

**LEXINGTON-FAYETTE URBAN COUNTY
DEPARTMENT OF HEALTH
Lexington, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2019**

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INDEPENDENT AUDITORS' REPORT

The Board of Health
Lexington-Fayette Urban County Department of Health
Lexington, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the Lexington-Fayette Urban County Department of Health (the Health Department), a component unit of the Lexington-Fayette Urban County Government, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lexington-Fayette Urban County Department of Health, as of June 30, 2019 and 2018, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5, the schedule of proportionate share of the net pension liability and the schedule of contributions on pages 24 and 25, and the schedule of proportionate share of the net OPEB liability and the schedule of contributions on pages 26 and 27, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Health Department's basic financial statements. The supplementary budgetary comparison, schedule of revenues and expenditures by reporting area – budgetary basis and the schedule of indirect costs – budgetary 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 budgetary comparison, schedule of revenues and expenditures by reporting area – budgetary basis, the schedule of indirect costs – budgetary 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 our opinion, the supplementary budgetary comparison, schedule of revenues and expenditures by reporting area – budgetary basis, the schedule of indirect costs – budgetary 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*, we have also issued our report dated September 20, 2019, on our consideration of the Health Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 considering the Health Department's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
September 20, 2019



Lexington-Fayette County Health Department

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September 20, 2019

This report provides an overview of Lexington-Fayette County Health Department's (LFCHD) financial activities for the fiscal year ended June 30, 2019. This document is presented in conjunction with LFCHD financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

These financial statements include: (1) statement of net position, (2) statement of revenues, expenses and changes in net position, and (3) statement of cash flow. LFCHD also includes in this report additional information to supplement the financial statements. The statement of revenues, expenses, and change in net position on page 7 is further detailed on pages 28 through 32.

LFCHD's financial statements are similar to those found in the private sector, with a basis in full accrual accounting and conformity with "Generally Accepted Accounting Principles" (GAAP). In this document, equity is described as net assets.

FINANCIAL HIGHLIGHTS

LFCHD's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(41,634,509) in net position for the fiscal year reported.

Total net assets are comprised of the following:

- (1) Capital assets, net of accumulated depreciation, of \$2,722,118.
- (2) Designated Funds of \$387,412.
- (3) Unrestricted Funds of \$(44,744,039).

At the end of the fiscal year, the unrestricted fund balance was \$(44,744,039). This compares with a fiscal year 2018 unrestricted fund balance of \$(46,578,413). Of the \$69,537,808 in total liabilities, \$68,040,257 are related to pension liabilities and Other Post-Employment Benefits (OPEB).

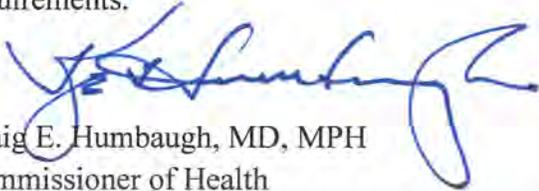
HIGHLIGHTS FROM FY 2019 AND OBSERVATIONS ABOUT FY 2020

- LFCHD achieved budget objectives for fiscal year 2019 and generated a \$3.1 million net surplus.
- The Lexington-Fayette County Board of Health voted to retain the public health tax rate at 2.8 cents per \$100 assessed property value. This rate was first adopted in 2004.

