

Pennyrile District Health Department

Financial Statements

June 30, 2024

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Pennyrile District Health Department

Table of Contents
June 30, 2024

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report | 1 - 3 |
| Financial Statements | |
| Statement of Assets, Liabilities and Fund Balance – Modified Cash Basis | 4 |
| Statement of Revenues and Expenditures – Modified Cash Basis | 5 |
| Statement of Changes in Fund Balance – Modified Cash Basis | 6 |
| Notes to Financial Statements | 7 - 14 |
| Supplementary Information | |
| Schedule of Revenues and Expenditures by Cost Center | 15 – 21 |
| Schedule of Revenues and Expenditures - Actual vs. Budget | 22 |
| Schedule of Expenditures of Federal Awards..... | 23 - 25 |
| Notes to the Schedule of Expenditures of Federal Awards | 26 |
| 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> | 27 - 28 |
| Independent Auditor’s Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required By the <i>Uniform Guidance</i> | 29- 31 |
| Schedule of Audit Findings and Questioned Costs | 32 |
| Management Letter Comments | |
| Current Year Management Letter Comments..... | 33 |
| Prior Year Management Letter Comments | 34 |

Independent Auditor's Report

To the Board of Directors
Pennyrile District Health Department
Eddyville, KY

Opinion

We have audited the accompanying financial statements of Pennyrile District Health Department (the "District"), which comprise the statement of assets, liabilities and fund balance as of June 30, 2024, and the related statements of revenues and expenditures, changes in fund balance for the year then ended, and the related notes to the financial statements as listed in the table of contents.

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 Department as of June 30, 2024 and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provision of the Kentucky Cabinet for Health and Family Services as described in Note B.

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, as of June 30, 2024, or changes in its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

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

As described in Note B, the financial statements are prepared by the District, on the basis of the financial reporting provisions prescribed by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, 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 Kentucky Cabinet for Health and Family Services (CHFS), Department for Public Health, Division of Administration and Financial Management, Administrative Reference. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Independent Auditor's Report (Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the financial reporting prescribed by the Kentucky Cabinet for Health and Family Services, Department for Public Health, Division of Administration and Financial Management, Administrative Reference. 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 opinion. 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 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, 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'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'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.

Independent Auditor's Report (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues and Expenditures by Cost Center and the Schedule of Revenues and Expenditures - Actual vs Budget 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* (CFR) 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 Schedule of Revenues and Expenditures by Cost Center, Schedule of Revenues and Expenditures - Actual vs. Budget 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues and Expenditures by Cost Center, the Schedule of Revenues and Expenditures - Actual vs. Budget 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 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.



Lexington, Kentucky
November 4, 2024

Pennyrile District Health Department
Statement of Assets, Liabilities and Fund Balance -Modified Cash Basis
June 30, 2024

Assets

| | | |
|----------------------|--|----------------------------|
| Cash and equivalents | | <u>\$ 5,898,164</u> |
| Total Assets | | <u><u>\$ 5,898,164</u></u> |

Liabilities and Fund Balance

Liabilities

| | | |
|----------------------|--|------------------|
| Payroll withholdings | | <u>\$ 12,892</u> |
| Total Liabilities | | 12,892 |

Fund Balance

| | | |
|------------------------------------|------------------|----------------------------|
| Unrestricted | | 2,326,071 |
| Reserved for capital improvements | | 410,586 |
| Restricted | | |
| Restricted - Local | \$ 1,345,444 | |
| Restricted - State | 758,962 | |
| Restricted - Federal | 17,225 | |
| Restricted - Fees | <u>1,026,984</u> | <u>3,148,615</u> |
| Total Fund Balance | | <u>5,885,272</u> |
| Total Liabilities and Fund Balance | | <u><u>\$ 5,898,164</u></u> |

See accompanying notes.

Pennyrile District Health Department
Statement of Revenues and Expenditures - Modified Cash Basis
Year End June 30, 2024

| | |
|--------------------------------------|----------------------------|
| Revenues | |
| State funds | \$ 1,808,117 |
| Federal funds | 2,152,343 |
| Local funds | 777,645 |
| Service fees | 1,724,539 |
| Interest income | <u>11,665</u> |
| Total Revenues | 6,474,309 |
| Expenditures | |
| Compensation | 2,140,192 |
| Fringe benefits | 1,437,549 |
| Travel | 51,903 |
| Occupancy | (3,316) |
| Office administration | 323,655 |
| Medical supplies | 369,782 |
| Automotive | 16,724 |
| Capital expenditures | 261,524 |
| Other | <u>684,513</u> |
| Total Expenditures | <u>5,282,526</u> |
| Excess of revenues over expenditures | <u><u>\$ 1,191,783</u></u> |

See accompanying notes.

Pennyrile District Health Department
Statement of Changes in Fund Balance - Modified Cash Basis
Year Ended June 30, 2024

| | <u>Unrestricted Fund Balance</u> | <u>Reserved for Capital Improvements</u> | <u>Restricted Fund Balance</u> | <u>Total</u> |
|--|--------------------------------------|--|------------------------------------|---------------------|
| Fund Balance, July 1, 2023 Balance (Restated) | \$ 1,913,795 | \$ 410,586 | \$ 2,369,108 | \$ 4,693,489 |
| Transfer unrestricted funds to local restricted funds | (309,131) | | 309,131 | - |
| Transfer restricted federal funds to unrestricted funds | 49,671 | | (49,671) | - |
| Excess 2023-2024 revenues over expenditures - state restricted funds | | | 186,738 | 186,738 |
| Excess 2023-2024 revenues over expenditures - federal restricted funds | | | 15,595 | 15,595 |
| Excess 2023-2024 revenues over expenditures - fees restricted funds | | | 317,714 | 317,714 |
| Excess 2023-2024 revenues over expenditures - unrestricted funds | <u>671,736</u> | | | <u>671,736</u> |
| Fund Balance, June 30, 2024 Balance | <u>\$ 2,326,071</u> | <u>\$ 410,586</u> | <u>\$ 3,148,615</u> | <u>\$ 5,885,272</u> |

See accompanying notes.

