

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

**FINANCIAL STATEMENTS
June 30, 2022**

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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, 2022, 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, 2022, and the revenues it received and expenditures it paid for, 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, 2022, 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 15, 2022, 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 15, 2022

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
REGULATORY BASIS
June 30, 2022

ASSETS

Current assets	
Checking	\$ 11,944,965
Petty cash	<u>2,100</u>
Total current assets	11,947,065
Investments	
Certificates of deposit	<u>2,060,906</u>
Total assets	<u><u>\$ 14,007,971</u></u>

LIABILITIES AND FUND BALANCE

Current liabilities	
Payroll withholdings and other payables	<u>\$ 113,918</u>
Fund Balance	
Unrestricted	6,026,227
Reserved - Local Community Health	150
Reserved - MCH	3,052
Reserved - Medicaid match	466,169
Reserved - Employer retirement	4,168,437
Reserved - Capital	125,000
Restricted - State	694,937
Restricted - Federal	181,976
Restricted - Fees	<u>2,228,105</u>
Total fund balance	<u>13,894,053</u>
Total liabilities and fund balance	<u><u>\$ 14,007,971</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, 2022

	Budget	Actual	Over (under) Budget
REVENUES			
State	\$ 4,923,830	\$ 4,523,821	\$ (400,009)
Federal, pass-through and direct	7,516,554	5,754,023	(1,762,531)
Local	3,436,498	3,417,499	(18,999)
Service fees and other	4,665,301	4,235,684	(429,617)
Interest	46,350	43,185	(3,165)
Prior year funds used	-	251,760	251,760
Total revenues	<u>20,588,533</u>	<u>18,225,972</u>	<u>(2,362,561)</u>
EXPENDITURES			
Salaries and leave	5,487,216	5,824,574	337,358
Part-time	234,033	218,347	(15,686)
Fringe benefits	6,345,246	6,371,525	26,279
Contracts	76,850	54,890	(21,960)
Travel	398,507	248,092	(150,415)
Space occupancy	739,963	654,896	(85,067)
Office and administrative expense	487,778	459,947	(27,831)
Medical supplies	351,799	343,156	(8,643)
Automotive	9,354	21,557	12,203
Other operating expenses	4,919,848	2,178,891	(2,740,957)
Capital	-	30,153	30,153
Total expenditures	<u>19,050,594</u>	<u>16,406,028</u>	<u>(2,644,566)</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	1,537,939	1,819,944	282,005
Adjustments to fund balance			
Prior year funds used	-	(251,760)	(251,760)
Net change in fund balance	1,537,939	1,568,184	30,245
FUND BALANCE - beginning of year	<u>12,325,869</u>	<u>12,325,869</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 13,863,808</u>	<u>\$ 13,894,053</u>	<u>\$ 30,245</u>

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

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 15, 2022, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2022.

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, 2022

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 15, 2022, 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, 2022, 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, 2022, 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	\$ 14,840,631
FDIC insurance	(558,260)
Collateral held by pledging bank	<u>(14,777,540)</u>
Under (over) collateralized	<u>\$ (495,169)</u>

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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	\$ -	\$ -	\$ 92,996	\$ 92,996
520 – Public Service	-	-	126,829	126,829
590 – Food License	-	-	65,424	65,424
712 – Dental Services	617	-	26,796	27,413
725 – KWSCP Pink County Outreach	-	3,554	-	3,554
726 – ZIKA Preparedness	-	957	-	957
727 – Harm Reduc/Needle Exchange	20,439	-	547	20,986
731 – Opioid Crisis Response	-	564	-	564
738 – KCCSP Outreach/Education	6	-	-	6
747 – KHREF	-	-	15,964	15,964
758 – Humana Vitality	-	-	769,370	769,370
760 – Hands Federal Home Visiting	-	32,680	-	32,680
762 – Smiling Schools Preventive	72,394	-	-	72,394
764 – HEP A Outbreak Activities	14,879	-	-	14,879
770 – KCCSP-HB 265	1,315	-	-	1,315
809 – Diabetes	15,689	-	-	15,689
827 – U of L Social Media TMOMS	-	10,020	18	10,038
828 – Diabetes Outreach and Ed.	-	20,729	-	20,729
829 – Heart4Change	-	4,799	-	4,799
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	-	-	28,736	28,736
842 – HIV Counseling & Testing	8,071	-	-	8,071
846 – Rural Health Opioid Grant	-	52,886	-	52,886
849 – USDA Rural Bus. Dev. Grant	-	4,673	-	4,673
850 – KIPRC Harm Reduction Summit	-	2,580	-	2,580
853 – HANDS	561,527	-	257,857	819,384
858 – Supplemental School Health	-	-	835,741	835,741
Total	<u>\$ 694,937</u>	<u>\$ 181,976</u>	<u>\$ 2,228,105</u>	<u>\$ 3,105,018</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 \$723,244 at June 30, 2022.