- Employee annual lump sum payments averaging 3.4% were budgeted for 2019 and distributed based on documented job performance.
- LFCHD expended considerable financial and human resources during fiscal year 2019 to prevent and limit cases of acute hepatitis A, as a result of a statewide outbreak that targeted high-risk populations, but spread to the larger community. The agency investigated 201 probable or confirmed cases of acute hepatitis A related to the outbreak. Response efforts included cross-agency coordination and coordination with numerous community partners to vaccinate residents prior to exposure, investigate cases and worksites throughout the community, and provide post-exposure vaccination for those who were in close contact with cases.
- In fiscal year 2019, the Needle Exchange Program (NEP) continued to serve those who currently inject drugs, in an effort to limit the spread of diseases caused by sharing used needles. An LFCHD needle exchange coordinator and a needle exchange specialist were hired. The program served 2,784 clients in 10,852 visits, provided a safe repository for 378,271 used needles, and distributed 466,657 clean needles. Community partners working within the NEP directly linked 57 participants to treatment referrals.
- LFCHD secured a \$49,000 CDC Opioid Overdose Crisis Response mini-grant award and was also awarded \$4,500 from the Kentucky Opioid Response Effort (KORE) program to support harm reduction services offered through the NEP. LFCHD also collaborated with Lexington-Fayette Urban County Government (LFUCG) to acquire grant monies for naloxone education and training during NEP operation and community classes. In addition, LFCHD dispensed 1,622 free naloxone kits during the fiscal year with funding from the LFUCG award, DrugFreeLex, and the Kentucky Injury Prevention and Research Center (KIPRC).
- Clinic visits to LFCHD increased by 7% over the number of visits in fiscal year 2018.
- School health nurses documented 50,400 health visits during the 2018-19 school year. Students were able to be returned to the classroom 97% of the time.
- The Women, Infants, and Children (WIC) program increased the farmers' market redemption rate by 7% over the previous year. Client breastfeeding rates in 2019 were among the top five for WIC sites in the state.
- The Community Health Equity and Education (CHEE) Tobacco Program trained 92 professionals from 55 agencies and health departments across Kentucky on the Stanford Prevention Toolkit, a new evidence-informed resource created by educators and researchers aimed at preventing middle and high school students from using cigarettes, cigars, smokeless tobacco, hookah and electronic cigarettes.
- CHEE staff screened 8,977 participants in the Go365 wellness program, which was an increase of 38% over last year.
- CHEE staff collaborated with the Kentucky Farm Share Coalition, Organic Association of Kentucky, and Elmwood Stock Farm to offer Community Supported Agriculture (CSA) produce subscriptions to LFCHD staff. LFCHD contributed \$5,000 in the form of 25 vouchers for employees worth \$200 each to use towards the vegetable subscriptions. A total of 30 LFCHD staff participated in this first year of the program.
- The LFCHD HANDS program met 87% of their potential visit capacity in 2018-2019, exceeding the 75% performance goal set by the Kentucky Department for Public Health.

- The Environmental Health team collaborated with the Kentucky Department for Public Health to review and propose updates to Kentucky Administrative Regulations (KARs) concerning enforcement of environmental health standards. Staff also prepared for and trained for the adoption of the 2013 FDA Food Code, which became effective July 1, 2019.
- LFCHD's Environmental and Epidemiology teams investigated a large foodborne illness outbreak centered at the food court of a local mall in July 2018. Over 350 cases of gastrointestinal illness were recorded from patrons who ate at food court restaurants. LFCHD environmentalists inspected the food court and its restaurants, which voluntarily closed to sanitize surfaces and re-educate workers to stop the spread of disease. Although no specific food item was identified as being consistently associated with illness, norovirus was suspected as the cause, due to the nature of the illness. A small number of patrons who were tested for norovirus were found to be infected with the virus.
- LFCHD Facilities staff successfully completed several projects including a multi-floor renovation project, replacement of the roof and gutter of the building at 2433 Regency Road, conversion of the 650 Newtown Pike building HVAC system from pneumatic to electronic, and improvement of preventive maintenance processes.
- Targeted Prevention staff conducted free HIV testing in community settings and participated in 6 HIV awareness events. Staff also provided educational sessions at 59 establishments in Fayette County.
- LFCHD staff gathered documentation and developed narratives for 92 separate requirements to submit to the Public Health Accreditation Board in preparation for agency reaccreditation.
- For fiscal year 2019, LFCHD's approved budget anticipates a projected surplus of \$2.15 million. The budget assumes a Kentucky Employee Retirement System (KERS) employer contribution rate of 49.47%. State subsidies currently cover 23% of that rate.

The activities highlighted are compatible with the department's mission, vision, values, and statutory requirements.



Kraig E. Humbaugh, MD, MPH
Commissioner of Health
Lexington-Fayette County Health Department

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
STATEMENTS OF NET POSITION**

June 30,

ASSETS	2019	2018
Current assets		
Cash and cash equivalents	\$ 17,259,780	\$ 14,365,544
Accounts receivable:		
Contracts and other, net	70,796	106,153
Prepaid expenses and capital projects	<u>17,152</u>	<u>21,199</u>
Total current assets	<u>17,347,728</u>	<u>14,492,896</u>
Noncurrent assets		
Capital assets, net	2,722,118	2,441,126
Note receivable - HealthFirst Bluegrass, Inc.	<u>2,029,503</u>	<u>2,029,503</u>
Total noncurrent assets	<u>4,751,621</u>	<u>4,470,629</u>
Total assets	<u>22,099,349</u>	<u>18,963,525</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	7,472,199	12,672,460
Deferred outflows - OPEB (including the implicit subsidy of \$91,440)	<u>1,711,655</u>	<u>2,013,874</u>
Total deferred outflows of resources	<u>9,183,854</u>	<u>14,686,334</u>
Total assets and deferred outflows of resources	<u>\$ 31,283,203</u>	<u>\$ 33,649,859</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 465,165	\$ 434,588
Accrued payroll and fringes	496,918	599,104
Unearned grant revenue	<u>31,225</u>	<u>19,337</u>
Total current liabilities	<u>993,308</u>	<u>1,053,029</u>
Long-term liabilities		
Accrued annual leave	504,243	501,533
Net pension liability	57,949,277	55,998,909
Net OPEB liability	<u>10,090,980</u>	<u>10,607,093</u>
Total long-term liabilities	<u>68,544,500</u>	<u>67,107,535</u>
Total liabilities	<u>69,537,808</u>	<u>68,160,564</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	2,476,641	9,052,613
Deferred inflows - OPEB	<u>903,263</u>	<u>228,256</u>
Total deferred inflows of resources	<u>3,379,904</u>	<u>9,280,869</u>
NET POSITION		
Net investment in capital assets	2,722,118	2,441,126
Restricted		
State funds	100,485	170,968
Federal funds	45,895	45,895
Fees	241,032	128,850
Unrestricted	<u>(44,744,039)</u>	<u>(46,578,413)</u>
Total net position	<u>(41,634,509)</u>	<u>(43,791,574)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 31,283,203</u>	<u>\$ 33,649,859</u>

