current assets	
Checking	\$ 10,371,933
Petty cash	<u>2,100</u>
 Total current assets	 10,374,033
 Investments	
Certificates of deposit	<u>2,052,680</u>
 Total assets	 <u><u>\$ 12,426,713</u></u>

LIABILITIES AND FUND BALANCE

Current liabilities	
Payroll withholdings and other payables	<u>\$ 100,844</u>
 Fund Balance	
Unrestricted	6,880,967
Reserved - Local Community Health	150
Reserved - MCH	3,052
Reserved - Medicaid match	466,169
Reserved - Employer retirement	1,777,536
Restricted - Capital	125,000
Restricted - State	847,332
Restricted - Federal	239,840
Restricted - Fees	<u>1,985,823</u>
 Total fund balance	 <u>12,325,869</u>
 Total liabilities and fund balance	 <u><u>\$ 12,426,713</u></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
for the year ended June 30, 2021

	Budget	Actual	Over (under) Budget
REVENUES			
State	\$ 3,264,264	\$ 2,884,483	\$ (379,781)
Federal, pass-through and direct	3,694,215	7,093,759	3,399,544
Local	3,316,519	3,280,907	(35,612)
Service fees and other	5,417,727	3,382,845	(2,034,882)
Interest	59,423	47,116	(12,307)
Prior year funds used	<u>-</u>	<u>211,915</u>	<u>211,915</u>
 Total revenues	 <u>15,752,148</u>	 <u>16,901,025</u>	 <u>1,148,877</u>
EXPENDITURES			
Salaries and leave	5,206,206	5,600,410	394,204
Part-time	252,725	211,726	(40,999)
Fringe benefits	4,387,068	4,294,560	(92,508)
Contracts	77,750	138,309	60,559
Travel	527,521	174,657	(352,864)
Space occupancy	649,002	520,616	(128,386)
Office and administrative expense	447,805	594,335	146,530
Medical supplies	602,490	294,602	(307,888)
Other operating expenses	<u>2,530,352</u>	<u>2,144,657</u>	<u>(385,695)</u>
 Total expenditures	 <u>14,680,919</u>	 <u>13,973,872</u>	 <u>(707,047)</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	1,071,229	2,927,153	1,855,924
Adjustments to fund balance			
Prior year funds used	<u>-</u>	<u>(211,915)</u>	<u>(211,915)</u>
 Net change in fund balance	 1,071,229	 2,715,238	 1,644,009
 FUND BALANCE - beginning of year	 <u>9,610,631</u>	 <u>9,610,631</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 10,681,860</u>	 <u>\$ 12,325,869</u>	 <u>\$ 1,644,009</u>

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

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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. Property, plant and equipment are not capitalized and the related depreciation expense is not reported; prepaid expenses and unearned revenues are also not recorded. "Prior year funds used" represents previously accumulated restricted and unrestricted fund balance.

Federal and state revenues for services are recognized as received and are based in some instances upon reimbursement reports filed by the 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 14, 2021, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2021.

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, 2021

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 14, 2021, 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, 2021, 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, 2021, were not fully covered by federal depository insurance or by collateral held by the custodial banks in the District Health Department's name. However, since that time, the collateral was increased to cover the balance and procedures are now in place to ensure that there will always be enough collateral to cover the balance.

Total cash and investments	\$ 12,505,388
FDIC insurance	(537,010)
Collateral held by pledging bank	<u>(10,832,734)</u>
Under collateralized	<u>\$ 1,135,644</u>

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3. FUND BALANCE

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

	State	Federal	Fees	Totals
500 – Food Service	\$ -	\$ -	\$ 77,932	\$ 77,932
520 – Public Service	-	-	67,735	67,735
560 – Onsite Sewage	-	-	5,952	5,952
590 – Food License	-	-	30,554	30,554
712 – Dental Services	622	-	26,796	27,418
725 – KWSCP Pink County Outreach	-	3,554	-	3,554
726 – ZIKA Preparedness	-	957	-	957
731 – Opioid Crisis Response	-	564	-	564
738 – KCCSP Outreach/Education	6	-	-	6
747 – KHREF	-	-	15,964	15,964
758 – Humana Vitality	-	-	629,372	629,372
760 – Hands Federal Home Visiting	-	23,708	-	23,708
762 – Smiling Schools Preventive	72,394	-	-	72,394
764 – HEP A Outbreak Activities	15,160	-	-	15,160
767 – Competitive Home Visiting	-	6,692	-	6,692
770 – KCCSP-HB 265	1,315	-	-	1,315
809 – Diabetes	61,373	-	-	61,373
827 – U of L Social Media TMOMS	-	68,706	18	68,724
828 – Diabetes Outreach and Ed.	-	20,729	-	20,729
830 – Sexual Risk Avoidance	-	48,534	-	48,534
831 – Worksite Wellness Project	-	-	2,827	2,827
838 – Foundation for Healthy KY	-	-	5,000	5,000
839 – Marshall Grant Diabetes	-	-	29,822	29,822
842 – HIV Counseling & Testing	8,071	-	-	8,071
846 – Rural Health Opioid Grant	-	52,886	-	52,886
849 – USDA Rural Bus. Dev. Grant	-	10,905	-	10,905
850 – KIPRC Harm Reduction Summit	-	2,605	-	2,605
853 – HANDS	688,391	-	257,857	946,248
858 – Supplemental School Health	-	-	835,981	835,981
892 – Minor Restricted	-	-	13	13
Total	<u>\$ 847,332</u>	<u>\$ 239,840</u>	<u>\$ 1,985,823</u>	<u>\$ 3,072,995</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 20 years from July 1, 2001 to June 30, 2021 and is rent free in consideration of approximately \$400,000 in renovations made to the building by the District Health Department. The District Health Department and the Fiscal Court are currently working on a new lease agreement. 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 \$739,614 at June 30, 2021.

