

Carter County Public Health Taxing District
Audited Financial Statements
June 30, 2023



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To the Carter County Board of Health of
Carter County Public Health Taxing District
Grayson, Kentucky

Independent Auditor's Report

Opinions

We have audited the accompanying financial statements of Carter County Public Health Taxing District which comprise the Statement of Assets, Liabilities, and Fund Balance – Regulatory Basis as of June 30, 2023 and the related Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis 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 cash and cash balances of Carter County Public Health Taxing District, as of June 30, 2023, and the revenues it received and expenditures it paid 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 2.

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 Carter County Public Health Taxing District, as of June 30, 2023, or changes in fund balance 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carter County Public Health Taxing District, and 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.

**To the Carter County Board of Health of
Carter County Public Health Taxing District
Independent Auditor's Report
(Continued)**

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

As described in Note 2, the financial statements are prepared by Carter County Public Health Taxing District, on the basis of 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 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.

Auditor's 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 auditor's 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 Carter County Public Health Taxing District's internal control. Accordingly, no such opinion is expressed.

**The Carter County Board of Health of
Carter County Public Health Taxing District
Independent Auditor's Report
(Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carter County Public Health Taxing District'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of Carter County Public Health Taxing District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Carter County Public Health Taxing District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carter County Public Health Taxing District's internal control over financial reporting and compliance.

Respectfully submitted,

Jones & Associates CPAs, PSC

Jones & Associates CPAs, PSC
Certified Public Accountants
Lexington, Kentucky

November 27, 2023

Financial Statements

Carter County Public Health Taxing District
Statement of Assets, Liabilities, and Fund Balance - Regulatory Basis
June 30, 2023

Assets

Current assets

Cash \$ 2,272,906

Total current assets \$ 2,272,906

Total assets \$ 2,272,906

Liabilities and fund balance

Fund balance

Restricted \$ 2,272,906

Total fund balance \$ 2,272,906

Total liabilities and fund balance \$ 2,272,906

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

Carter County Public Health Taxing District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Regulatory Basis
For the Year Ended June 30, 2023

Revenues	
Property taxes	\$ 797,676
Rent	5,000
Interest	<u>3,862</u>
Total revenues	\$ <u>806,538</u>
Expenditures	
Carter County Health Department	\$ 357,137
Capital outlay	211,624
Tax collection fee	25,451
Miscellaneous	<u>845</u>
Total expenditures	\$ <u>595,057</u>
Revenues over (under) expenditures	\$ <u>211,481</u>
Net change in fund balance	\$ 211,481
Fund balance - Beginning of year	<u>2,061,425</u>
Fund balance - End of year	\$ <u><u>2,272,906</u></u>

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

Carter County Public Health Taxing District
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 1. Nature of the District

Carter County Public Health Taxing District (District) was created pursuant to Kentucky Revised Statute (KRS) 212.720. The District is responsible for requesting, with the approval of the Cabinet for Health and Family Services, that Carter County Fiscal Court impose an ad valorem tax in an amount that the Board of Health deems sufficient to meet Carter County's public health needs. The tax rate may not exceed 10 cents per \$100 of assessed value. The District then acts as a trustee over the public health tax fund. The District is restricted to expending public health tax money for the operation and maintenance of Carter County Health Department (Department). As such, the District's fund balance on the Statement of Assets, Liabilities, and Fund Balance – Regulatory Basis is shown as restricted.

Note 2. Summary of Significant Accounting Policies

The District maintains its records using the regulatory basis of accounting, in accordance with the *Administrative Reference* established by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management. As a result, revenues are recognized when received, rather than when earned, and expenses are recognized when paid, rather than when the liability is incurred. Capital assets are not capitalized and, instead, are expensed as capital outlay at the time the expense is paid.

The District receives funds from the Carter County Sheriff, the Carter County Clerk's office, and the Commonwealth of Kentucky based on remittances they receive from citizens.

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 Carter County Board of Health (Board) makes the determination as to when to use restricted or unrestricted funds when an expenditure is incurred for purposes for which both restricted and unrestricted funds are available.

Note 3. Related Parties

The District shares a common board membership with the Department. For the year ending June 30, 2023, the Department received \$357,137 of local tax appropriations from the District.

Note 4. Deposits

The District maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by Kentucky Revised Statutes. According to Kentucky Revised Statutes Section 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, always equals or exceeds the amount of public funds on deposit.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution's failure, the District's deposits may not be returned. The District does not have a formal deposit policy for custodial credit risk but rather follows the requirements of KRS Section 41.240(4). At June 30, 2023, the District's deposits were fully collateralized by FDIC insurance and securities pledged by financial institutions in the amount of \$2,022,906.

Carter County Public Health Taxing District
Notes to the Financial Statements
For the Year Ended June 30, 2023
(Continued)

Note 5. Tax Levy

On July 18, 2022, the Board passed a resolution recording the fiscal year 2023 health tax rate at 6 cents per \$100 of assessed valuation on real property, personal property, and motor vehicles. The required minimum local support level is equivalent to 1.8 cents per \$100 of assessed property valuation.

Note 6. Construction in Progress

On August 20, 2021, the District purchased a plot of land in the sum of \$500,000 for the purpose of constructing a new building for the Department. On August 23, 2022 the District contracted an architect to draft plans for the building and, during the year ended June 30, 2023, the District expensed \$211,624 related to the new construction. Subsequent to year end, the District expects to acquire approximately \$2,500,000 in new debt to cover the expenses related to future construction.

Note 7. Subsequent Events

The District has evaluated subsequent events through November 27, 2023, the date which the financial statements were available to be issued.

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To the Carter County Board of Health of
Carter County Public Health Taxing District
Grayson, Kentucky

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, 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, the financial statements of Carter County Public Health Taxing District, as of and for the year ended June 30, 2023, and related notes to the financial statements, which collectively comprise Carter County Public Health Taxing District's basic financial statements, and have issued our report thereon dated November 27, 2023. Our report contains an unmodified opinion on the regulatory basis of accounting 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carter County Public Health Taxing District'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 Carter County Public Health Taxing District's internal control. Accordingly, we do not express an opinion on the effectiveness of Carter County Public Health Taxing District'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 Carter County Public Health Taxing District's financial statements are free from material misstatement, we performed tests of its compliance with certain

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Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
(Continued)**

Report on Compliance and Other Matters (Continued)

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.

Respectfully submitted,

Jones & Associates CPAs, PSC

Jones & Associates CPAs, PSC
Certified Public Accountants
Lexington, Kentucky

November 27, 2023