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

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the year ended June 30,

	2019	2018
OPERATING REVENUES		
State grants	\$ 2,899,283	\$ 3,575,404
Federal pass-through grants	2,889,487	3,277,850
Tax appropriations	8,827,419	8,580,798
Donations	2,315	4,813
Medicare service fees	5,212	12,125
Medicaid service fees	1,401,826	1,236,023
School board contract	1,893,816	1,711,316
Fees and contracts	438,534	414,743
Insurance	191,691	188,697
Other fees and contracts	<u>341,996</u>	<u>40,486</u>
 Total operating revenues	 <u>18,891,579</u>	 <u>19,042,255</u>
OPERATING EXPENSES		
Personnel	12,738,687	10,837,954
Operating	3,689,038	3,838,272
Depreciation	<u>434,917</u>	<u>429,147</u>
 Total operating expenses	 <u>16,862,642</u>	 <u>15,105,373</u>
OPERATING INCOME	<u>2,028,937</u>	<u>3,936,882</u>
NON-OPERATING INCOME (EXPENSE)		
Interest income	231,482	109,569
Loss on disposal of assets	<u>(31,295)</u>	<u>-</u>
 Total non-operating income (expense)	 <u>200,187</u>	 <u>109,569</u>
 Change in net position	 2,229,124	 4,046,451
NET POSITION	(43,791,574)	(47,838,025)
 Prior year fund activity	 <u>(72,059)</u>	 <u>-</u>
NET POSITION - END OF YEAR	<u>\$ (41,634,509)</u>	<u>\$ (43,791,574)</u>

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

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
STATEMENTS OF CASH FLOWS
for the year ended June 30,

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grantor agencies	\$ 5,777,363	\$ 6,862,027
Cash received from patients/other service fees	4,308,432	3,690,115
Tax apportionments	8,827,419	8,580,798
Donations	2,315	4,813
Payments for employee services and benefits	(11,748,942)	(11,616,769)
Payments to suppliers	<u>(3,756,629)</u>	<u>(3,681,264)</u>
Net cash provided by operating activities	<u>3,409,958</u>	<u>3,839,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	<u>(747,204)</u>	<u>(350,080)</u>
Net cash (used in) capital and related financing activities	<u>(747,204)</u>	<u>(350,080)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	<u>231,482</u>	<u>109,569</u>
Net cash provided by investing activities	<u>231,482</u>	<u>109,569</u>
Net increase in cash and cash equivalents	2,894,236	3,599,209
Cash and cash equivalents - beginning of the year	<u>14,365,544</u>	<u>10,766,335</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 17,259,780</u>	<u>\$ 14,365,544</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income	\$ 2,028,937	\$ 3,936,882
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	434,917	429,147
Net change in pension liabilities	574,657	(1,160,051)
Net change in OPEB liabilities	461,113	427,148
Prior year activity	(72,059)	(22,950)
Change in assets and liabilities:		
Contracts and other receivables	35,357	86,725
Prepaid expenses	4,047	43,345
Accounts payables	30,577	(175,242)
Accrued payroll and fringes	(102,186)	263,906
Unearned grant revenue	11,888	8,773
Accrued annual leave	<u>2,710</u>	<u>2,037</u>
Net cash provided by operating activities	<u>\$ 3,409,958</u>	<u>\$ 3,839,720</u>

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

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Lexington-Fayette Urban County Department of Health (the Health Department) was created by legislative action under KRS 212 effective on July 1, 1977. The Health Department is governed by a Board which is a body politic and corporate. All real, personal and mixed property prior to this act was transferred to the Board by this legislative action.