Pennyrile District Health Department
Notes to Financial Statements
June 30, 2024

Note A - Nature of Operations

Pennyrile District Health Department (the District) was established pursuant to Kentucky Revised Statute (KRS) 212.850 in 1981 to provide health services through the county health centers in the counties of Caldwell, Crittenden, Livingston, Lyon, and Trigg. The District is governed by the Pennyrile District Board of Health (the Board) which consists of representatives of the two counties as set forth in KRS 212.850. The District is exempt from federal and state income taxes.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The District prepares its financial statements on the modified cash basis of accounting as prescribed by the Kentucky Cabinet for Health and Family Services (CHFS), Department for Public Health, Division of Administration and Financial Management, Administrative Reference, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when received and expenditures are recorded when paid (the cash basis), with certain exceptions identified in the Administrative Reference. Accounts receivable for revenue earned, but not received, and accounts payable for expenses incurred, but unpaid are not recorded. Inventories are not recorded but are expensed to the current period. Property, plant and equipment are not capitalized, and the related depreciation expense is not reported; and unearned revenues are not recorded. The District uses the indirect cost allocation plan developed by CHFS in accordance with the requirement of Uniform Guidance - 2 CFR part 200, Appendices III-VII. The District has not adopted the financial reporting standards of GASB 34 and GASB 54.
2. Cash Equivalents: The District considers investments with maturities of three months or less to be cash equivalents.
3. Source of Funds: Revenue sources of the District are divided into four groups as follows:
 - State - includes restricted and unrestricted state grant funds.
 - Federal - includes federal grant funds passed through from CHFS.
 - Local - includes funds from taxing districts, county and city appropriations, and donations from private sources.
 - Service fees - includes funds from school board contracts, Medicaid and Medicare payments for services, self-pay, insurance payments, other pay for service.
4. Estimates: The preparation of financial statements in conformity with accounting principles consistent with the basis of accounting described above, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
5. Subsequent Events: Subsequent events for the District have been considered through the date of the Independent Auditor's Report which represents the date the financial statements were available to be issued.

Pennyrile District Health Department
Notes to Financial Statements (Continued)
June 30, 2024

Note C – Cash and Cash Equivalents

The District's cash and equivalents consist of amounts deposited in both an interest-bearing checking account and a certificate of deposit. As of June 30, 2024, the carrying amount of the District's deposits was \$5,898,164 and the combined banking institutions' balance was \$6,082,342. The difference of \$184,178 between the District's deposit balance and the banking institutions' balance results from outstanding checks. Of the banking institutions' balance, \$500,000 was covered by Federal depository insurance. The remainder was insured by securities pledged as collateral that are held in the name of the financial institutions and pledged to the District.

Note D - Investments

According to KRS 41.240(4), local health departments may invest and reinvest money subject to their control and jurisdiction in only the following:

- a. Obligations of the United States and of its agencies and instrumentalities. Such investments may be accomplished through repurchase agreements reached with national, or state banks chartered in Kentucky.
- b. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities.
- c. Any savings and loan association insured by an agency of the government of the United States up to the amount insured.
- d. Interest -bearing deposits in state or national banks chartered in Kentucky and insured by an agency of the government of the United States up to the amount insured, and in larger amounts providing such bank shall pledge as security, obligations as permitted by KRS 41.240(4), having a quoted market value at least equal to any uninsured deposits.
- e. No other investments or reinvestments shall be authorized.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's credit risk follows the requirements of KRS 41.240(4).

At June 30, 2024, the District held \$292,949 in a certificate of deposit, which is included in the cash and cash equivalents balance due to the maturity dates being within three months.

No major decline in market values has occurred since year-end.

No unrealized gains or losses were noted as of year-end.

Pennyrile District Health Department
Notes to Financial Statements (Continued)
June 30, 2024

Note E – Fair Value and Measurement - Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that an entity has the ability to access as of the measurement date, or observable inputs.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The District has the following recurring fair value measurements as of June 30, 2024:

A certificate of deposit of \$292,949 is valued using quoted market prices (Level 1 inputs).

The District has no Level 2 or Level 3 inputs.

Note F – Defined Benefit Pension Plan

Plan Description: All employees averaging 100 or more hours per month over a calendar or fiscal year participate in the Kentucky Employees Retirement System (KERS) of the Commonwealth of Kentucky, which is a cost-sharing multiple-employer defined benefit pension plan. The KERS provides retirement, as well as health care, disability, and death benefits to plan members. The KERS provides for cost-of-living adjustments at the discretion of the Kentucky legislature. Benefits are established by State statute.

Benefits Provided: KERS provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

All regular full-time employees of the Authority/Corporation are covered by KERS. A regular full-time employee is an employee that averages one hundred or more hours per month over a calendar or fiscal year. KERS consist of three tiers:

Tier 1: Participation prior to September 1, 2008

Tier 2: Participation on or after September 1, 2008 to December 31, 2013

Tier 3: Participation on or after January 1, 2014

For Tiers 1 and 2, the benefit paid is based on the following formula: Final Compensation X Benefit Factor X Years of Service = Annual Benefit. For Tier 3, the benefit paid is based on the member's accumulated account balance at the time of retirement.

In 2013, all Cost-of-Living Adjustments (COLA's) were eliminated unless the State Legislature so authorizes on a biennial basis and either (1) the system is over 100% funded or (2) the Legislature appropriates sufficient funds to prepay the increased liability for the COLA.

**Pennyrile District Health Department
Notes to Financial Statements (Continued)
June 30, 2024**

Note F – Defined Benefit Pension Plan (Continued)

Contributions: Kentucky statutes set the rates for employer and employee contributions. On March 23, 2021, House Bill 8 was signed into law. Under this new law that was effective July 1, 2021, the KERS Nonhazardous employer contribution rate was 9.97% plus an employer-specific, monthly unfunded liability payment. The District received a monthly invoice for their unfunded liability cost. The calculation was based on the District’s percent share of the liability as of the June 30, 2019 actuarial valuation.