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 EMPLOYEES' RETIREMENT SYSTEM PLAN

The District Health Department is a participating employer of the Kentucky Public Pensions Authority (KPPA). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of KPPA administers the Kentucky Employees' Retirement Systems (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, 2022, grandfathered plan members were required to contribute 5% of wages for non-hazardous job classifications. Employees hired after September 1, 2008, were required to contribute 6% of wages for non-hazardous job classifications.

Plan members who began participating on, or after, January 1, 2014, were 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, 2022 at 10.10% (7.90% to the pension fund and 2.20% to the insurance fund).

The unfunded liability cost is an actuarially accrued liability contribution based upon the actuarial valuation for fiscal year 2019 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 0.38489%, with 90% allocated to the pension fund and 10% allocated to the insurance fund.

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

The Health Department contributed \$4,644,999, \$642,723 normal cost contribution and \$4,002,276 as the actuarially accrued liability contribution, for the year ended June 30, 2022, which is 100% of the required contribution. The contribution was allocated \$4,104,772 to the KERS pension fund and \$540,227 to the KERS insurance fund.

Pension Liabilities – At June 30, 2022, the District Health Department estimates that its total unfunded net pension liability would be approximately \$52,407,711 based upon its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021. 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, 2021, the District Health Department's proportion was .3935 percent, which was an increase of .0135 percent from its proportion measured as of June 30, 2020.

OPEB Liabilities – At June 30, 2022, the District Health Department estimates that its total unfunded net OPEB liability would be approximately \$9,038,717 based upon its proportionate share of the total OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021. 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, 2021, the District Health Department's proportion was .3966 percent, which was an increase of .0165 percent from its proportion measured as of June 30, 2020.

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 \$671,016. 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 \$3,417,499 in public health taxes were transferred from the taxing districts to the District Health Department for the year ended June 30, 2022. An additional \$252,369 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	\$ 232,155
Casey County Public Health Taxing District	200,665
Clinton County Public Health Taxing District	146,671
Cumberland County Public Health Taxing District	117,003
Green County Public Health Taxing District	145,348
McCreary County Public Health Taxing District	162,916
Pulaski County Public Health Taxing District	1,334,204
Russell County Public Health Taxing District	352,600
Taylor County Public Health Taxing District	450,393
Wayne County Public Health Taxing District	<u>275,544</u>
Total local contributions	<u>\$ 3,417,499</u>

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

10. COVID-19 PANDEMIC

Since early 2020, various restrictions have been placed across the United States in response to the COVID-19 pandemic. The duration and pervasiveness of these restrictions are uncertain as of the date of these financial statements. The Health Department is evaluating the impact of COVID-19 and related responses on the operations and finances of the Health Department. Restrictions placed could negatively impact the Health District's revenue and expenses for an unknown period of time. At this time, a specific estimate of the impact could not reasonably be determined due to a number of unknown factors regarding the severity and duration of the event.

SUPPLEMENTARY INFORMATION

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF REVENUES BY REPORTING AREA
for the year ended June 30, 2022