In accordance with Statement No. 14 issued by the Governmental Accounting Standards Board (GASB), the Health Department is considered part of the reporting entity of the Lexington-Fayette Urban County Government and, thus, is included as a component unit in the Government's Comprehensive Annual Financial Report (CAFR). The Lexington-Fayette Urban County Government provides some funding to the Health Department. The Health Department has no component units in these financial statements.

Federal and state revenues for services are recognized as received and are based in some instances upon reimbursement reports filed by the Health Department for eligible services and are subject to adjustments based upon federal and state agency audits as to eligibility of recipients and the computation of reimbursable costs. As of September 20, 2019, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2019.

Basis of Presentation

The Lexington-Fayette Urban County Department of Health is considered a Governmental Health Care Organization and is prepared in conformity with generally accepted accounting principles (GAAP). The Health Department is considered a special purpose government engaged in business-type activities for purposes of applying GASB Statement No. 34. Among its requirements, GASB Statement No. 34 requires special-purpose governments that are engaged only in business-type activities, to present financial statements required for enterprise funds, including required supplementary information (RSI), which consist of:

Management's Discussion and Analysis (MD&A)

Enterprise Fund Financial Statements, consisting of:

- Statements of net position
- Statements of revenues, expenses, and changes in net position
- Statements of cash flows

Notes to financial statements

The Health Department utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Proprietary fund operating revenues and expenses are those directly attributable to various programs or cost centers. Non-operating revenues and expenses are non-program related items such as investment earnings, interest expense and gains/losses.

Cash and Cash Equivalents

The Health Department considers cash in banks, amounts in overnight repurchase accounts and short-term, highly liquid investments with initial maturities of 90 days or less, as cash and cash equivalents for the statement of cash flows.

Accounts Receivable

Accounts receivable from insurance, Medicaid and private pay patients are reserved at varying rates based on historical collections. The allowance totaled \$23,738 and \$44,586 for the years ended June 30, 2019 and 2018, respectively.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Expenses for property and equipment are capitalized in the statement of net position and depreciation is included in the statement of revenues, expenses and changes in net position for the years ended June 30, 2019 and 2018, with the following asset lives:

Description	Estimated Life (Years)
Building and improvements	40 years
Equipment	5-20 years

It is the policy of the Health Department to fully depreciate all tangible building or equipment acquisitions of \$1,000 or more on a straight-line basis. Additionally, a reserve balance is maintained equal to the book value of all acquired capital assets less related debt.

Revenue

Federal and state revenues for services are recognized as costs are incurred and are based upon reimbursement reports filed by the Health Department for eligible services.

Funding restricted for specific programs in excess of those programs' allowed reimbursements or expenditures are recorded at year end in Net Position – Restricted. Certain unrestricted revenue or revenue expected to be refunded to the state is classified as unearned revenue.

The Health Department is directed by the State, in what order to use restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Public Health Tax

The Health Board passed a resolution during the year ended June 30, 2019, to set the Public Health Tax at the rate of 2.8 cents per \$100 assessed valuation of all properties within Fayette County. Taxes remitted to the Health Department amounted to \$8,033,380 and \$7,818,626 for the years ended June 30, 2019 and 2018, respectively. Total taxes, including support from the Lexington-Fayette Urban County Government, totaled \$8,827,419 and \$8,580,798 for the years ended June 30, 2019 and 2018, respectively.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kentucky Employees Retirement System Plan (KERS) and additions to/deductions from KERS' fiduciary net position have been determined on the same basis as they are reported by KERS. For this purpose, benefit payments, (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky Employees' Retirement System (KERS) and additions to/deductions from KERS' fiduciary net position have been determined on the same basis as they are reported by KERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Cost Allocation

The Health Department uses an indirect cost allocation plan approved by the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health, and is prepared in accordance with 2 CFR Part 200.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Management's Review of Subsequent Events

The Health Department has evaluated and considered the need to recognize or disclose subsequent events through September 30, 2019, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2019, have not been evaluated by the Health Department.

2. CASH AND CASH EQUIVALENTS

Kentucky Revised Statute 66.480 authorizes the Health Department to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Health Department does not have a policy governing interest rate risk.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Health Department will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.

At June 30, 2019, the Health Department maintained all cash accounts under a "sweep account" with a bank in Lexington, Kentucky. This account is a Public Funds Auto-sweep Account with a target balance of \$100,000. Excess funds over the \$100,000 target are invested overnight in increments of \$1,000. The funds invested overnight are backed by U.S. Treasury Bills or Agencies Money. Non-overnight funds in the account under \$250,000 are covered by FDIC, while any funds over \$250,000 are backed by Treasury Bills and Agencies. All funds were fully secured at June 30, 2019.