The employer and each employee contribute a percentage of the employee’s creditable compensation. Creditable compensation consists of all wages includable on the employee’s Federal Form W-2, Wage and Tax statement, under the heading “Wages, Tips, and Other Compensation”. There are two exceptions of payment of wages not included in creditable compensation: (1) the lump-sum compensatory leave payments to employees in Tier 2 and 3 and (2) vacation payout at termination. The employer total contribution rate for FY2024 was 9.97% comprised of 7.82% for pension contributions and 2.15% for insurance contributions. The employee’s contribution rates are as follows: Tier 1 - 5%, Tier 2 and 3 - 6%.

Retired employees receive certain health care benefits depending on length of service. In accordance with State statutes, such benefits are provided and advanced funded on an actuarially determined basis through the KERS. As indicated above, covered employees hired after September 1, 2008 are required by State statute to contribute an additional 1.00% of their salary to fund the Kentucky Public Pensions Authority insurance fund. The related employer contribution is included in the required employer contribution rates indicated above.

The District's contribution requirement for the year ended June 30, 2024 totals \$965,321. This amount includes the pension and insurance contributions and includes the District’s monthly unfunded liability payment.

The risks of participating in a multiple-employer plan are different from a single-employer plan in the following two respects: (1) assets contributed to a multiple-employer plan by one employer may be used to provide benefits to employees of other participating employers and (2) if a participating employer stop contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Net Pension Liability: The net pension liability is the total pension liability, less the amount of the plan’s fiduciary net position. The most recent actuarial valuation of the net pension liability was performed as of June 30, 2022 and rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2023. The net pension liability at June 30, 2023 for the System, as a whole, determined through an actuarial valuation performed as of that date was calculated based on three discount rates as follows:

| Assumption | 1% Increase In Discount Rate | Current Discount Rate | 1% Decrease In Discount Rate |
|-----------------------|------------------------------|-----------------------|------------------------------|
| Discount Rate | 6.25% | 5.25% | 4.25% |
| Net Pension Liability | \$10,793,618,870 | \$12,318,726,926 | \$14,159,094,587 |

The Kentucky Public Pension Authority is required to determine the pro-rata share of each member for reporting in the member’s financial statements. At June 30, 2023, the Health District's proportionate share of the Total Net Pension Liability was .08689 percent, an increase from the prior year proportionate share of .08642 percent. The District’s share of the net pension liability at June 30, 2023 was calculated based on three discount rates as follows:

Pennyrile District Health Department
Notes to Financial Statements (Continued)
June 30, 2024

Note F – Defined Benefit Pension Plan (Continued)

Net Pension Liability (Continued):

| Assumption | 1% Increase In Discount Rate | Current Discount Rate | 1% Decrease In Discount Rate |
|-----------------------|------------------------------|-----------------------|------------------------------|
| Discount Rate | 6.25% | 5.25% | 4.25% |
| Net Pension Liability | \$9,378,467 | \$10,703,619 | \$12,302,696 |

The District’s net employer pension expense for the fiscal year ended June 30, 2023 was \$243,788. These amounts do not appear in the financial statements since the financial statements are prepared on the modified cash basis of accounting as prescribed by the Kentucky Cabinet for Health and Family Services (CHFS), Department for Public Health, Division of Administration and Financial Management, Administrative Reference, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In addition to the KERS, the District’s employees are also eligible to participate in two deferred compensation plans sponsored by the Commonwealth. These plans are organized as a Section 457 plan and as a Section 401(k) plan under the Internal Revenue Code. Both plans permit employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The Kentucky Public Employees Deferred Compensation Department issues a publicly available report that includes financial statements and other required supplementary information relative to the deferred compensation plans. Such report may be obtained by writing to the Kentucky Public Employees Deferred Compensation Department, 101 Sea Hero Road, Suite 110, Frankfort, Kentucky 40601. The Commonwealth’s Comprehensive Annual Financial Report should also be referred to for additional disclosures related to the two deferred compensation plans.

Ten-year historical trend information showing the KERS’ progress in accumulating sufficient assets to pay benefits when due (as well as financial statements and other required supplementary information) is presented in the Kentucky Employees Retirement System’s Annual Financial Report (which is a matter of public record). The most recent actuarial valuation is as of June 30, 2023. Such report may be obtained by writing to the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky 40601. The Commonwealth’s Comprehensive Annual Financial Report should also be referred to for additional disclosures related to the KERS.

Note G – Compensated Absences

Employees of the District earn vacation, sick and compensated hours monthly depending on job classification, length of service and other factors. Under the District’s method of accounting as described in Note B, the liability for the value of the compensated absences earned as of June 30, 2024 is not recorded.

The vacation and compensated hours earned are subject to cash payment upon termination of employment. At June 30, 2024, the value of vacation and compensated hours was \$203,515.

The sick hours earned are not subject to cash payment upon termination but are subject to conversion into the employee’s retirement account (see Note F) as creditable compensation. Upon such conversion, the District is liable for the payment of the employer’s share of the retirement contribution. At June 30, 2024, the value of sick hours earned was \$263,739. Based on the employer’s contribution rate of 9.97%, the retirement contribution liability at June 30, 2024 was \$26,295.

Pennyrile District Health Department
Notes to Financial Statements (Continued)
June 30, 2024

Note H – Postemployment Benefit Other Than Pension Liability

Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (OPEB)” required that the Kentucky Public Pension Authority (KPPA) determine the total OPEB liability related to the Kentucky Employees’ Health Plan that KPPA administrates. The fully insured premiums KPPA pays for the Kentucky Employees’ Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

The net OPEB liability is the total OPEB liability, less the amount of the plan’s fiduciary net position. The most recent actuarial valuation of the net OPEB liability was performed as of June 30, 2022 and rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2023. The net OPEB liability at June 30, 2023 for the System, as a whole was calculated based on three discount rates and three healthcare cost trend rates as follows:

| Assumption | 1% Increase In Discount Rate | Current Discount Rate | 1% Decrease In Discount Rate |
|--------------------|------------------------------|-----------------------|------------------------------|
| Discount Rate | 6.94% | 5.94% | 4.94% |
| Net OPEB Liability | \$557,024,070 | \$784,591,380 | \$1,055,209,080 |

| Assumption | 1% Decrease In Healthcare Cost Trend Rate | Current Healthcare Cost Trend Rate | 1% Increase In Healthcare Cost Trend Rate |
|--------------------|---|------------------------------------|---|
| Net OPEB Liability | \$575,159,392 | \$784,591,380 | \$1,038,115,598 |