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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.

7. KENTUCKY EMPLOYEE'S RETIREMENT SYSTEM PLAN

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

Plan Description – KERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides plan members with benefits through a pension trust and an insurance trust. The pension trust provides retirement, disability, and death benefits. The insurance trust provides health insurance or other postemployment benefits (OPEB). Benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2021, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 are required to contribute 6.00% of wages for non-hazardous job classifications. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. Per House Bill 352, passed during the 2020 legislative session, certain agencies, including the District Health Department, were authorized to pay the reduced KERS non-hazardous employer contribution rate for the year ended June 30, 2021. The authorized participating employers contributed 49.47% (41.06% to the pension fund and 8.41% to the insurance fund) of each non-hazardous employee's wages as opposed to the contribution rate of 84.43% (73.28% to the pension fund and 11.15% to the insurance fund) other KERS non-hazardous employers paid. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1.00% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4.00% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The District Health Department contributed \$2,752,285 for the year ended June 30, 2021, or 100% of the required contribution. The contribution was allocated \$2,284,391 to the KERS pension fund and \$467,894 to the KERS insurance fund.

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. KENTUCKY EMPLOYEE'S RETIREMENT SYSTEM PLAN (CONTINUED)

Pension Liabilities – At June 30, 2021, the District Health Department estimates that its total unfunded pension liability would be approximately \$53,833,189 based upon its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward using generally accepted actuarial procedures. The District Health Department's proportion of the net pension liability was based on a projection of the District Health Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District Health Department's proportion was .3801 percent, which was a decrease of .0153 percent from its proportion measured as of June 30, 2019.

OPEB Liabilities – At June 30, 2021, the District Health Department estimates that its total unfunded OPEB liability would be approximately \$9,649,196 based upon its proportionate share of the total OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward using generally accepted actuarial procedures. The District Health Department's proportion of the net OPEB liability was based on a projection of the District Health Department's long-term share of contributions to the OPEB plan relative to the projected contributions of all projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District Health Department's proportion was .3801 percent, which was a decrease of .0153 percent from its proportion measured as of June 30, 2019.

House Bill 8, passed in the March 2021 legislative session, requires each participating KERS nonhazardous employer to pay off its own portion of the total KERS nonhazardous unfunded pension liability over a set period regardless of covered payroll. Each KERS nonhazardous employer will pay the normal cost contribution rate plus their actuarially calculated portion of the unfunded liability beginning July 1, 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 \$2,390,901. 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 \$3,280,907 in public health taxes were transferred from the taxing districts to the District Health Department for the year ended June 30, 2021. An additional \$625,430 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	\$ 230,903
Casey County Public Health Taxing District	633,075
Clinton County Public Health Taxing District	154,215
Cumberland County Public Health Taxing District	126,308
Green County Public Health Taxing District	152,834
McCreary County Public Health Taxing District	211,981
Pulaski County Public Health Taxing District	1,311,442
Russell County Public Health Taxing District	356,796
Taylor County Public Health Taxing District	448,007
Wayne County Public Health Taxing District	<u>280,776</u>
Total local contributions	<u>\$ 3,906,337</u>

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

10. COVID-19 PANDEMIC

In early 2020, the COVID-19 pandemic reached the United States and the State of Kentucky. The direct impacts thus far to the District Health Department have resulted in modifications to the manner in which services are provided to reduce in person contact, and additional funding from State and Federal governments. The duration and pervasiveness of the pandemic are uncertain as of the date of these financial statements. The District Health Department is continuously evaluating the impact of COVID-19 on its operations and finances.