The following is a detail of the Health Department's cash deposit coverage at June 30, 2019:

Total cash and cash equivalents	\$ 17,367,991
FDIC insurance	(250,000)
Collateral held by pledging bank	<u>(17,497,454)</u>
 (Over) Collateralized	 <u>\$ (379,463)</u>

3. NOTE RECEIVABLE

In a note dated August 27, 2015, the Health Department converted an account receivable due from HealthFirst Bluegrass, Inc. into a note receivable due to the Health Department. The note is in the amount of \$2,029,503 and is due in full on July 1, 2046. The note bears interest at a rate of 2.71% per annum beginning June 1, 2016 with monthly interest payments required after that date. Monthly principal and interest payment will be required beginning on July 1, 2021.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018**

4. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2019 and 2018 are as follows:

	June 30, 2018	Acquisitions	Disposals	June 30, 2019
Buildings	\$ 3,472,473	\$ 668,428	\$ -	\$ 4,140,901
Building improvements	4,310,030	697,107	(2,762,167)	2,244,970
Equipment, furniture & fixtures	2,331,071	123,419	(601,613)	1,852,877
Leasehold improvements	<u>6,215</u>	<u>28,706</u>	<u>(6,215)</u>	<u>28,706</u>
Total	10,119,789	1,517,660	(3,369,995)	8,267,454
Less: accumulated depreciation	<u>(7,678,663)</u>	<u>(434,917)</u>	<u>2,568,244</u>	<u>(5,545,336)</u>
Net	<u>\$ 2,441,126</u>	<u>\$ 1,082,743</u>	<u>\$ (801,751)</u>	<u>\$ 2,722,118</u>

During the year, the Health Department reclassified various assets in the amount of \$770,456 and expensed \$747,204 on capital outlay.

	June 30, 2017	Acquisitions	Disposals	June 30, 2018
Buildings	\$ 3,472,473	\$ -	\$ -	\$ 3,472,473
Building improvements	4,204,387	105,643	-	4,310,030
Equipment, furniture & fixtures	2,086,634	244,437	-	2,331,071
Leasehold improvements	<u>6,215</u>	<u>-</u>	<u>-</u>	<u>6,215</u>
Total	9,769,709	350,080	-	10,119,789
Less: accumulated depreciation	<u>(7,249,516)</u>	<u>(429,147)</u>	<u>-</u>	<u>(7,678,663)</u>
Net	<u>\$ 2,520,193</u>	<u>\$ (79,067)</u>	<u>\$ -</u>	<u>\$ 2,441,126</u>

Depreciation expense for the years ended June 30, 2019 and 2018 totaled \$434,917 and \$429,147, respectively.

5. LINE OF CREDIT

The Health Department maintains an operating line of credit. The line accrued interest at a rate of 3.21% as of June 30, 2019 which is payable monthly. The total credit limit on the line is \$2,000,000 and matures on April 30, 2020. There was no activity during 2019 and 2018.

6. LONG-TERM LIABILITIES

Employees are paid accumulated annual leave upon termination of employment. All accumulated leave in excess of 337.5 hours is converted to annual sick leave each December 31. However, paid leave can accrue in excess of 337.5 hours from January 1 to date of termination.

Employees that retire have the ability to apply their accumulated annual sick leave towards purchasing additional time in the KERS retirement system. The Health Department cannot estimate what these amounts may be. Any payments made under this arrangement will be expensed in the year incurred.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018**

6. LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the years ended June 30, 2019 and 2018 is as follows:

	June 30, 2018	Additions	Deletions	June 30, 2019
Net pension liability	\$ 55,998,909	\$ 1,950,368	\$ -	\$ 57,949,277
Net OPEB liability	10,607,093	-	(516,113)	10,090,980
Accrued leave	<u>501,533</u>	<u>89,749</u>	<u>(87,039)</u>	<u>504,243</u>
	<u>\$ 67,107,535</u>	<u>\$ 2,040,117</u>	<u>\$ (603,152)</u>	<u>\$ 68,544,500</u>
	June 30, 2017	Additions	Deletions	June 30, 2018
Net pension liability	\$ 42,797,085	\$ 13,201,824	\$ -	\$ 55,998,909
Net OPEB liability	8,977,327	1,629,766	-	10,607,093
Accrued leave	<u>499,496</u>	<u>119,814</u>	<u>(117,777)</u>	<u>501,533</u>
	<u>\$ 52,273,908</u>	<u>\$ 14,951,404</u>	<u>\$ (117,777)</u>	<u>\$ 67,107,535</u>

7. RESTRICTED NET POSITION

From time to time, net position is restricted due to specific program restrictions. These restrictions may occur at the State, Federal, Fee or Program level. At June 30, 2019 and 2018, net position was restricted as follows:

