

PENNYRILE DISTRICT
HEALTH DEPARTMENT
Princeton, Kentucky

FINANCIAL STATEMENTS

JUNE 30, 2020

C O N T E N T S

FINANCIAL SECTION:	PAGE
Independent Auditor's Report on Financial Statements	1-2
Statement of Assets, Liabilities, and Fund Balances – Regulatory Basis	3
Statement of Revenues and Expenditures – Regulatory Basis	4
Statement of Changes in Fund Balances – Regulatory Basis	5
Comparative Statement of Revenues and Expenditures – Budget and Actual – Regulatory Basis	6
Notes to Financial Statements	7-12
SUPPLEMENTAL SCHEDULES:	
Schedule of Audit Adjustments	13
Statement of Revenues by Cost Center - Regulatory Basis	14
Statement of Direct Costs by Cost Center - Regulatory Basis	15
Statement of Indirect Costs by Cost Center - Regulatory Basis	16
Comparative Statement of Revenues and Expenditures by Cost Center – Budget and Actual – Regulatory Basis:	
Food Services	17
Public Facilities	18
General Sanitation	19
Onsite Sewage	20
Installer Training	21
Preventive/Presenting Problems	22
Dental	23
Laboratory Testing/Radiology	24
CHAT	25
Worksite Wellness	26
Hands GF Services	27
SRAE	28
Hands GF Start-Up	29
Humana Vitality	30
Hands Federal Home Visiting	31
Diabetes Prevent and Control	32
MCH Coordinator	33
PHEP Special Project	34
COVID-19 Federal	35
Contact Tracing	36
Child Fatality Prevention	37

C O N T E N T S (Continued)

SUPPLEMENTAL SCHEDULES (CONTINUED):	PAGE
Comparative Statement of Revenues and Expenditures by Cost Center – Budget and Actual – Regulatory Basis <i>(Continued)</i> :	
Physical Activity and Nutrition Program	38
Pediatric/Adolescent	39
Family Planning	40
Maternity Services and Activity	41
WIC	42
MCH Nutrition and Group Activity	43
Tuberculosis	44
Sexually Transmitted Diseases	45
Diabetes	46
Adult Visits and Follow-Up	47
Lead Poisoning Prevention	48
Breast and Cervical Cancer	49
Preparedness	50
Regional Epidemiologist	51
MRC Focus Group E	52
Tobacco	53
Abstinence	54
Breastfeeding Peer Counseling	55
Federal Diabetes for Today	56
HIV Counseling and Testing	57
Ryan White Services	58
HANDS	59
Arthritis	60
School Health	61
With Hands	62
Medicaid Match	63
Minor Restricted Receipts	64
Allocable Leave Time and Fringes	65
General Space Administration	66
General Departmental Administration	67
General Clinic Administration	68
General Environmental Administration	69
Schedule of Expenditures of Federal Awards	70
Notes to Schedule of Expenditures of Federal Awards	71
 ADDITIONAL REPORTS:	
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 <i>Government Auditing Standards</i>	72-73

C O N T E N T S (Continued)

ADDITIONAL REPORTS (CONTINUED):	PAGE
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	74-75
Schedule of Findings and Questioned Costs	76-80
Schedule of Prior Audit Findings	81
Management Letter	82
Management's Corrective Action Plan	83-84

KIM HAM

CERTIFIED PUBLIC ACCOUNTANT

MEMBER,
American Institute
of CPA's

♦
MEMBER,
Kentucky Society
of CPA's

INDEPENDENT AUDITORS' REPORT

Members of the Board of Health
PENNYRILE DISTRICT HEALTH DEPARTMENT
Eddyville, Kentucky

Report on the Financial Statements

I have audited the accompanying financial statements of the Pennyrile District Health Department as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Pennyrile District Health Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

As described in Note 1, the financial statements are prepared by the Pennyrile 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my 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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Pennyryle District Health Department as of June 30, 2020, or the changes in its financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances of the Pennyryle District Health Department as of June 30, 2020, and the respective revenues and expenditures, changes in fund balances, and budgetary results for the year then ended, on the basis of the financial reporting provisions of the *Administrative Reference* as described in Note 1.

Other Matters

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pennyryle District Health Department's basic financial statements. The supplementary statements of revenues, direct costs, and indirect costs by cost center - regulatory basis and the comparative statements of revenues and expenditures by cost center - budget and actual - regulatory basis 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 statements of revenues, direct costs, and indirect costs by cost center - regulatory basis, the comparative statements of revenues and expenditures by cost center - budget and actual - regulatory basis, 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 my opinion, the supplementary statement of revenues, direct costs, and indirect costs by cost center - regulatory basis, the comparative statements of revenues and expenditures by cost center - budget and actual - regulatory basis, 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*, I have also issued my report dated October 19, 2020, on my consideration of the Pennyryle District Health Department's internal control over financial reporting and on my 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 my 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 Pennyryle 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 Pennyryle District Health Department's internal control over financial reporting and compliance.