SUPPLEMENTARY INFORMATION

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF REVENUES BY REPORTING AREA
for the year ended June 30, 2021

		REVENUES					Total Costs	Department Carryover	Program Excess (Deficit)
		State	Federal	Local	Service Fees	Interest			
Food	500	\$ -	\$ -	\$ -	\$ 180,947	\$ -	\$ 180,947	\$ 103,015	\$ 77,932
Public Facilities	520	-	-	-	103,177	-	103,177	35,442	67,735
General Sanitation	540	-	-	110,034	-	-	110,034	110,034	-
Onsite Sewage	560	-	-	-	585,242	-	585,242	579,290	5,952
Food License Project	590	-	-	-	227,976	-	227,976	209,657	18,319
Radon	591	-	2,331	2,321	-	-	4,652	4,652	-
Total Environmental		-	2,331	112,355	1,097,342	-	1,212,028	1,042,090	169,938
Preventative Problems	700	-	-	-	-	-	-	-	-
Dental Services	712	142	-	-	19	-	161	147	14
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-
ELC COVID Minigrant	723	-	74,249	301	-	-	74,550	74,550	-
Needle Exchange Program	727	13,510	10,000	102,065	-	-	125,575	125,575	-
Diabetes Disease Management	728	-	-	97	-	-	97	97	-
Diabetes Prevention Program	732	-	-	439	-	-	439	439	-
CHAT	736	-	35,878	48,542	-	-	84,420	84,420	-
COVID-19 Immunization Supp.	738	-	97,092	16,997	-	-	114,089	114,089	-
Envirohealth Link	742	-	8,670	10,913	-	-	19,583	19,583	-
Environmental Strike Team	746	-	-	19	-	-	19	19	-
Accreditation	750	-	-	6,351	-	-	6,351	6,351	-
Hands GF Services	752	-	-	7,205	-	-	7,205	39,187	31,982
PHEP	753	-	26,302	10,365	-	-	36,667	36,667	-
Personal Responsibility Education	756	-	31,359	4,696	-	-	36,055	36,055	-
Go365 - Humana Vitality	758	-	-	-	62,772	-	62,772	108,940	46,168
HANDS Federal Home Visiting	760	-	80,090	-	-	-	80,090	142,476	62,386
Diabetes Telehealth	761	-	18,585	4,003	-	-	22,588	22,588	-
HEP A Outbreak Activities	764	-	-	-	-	-	-	334	334
Tobacco Program Federal Funds	765	-	7,015	18,600	-	-	25,615	25,615	-
MCH Coordinator	766	-	194,478	14,778	-	-	209,256	209,256	-
Competitive Home Visiting	767	-	-	-	-	-	-	137	137
Cares Act	771	-	1,212,564	87,811	-	-	1,300,375	1,300,375	-
COVID-19 Federal	772	-	-	-	-	-	-	-	-
Contact Tracing	773	-	2,460,108	72,579	-	-	2,532,687	2,532,687	-
Child Fatality Prevention	774	-	-	124	-	-	124	124	-
Pediatric/Adolescent	800	-	5,000	63,249	43,390	34	111,673	111,673	-
Immunization	801	-	25,817	167,425	73,746	-	266,988	266,988	-
Family Planning	802	112,434	109,884	199,606	128,550	-	550,474	550,474	-
Maternity Services & Activity	803	-	-	225	-	-	225	225	-
WIC	804	-	948,417	111,196	7	-	1,059,620	1,059,620	-
MCH Nutrition & Group Activity	805	-	42,668	198	1,665	-	44,531	44,531	-
Tuberculosis	806	-	3,293	166,866	37,446	-	207,605	207,605	-
Sexually Transmitted Disease	807	-	-	14,033	2,867	-	16,900	16,900	-
Diabetes	809	197,106	-	-	-	-	197,106	135,733	61,373
Adult Visits & Follow-up	810	-	-	160,662	24,507	-	185,169	185,169	-
Breast & Cervical Cancer	813	-	19,082	31,918	6,395	-	57,395	57,395	-
COVID-19 Vaccine	816	-	-	345,897	5,459	47,082	398,438	398,438	-
Prep. Coordination & Training	821	-	87,213	8,042	-	-	95,255	95,255	-
Prep. Epidemic & Surveillance	822	4,444	84,453	7,722	-	-	96,619	96,619	-
Prep. Medical Rsr. Corp.	823	-	-	1	-	-	1	1	-
Teen Pregnancy Prevention	827	-	240,086	-	-	-	240,086	171,380	68,706
Heart4Change	829	-	67,636	1,861	-	-	69,497	90,404	20,907
Worksite Wellness Project	831	-	-	-	-	-	-	83	83
KIPRC ROPA	832	-	62,247	31,018	-	-	93,265	93,265	-
Breastfeeding Promotion	833	-	31,910	2,601	-	-	34,511	34,511	-
HPP Activity Support	835	-	5,301	-	-	-	5,301	5,301	-
Tobacco	836	65,783	-	2,614	10,000	-	78,397	78,397	-
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	3,223	3,223
Breastfeeding Peer Counselor	840	-	38,629	3,757	-	-	42,386	42,386	-
Diabetes Today Program	841	-	7,076	16,231	-	-	23,307	23,307	-
Ryan White Pharmacy Rebate Funds	844	119,297	-	9,984	-	-	129,281	129,281	-
Ryan White Program	845	-	170,059	18,856	-	-	188,915	188,915	-
Rural Health Opioid Grant	846	-	136,177	-	-	-	136,177	83,291	52,886
KIPRC Jail Education Grant	847	-	39,787	9,154	-	-	48,941	48,941	-
Healthy Start Day Care	848	13,680	-	2,984	-	-	16,664	16,664	-
USDA Rural Bus. Dev. Grant	849	-	18,403	-	-	-	18,403	7,498	10,905
KIPRC HARM Reduction Summit	850	-	23,709	-	-	-	23,709	21,104	2,605
HANDS Prima Gravida Program	853	567,771	-	-	1,834,920	-	2,402,691	1,800,225	602,466
Supplemental School Health	858	-	-	-	51,556	-	51,556	98,251	46,695
HPP Coordinator	875	-	-	1	-	-	1	1	-
Ryan White COVID-19 CARES	882	-	2,025	-	-	-	2,025	2,025	-
Core Public Health	890	-	-	4,718	2,192	-	6,910	6,910	-
Medicaid Match	891	-	-	156,313	-	-	156,313	156,313	-
Minor Restricted	892	-	-	1	12	-	13	-	13
Total Medical		1,094,167	6,425,262	1,943,018	2,285,503	47,116	11,795,066	11,208,013	798,968
Capital	894	-	-	120,152	-	-	120,152	120,152	-
Allocable Direct	895	1,790,316	666,166	1,105,382	-	-	3,561,864	1,603,617	1,958,247
Total Administrative		1,790,316	666,166	1,225,534	-	-	3,682,016	1,723,769	1,958,247
Total Revenues		\$ 2,884,483	\$ 7,093,759	\$ 3,280,907	\$ 3,382,845	\$ 47,116	\$ 16,689,110	\$ 13,973,872	\$ 2,927,153