	State	Federal	Fees	Programs	Totals
2019					
752-HANDS GF	\$ 14,301	\$ -	\$ -	\$ -	\$ 14,301
764-Hep A Outbreak	366	-	-	-	366
770-Colon Cancer	15,901	-	-	-	15,901
847-Ryan White Serv.	69,917	-	-	-	69,917
737-PHEP Ebola	-	61	-	-	61
813-Breast Cancer	-	15,105	-	-	15,105
837-Abstinence	-	423	-	-	423
839-HIV Planning	-	480	-	-	480
842-HIV Funds	-	12,826	-	-	12,826
845-Linkage Navigator	-	17,000	-	-	17,000
758-Human Vitality	-	-	75,162	-	75,162
810-Adult Visits	<u>-</u>	<u>-</u>	<u>165,870</u>	<u>-</u>	<u>165,870</u>
Totals	<u>\$ 100,485</u>	<u>\$ 45,895</u>	<u>\$ 241,032</u>	<u>\$ -</u>	<u>\$ 387,412</u>

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
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7. RESTRICTED NET POSITION (CONTINUED)

	State	Federal	Fees	Programs	Totals
2018					
752-HANDS GF	\$ 27,818	\$ -	\$ -	\$ -	\$ 27,818
770-Colon Cancer	15,901	-	-	-	15,901
842-HIV Funds	57,332	12,826	-	-	70,158
847-Ryan White Serv.	69,917	-	-	-	69,917
737-PHEP Ebola	-	61	-	-	61
813-Breast Cancer	-	15,105	-	-	15,105
837-Abstinence	-	423	-	-	423
839-HIV Planning	-	480	-	-	480
845-Linkage Navigator	-	17,000	-	-	17,000
758-Human Vitality	-	-	33,971	-	33,971
810-Adult Visits	-	-	71,584	-	71,584
828-KY ASAP	-	-	4,902	-	4,902
892-Minor Items	-	-	18,393	-	18,393
	<u> </u>				
Totals	<u>\$ 170,968</u>	<u>\$ 45,895</u>	<u>\$ 128,850</u>	<u>\$ -</u>	<u>\$ 345,713</u>

8. LEASES

During 2016, the Health Department entered into a lease agreement with DA Newtown LLC for space at 808 Newtown Circle, Lexington, Kentucky. The total space leased consists of approximately 24,000 square feet. The Health Department paid \$21,920 and \$131,520, during the years ended June 30, 2019 and 2018, respectively. The lease matured on August 31, 2018.

The Health Department entered into a lease agreement with TIMBRR, LLC, in April 2018, for space at 1051 Whipple Court, Suite 110, Lexington, Kentucky. The space leased consists of approximately 9,840 square feet. The lease terms began on August 1, 2018 and will mature on July 31, 2028. The Health Department paid \$60,065 and \$0, during the years ended June 30, 2019.

The Health Department entered into a 60-month copier lease with Cannon on December 7, 2017. The lease matures December 2022 and requires monthly payments of \$2,040.

The Health Department also leases various equipment on a short-term, as-needed basis. Leasing expense totaled \$96,965 and \$165,730, for the years ended June 30, 2019 and 2018, respectively. Total future minimum lease payments as of June 30, 2019, are as follows:

Year	Amount
2020	\$ 101,349
2021	98,745
2022	82,644
2023	72,574
2024	81,501
2025-2029	<u>337,489</u>
Total	<u>\$ 774,301</u>

9. RETIREMENT PLAN

The Health Department is a participating employer of the Kentucky Employees' Retirement System (KERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the KERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

9. RETIREMENT PLAN (CONTINUED)

Plan Description – KERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2019, grandfathered plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute 6% of wages for non-hazardous job classifications. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. Per House Bill 265 passed during the 2018 legislative session, certain agencies, including the Health Department, were authorized to pay a reduced KERS non-hazardous employer contribution rate for the year ended June 30, 2019. For the years ended June 30, 2019 and 2018, authorized participating employers contributed 49.47% of each employee's wages for non-hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 10. Plan members contributed 41.06% to the pension trust for non-hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account and 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The Health Department contributed \$3,213,414 for the year ended June 30, 2019 or 100% of its required contribution. The contribution was allocated \$2,667,127 to the KERS pension fund and \$546,287 to the KERS insurance fund. For the year ended June 30, 2018, \$3,191,070 or 100% of the required contribution was made. The contribution was allocated \$2,648,582 to the KERS pension fund and \$542,488 to the KERS insurance fund.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
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9. RETIREMENT PLAN (CONTINUED)

Benefits – KERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old or 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87+
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87+
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the Health Department reported a liability of \$57,949,277 or its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health Department's proportion of the net pension liability was based on a projection of the Health Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Health Department's proportion was .4259%, which was an increase of .0076% from its proportion measured as of June 30, 2017.