As a result of GASBS No. 75 the Kentucky Public Pension Authority required the pro-rata share of each member to be determined for reporting in the member’s financial statements. At June 30, 2023, the District’s proportion was .1120 percent, an increase from the prior year proportionate share of .1084 percent. The District’s share of the net pension liability at June 30, 2023 was calculated based on three discount rates and three healthcare trend rates as follows:

| Assumption | 1% Increase In Discount Rate | Current Discount Rate | 1% Decrease In Discount Rate |
|--------------------|------------------------------|-----------------------|------------------------------|
| Discount Rate | 6.94% | 5.94% | 4.94% |
| Net OPEB Liability | \$623,900 | \$878,789 | \$1,181,897 |

| Assumption | 1% Decrease In Healthcare Cost Trend Rate | Current Healthcare Cost Trend Rate | 1% Increase In Healthcare Cost Trend Rate |
|--------------------|---|------------------------------------|---|
| Net OPEB Liability | \$644,213 | \$878,789 | \$1,162,752 |

Pennyrile District Health Department
Notes to Financial Statements (Continued)
June 30, 2024

Note H – Postemployment Benefit Other Than Pension Liability (Continued)

The District’s total employer health plan expense for the fiscal year ended June 30, 2024 was (\$177,207). These amounts do not appear in the financial statements since the financial statements are prepared on the modified cash basis of accounting as prescribed by the Kentucky Cabinet for Health and Family Services (CHFS), Department for Public Health, Division of Administration and Financial Management, Administrative Reference, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Note I – Related Parties

The Caldwell, Crittenden, Livingston, and Lyons Public Health Taxing Districts were created pursuant to Kentucky Revised Statute (KRS) 212.750 to levy a special ad valorem tax for the purpose of providing funding for the district health department. The fiscal court of Trigg County and City of Cadiz has committed quarterly budget appropriations to fund the District. The District also receives reimbursements from the taxing district for expenditures that the District pays on behalf of the taxing district. These reimbursements are noted below as a reduction to a revenue recorded. These reimbursements are recorded as an offset to occupancy expenditure category.

The breakdown below shows the amounts received and available for use during fiscal year 2024. These revenues are included in local funds on the Statement of Revenues and Expenditures – Modified Cash Basis.

| Related Party Revenue | | | |
|------------------------------|---------------------|-----------------------------|--------------------------|
| | Received | Less: Reimbursements | Revenues Recorded |
| Caldwell | \$ 134,385 | \$ (114,368) | \$ 20,017 |
| City of Cadiz | 11,200 | - | 11,200 |
| Crittenden | 97,150 | (1,374) | 95,776 |
| Livingston | 277,027 | (75,524) | 201,503 |
| Lyon | 253,029 | (82,859) | 170,170 |
| Trigg | 288,654 | (13,261) | 275,393 |
| Totals | <u>\$ 1,061,445</u> | <u>\$ (287,386)</u> | <u>\$ 774,059</u> |

Note J – Restatement of Beginning Fund Balance

The beginning fund balance as of July 1, 2023 was restated due to \$7,352 of Department for Public Health’s administration fees being moved to unrestricted fund balance from liabilities.

| | |
|---|---------------------|
| Fund Balance, Beginning of Year (July 1, 2023) | \$ 4,671,903 |
| Reclassification of Prior Year Liabilities | <u>21,586</u> |
| Restated Fund Balance, Beginning of Year (July 1, 2023) | <u>\$ 4,693,489</u> |

Pennyrile District Health Department
Notes to Financial Statements (Continued)
June 30, 2024

Note K – Excess Unrestricted Fund Balance

According to Kentucky Administrative Regulation title 902 KAR 8:170 Section 3, Subsection (3)(c), if the local health department accumulates an unrestricted fund balance, as of June 30 of a fiscal year, in excess of forty (40) percent of that year's expenditures, or \$100,000, whichever is greater. The local health department shall submit to the Department of Public Health a written plan of use for the amount of the excess. If approved, the funds shall be placed into a local restricted fund to be used solely for the purposes approved. The Pennyrile District Health Department had an excess unrestricted fund balance at June 30, 2024 in the amount of \$213,060 and was not in compliance with 902 KAR 8:170.

Supplementary Information

**Pennyrile District Health Department
Schedule of Revenues and Expenditures By Cost Center
Year Ended June 30, 2024**

| | 500 | 520 | 540 | 560 | 590 | 700 | 712 | 718 | 725 |
|---|-----------------|----------------------|-----------------------|------------------|---------------------------------|---------------------------------------|-------------------|--------------------------------------|------------------------------------|
| | Food Service | Public Facilities | General Sanitation | Onsite Sewage | Installer Training Safety | Preventive/ Presenting Problems | Dental Varnish | Laboratory/ Testing/ Radiology | COVID Vac Community Outreach |
| Revenues | | | | | | | | | |
| State funds | \$ | \$ | \$ | \$ | \$ | \$ | \$ 28 | \$ | \$ |
| Federal funds | | | | | | | | | 103,895 |
| Local funds | 18,450 | | 101,016 | | | | | | |
| Service fees | 70,311 | 33,725 | 650 | 182,965 | 1,000 | | | | |
| Interest income | | | | | | | | | |
| Total revenues | 88,761 | 33,725 | 101,666 | 182,965 | 1,000 | - | 28 | - | 103,895 |
| Expenditures | | | | | | | | | |
| Direct | | | | | | | | | |
| Compensation | 45,953 | 14,675 | 54,693 | 86,549 | | 222,410 | | 17,404 | 15,374 |
| Fringe benefits | 12,812 | 4,032 | 16,219 | 26,095 | | 71,139 | | 5,574 | 5,639 |
| Travel | 1,784 | 554 | 1,030 | 4,153 | | 2,259 | | | 846 |
| Occupancy | | | | | | | | | |
| Office administration | | 3 | 89 | | 23 | | | | |
| Medical supplies | | | | | | 356,086 | | | |
| Automotive | 2,351 | | | 2,484 | | | | | |
| Capital expenditures | | | | | | | | | |
| Other | | | | 342 | | 874 | | | 71,442 |
| Total direct | 62,900 | 19,264 | 72,031 | 119,623 | 23 | 652,768 | - | 22,978 | 93,301 |
| Indirect allocation | 25,861 | 8,795 | 29,635 | 46,144 | | 529,241 | 10 | (22,978) | 9,615 |
| Resource based allocation | | | | | | (1,182,009) | | | |
| Total expenditures | 88,761 | 28,059 | 101,666 | 165,767 | 23 | - | 10 | - | 102,916 |
| Excess of revenues over expenditures | \$ | \$ 5,666 | \$ | \$ 17,198 | \$ 977 | \$ | \$ 18 | \$ | \$ 979 |