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF DIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2021

DIRECT COSTS											
		Salaries	Part-Time	Fringes	Contracts	Travel	Occupancy	Administration	Supplies	Other	Total Direct Costs
Food	500	\$ 33,732	\$ -	\$ 12,374	\$ -	\$ 1,813	\$ -	\$ 1,389	\$ -	\$ -	\$ 49,308
Public Facilities	520	12,172	-	4,464	-	758	-	394	-	214	18,002
General Sanitation	540	39,525	-	14,509	-	3,109	-	1	-	-	57,144
Onsite Sewage	560	208,747	-	76,598	-	27,495	-	1,472	-	-	314,312
Food License Project	590	80	-	27	-	-	-	40,794	-	167,029	207,930
Radon	591	1,098	-	400	-	-	-	-	-	1,886	3,384
Total Environmental		295,354	-	108,372	-	33,175	-	44,050	-	169,129	650,080
Preventative Problems	700	451,314	20,364	184,575	760	6,101	-	2,550	43,648	67,497	776,809
Dental Services	712	37	-	27	-	-	-	25	-	-	89
Laboratory/Testing/Radiology	718	20,320	63	8,237	5,668	-	-	-	6,831	604	41,723
ELC COVID Minigrant	723	3,269	1,310	1,717	-	-	-	248	8,307	58,036	72,887
Needle Exchange Program	727	8,964	26	4,360	-	-	-	712	106,085	353	120,500
Diabetes Disease Management	728	-	-	-	-	-	-	97	-	-	97
Diabetes Prevention Program	732	246	-	108	-	-	-	-	-	-	354
CHAT	736	26,105	-	12,697	-	3,497	-	19	-	30,742	73,060
COVID-19 Immunization Supp.	738	54,557	16	26,538	-	1,458	-	-	128	12,544	95,241
Envirohealth Link	742	57	-	27	-	-	-	-	-	19,485	19,569
Environmental Strike Team	746	-	-	-	-	-	-	-	-	-	-
Accreditation	750	2,913	-	1,418	-	14	-	-	-	-	4,345
Hands GF Services	752	20,114	85	9,789	-	797	-	93	-	1,323	32,201
PHEP	753	7,723	-	3,764	-	169	-	624	-	21,719	33,999
Personal Responsibility Education	756	8,994	-	4,383	-	67	-	-	-	17,755	31,199
Go365 - Humana Vitality	758	21,325	2,152	10,556	-	2,334	-	458	37,929	21,897	96,651
HANDS Federal Home Visiting	760	66,159	925	32,257	-	243	-	13	-	-	99,597
Diabetes Telehealth	761	11,373	-	5,532	-	225	-	1,109	-	-	18,239
HEP A Outbreak Activities	764	168	-	81	-	-	-	-	-	28	277
Tobacco Program Federal Funds	765	-	-	-	-	13	-	1,080	-	24,522	25,615
MCH Coordinator	766	89,022	2,450	43,509	-	170	-	383	10,798	26,648	172,980
Competitive Home Visiting	767	-	-	-	-	-	-	-	-	137	137
Cares Act	771	565,064	73,598	281,183	-	11,798	13,817	43,069	18,169	68,867	1,075,565
COVID-19 Federal	772	(1)	-	-	-	-	-	1	-	-	-
Contact Tracing	773	1,087,567	7,461	529,528	-	11,333	-	22,742	-	495,458	2,154,089
Child Fatality Prevention	774	68	-	27	-	-	-	-	-	-	95
Pediatric/Adolescent	800	737	14	350	-	-	-	-	-	-	1,101
Immunization	801	-	-	-	-	-	-	-	402	-	402
Family Planning	802	77	2,081	211	-	194	-	-	26,667	215	29,445
Maternity Services & Activity	803	-	-	-	-	-	-	-	-	-	-
WIC	804	8,472	19	4,118	-	1,157	-	7,675	-	24	21,465
MCH Nutrition & Group Activity	805	12,070	-	5,878	794	184	-	191	-	17,383	36,500
Tuberculosis	806	2,536	1,840	1,391	-	41	-	21	7,721	101	13,651
Sexually Transmitted Disease	807	92	-	54	-	-	-	-	-	-	146
Diabetes	809	41,707	-	20,283	-	719	-	8,615	-	39,763	111,087
Adult Visits & Follow-up	810	9,193	120	4,477	-	-	-	-	-	141	13,931