At June 30, 2018, the Health Department reported a liability of \$55,998,909 or its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health Department's proportion of the net pension liability was based on a projection of the Health Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Health Department's proportion was .4183%, which increased .0428% from its proportion measured as of June 30, 2016.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018**

9. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2019, the Health Department recognized pension expense of \$3,552,336. At June 30, 2019, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 412,768	\$ 162,086
Changes of assumptions	2,587,896	-
Net difference between projected and actual earnings on Plan investments	55,324	-
Changes in proportion and differences between the Department contributions and proportionate share of contributions	1,749,084	2,314,555
Department contributions subsequent to the measurement date	2,667,127	-
Total	\$ 7,472,199	\$ 2,476,641

The \$2,667,127 of deferred outflows of resources resulting from the Health Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2020	\$ 2,022,993
2021	\$ 455,666
2022	\$ (114,385)
2023	\$ (35,843)

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.00%, average, including inflation
Investment rate of return	7.50%, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP- 2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
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9. RETIREMENT PLAN (CONTINUED)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. Several factors are considered in evaluating the long-term rate of return assumptions including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
U.S. Equity	17.5%	11.36%
Non-U.S. Equity	27.5%	3.28%
Fixed Income	17.0%	7.50%
Real Return	10.0%	3.70%
Real Estate	5.0%	6.10%
Absolute Return	10.0%	4.15%
Private Equity	10.0%	11.17%
Cash Equivalent	3.0%	3.59%
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

Sensitivity of the Health Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Health Department's proportionate share of the net pension liability calculated using the discount rate of 5.25 percent, as well as what the Health Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25 percent) or 1-percentage-point higher (6.25 percent) than the current rate:

	Discount rate	Department's proportionate share of net pension liability
1% decrease	4.25%	\$ 66,017,585
Current discount rate	5.25%	\$ 57,949,277
1% increase	6.25%	\$ 51,229,545

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9. RETIREMENT PLAN (CONTINUED)

Payable to the Pension Plan – At June 30, 2019 and 2018, the Health Department reported a payable of \$247,775 and \$387,456, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2019 and 2018. The payable can be allocated as follows, \$205,653 and \$321,588 to the pension plan and \$42,122 and \$65,868 to the OPEB plan.

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 9, the Health Department participates in the Kentucky Employees' Retirement System (KERS). KERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

Contributions – As more fully described in Note 9, plan members contribute to KERS for non-hazardous job classifications. For the years ending June 30, 2019 and 2018, the employer's contribution was 8.41% to the insurance trust for non-hazardous job classifications. Employees hired after September 1, 2008 were required to contribute an additional 1% to cover the cost of medical insurance that is provided through KERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

The Health Department contributed \$3,213,414 for the year ended June 30, 2019 or 100% of its required contribution. The contribution was allocated \$2,667,127 to the KERS pension fund and \$546,287 to the KERS insurance fund. For the year ended June 30, 2018, \$3,191,070 or 100% of its required contribution was made. The contribution was allocated \$2,648,582 to the KERS pension fund and \$542,488 to the KERS insurance fund.

Benefits – KERS provides health insurance benefits to Plan employees and beneficiaries.

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Insurance eligibility Benefit	Before July 1, 2003 10 years of service credit required Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date Insurance eligibility Benefit	Before September 1, 2008 but after July 1, 2003 10 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date Insurance eligibility Benefit	After September 1, 2008 and before December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually

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10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Tier 3	Participation date	After December 31, 2013
	Insurance eligibility	15 years of service credit required
	Benefit	Set dollar amount based on service credit accrued, increased annually

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the Health Department reported a liability of \$10,090,980 or its proportionate share of the total net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Health Department's proportion of the net OPEB liability was based on a projection of the Health Department's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Health Department's proportion was .4256%, which increased .0073% from its proportion measured as of June 30, 2017.

At June 30, 2018, the Health Department reported a liability of \$10,607,093 or its proportionate share of the total net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Health Department's proportion of the net OPEB liability was based on a projection of the Health Department's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Health Department's proportion was .4183%, which increased .0428% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2019, the Health Department recognized OPEB expense of \$999,974. At June 30, 2019, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 658,895
Changes of assumptions	1,060,774	38,137
Net difference between projected and actual earnings on Plan investments	-	147,801
Changes in proportion and differences between the Department contributions and proportionate share of contributions	104,594	58,430
Department contributions subsequent to the measurement date	546,287	-
Total	\$ 1,711,655	\$ 903,263

The \$546,287 of deferred outflows of resources resulting from the Health Department's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2020	\$ 136,172
2021	\$ 136,172
2022	\$ 136,172
2023	\$ (146,411)