		REVENUES					Total Costs	Department Carryover	Program Excess (Deficit)
		State	Federal	Local	Service Fees	Interest			
Food	500	\$ -	\$ -	\$ -	\$ 239,455	\$ -	\$ 239,455	\$ 224,391	\$ 15,064
Public Facilities	520	-	-	-	121,567	-	121,567	62,473	59,094
General Sanitation	540	1,620	-	141,936	-	-	143,556	143,556	-
Onsite Sewage	560	-	-	102,288	646,145	-	748,433	754,384	5,951
Food License Project	590	-	-	-	242,812	-	242,812	207,942	34,870
Radon	591	-	1,292	3,544	-	-	4,836	4,836	-
Total Environmental		1,620	1,292	247,768	1,249,979	-	1,500,659	1,397,582	109,028
Preventative Problems	700	-	-	-	-	-	-	-	-
Dental Services	712	32	-	-	-	-	32	37	5
Laboratory/Testing/Radiology	718	-	-	-	-	-	-	-	-
ELC COVID Minigrant	723	-	-	625	-	-	625	625	-
Covid Vac Com Outreach & Equity	725	-	-	1,865	-	-	1,865	1,865	-
Needle Exchange Program	727	20,439	9,000	-	77,000	-	106,439	85,453	20,986
Diabetes Disease Management	728	-	-	2	-	-	2	2	-
Fentanyl Test Strips	729	-	4,500	750	-	-	5,250	5,250	-
SSP Expansion Project	734	-	5,464	10,620	-	-	16,084	16,084	-
CHAT	736	-	104,026	3,306	-	-	107,332	107,332	-
COVID-19 Immunization Supp.	738	-	186,047	8,483	-	-	194,530	194,530	-
Envirohealth Link	742	-	10,000	34	-	-	10,034	10,034	-
Federal HANDS Special Project	743	-	125,858	24,827	-	-	150,685	150,685	-
CHW Expansion OHE	744	-	50,572	21,140	-	-	71,712	71,712	-
Accreditation	750	-	-	41,646	-	-	41,646	41,646	-
PHEP	753	-	31,172	11,160	-	-	42,332	42,332	-
Personal Responsibility Education	756	-	59,591	5,959	-	-	65,550	65,550	-
Regional Epi HPP Activities	757	-	-	10	-	-	10	10	-
Go365 - Humana Vitality	758	-	-	-	374,205	-	374,205	234,207	139,998
HANDS Federal Home Visiting	760	-	82,100	-	-	-	82,100	73,128	8,972
Diabetes Telehealth	761	-	15,306	1,258	-	-	16,564	16,564	-
HEP A Outbreak Activities	764	-	-	-	-	-	-	281	281
Tobacco Program Federal Funds	765	-	8,405	13,152	-	-	21,557	21,557	-
MCH Coordinator	766	-	252,698	13,431	-	-	266,129	266,129	-
Competitive Home Visiting	767	-	-	197	-	-	197	6,889	6,692
ELC Enhancing Detection	769	-	78,566	2,117	-	-	80,683	80,683	-
Cares Act	771	-	54,741	2,562	-	-	57,303	57,303	-
COVID-19 Federal	772	-	-	4,260	-	-	4,260	4,260	-
Contact Tracing	773	-	1,737,847	48,055	-	-	1,785,902	1,785,902	-
Child Fatality Prevention	774	-	-	959	-	-	959	959	-
Pediatric/Adolescent	800	-	5,000	40,771	37,017	-	82,788	82,788	-
Immunization	801	-	-	325,185	146,745	-	471,930	471,930	-
Family Planning	802	112,434	112,739	293,613	162,245	51	681,082	681,082	-
WIC	804	-	1,190,028	227,554	-	-	1,417,582	1,417,582	-
MCH Nutrition & Group Activity	805	-	14,197	10,830	389	-	25,416	25,416	-
Tuberculosis	806	-	3,854	265,489	63,023	-	332,366	332,366	-
Sexually Transmitted Disease	807	-	-	15,789	3,276	-	19,065	19,065	-
Diabetes	809	194,701	-	-	42	-	194,743	240,427	45,684
Adult Visits & Follow-up	810	-	-	126,834	23,980	-	150,814	150,814	-
Breast & Cervical Cancer	813	-	23,087	29,631	6,000	-	58,718	58,718	-
COVID-19 Vaccine	816	-	-	179,304	554	-	179,858	179,858	-
Community Based Services	818	-	-	380	-	-	380	380	-
Prep. Coordination & Training	821	-	101,558	26,293	-	-	127,851	127,851	-
Prep. Epidemic & Surveillance	822	4,500	85,530	11,264	-	-	101,294	101,294	-
Teen Pregnancy Prevention	827	-	140,754	-	-	-	140,754	199,441	58,687
Heart4Change	829	-	123,306	-	-	-	123,306	118,507	4,799
KIPRC ROPA	832	-	150,848	61,995	-	-	212,843	212,843	-
Breastfeeding Promotion	833	-	44,765	12,616	-	-	57,381	57,381	-
KIRP	834	-	-	7,375	-	-	7,375	7,375	-
HPP Activity Support	835	-	5,400	918	-	-	6,318	6,318	-
Tobacco	836	89,359	-	22,917	-	-	112,276	112,276	-
Abstinence Ed Initiative	837	-	-	223	-	-	223	223	-
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	1,086	1,086
Breastfeeding Peer Counselor	840	-	52,640	6,731	-	-	59,371	59,371	-
Diabetes Today Program	841	-	25,371	9,058	-	-	34,429	34,429	-
Ryan White Pharmacy Rebate	844	184,697	-	27,176	-	-	211,873	211,873	-
Ryan White Program	845	-	277,385	30,878	-	-	308,263	308,263	-
KIPRC Jail Education Grant	847	-	87,341	6,776	-	-	94,117	94,117	-
Healthy Start Day Care	848	13,619	-	19,709	-	-	33,328	33,328	-
USDA Rural Bus. Dev. Grant	849	-	-	-	-	-	-	6,232	6,232
KIPRC HARM Reduction Summit	850	-	-	-	-	-	-	25	25
HANDS Prima Gravida Program	853	518,067	-	-	2,089,440	43,134	2,650,641	2,777,505	126,864
Arthritis	856	-	-	10	-	-	10	10	-
Supplemental School Health	858	-	-	-	(240)	-	(240)	-	240
Immunization Projects	859	-	44,874	12,108	-	-	56,982	56,982	-
KHELP	871	-	-	9	-	-	9	9	-
Ryan White COVID-19 CARES	882	-	-	600	-	-	600	600	-
Core Public Health	890	-	-	9,204	1,435	-	10,639	10,639	-
Medicaid Match	891	-	-	79,339	-	-	79,339	79,339	-
Minor Restricted	892	-	-	228	594	-	822	835	13
Total Medical		1,137,848	5,304,570	2,077,225	2,985,705	43,185	11,548,533	11,619,587	245,809
Capital	894	-	-	30,153	-	-	30,153	30,153	-
Allocable Direct	895	3,384,353	448,161	1,062,353	-	-	4,894,867	3,358,706	1,536,161
Total Administrative		3,384,353	448,161	1,092,506	-	-	4,925,020	3,388,859	1,536,161
Totals		\$ 4,523,821	\$ 5,754,023	\$ 3,417,499	\$ 4,235,684	\$ 43,185	\$ 17,974,212	\$ 16,406,028	\$ 1,819,944