Breast & Cervical Cancer	813	57	-	27	18,835	-	-	-	-	-	18,919
COVID-19 Vaccine	816	201,521	8,701	98,760	-	2,456	-	102	2,240	11,557	325,337
Prep. Coordination & Training	821	45,054	-	21,916	-	105	870	2,823	-	405	71,173
Prep. Epidemic & Surveillance	822	48,517	44	23,604	-	-	-	3,625	-	29	75,819
Prep. Medical Rsrv. Corp.	823	-	-	-	-	-	-	1	-	-	1
Teen Pregnancy Prevention	827	29,380	-	14,298	-	354	-	2,558	-	108,544	155,134
Heart4Change	829	24,987	-	12,159	-	1,412	-	2,135	3,904	30,920	75,517
Worksite Wellness Project	831	-	-	-	-	-	-	-	-	-	-
KIPRC ROPA	832	31,527	-	15,339	77	3,573	1,742	1,228	-	22,594	76,080
Breastfeeding Promotion	833	10,357	10	5,029	-	805	-	740	-	12,641	29,582
HPP Activity Support	835	-	-	-	-	-	2,400	2,901	-	-	5,301
Tobacco	836	24,382	-	11,867	-	297	-	1,111	217	29,501	67,375
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	-	-	3,223	3,223
Breastfeeding Peer Counselor	840	4,373	17,688	3,673	-	407	-	2,047	-	-	28,188
Diabetes Today Program	841	-	-	-	-	-	-	202	-	23,105	23,307
Ryan White Pharmacy Rebate Funds	844	51,050	-	24,828	2,755	6,520	9,703	5,015	2,802	-	102,673
Ryan White Program	845	51,601	-	25,093	12,154	6,344	47,222	3,498	15,207	-	161,119
Rural Health Opioid Grant	846	14,630	-	7,111	-	657	-	2,536	-	51,170	76,104
KIPRC Jail Education Grant	847	8,741	-	4,249	-	990	-	726	-	31,222	45,928
Healthy Start Day Care	848	5,589	-	2,723	-	46	-	-	-	4,537	12,895
USDA Rural Bus. Dev. Grant	849	-	-	-	-	-	-	-	-	7,498	7,498
KIPRC HARM Reduction Summit	850	-	-	-	-	-	-	207	-	20,897	21,104
HANDS Prima Gravida Program	853	760,024	10,135	370,475	-	20,551	-	96,612	-	101,044	1,358,841
Supplemental School Health	858	483	-	238	97,266	-	-	93	-	-	98,080
HPP Coordinator	875	-	-	-	-	-	-	1	-	-	1
Ryan White COVID-19 CARES	882	-	-	-	-	-	1,775	-	-	250	2,025
Core Public Health	890	3,037	-	1,471	-	267	-	-	-	16	4,791
Medicaid Match	891	-	-	-	-	-	-	-	-	156,313	156,313
Minor Restricted	892	-	-	-	-	-	-	-	-	-	-
Total Medical		3,835,552	149,102	1,839,935	138,309	85,298	77,529	217,886	291,055	1,540,708	8,175,374
Capital	894	-	-	-	-	-	-	-	-	120,152	120,152
Allocable Direct	895	-	-	1,603,580	-	37	-	-	-	-	1,603,617
Total Administrative		-	-	1,603,580	-	37	-	-	-	120,152	1,723,769
Indirect Cost Allocation - Dept.	435,892	11,288	248,439	-	8,492	404	288,858	-	240,237	-	1,233,610
Indirect Cost Allocation - Envir.	158,990	5,057	90,588	-	9,203	-	5,835	-	5,540	-	275,213
Indirect Cost Allocation - Clinic	672,363	8,679	285,542	-	14,199	16,869	20,765	3,547	57,887	-	1,079,851
Indirect Cost Allocation - Medical	103,274	6,086	59,164	-	1,552	-	15,871	-	4,133	-	190,080
Indirect Cost Allocation - Space	98,985	31,514	58,940	-	22,701	425,814	1,070	-	6,871	-	645,895
Indirect Cost Allocation		1,469,504	62,624	742,673	-	56,147	443,087	332,399	3,547	314,668	3,424,649
Total Expenditures		\$ 5,600,410	\$ 211,726	\$ 4,294,560	\$ 138,309	\$ 174,657	\$ 520,616	\$ 594,335	\$ 294,602	\$ 2,144,657	\$ 13,973,872

