

Carter County Public Health Taxing District

Audited Financial Statements

June 30, 2021

Jones & Associates CPAs, PSC
Certified Public Accountants



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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Carter County Public Health Taxing District which comprise the Statement of Assets, Liabilities, and Fund Balance – Regulatory Basis as of June 30, 2021 and the related Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the *Administrative Reference* established by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, as described in Note 2. 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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the Carter County Public Health Taxing District, on the basis of the financial reporting provisions of the Commonwealth of Kentucky, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet with the requirements of the Commonwealth of Kentucky.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Carter County Public Health Taxing District as of June 30, 2021, or changes in fund balance thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Carter County Public Health Taxing District, as of June 30, 2021, and the respective revenues and expenditures and budgetary results for the year then ended, in accordance with the financial reporting provisions of the Commonwealth of Kentucky as described in Note 2.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021, on our consideration of the 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 the 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 the 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

October 18, 2021

Financial Statements

Carter County Public Health Taxing District
Statement of Assets, Liabilities, and Fund Balance - Regulatory Basis
June 30, 2021

Assets	
Current assets	
Cash	\$ <u>2,130,735</u>
Total current assets	\$ <u>2,130,735</u>
Total assets	\$ <u><u>2,130,735</u></u>
Liabilities and fund balance	
Fund balance	
Restricted	\$ <u>2,130,735</u>
Total fund balance	\$ <u>2,130,735</u>
Total liabilities and fund balance	\$ <u><u>2,130,735</u></u>

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, 2021

Revenues	
Property taxes	\$ 708,070
Sale of property	380,000
Interest	<u>2,744</u>
Total revenues	\$ <u>1,090,814</u>
Expenditures	
Carter County Health Department	\$ 204,970
Miscellaneous	<u>5,450</u>
Total expenditures	\$ <u>210,420</u>
Revenues over (under) expenditures	\$ <u>880,394</u>
Net change in fund balance	\$ 880,394
Fund balance - Beginning of year	<u>1,250,341</u>
Fund balance - End of year	\$ <u><u>2,130,735</u></u>

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

Carter County Public Health Taxing District
Notes to the Financial Statements
June 30, 2021

Note 1. Nature of the District

The 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 the 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 the Carter County Health Department. As such, the District's fund balance on the Statement of Assets, Liabilities, and Fund Balance 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. Property, plant, and equipment are not capitalized and the related depreciation expense is not recorded.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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 Party

The District shares a common board membership with the Carter County Health Department. For the year ending June 30, 2021, the Department received \$204,970 of local tax appropriations from the District.

Note 4. Cash

The District maintains its deposits with a depository institution insured by the Federal Deposit Insurance Corporation. At June 30, 2021, the District's deposits were fully covered by federal depository insurance or by collateral held by the depository institution.

Note 5. Tax Levy

On August 19, 2020, the Board passed a resolution recording the fiscal year 2021 health tax rate at 6.0 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. The Board has met this requirement as set by the Department for Public Health for the year ended June 30, 2021.

Carter County Public Health Taxing District
Notes to the Financial Statements
June 30, 2021
(Continued)

Note 6. Subsequent Events

The District has evaluated subsequent events through October 18, 2021, the date which the financial statements were available to be issued. The only subsequent event noted by management was the purchase of a piece of property for \$500,000.

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the 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 the Carter County Public Health Taxing District, as of and for the year ended June 30, 2021, and related notes to the financial statements, which collectively comprise the Carter County Public Health Taxing District's basic financial statements, and have issued our report thereon dated October 18, 2021. Our report contains an unmodified opinion on the regulatory basis of accounting in accordance with the financial reporting provisions of the Commonwealth of Kentucky.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Carter County Public Health Taxing District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carter County Public Health Taxing District'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

**To the Carter County Board of Health of
Carter County Public Health Taxing District
Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards*
(Continued)**

Compliance and Other Matters (Continued)

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

October 18, 2021