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF DIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2022

	DIRECT COSTS											Total Direct Costs
	Salaries	Part-Time	Fringes	Contracts	Travel	Occupancy	Administration	Supplies	Auto	Other	Capital	
Food	500	\$ 70,165	\$ -	\$ 30,474	\$ -	\$ 3,334	\$ -	\$ 2,544	\$ -	\$ -	\$ -	\$ 106,517
Public Facilities	520	19,720	-	8,573	-	1,693	-	564	-	-	-	30,550
General Sanitation	540	46,702	-	20,286	-	2,097	-	10	-	-	-	69,095
Onsite Sewage	560	245,554	-	106,661	-	31,669	-	711	-	-	-	384,595
Food License Project	590	154	-	60	-	-	17,809	-	-	189,705	-	207,728
Radon	591	921	-	392	-	-	-	-	-	2,238	-	3,551
Total Environmental		383,216	-	166,446	-	38,793	-	21,638	-	191,943	-	802,036
Preventative Problems	700	634,581	50,988	297,376	364	8,229	-	2,400	35,711	-	1,579	1,031,228
Dental Services	712	-	-	-	-	-	-	-	-	-	-	-
Laboratory/Testing/Radiology	718	29,811	-	13,684	9,242	-	-	12,849	-	-	-	65,586
ELC COVID Minigrant	723	296	-	151	-	-	50	-	-	-	-	497
Covid Vac Com Outreach & Equity	725	952	-	477	-	-	-	-	-	-	-	1,429
Needle Exchange Program	727	325	-	151	-	-	80	82,699	-	-	-	83,255
Diabetes Disease Management	728	-	-	-	-	-	2	-	-	-	-	2
Fentanyl Test Strips	729	-	-	-	-	-	-	5,250	-	-	-	5,250
SSP Expansion Project	734	-	-	-	-	-	-	6,320	127	9,637	-	16,084
CHAT	736	36,242	-	18,134	-	1,753	1,497	-	-	30,067	-	87,693
COVID-19 Immunization Supp.	738	91,102	4,152	46,042	-	786	-	5,984	-	2,714	-	150,780
Envirohealth Link	742	-	-	-	-	11	-	-	-	10,023	-	10,034
Federal HANDS Special Project	743	18,195	-	9,109	-	1,382	-	17,452	-	75,354	-	142,427
CHW Expansion OHE	744	29,249	-	14,637	-	2,206	-	283	-	3,093	-	58,420
Accreditation	750	19,932	-	9,977	-	547	-	410	-	219	-	31,085
PHEP	753	19,548	-	9,771	-	122	-	429	-	1,477	-	31,347
Personal Responsibility Education	756	26,438	-	13,233	-	2,033	-	461	-	9,677	-	51,842
Regional Epi HPP Activities	757	-	-	-	-	-	10	-	-	-	-	10
Go365 - Humana Vitality	758	43,742	-	21,872	-	5,527	-	84,475	-	49,204	-	209,686
HANDS Federal Home Visiting	760	21,713	2,510	11,137	-	379	-	-	-	165	-	35,904
Diabetes Telehealth	761	8,179	-	4,093	-	266	-	315	-	-	-	12,853
HEP A Outbreak Activities	764	149	-	60	-	-	-	-	-	-	-	209
Tobacco Program Federal Funds	765	4,377	-	2,182	-	25	-	-	-	12,991	-	19,575
MCH Coordinator	766	62,035	-	31,016	-	1,922	-	2,731	-	135,952	-	233,656
Competitive Home Visiting	767	-	-	-	-	-	-	-	-	6,889	-	6,889
ELC Enhancing Detection	769	2,640	-	1,314	-	1,324	66,230	859	148	1,359	-	79,483
Cares Act	771	23,062	7,195	12,360	-	12	-	90	-	-	-	42,719
COVID-19 Federal	772	2,174	-	1,079	-	25	-	-	-	-	-	3,278
Contact Tracing	773	474,655	10,212	238,576	-	7,432	-	392	-	793,781	-	1,550,818
Child Fatality Prevention	774	498	-	241	-	-	-	-	-	-	-	739
Pediatric/Adolescent Immunization	800	-	-	-	-	-	-	-	-	-	-	-
Family Planning	801	-	-	-	-	-	-	-	-	-	-	-
Family Planning	802	-	1,690	194	-	228	-	33,879	-	264	-	36,705
WIC	804	6,715	245	3,375	-	357	-	14,374	-	43,788	-	83,804
MCH Nutrition & Group Activity	805	8,665	-	4,334	480	1,555	-	2,849	-	1,267	-	19,150
Tuberculosis	806	2,148	1,746	1,279	-	-	-	45	8,658	-	-	13,876
Sexually Transmitted Disease	807	-	-	-	-	-	-	-	-	-	-	-
Diabetes	809	84,057	-	42,036	-	6,119	-	7,145	-	50,451	-	189,808