See Accompanying Independent's Auditor's Report

**Pennyrile District Health Department
Schedule of Revenues and Expenditures By Cost Center
Year Ended June 30, 2024**

| | 726 | 729 | 736 | 738 | 740 | 741 | 751 | 752 | 753 |
|---|----------------------------------|----------------------------|--------|-------------------------------------|---------------|-----------------------------|----------------|-------------------------|--------|
| | Seasonal Flu & COVID Admin | Fentanyl Test Strips | Chat | COVID-19 Immunization Support | HANDS ARPA | HANDS Special Project | KHDA Grants | Hands GF Services | SRAE |
| Revenues | | | | | | | | | |
| State funds | \$ | \$ | \$ | \$ | \$ | \$ 108,500 | \$ | \$ | \$ |
| Federal funds | | 957 | 18,435 | 74,987 | 34,483 | | | | 6,248 |
| Local funds | 11,845 | | 3,297 | 46,244 | | 70,160 | | 103 | |
| Service fees | | | | | | | 893 | | |
| Interest income | | | | | | | | | |
| Total revenues | 11,845 | 957 | 21,732 | 121,231 | 34,483 | 178,660 | 893 | 103 | 6,248 |
| Expenditures | | | | | | | | | |
| Direct | | | | | | | | | |
| Compensation | 6,172 | | 6,423 | 26,166 | 13,252 | | | | 2,465 |
| Fringe benefits | 2,263 | | 2,358 | 7,797 | 4,860 | | | | 903 |
| Travel | 202 | | 580 | 709 | | | | | 119 |
| Occupancy | | | | | | | | | |
| Office administration | | | | 12,342 | | 1,073 | 893 | | |
| Medical supplies | | | | 12,446 | | | | | |
| Automotive | | | | | | | | 103 | |
| Capital expenditures | | | | | | | | | |
| Other | | 957 | 8,934 | 46,574 | | 177,587 | | | |
| Total direct | 8,637 | 957 | 18,295 | 106,034 | 18,112 | 178,660 | 893 | 103 | 3,487 |
| Indirect allocation | 3,208 | | 3,437 | 15,197 | 7,237 | | | | 1,780 |
| Resource based allocation | | | | | | | | | |
| Total expenditures | 11,845 | 957 | 21,732 | 121,231 | 25,349 | 178,660 | 893 | 103 | 5,267 |
| Excess of revenues over expenditures | \$ | \$ | \$ | \$ | \$ 9,134 | \$ | \$ | \$ | \$ 981 |

See Accompanying Independent's Auditor's Report

**Pennyrile District Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2024**

| | 756 | 758 | 761 | 766 | 769 | 777 | 781 | 782 | 800 |
|---|--------------|--------------------|---------------------------------------|--------------------|-------------------------------|---------------------------------------|---------------------------|-------------------------------|--------------------------|
| | PREP | Humana Vitality | Diabetes Prevention and Control | MCH Coordinator | ELC Enhancing Detection | Strengthening PH Infrastructure | Harm Reductions MSA | PHPS OHE Harm Reduction | Pediatric/ Adolescent |
| Revenues | | | | | | | | | |
| State funds | \$ | \$ | \$ | \$ | \$ | \$ | \$ 40,000 | \$ | \$ 109,641 |
| Federal funds | 5,338 | | 24,405 | 94,725 | 558,403 | 16,551 | | 14,875 | |
| Local funds | 163 | | 4,451 | | 82,128 | 10,771 | 4,042 | | 70,558 |
| Service fees | | 1,717 | | | | | | | 195,784 |
| Interest income | | | | | | | | | |
| Total revenues | 5,501 | 1,717 | 28,856 | 94,725 | 640,531 | 27,322 | 44,042 | 14,875 | 375,983 |
| Expenditures | | | | | | | | | |
| Direct | | | | | | | | | |
| Compensation | 2,552 | 5 | 14,436 | 47,400 | 332,175 | 13,939 | 19,208 | | 4,140 |
| Fringe benefits | 939 | | 5,290 | 17,382 | 115,587 | 5,108 | 7,043 | | 1,521 |
| Travel | 388 | | 1,265 | 232 | 7,577 | 587 | | | |
| Occupancy | | | | | | | | | |
| Office administration | | | 60 | | | | | | |
| Medical supplies | | | | | | | | | |
| Automotive | | | | | 2 | | | | |
| Capital expenditures | | | | | | | | | |
| Other | 94 | | | (136) | 2,659 | 243 | 7,806 | 14,875 | |
| Total direct | 3,973 | 5 | 21,051 | 64,878 | 458,000 | 19,877 | 34,057 | 14,875 | 5,661 |
| Indirect allocation | 1,528 | 198 | 7,805 | 26,156 | 182,531 | 7,445 | 9,985 | | 2,154 |
| Resource based allocation | | | | | | | | | 368,168 |
| Total expenditures | 5,501 | 203 | 28,856 | 91,034 | 640,531 | 27,322 | 44,042 | 14,875 | 375,983 |
| Excess of revenues over expenditures | \$ | \$ 1,514 | \$ | \$ 3,691 | \$ | \$ | \$ | \$ | \$ |