Benton, Kentucky
October 19, 2020

PENNYRILE DISTRICT HEALTH DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
REGULATORY BASIS
JUNE 30, 2020

ASSETS:

Current Assets:

Cash:

Checking	\$ 1,431,500
Petty cash	1,050
Investments	272,754
Prepaid payroll withholdings	<u>6,458</u>

TOTAL ASSETS	\$ <u>1,711,762</u>
---------------------	----------------------------

LIABILITIES AND FUND BALANCES:

LIABILITIES:

Current Liabilities:

Payroll withholdings	\$ 4,733
Administrative fees payable	<u>35,131</u>

TOTAL LIABILITIES	<u>39,864</u>
--------------------------	----------------------

FUND BALANCES:

Restricted - state	94,666
Restricted - federal	23,975
Restricted - fees	108,809
Restricted - local	410,586
Unrestricted	<u>1,033,862</u>

TOTAL FUND BALANCES	<u>1,671,898</u>
----------------------------	-------------------------

TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,711,762</u>
--	----------------------------

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

PENNYRILE DISTRICT HEALTH DEPARTMENT
**STATEMENT OF REVENUES AND EXPENDITURES -
 REGULATORY BASIS**
 FOR THE YEAR ENDED JUNE 30, 2020

Revenues:	
Federal	\$ 1,079,378
State	716,142
Local	938,716
Service fees	1,079,750
Interest	<u>8,578</u>
Total Revenues	<u>3,822,564</u>
Expenditures:	
Current:	
Salaries and leave pay	1,353,552
Personal services and part time	139,760
Fringe benefits	997,463
Independent contracts	8,362
Travel	45,732
Space occupancy	(392)
Office administration	183,369
Medical supplies	210,983
Automotive	32,406
Other	344,981
Capital expenditures	<u>24,950</u>
Total Expenditures	<u>3,341,166</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE CARRYOVER	481,398
Prior year carryover	<u>7,942</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 489,340</u></u>

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

PENNYRILE DISTRICT HEALTH DEPARTMENT
**STATEMENT OF CHANGES IN FUND BALANCES -
REGULATORY BASIS**
FOR THE YEAR ENDED JUNE 30, 2020

	Restricted - State	Restricted - Federal	Restricted - Fees	Restricted - Local	Unrestricted	Totals (Memorandum Only)
Fund Balances - beginning	\$ 57,260	\$ 18,008	\$ 26,716	\$ 410,586	\$ 677,930	\$ 1,190,500
Transfers to carryover:						
State	(4,764)	0	0	0	0	(4,764)
Program income	0	0	(3,178)	0	0	(3,178)
Sub-total	52,496	18,008	23,538	410,586	677,930	1,182,558
Excess of revenues and carryover funds over expenditures	42,170	5,967	85,271	0	355,932	489,340
Fund Balances - ending	<u>\$ 94,666</u>	<u>\$ 23,975</u>	<u>\$ 108,809</u>	<u>\$ 410,586</u>	<u>\$ 1,033,862</u>	<u>\$ 1,671,898</u>

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

PENNYRILE DISTRICT HEALTH DEPARTMENT
COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Actual Over (Under) Budget
Revenues:			
Federal	\$ 672,278	\$ 1,079,378	\$ 407,100
State	674,054	716,142	42,088
Local	931,503	938,716	7,213
Service fees	1,021,337	1,079,750	58,413
Interest	0	8,578	8,578
Total Revenues	<u>3,299,172</u>	<u>3,822,564</u>	<u>523,392</u>
Expenditures:			
Current:			
Salaries and leave pay	1,490,146	1,353,552	(136,594)
Personal services and part time	17,850	139,760	121,910
Fringe benefits	1,036,845	997,463	(39,382)
Independent contracts	39,950	8,362	(31,588)
Travel	48,700	45,732	(2,968)
Space occupancy	71,000	(392)	(71,392)
Office administration	152,500	183,369	30,869
Medical supplies	275,002	210,983	(64,019)
Automotive	14,350	32,406	18,056
Other	189,407	344,981	155,574
Capital expenditures	0	24,950	24,950
Total Expenditures	<u>3,335,750</u>	<u>3,341,166</u>	<u>5,416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE CARRYOVER	(36,578)	481,398	517,976
Prior year carryover	104,088	7,942	(96,146)
NET CHANGE IN FUND BALANCE	67,510	489,340	421,830
Fund balance beginning less transfers to carryover funds	<u>1,182,558</u>	<u>1,182,558</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 1,250,068</u>	<u>\$ 1,671,898</u>	<u>\$ 421,830</u>

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