Adult Visits & Follow-up	810	9,150	-	4,570	-	-	-	-	-	-	-	13,720
Breast & Cervical Cancer	813	250	-	121	12,793	-	-	-	-	-	-	13,164
COVID-19 Vaccine	816	90,547	1,308	45,440	-	703	-	-	-	-	-	137,998
Community Based Services	818	200	-	90	-	-	-	-	-	-	-	290
Prep. Coordination & Training	821	57,198	-	28,592	-	955	-	4,497	14	908	-	92,164
Prep. Epidemic & Surveillance	822	46,692	-	23,360	-	1,025	-	3,911	-	595	-	75,583
Teen Pregnancy Prevention	827	67,775	-	33,910	-	19,568	-	5,846	-	35,822	-	162,921
Heart4Change	829	45,344	-	22,679	-	1,915	-	733	2,662	18,966	-	92,299
KIPRC ROPA	832	72,209	866	36,220	350	7,717	712	5,051	-	49,729	-	172,854
Breastfeeding Promotion	833	20,585	-	10,303	-	1,935	-	378	-	13,058	-	46,259
KIRP	834	-	-	-	-	-	-	-	-	7,375	-	7,375
HPP Activity Support	835	-	-	-	-	3,785	-	2,533	-	-	-	6,318
Tobacco	836	35,195	-	17,597	-	866	-	1,887	-	37,422	-	92,967
Abstinence Ed Initiative	837	109	-	60	-	-	-	-	-	-	-	169
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	886	-	200	-	1,086
Breastfeeding Peer Counselor	840	7,954	20,590	6,343	-	356	-	2,354	-	728	-	38,325
Diabetes Today Program	841	-	-	-	-	-	-	69	-	34,360	-	34,429
Ryan White Pharmacy Rebate	844	83,222	-	41,620	9,098	7,215	10,024	1,496	10,400	535	-	163,610
Ryan White Program	845	94,882	472	47,501	22,563	7,925	63,828	5,000	12,855	69	-	255,095
KIPRC Jail Education Grant	847	32,035	717	16,098	-	5,984	250	3,940	1,500	16,301	-	76,825
Healthy Start Day Care	848	10,265	-	5,135	-	291	-	-	-	11,610	-	27,301
USDA Rural Bus. Dev. Grant	849	-	-	-	-	-	-	-	-	6,232	-	6,232
KIPRC HARM Reduction Summit	850	22	-	-	-	-	-	-	-	-	-	22
HANDS Prima Gravida Program	853	1,234,153	13,272	618,752	-	34,112	-	35,420	-	78,287	-	2,013,996
Arthritis	856	10	-	-	-	-	-	-	-	-	-	10
Supplemental School Health	858	-	-	-	-	-	-	-	-	-	-	-
Immunization Projects	859	15,123	-	7,559	-	-	-	1,070	-	26,357	-	50,109
KHELP	871	-	-	-	-	-	9	-	-	-	-	9
Ryan White COVID-19 CARES	882	-	-	-	-	600	-	-	-	-	-	600
Core Public Health	890	4,975	-	2,484	-	146	-	-	-	-	-	7,605
Medicaid Match	891	-	-	-	-	-	-	-	-	79,339	-	79,339
Minor Restricted	892	-	-	-	-	29	-	10	-	796	-	835
Total Medical		3,579,375	115,963	1,776,324	54,890	132,982	145,429	338,262	275	1,658,640	-	7,975,630
Capital	894	-	-	-	-	-	-	-	-	-	30,153	30,153
Allocable Direct	895	-	-	3,358,706	-	-	-	-	-	-	-	3,358,706
Total Administrative		-	-	3,358,706	-	-	-	-	-	-	30,153	3,388,859
Indirect Cost Allocation												
Departmental		599,434	11,949	379,106	-	10,405	1,455	218,175	-	200	300,086	1,520,810
Environmental		225,391	6,190	142,859	-	17,601	-	8,364	-	500	7,976	408,881
Clinic		808,366	10,146	395,394	-	15,723	12,480	23,393	4,894	-	17,797	1,288,193
Medical		123,899	39,000	82,557	-	11,066	-	13,762	-	130	2,423	272,837
Space		104,893	35,099	70,133	-	21,522	495,532	1,125	-	20,452	26	748,782
Total Indirect Cost Allocation		1,861,983	102,384	1,070,049	-	76,317	509,467	264,819	4,894	21,282	328,308	4,239,503
Totals		\$ 5,824,574	\$ 218,347	\$ 6,371,525	\$ 54,890	\$ 248,092	\$ 654,896	\$ 459,947	\$ 343,156	\$ 21,557	\$ 2,178,891	\$ 16,406,028

LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS BY REPORTING AREA
for the year ended June 30, 2022