See Accompanying Independent's Auditor's Report

**Pennyrile District Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2024**

| | 801 | 802 | 804 | 805 | 806 | 807 | 809 | 810 | 811 |
|---|---------------|--------------------|---------|-----------------------------|--------------|------------------------------------|----------------------------|--------------------------------|---------------------------------|
| | Immunizations | Family Planning | WIC | MCH Nutrition & Group | Tuberculosis | Sexually Transmitted Disease | Other Adult Diabetes | Adult Visits & Follow-up | Lead Poisoning Prevention |
| Revenues | | | | | | | | | |
| State funds | \$ | \$ 19,365 | \$ | \$ 11,855 | \$ | \$ | \$ 92,135 | \$ 7,970 | \$ |
| Federal funds | 40 | 131,835 | 283,199 | 2,802 | 1,390 | | | | |
| Local funds | | | 155,864 | | 94,005 | 3,935 | | | 1,187 |
| Service fees | 495,870 | 3,953 | 975 | | 16,090 | 14,733 | 11 | 6,108 | 48 |
| Interest income | | | | | | | | | |
| I revenues | 495,910 | 155,153 | 440,038 | 14,657 | 111,485 | 18,668 | 92,146 | 14,078 | 1,235 |
| Expenditures | | | | | | | | | |
| Direct | | | | | | | | | |
| Compensation | | 347 | 3,122 | | 644 | | 41,810 | | 532 |
| Fringe benefits | | 124 | 1,143 | | 234 | | 15,331 | | 196 |
| Travel | | 24 | 1,182 | | 187 | | 2,858 | | 47 |
| Occupancy | | | | | | | | | |
| Office administration | | | | | | | 207 | | |
| Medical supplies | | 587 | | | 266 | | | | |
| Automotive | | | | | | | | | |
| Capital expenditures | | | | | | | | | |
| Other | | 124,863 | 997 | 13,668 | | | 5,397 | | |
| I direct | - | 125,945 | 6,444 | 13,668 | 1,331 | - | 65,603 | - | 775 |
| Indirect allocation | | 672 | 3,602 | 989 | 65,377 | | 22,234 | | 278 |
| Resource based allocation | 266,689 | 28,536 | 429,992 | | 44,777 | 18,668 | 4,309 | 14,078 | 182 |
| Total expenditures | 266,689 | 155,153 | 440,038 | 14,657 | 111,485 | 18,668 | 92,146 | 14,078 | 1,235 |
| Excess of revenues over expenditures | \$ 229,221 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |

See Accompanying Independent's Auditor's Report

Pennyrile District Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2024

| | 813 | 816 | 818 | 821 | 822 | 824 | 833 | 836 | 840 |
|---|----------------------------------|--------------------|-------------------------|---------------|----------------------------|------------------------------------|---------------------------|-------------------|-------------------------------------|
| | Breast and Cervical Cancer | COVID19 Vaccine | Community Activities | Preparedness | Regional Epidemiologist | FY 2024 PHEP Special Project | Breastfeeding Training | Tobacco | Breastfeeding Peer Counseling |
| Revenues | | | | | | | | | |
| State funds | \$ 6,610 | \$ 34,789 | | | | | | \$ 153,231 | \$ 6,832 |
| Federal funds | | | | 37,292 | 101,911 | 25,000 | 3,268 | | 23,921 |
| Local funds | | | 2,500 | 6,200 | 11,429 | | | 1,620 | |
| Service fees | | 4,289 | | | | | | | |
| Interest income | | | | | | | | | |
| Total revenues | 6,610 | 39,078 | 2,500 | 43,492 | 113,340 | 25,000 | 3,268 | 154,851 | 30,753 |
| Expenditures | | | | | | | | | |
| Direct | | | | | | | | | |
| Compensation | | | | 17,470 | 58,674 | | 1,399 | 253 | 15,040 |
| Fringe benefits | | | | 6,372 | 21,515 | | 510 | 95 | 1,455 |
| Travel | | | | 4,849 | 1,537 | | (431) | 36 | 389 |
| Occupancy | | | | | | | | | |
| Office administration | | | | 600 | 530 | | | | 195 |
| Medical supplies | | | | | | | | | |
| Automotive | | | | 44 | | | | | |
| Capital expenditures | | 39,078 | | | | | | | |
| Other | | | 2,500 | 4,561 | 80 | 25,000 | | 3,842 | 4,448 |
| Total direct | - | 39,078 | 2,500 | 33,896 | 82,336 | 25,000 | 1,478 | 4,226 | 21,527 |
| Indirect allocation | | | | 9,596 | 31,004 | | 979 | 625 | 9,226 |
| Resource based allocation | 6,610 | | | | | | | | |
| Total expenditures | 6,610 | 39,078 | 2,500 | 43,492 | 113,340 | 25,000 | 2,457 | 4,851 | 30,753 |
| Excess of revenues over expenditures | \$ | \$ | \$ | \$ | \$ | \$ | \$ 811 | \$ 150,000 | \$ |