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2021

		INDIRECT COSTS						Total Indirect Costs
		Departmental	Environmental	Clinic	Medical	Space	Allocation	
Food	500	\$ 7,562	\$ 31,432	\$ -	\$ -	\$ 14,713	\$ -	\$ 53,707
Public Facilities	520	2,726	11,342	-	-	3,372	-	17,440
General Sanitation	540	8,859	36,829	-	-	7,202	-	52,890
Onsite Sewage	560	46,778	194,515	-	-	23,685	-	264,978
Food License Project	590	12	74	-	-	1,641	-	1,727
Radon	591	247	1,021	-	-	-	-	1,268
Total Environmental		66,184	275,213	-	-	50,613	-	392,010
Preventative Problems	700	118,710	-	1,035,804	19,327	275,875	(2,226,525)	(776,809)
Dental Services	712	12	-	-	2	39	5	58
Laboratory/Testing/Radiology	718	5,045	-	44,047	821	18,867	(110,503)	(41,723)
ELC COVID Minigrant	723	1,431	-	-	232	-	-	1,663
Needle Exchange Program	727	2,677	-	-	435	1,963	-	5,075
Diabetes Disease Management	728	-	-	-	-	-	-	-
Diabetes Prevention Program	732	74	-	-	11	-	-	85
CHAT	736	7,747	-	-	1,262	2,351	-	11,360
COVID-19 Immunization Supp.	738	16,210	-	-	2,638	-	-	18,848
Envirohealth Link	742	12	-	-	2	-	-	14
Environmental Strike Team	746	-	-	-	-	19	-	19
Accreditation	750	864	-	-	141	1,001	-	2,006
Hands GF Services	752	6,008	-	-	978	-	-	6,986
PHEP	753	2,295	-	-	373	-	-	2,668
Personal Responsibility Education	756	2,677	-	-	435	1,744	-	4,856
Go365 - Humana Vitality	758	7,081	-	-	1,152	4,056	-	12,289
HANDS Federal Home Visiting	760	19,972	-	-	3,252	19,655	-	42,879
Diabetes Telehealth	761	3,380	-	-	549	420	-	4,349
HEP A Outbreak Activities	764	49	-	-	8	-	-	57
Tobacco Program Federal Funds	765	-	-	-	-	-	-	-
MCH Coordinator	766	27,287	-	-	4,442	4,547	-	36,276
Competitive Home Visiting	767	-	-	-	-	-	-	-
Cares Act	771	193,331	-	-	31,479	-	-	224,810
COVID-19 Federal	772	-	-	-	-	-	-	-
Contact Tracing	773	325,587	-	-	53,011	-	-	378,598
Child Fatality Prevention	774	25	-	-	4	-	-	29
Pediatric/Adolescent	800	222	-	-	36	207	110,107	110,572
Immunization	801	-	-	-	-	-	266,586	266,586
Family Planning	802	740	-	-	122	-	520,167	521,029
Maternity Services & Activity	803	-	-	-	-	-	225	225
WIC	804	2,517	-	-	411	2,060	1,033,167	1,038,155
MCH Nutrition & Group Activity	805	3,590	-	-	584	2,047	1,810	8,031
Tuberculosis	806	1,394	-	-	226	8,810	183,524	193,954
Sexually Transmitted Disease	807	25	-	-	4	19	16,706	16,754
Diabetes	809	12,385	-	-	2,017	10,244	-	24,646
Adult Visits & Follow-up	810	2,776	-	-	450	1,724	166,288	171,238
Breast & Cervical Cancer	813	12	-	-	2	19	38,443	38,476
COVID-19 Vaccine	816	62,865	-	-	10,236	-	-	73,101
Prep. Coordination & Training	821	13,385	-	-	2,178	8,519	-	24,082
Prep. Epidemic & Surveillance	822	14,421	-	-	2,349	4,030	-	20,800
Prep. Medical Rsrv. Corp.	823	-	-	-	-	-	-	-
Teen Pregnancy Prevention	827	8,722	-	-	1,420	6,104	-	16,246
Heart4Change	829	7,426	-	-	1,209	6,252	-	14,887
Worksite Wellness Project	831	-	-	-	-	83	-	83
KIPRC ROPA	832	9,363	-	-	1,524	6,298	-	17,185
Breastfeeding Promotion	833	3,084	-	-	502	1,343	-	4,929
HPP Activity Support	835	-	-	-	-	-	-	-
Tobacco	836	7,241	-	-	1,178	2,603	-	11,022
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	-
Breastfeeding Peer Counselor	840	7,426	-	-	1,211	5,561	-	14,198
Diabetes Today Program	841	-	-	-	-	-	-	-
Ryan White Pharmacy Rebate Funds	844	15,161	-	-	2,469	8,978	-	26,608
Ryan White Program	845	15,321	-	-	2,496	9,979	-	27,796
Rural Health Opioid Grant	846	4,342	-	-	707	2,138	-	7,187
KIPRC Jail Education Grant	847	2,591	-	-	422	-	-	3,013
Healthy Start Day Care	848	1,665	-	-	270	1,834	-	3,769
USDA Rural Bus. Dev. Grant	849	-	-	-	-	-	-	-
KIPRC HARM Reduction Summit	850	-	-	-	-	-	-	-
HANDS Prima Gravida Program	853	229,229	-	-	37,324	174,831	-	441,384
Supplemental School Health	858	148	-	-	23	-	-	171
HPP Coordinator	875	-	-	-	-	-	-	-
Ryan White COVID-19 CARES	882	-	-	-	-	-	-	-
Core Public Health	890	901	-	-	156	1,062	-	2,119
Medicaid Match	891	-	-	-	-	-	-	-
Minor Restricted	892	-	-	-	-	-	-	-
Total Medical		1,167,426	-	1,079,851	190,080	595,282	-	3,032,639
Capital	894	-	-	-	-	-	-	-
Allocable Direct	895	-	-	-	-	-	-	-
Total Administrative		-	-	-	-	-	-	-
Indirect Allocation		(1,233,610)	(275,213)	(1,079,851)	(190,080)	(645,895)	-	(3,424,649)
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, 2021, 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 14, 2021. Our report contains an unmodified opinion on the regulatory basis of accounting in accordance with the *Administrative Reference*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District Health Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RFH