INDIRECT COSTS									Total
		Departmental	Environmental	Clinic	Medical	Space	Allocation	Indirect Costs	
Food	500	\$ 23,147	\$ 74,862	\$ -	\$ -	\$ 19,865	\$ -	\$ 117,874	
Public Facilities	520	6,509	21,041	-	-	4,373	-	31,923	
General Sanitation	540	15,406	49,830	-	-	9,225	-	74,461	
Onsite Sewage	560	81,014	261,999	-	-	26,776	-	369,789	
Food License Project	590	46	168	-	-	-	-	214	
Radon	591	304	981	-	-	-	-	1,285	
Total Environmental		126,426	408,881	-	-	60,239	-	595,546	
Preventative Problems	700	245,778	-	1,235,905	48,090	317,447	(2,878,448)	(1,031,228)	
Dental Services	712	-	-	-	-	37	-	37	
Laboratory/Testing/Radiology	718	10,402	-	52,288	2,035	20,532	(150,843)	(65,586)	
ELC COVID Minigrant	723	106	-	-	22	-	-	128	
Covid Vac Com Outreach & Equity	725	365	-	-	71	-	-	436	
Needle Exchange Program	727	122	-	-	24	2,052	-	2,198	
Diabetes Disease Management	728	-	-	-	-	-	-	-	
Fentanyl Test Strips	729	-	-	-	-	-	-	-	
SSP Expansion Project	734	-	-	-	-	-	-	-	
CHAT	736	13,764	-	-	2,693	3,182	-	19,639	
COVID-19 Immunization Supp.	738	36,591	-	-	7,159	-	-	43,750	
Envirohealth Link	742	-	-	-	-	-	-	-	
Federal HANDS Special Project	743	6,905	-	-	1,353	-	-	8,258	
CHW Expansion OHE	744	11,117	-	-	2,175	-	-	13,292	
Accreditation	750	7,574	-	-	1,482	1,505	-	10,561	
PHEP	753	7,422	-	-	1,451	2,112	-	10,985	
Personal Responsibility Education	756	10,037	-	-	1,964	1,707	-	13,708	
Regional Epi HPP Activities	757	-	-	-	-	-	-	-	
Go365 - Humana Vitality	758	16,607	-	-	3,249	4,665	-	24,521	
HANDS Federal Home Visiting	760	9,444	-	-	1,850	25,930	-	37,224	
Diabetes Telehealth	761	3,103	-	-	608	-	-	3,711	
HEP A Outbreak Activities	764	61	-	-	11	-	-	72	
Tobacco Program Federal Funds	765	1,658	-	-	324	-	-	1,982	
MCH Coordinator	766	23,557	-	-	4,611	4,305	-	32,473	
Competitive Home Visiting	767	-	-	-	-	-	-	-	
ELC Enhancing Detection	769	1,004	-	-	196	-	-	1,200	
Cares Act	771	12,197	-	-	2,387	-	-	14,584	
COVID-19 Federal	772	821	-	-	161	-	-	982	
Contact Tracing	773	185,159	-	-	36,230	13,695	-	235,084	
Child Fatality Prevention	774	182	-	-	38	-	-	220	
Pediatric/Adolescent	800	-	-	-	-	52	82,736	82,788	
Immunization	801	-	-	-	-	-	471,930	471,930	
Family Planning	802	806	-	-	158	-	643,413	644,377	
WIC	804	2,661	-	-	521	2,299	1,328,297	1,333,778	
MCH Nutrition & Group Activity	805	3,285	-	-	644	1,453	884	6,266	
Tuberculosis	806	1,658	-	-	322	10,213	306,297	318,490	
Sexually Transmitted Disease	807	-	-	-	-	-	19,065	19,065	
Diabetes	809	31,922	-	-	6,245	12,452	-	50,619	
Adult Visits & Follow-up	810	3,483	-	-	679	1,685	131,247	137,094	
Breast & Cervical Cancer	813	91	-	-	19	22	45,422	45,554	
COVID-19 Vaccine	816	35,009	-	-	6,851	-	-	41,860	
Community Based Services	818	76	-	-	14	-	-	90	
Prep. Coordination & Training	821	21,717	-	-	4,251	9,719	-	35,687	
Prep. Epidemic & Surveillance	822	17,733	-	-	3,470	4,508	-	25,711	
Teen Pregnancy Prevention	827	25,747	-	-	5,037	5,736	-	36,520	
Heart4Change	829	17,216	-	-	3,369	5,623	-	26,208	
KIPRC ROPA	832	27,846	-	-	5,449	6,694	-	39,989	
Breastfeeding Promotion	833	7,817	-	-	1,531	1,774	-	11,122	
KIRP	834	-	-	-	-	-	-	-	
HPP Activity Support	835	-	-	-	-	-	-	-	
Tobacco	836	13,368	-	-	2,616	3,325	-	19,309	
Abstinence Ed Initiative	837	44	-	-	10	-	-	54	
Marshall Univ Grant Diabetes	839	-	-	-	-	-	-	-	
Breastfeeding Peer Counselor	840	12,880	-	-	2,520	5,646	-	21,046	
Diabetes Today Program	841	-	-	-	-	-	-	-	
Ryan White Pharmacy Rebate Funds	844	31,603	-	-	6,185	10,475	-	48,263	
Ryan White Program	845	36,256	-	-	7,096	9,816	-	53,168	
KIPRC Jail Education Grant	847	12,516	-	-	2,447	2,329	-	17,292	
Healthy Start Day Care	848	3,892	-	-	765	1,370	-	6,027	
USDA Rural Bus. Dev. Grant	849	-	-	-	-	-	-	-	
KIPRC HARM Reduction Summit	850	-	-	-	3	-	-	3	
HANDS Prima Gravida Program	853	475,086	-	-	92,961	195,462	-	763,509	
Arthritis	856	-	-	-	-	-	-	-	
Supplemental School Health	858	-	-	-	-	-	-	-	
Immunization Projects	859	5,749	-	-	1,124	-	-	6,873	
KHELP	871	-	-	-	-	-	-	-	
Ryan White COVID-19 CARES	882	-	-	-	-	-	-	-	
Core Public Health	890	1,947	-	-	366	721	-	3,034	
Medicaid Match	891	-	-	-	-	-	-	-	
Minor Restricted	892	-	-	-	-	-	-	-	
Total Medical		1,394,384	-	1,288,193	272,837	688,543	-	3,643,957	
Capital	894	-	-	-	-	-	-	-	
Allocable Direct	895	-	-	-	-	-	-	-	
Total Administrative		-	-	-	-	-	-	-	
Indirect Allocation		(1,520,810)	(408,881)	(1,288,193)	(272,837)	(748,782)	-	(4,239,503)	
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, 2022, 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 15, 2022. 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 the 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 15, 2022