See Accompanying Independent's Auditor's Report

**Pennyrile District Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2024**

| | 842 | 853 | 858 | 877 | 887 | 892 | 894 | 895 | 897 |
|---|----------------------------------|-----------|------------------|---------------|-------------------------|---------------------|-------------------------|---------------------------------|-------------------|
| | HIV Counseling and Testing | Hands | School Health | With Hands | IMM Grant Project | Minor Restricted | Capital Expenditures | Allocable Leave & Fringes | Space Indirect |
| Revenues | | | | | | | | | |
| State funds | \$ | \$ 36,720 | \$ 113,589 | \$ | \$ | \$ | \$ 203,879 | \$ 862,973 | \$ |
| Federal funds | 248 | 144,402 | | | 8,893 | | | 434,840 | |
| Local funds | 28 | | | 1,967 | 24,578 | | | 51,104 | |
| Service fees | | 564,765 | 97,501 | 975 | | 5,358 | 18,567 | 8,251 | |
| Interest income | | | | | | | | 11,665 | |
| Total revenues | 276 | 745,887 | 211,090 | 2,942 | 33,471 | 5,358 | 222,446 | 1,368,833 | |
| Expenditures | | | | | | | | | |
| Direct | | | | | | | | | |
| Compensation | 132 | 331,280 | 110,642 | | 4,354 | | | 2 | 38,376 |
| Fringe benefits | 50 | 117,510 | 40,572 | | 1,601 | | | 697,096 | 3,488 |
| Travel | | 7,222 | 434 | | 129 | | | | |
| Occupancy | | | | | | | | | (3,332) |
| Office administration | | 1,936 | | | | 729 | | | |
| Medical supplies | | | 217 | | | | | | |
| Automotive | | 9,834 | | | | | | | |
| Capital expenditures | | | | | | | 222,446 | | |
| Other | | 3,021 | 1,683 | | 24,721 | 1,680 | | | 58 |
| Total direct | 182 | 470,803 | 153,548 | - | 30,805 | 2,409 | 222,446 | 697,098 | 38,590 |
| Indirect allocation | 94 | 181,118 | 57,542 | | 2,666 | | | (1) | (38,590) |
| Resource based allocation | | | | | | | | | |
| Total expenditures | 276 | 651,921 | 211,090 | - | 33,471 | 2,409 | 222,446 | 697,097 | |
| Excess of revenues over expenditures | \$ | \$ 93,966 | \$ | \$ 2,942 | \$ | \$ 2,949 | \$ | \$ 671,736 | \$ |

See Accompanying Independent's Auditor's Report

**Pennyrile District Health Department
Schedule of Revenues and Expenditures By Cost Center (Continued)
Year Ended June 30, 2024**

| | <u>898</u> | <u>899</u> | <u>901</u> | |
|---|--------------------------|--------------------|---------------------------|---------------------|
| | Departmental Indirect | Clinic Indirect | Environmental Indirect | <u>Totals</u> |
| Revenues | | | | |
| State funds | \$ | \$ | \$ | \$ 1,808,117 |
| Federal funds | | | | 2,152,343 |
| Local funds | | | | 777,645 |
| Service fees | | | | 1,724,539 |
| Interest income | | | | 11,665 |
| Total revenues | | | | 6,474,309 |
| Expenditures | | | | |
| Direct | | | | |
| Compensation | 348,448 | 209,697 | 12,579 | 2,140,192 |
| Fringe benefits | 139,639 | 73,724 | 4,333 | 1,437,549 |
| Travel | 5,986 | 3,613 | 1,556 | 51,903 |
| Occupancy | | | 16 | (3,316) |
| Office administration | 138,306 | 166,590 | 79 | 323,655 |
| Medical supplies | 180 | | | 369,782 |
| Automotive | 1,865 | | 41 | 16,724 |
| Capital expenditures | | | | 261,524 |
| Other | 134,831 | 292 | 620 | 684,513 |
| Total direct | 769,255 | 453,916 | 19,224 | 5,282,526 |
| Indirect allocation | (769,255) | (453,916) | (19,224) | - |
| Resource based allocation | | | | - |
| Total expenditures | | | | 5,282,526 |
| Excess of revenues over expenditures | \$ | \$ | \$ | \$ 1,191,783 |

See Accompanying Independent's Auditor's Report

Pennyrile District Health Department
Schedule of Revenues and Expenditures by Actual vs. Budget
Year Ended June 30, 2024

| | Actual | Budget | Positive (Negative) Variance |
|--------------------------------------|---------------------|-------------------|------------------------------------|
| Revenues | | | |
| State funds | \$ 1,808,117 | \$ 1,504,185 | \$ 303,932 |
| Federal funds | 2,152,343 | 1,858,696 | 293,647 |
| Local funds | 777,645 | 1,086,654 | (309,009) |
| Service fees | 1,724,539 | 828,842 | 895,697 |
| Interest income | 11,665 | - | 11,665 |
| | <u>6,474,309</u> | <u>5,278,377</u> | <u>1,195,932</u> |
| Total Revenues | | | |
| Expenditures | | | |
| Compensation | 2,140,192 | 2,267,671 | 127,479 |
| Fringe benefits | 1,437,549 | 1,625,143 | 187,594 |
| Independent contracts | - | 13,200 | 13,200 |
| Travel | 51,903 | 63,636 | 11,733 |
| Occupancy | (3,316) | - | 3,316 |
| Office administration | 323,655 | 306,389 | (17,266) |
| Medical supplies | 369,782 | 281,000 | (88,782) |
| Automotive | 16,724 | 25,500 | 8,776 |
| Capital expenditures | 261,524 | 250,881 | (10,643) |
| Other | 684,513 | 337,125 | (347,388) |
| | <u>5,282,526</u> | <u>5,170,545</u> | <u>(111,981)</u> |
| Total Expenditures | | | |
| Excess of Revenues Over Expenditures | <u>\$ 1,191,783</u> | <u>\$ 107,832</u> | <u>\$ 1,083,951</u> |

See Accompanying Independent Auditor's Report

Pennyrile District Health Department
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

| <u>Federal Grantor/Passed-through Grantor Program Title</u> | <u>Assistance Listing Number</u> | <u>Entity Identifying Number</u> | <u>Passed-through to Subrecipients</u> | <u>Federal Expenditures</u> |
|---|--|--|--|---------------------------------|
| U.S. Department of Agriculture | | | | |
| Passed-through Kentucky Cabinet for Health and Family Services: | | | | |
| WIC Special Supplemental Nutrition Program for Women, Infants and Children | | | | |
| | 10.557 | 1160023 | | \$ 109,733 |
| | 10.557 | 1160024 | | 214,079 |
| | 10.557 | 2450023 | | 24,405 |
| | 10.557 | 2540022 | | 15,407 |
| | 10.557 | 2540023 | | 17,602 |
| | | | | \$ 381,226 |
| Total U. S. Department of Agriculture | | | | |
| U.S. Department of Health and Human Services | | | | |
| Passed-through Kentucky Cabinet for Health and Family Services: | | | | |
| Public Health Emergency Preparedness | | | | |
| | 93.069 | 2140021 | | \$ 25,000 |
| | 93.069 | 2140022 | | 37,292 |
| | | | | 62,292 |
| | 93.070 | 265C321 | | 2,217 |
| | 93.092 | 2980022 | | 471 |
| | 93.092 | 2980023 | | 4,867 |
| | | | | 5,338 |
| | 93.116 | 10600N24 | | 1,390 |

See Accompanying Independent Auditor's Report
The accompanying notes are an integral part of this schedule.