RFH, PLLC
Lexington, Kentucky
October 14, 2021



**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

We have audited the Lake Cumberland District Health Department's (the District Health Department) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District Health Department's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

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

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

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

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

RFH

RFH, PLLC
Lexington, Kentucky
October 14, 2021

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2021**

GRANTOR/PROGRAM TITLE	Federal AL Number	Pass/Through Contract Number	Grant Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture (USDA)					
Direct Grants					
Rural Business-Cooperative Program	10.351	21-000-704697945	8/1/2019-9/30/2020	\$ -	\$ 18,403
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	01160020	7/1/2020-6/30/2021	-	388,777
WIC Program - Administrative Services	10.557	01160021	7/1/2020-6/30/2021	-	707,839
WIC Program - Administrative Services	10.557	02540019	7/1/2020-6/30/2021	-	23,231
WIC Program - Administrative Services	10.557	02540020	7/1/2020-6/30/2021	-	25,305
				-	1,145,152
Total U.S. Department of Agriculture				\$ -	\$ 1,163,555
U.S. Department of Treasury					
Passed through State (CHFS)					
COVID-19, CARES Act	21.019	CARES20	4/1/2020-6/30/2021	\$ -	\$ 946,561
COVID-19, CARES Act	21.019	CARES-B20	4/1/2020-6/30/2021	-	935,102
COVID-19, CARES Act	21.019	CARES-C20	4/1/2020-6/30/2021	-	2,041,526
Total U.S. Department of Treasury				\$ -	\$ 3,923,189
U.S. Environmental Protection Agency (EPA)					
Passed through State (CHFS)					
State Indoor Radon Grants					
State Indoor Radon Grants	66.032	02610018	7/1/2020-6/30/2021	\$ -	\$ 2,331
Total U.S. Environmental Protection Agency				\$ -	\$ 2,331
U.S. Department of Health and Human Services (HHS)					
Direct Grants					
Kentucky Overdose Date to Action	93.136	1NU17CE924971	9/1/2019-8/31/2022	\$ -	\$ 62,247
Kentucky Overdose Date to Action - Jail Education Program	93.136	1NU17CE924971	9/1/2019-8/31/2022	-	39,787
Kentucky Overdose Date to Action - Harm Reduction	93.136	1NU17CE924971	9/1/2019-8/31/2022	-	23,710
				-	125,744
Appropach to Reducing Appalchian Teen Pregnancy	93.297	TP1AH000185	7/15/2019-6/30/2021	-	240,086
Provider Relief Fund	93.498	N/A	7/1/2020-6/30/2021	-	25,817
Rural Health Care Services Outreach Grant Program	93.912	D04RH31636	5/01/2018-4/30/2021	-	67,636
Rural Health Opioid Program	93.912	H1URH31441	9/30/2017-9/29/2020	-	136,177
				-	203,813
Passed through State (CHFS)					
Public Health Emergency Preparedness					
HPP & PHEP	93.069	02140018	7/1/2020-6/30/2021	-	25,539
HPP & PHEP Combined Cooperative Agreement	93.069	02140019	7/1/2020-6/30/2021	-	128,684
				-	154,223
Environmental Public Health and Emergency Response	93.07	022500OL21	7/1/2020-6/30/2021	-	8,670
ACA Personal Responsibility Education Programs					
PREP	93.092	02980019	7/1/2020-6/30/2021	-	13,149
PREP	93.092	02980020	7/1/2020-6/30/2021	-	31,359
				-	44,508
Project Grants and Cooperative Agreements for Tuberculosis					
Control Programs					
Tuberculosis Control Programs	93.116	010600ON21	7/1/2020-6/30/2021	-	1,996
Tuberculosis Control Programs	93.116	010600ON22	7/1/2020-6/30/2021	-	1,297
				-	3,293
Subtotal HHS				\$ -	\$ 806,154