**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 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 Health Department's major federal programs for the year ended June 30, 2022. The Health Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

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 Auditor's 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 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 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 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 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 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 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 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 15, 2022

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2022**

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	01160021	7/1/21 - 6/30/22	\$ -	\$ 411,332
WIC Program - Administrative Services	10.557	01160022	7/1/21 - 6/30/22	-	937,264
WIC Program - Administrative Services	10.557	02540020	7/1/21 - 6/30/22	-	18,523
WIC Program - Administrative Services	10.557	02540021	7/1/21 - 6/30/22	-	37,874
				-	1,404,993
Total U.S. Department of Agriculture				\$ -	\$ 1,404,993
U.S. Department of Treasury					
Passed through State (CHFS)					
COVID-19, CARES Act	21.019	CARES-B20	7/1/21 - 6/30/22	\$ -	\$ 142,552
Total U.S. Department of Treasury				\$ -	\$ 142,552
U.S. Environmental Protection Agency (EPA)					
Passed through State (CHFS)					
State Indoor Radon Grants					
State Indoor Radon Grants	66.032	02610018	7/1/21 - 6/30/22	\$ -	\$ 1,292
Total U.S. Environmental Protection Agency				\$ -	\$ 1,292
U.S. Department of Health and Human Services (HHS)					
Direct Grants					
Teenage Pregnancy Prevention Program					
Approach to Reducing Appalachian Teen Pregnancy	93.297	TP1AH000185	7/15/19 - 6/30/22	\$ -	\$ 140,755
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement					
Rural Health Care Services Outreach Grant Program	93.912	D04RH31636	5/01/18 - 4/30/22	-	123,306
Provider Relief Funds (Period 2, received and spent during FY 2021, but reported FY 2022)	93.498	N/A	7/1/20 - 6/30/21	-	25,817
Passed through the University of Kentucky (UK)					
Injury Prevention and Control Research and State and Community Based Programs					
Kentucky Overdose Data to Action - Jail Education Program	93.136	1NU17CE924971	9/1/21 - 8/31/22	-	238,188
Passed through State (CHFS)					
Public Health Emergency Preparedness					
HPP & PHEP	93.069	02140019	7/1/21 - 6/30/22	-	8,585
HPP & PHEP Combined Cooperative Agreement	93.069	02140020	7/1/21 - 6/30/22	-	143,543
				-	152,128
Environmental Public Health and Emergency Response	93.070	022500OL21	7/1/21 - 6/30/22	-	20,914
ACA Personal Responsibility Education Programs					
PREP	93.092	02980020	7/1/21 - 6/30/22	-	4,696
PREP	93.092	02980021	7/1/21 - 6/30/22	-	59,591
				-	64,287
Subtotal HHS				\$ -	\$ 765,395