Pennyrile District Health Department
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2024

| <u>Federal Grantor/Passed-through Grantor Program Title</u> | <u>Assistance Listing Number</u> | <u>Entity Identifying Number</u> | <u>Passed-through to Subrecipients</u> | <u>Federal Expenditures</u> |
|--|--|--|--|---------------------------------|
| U.S. Department of Health and Human Services | | | | |
| Passed-through Kentucky Cabinet for Health and Family Services: | | | | |
| Family Planning Services | 93.217 | 11500OL24 | | \$ 130,592 |
| | 93.217 | 11500OL25 | | 1,243 |
| | | | | 131,835 |
| Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program | 93.235 | 1270023 | | 1,176 |
| | 93.235 | 1270024 | | 5,073 |
| | | | | 6,249 |
| Immunization Cooperative Agreements | 93.268 | 10500OL20 | | 18,940 |
| | 93.268 | 10500OLCA | | 25,860 |
| | 93.268 | 105OLARPA | | 195,881 |
| | 93.268 | 105OLBRG2 | | 40 |
| | 93.268 | 1050LCRR1 | | 74,987 |
| | 93.268 | 1050LCRR2 | | 68,974 |
| | | | | 384,682 |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | 13900CRR2 | | 658,770 |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | 296A122 | | 16,551 |
| | 93.354 | 266ARPA21 | | 147,648 |
| | | | | 164,199 |
| Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises | 93.391 | 158RCCRR2 | | 14,875 |
| Strengthening Public Health Systems and Services through The Innovative Cardiovascular Health Program | 93.435 | 2450019 | | 230 |
| Opioid STR | 93.788 | 2790023 | | 957 |

See Accompanying Independent Auditor's Report
The accompanying notes are an integral part of this schedule.

Pennyrile District Health Department
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2024

| <u>Federal Grantor/Passed-through Grantor Program Title</u> | <u>Assistance Listing Number</u> | <u>Entity Identifying Number</u> | <u>Passed-through to Subrecipients</u> | <u>Federal Expenditures</u> |
|--|----------------------------------|----------------------------------|--|-----------------------------|
| U.S. Department of Health and Human Services (Continued) | | | | |
| Passed-through Kentucky Cabinet for Health and Family Services: | | | | |
| Maternal, Infant and Early Childhood Home Visiting Grant Program | 93.870 | 130ARPA22 | | 34,483 |
| | 93.870 | 1300020 | | 16,860 |
| | 93.870 | 1300021 | | 133,262 |
| | | | | 184,605 |
| HIV Prevention Activities Health Department Based | 93.940 | 15000OL22 | | 280 |
| Preventive Health and Health Services Block Grant (PPHF) | 93.991 | 1040022 | | 12,185 |
| | 93.991 | 1040023 | | 15,000 |
| | | | | 27,185 |
| Maternal and Child Health Services Block Grant | 93.994 | 1120022 | | 54,519 |
| | 93.994 | 1120023 | | 71,494 |
| | | | | 126,013 |
| Total U. S. Department of Health and Human Services | | | | 1,771,117 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 2,152,343 |

See Accompanying Independent Auditor's Report
The accompanying notes are an integral part of this schedule.

Pennyrile District Health Department
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pennyrile District Health Department and is presented on the modified cash basis of cash receipts and disbursements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Note B – Indirect Cost Rate

The District does not elect to use the 10% de minimis indirect cost rate. Instead, the District uses an indirect cost rate that has been established by the Cabinet for Health and Family Services.

**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***

To the Members of the Board of the
Pennyrile District Health Department
Eddyville, Kentucky

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 Pennyrile District Health Department (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2024. 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's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

**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

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

Purpose of this Report

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



Lexington, Kentucky
November 4, 2024

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the *Uniform Guidance*

To the Members of the Board of the
Pennyrile District Health Department
Eddyville, Kentucky

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Pennyrile District Health Department's (the District) compliance with the type of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District 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, 2024.

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 District 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 District'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 District's federal programs.

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the *Uniform Guidance* (Continued)

Auditor's 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 District'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 District'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 District'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 District'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 District'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.

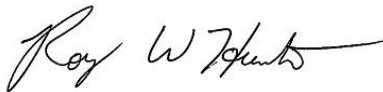
Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the *Uniform Guidance* (Continued)

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.



Lexington, Kentucky
November 4, 2024

**Pennyrile District Health Department
 Schedule of Audit Findings and Questioned Costs
 Year Ended June 30, 2024**

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? _____ X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 Code of Federal Regulations (CFR) SECTION 200.516(a). _____ yes X no

Identification of major programs:

| Assistance Listing Number | Name of Federal Programs or Cluster |
|---------------------------|--|
| 93.323 | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) |

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

Auditee qualified as low-risk auditee? X yes _____ no

Section II Financial Statement Findings

No matters were reported.

Section III Federal Award Findings and Questioned Costs

No matters were reported.

Section IV Prior Year Reportable Noncompliance

Finding 2023-001 Budgeting - Actual Expenditures Exceeded the Budget By a Material Amount

Status This finding was not repeated, since overall actual net income was higher than budgeted net income.

Management Letter Comments

**Pennyrile District Health Department
Current Year Management Letter Comments
For the Year Ended June 30, 2024**

No current year management letter comments were noted.

**Pennyrile District Health Department
Prior Year Management Letter Comments
For the Year Ended June 30, 2024**

No prior year management letter comments were noted.

One prior year reportable noncompliance was noted on the “Schedule of Audit Findings and Questioned Costs”.