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, 2021**

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)				\$ -	\$ 806,154
Passed through State (CHFS)					
Title X Family Planning	93.217	011500OL21	7/1/2020-6/30/2021	-	114,722
Title V State Sexual Risk Avoidance Education Program					
Sexual Avoidance Education	93.235	01270021	7/1/2020-6/30/2021	-	26,302
Immunization Cooperative Agreements					
Immunization Grant	93.268	010500OL17	7/1/2020-6/30/2021	-	15,873
Immunization Grant	93.268	010500OL18	7/1/2020-6/30/2021	-	5,000
Immunization Grant	93.268	0105OLCRR1	7/1/2020-6/30/2021	-	97,091
				-	117,964
Disease Control and Prevention Investigations					
Disease Control and Prevention Investigations	93.283	011100OL19	7/1/2020-6/30/2021	-	3,400
Disease Control and Prevention Investigations	93.283	011100OL20	7/1/2020-6/30/2021	-	19,082
				-	22,482
Tobacco Control Programs					
KY Healthy Communities - Tobacco Control	93.305	0240OL19	7/1/2020-6/30/2021	-	2,276
Epidemiology & Laboratory Capacity for Infectious Disease (ELC)					
Vector Surveillance	93.323	013900PP20	7/1/2020-6/30/2021	-	117,231
National and State Tobacco Control Program					
Tobacco Control Program	93.387	01620121	7/1/2020-6/30/2021	-	2,848
Tobacco Control Program	93.387	01620122	7/1/2020-6/30/2021	-	4,167
				-	7,015
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke					
Diabetes Today Program	93.426	02440120	7/1/2020-6/30/2021	-	1,112
Diabetes Today Program	93.426	02440121	7/1/2020-6/30/2021	-	7,076
				-	8,188
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke					
Diabetes Telehealth	93.435	02450020	7/1/2020-6/30/2021	-	11,865
Diabetes Telehealth	93.435	02450021	7/1/2020-6/30/2021	-	8,076
				-	19,941
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	0130017	7/1/2020-6/30/2021	-	121,901
Home Visiting Program	93.870	0130018	7/1/2020-6/30/2021	-	59,120
				-	181,021
National Bioterrorism Hospital Preparedness Program					
HPP & PHEP	93.889	02150019	7/1/2020-6/30/2021	-	5,301
HIV Care Formula Grants					
Ryan White Care Act Title II	93.917	01650020	7/1/2020-6/30/2021	-	2,025
Ryan White Care Act Title II	93.917	01690020	7/1/2020-6/30/2021	-	158,388
Ryan White Care Act Title II	93.917	01690021	7/1/2020-6/30/2021	-	34,919
				-	195,332
HIV Prevention Activities Health Department Based					
KY Integrated HIV Surveillance & Prevention	93.940	015000OL20	7/1/2020-6/30/2021	-	5,018
KY Integrated HIV Surveillance & Prevention	93.940	015000OL21	7/1/2020-6/30/2021	-	5,000
				-	10,018
Preventive Health and Health Service Block Grant					
Preventive Health - CHAT	93.991	01040019	7/1/2020-6/30/2021	-	35,877
Preventive Health - CHAT	93.991	01040020	7/1/2020-6/30/2021	-	20,000
				-	55,877
Maternal and Child Health Services Block Grant to the States:					
MCH Services Block Grant	93.994	01120019	7/1/2020-6/30/2021	-	110,425
MCH Services Block Grant	93.994	01120020	7/1/2020-6/30/2021	-	204,435
				-	314,860
Total U.S. Department of Health and Human Services				-	2,004,684
Grand total federal awards expended				\$ -	\$ 7,093,759

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses ☐ Yes ☒ None reported

Non-compliance material to financial statements noted ☐ Yes ☒ No

Federal Awards:

Internal control over major programs:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses ☐ Yes ☒ None reported

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

Unmodified for all major programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Major Programs:

AL Number	Name of Federal Program or Cluster
10.557	USDA - WIC Administration
21.019	Coronavirus Relief Fund

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

Auditee qualified as a low-risk auditee? ☒ Yes ☐ 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, 2021**

There are no prior audit findings to report.

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF AUDIT ADJUSTMENTS
June 30, 2021**

There are no proposed audit adjustments.