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, 2022**

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)				\$ -	\$ 765,395
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
Tuberculosis Control Programs	93.116	010600ON22	7/1/21 - 6/30/22	-	2,332
Tuberculosis Control Programs	93.116	010600ON23	7/1/21 - 6/30/22	-	1,522
				-	3,854
Family Planning Services					
Title X Family Planning	93.217	011500OL21	7/1/21 - 6/30/22	-	4,908
Title X Family Planning	93.217	011500OL22	7/1/21 - 6/30/22	-	88,305
Title X Family Planning	93.217	011500OL23	7/1/21 - 6/30/22	-	24,434
				-	117,647
Title V State Sexual Risk Avoidance Education Program					
Sexual Avoidance Education	93.235	01270021	7/1/21 - 6/30/22	-	10,364
Sexual Avoidance Education	93.235	01270022	7/1/21 - 6/30/22	-	31,172
				-	41,536
Immunization Cooperative Agreements					
Covid-19 Immunization Support	93.268	010500OL19	7/1/21 - 6/30/22	-	49,875
Immunization Grant	93.268	0105OLCRR18	7/1/21 - 6/30/22	-	186,047
Immunization Grant	93.268	0105OLCRR19	7/1/21 - 6/30/22	-	16,997
				-	252,919
Epidemiology & Laboratory Capacity for Infectious Disease (ELC)					
Preparedness Epidem & Survlnc	93.323	013900PP20	7/1/21 - 6/30/22	-	122,975
Contact Tracing	93.323	013900CRR21	7/1/21 - 6/30/22	-	1,737,847
Contact Tracing	93.323	013900CRR21	7/1/21 - 6/30/22	-	72,579
				-	1,933,401
National and State Tobacco Control Program					
Tobacco Control Program	93.387	01620122	7/1/21 - 6/30/22	-	26,159
Tobacco Control Program	93.387	01620123	7/1/21 - 6/30/22	-	847
				-	27,006
Activities to Support State, Tribal, Local & Territorial (STLT) Health Department Response to Public Health or Healthcare Crises					
SSP Expansion Project	93.391	0158RCCRR21	7/1/21 - 6/30/22	-	50,572
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke					
Diabetes Today Program	93.426	02440121	7/1/21 - 6/30/22	-	25,371
Diabetes Today Program	93.426	02440122	7/1/21 - 6/30/22	-	16,231
				-	41,602
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke					
Diabetes Telehealth	93.435	02450021	7/1/21 - 6/30/22	-	6,888
Diabetes Telehealth	93.435	02450022	7/1/21 - 6/30/22	-	12,420
				-	19,308
Opioid STR					
SSP Exapnsion Project	93.788	02030022	7/1/21 - 6/30/22	-	9,964
Subtotal HHS				\$ -	\$ 3,263,204

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2022**

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)				\$ -	\$ 3,263,204
Passed through State (CHFS)					
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	01300018	7/1/21 - 6/30/22	-	47,759
Home Visiting Program	93.870	01300019	7/1/21 - 6/30/22	-	176,609
				-	224,368
National Bioterrorism Hospital Preparedness Program HPP & PHEP	93.889	02150020	7/1/21 - 6/30/22	-	5,400
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations					
Breast and Cervical Cancer	93.898	011100OL20	7/1/21 - 6/30/22	-	1,664
Breast and Cervical Cancer	93.898	011100OL21	7/1/21 - 6/30/22	-	23,087
				-	24,751
HIV Care Formula Grants					
Ryan White Care Act Title II	93.917	01690020	7/1/21 - 6/30/22	-	475
Ryan White Care Act Title II	93.917	01690021	7/1/21 - 6/30/22	-	233,913
Ryan White Care Act Title II	93.917	01690022	7/1/21 - 6/30/22	-	62,329
				-	296,717
HIV Prevention Activities Health Department Based					
KY Integrated HIV Surveillance & Prevention	93.940	015000OL21	7/1/21 - 6/30/22	-	4,500
KY Integrated HIV Surveillance & Prevention	93.940	015000OL22	7/1/21 - 6/30/22	-	4,500
				-	9,000
Preventive Health and Health Service Block Grant					
Preventive Health - CHAT	93.991	01040020	7/1/21 - 6/30/22	-	91,026
Preventive Health - CHAT	93.991	01040021	7/1/21 - 6/30/22	-	33,000
				-	124,026
Maternal and Child Health Services Block Grant to the States:					
MCH Services Block Grant	93.994	01120020	7/1/21 - 6/30/22	-	85,956
MCH Services Block Grant	93.994	01120021	7/1/21 - 6/30/22	-	187,915
MCH Services Block Grant	93.994	01120021	7/1/21 - 6/30/22	-	9,666
				-	283,537
Total U.S. Department of Health and Human Services				-	4,231,003
Grand total federal awards expended				\$ -	\$ 5,779,840
Federal Revenues					\$ 5,754,023
Add: Period 2 Provider Relief Funds received/spent in FY 21 and reported in FY 22					25,817
Total federal awards expended					\$ 5,779,840

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2022**

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

93.323 Epidemiology and Laboratory Capacity for Infectious Diseases

93.870 Maternal, Infant and Early Childhood Home Visiting Grant

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, 2022**

There are no prior audit findings to report.

**LAKE CUMBERLAND DISTRICT HEALTH DEPARTMENT
SCHEDULE OF AUDIT ADJUSTMENTS
June 30, 2022**

There are no proposed audit adjustments.