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10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.00%, average, including inflation
Investment rate of return	7.50%, net of Plan investment expense, including inflation
Healthcare trend	
	Pre – 65: Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
	Post – 65: Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP- 2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. The total OPEB liability was rolled-forward from the valuation date (June 30, 2016) to the plan's fiscal year ending June 30, 2017. Subsequent to the actuarial valuation date (June 30, 2016) but prior to the measurement date, and before the required 2019 experience study, the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review the Board adopted updated actuarial assumptions, which were used in performing the actuarial valuation as of June 30, 2018.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. Several factors are considered in evaluating the long-term rate of return assumptions including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
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10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The target allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
U.S. Equity	17.5%	9.74%
Non-U.S. Equity	21.5%	3.25%
Fixed Income	24.0%	6.32%
Real Return	10.0%	3.42%
Real Estate	5.0%	9.22%
Absolute Return	10.0%	4.08%
Private Equity	10.0%	10.26%
Cash Equivalent	2.0%	2.64%
	100%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.86% for non-hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the Health Department’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the Health Department’s proportionate share of the net OPEB liability calculated using the discount rate as well as what the Health Department’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount rate	Department’s proportionate share of net OPEB liability
1% decrease	4.86%	\$ 11,839,637
Current discount rate	5.86%	\$ 10,090,980
1% increase	6.86%	\$ 8,635,652

Sensitivity of the Health Department’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the Health Department’s proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Department’s proportionate share of net OPEB liability
1% decrease	\$ 8,579,440
Current discount rate	\$ 10,090,980
1% increase	\$ 11,908,828

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB plan fiduciary net position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued financial report.

Payable to the OPEB Plan – At June 30, 2019 and 2018, the Health Department reported a payable of \$247,775 and \$387,456, for the outstanding amount of contributions required for the years ended June 30, 2019 and 2018. The payable can be allocated as follows, \$205,653 and \$321,588 to the pension plan and \$42,122 and \$65,868 to the OPEB plan.

11. EMERGENCY RESPONSE

As the result of participation in emergency preparedness with both Federal and State agencies, the Lexington-Fayette Urban County Department of Health has become the custodian of more than \$600,000 of emergency response supplies and materials. These items, to be used in a regional or local response, are stored in an 11,000 square foot warehouse in close proximity to 650 Newtown Pike. The Health Department maintains insurance and provides facilities for storage. The inventory was not a recorded asset of the Health Department at June 30, 2019 and 2018.

12. RISK MANAGEMENT

The Health Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the city also carries commercial insurance for all other risks of loss such as worker’s compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

13. UNRESTRICTED NET POSITION

The Health Department reported unrestricted net position of (\$44,744,039) and (\$46,578,413) for the years ended June 30, 2019 and 2018, respectively. This deficit is caused by adjustments from the implementation of GASB 68 and GASB 75. The net effect of deferred outflows, deferred inflows and the net pension and OPEB liability is (\$62,236,307) and (\$61,200,537) and for the years ended June 30, 2019 and 2018.

14. SUBSEQUENT EVENTS

Per House Bill 1 passed during the 2019 legislative session, certain agencies, including the Health Department, were authorized to pay the reduced KERS non-hazardous employer contribution rate for the year ending June 30, 2020. The authorized participating employers will contribute 49.47% (41.06% to the pension fund and 8.41% to the insurance fund) as opposed to the contribution rate of 83.43% (71.03% to the pension fund and 12.40% to the insurance fund) other KERS non-hazardous employers pay.

REQUIRED SUPPLEMENTARY INFORMATION

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Six Fiscal Years**

	2019	2018	2017	2016	2015
Health Department's proportion of the net pension liability	0.4259%	0.4183%	0.3754%	0.5727%	0.6830%
Health Department's proportionate share of the net pension liability (asset)	\$ 57,949,277	\$ 55,998,909	\$ 42,797,000	\$ 57,988,999	\$ 61,259,339
Health Department's covered employee payroll	\$ 6,495,683	\$ 6,450,516	\$ 6,412,310	\$ 6,201,687	\$ 11,132,438
Health Department's share of the net pension liability (asset) as a percentage of its covered employee payroll	892.12%	868.13%	667.42%	935.05%	550.28%
Plan fiduciary net position as a percentage of the total pension liability	12.84%	13.30%	14.80%	18.83%	22.32%
2014					
Health Department's proportion of the net pension liability	0.6800%				
Health Department's proportionate share of the net pension liability (asset)	\$ 59,370,000				
Health Department's covered employee payroll	\$ 12,182,346				
Health Department's share of the net pension liability (asset) as a percentage of its covered employee payroll	487.34%				
Plan fiduciary net position as a percentage of the total pension liability	24.08%				

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the last three fiscal years.

Contractually required employer contributions exclude the portion of contributions paid to KERS but allocated to the pension fund of the KERS. The above contributions only include those contributions allocated directly to the KERS insurance fund.

The measurement date of the net pension liability is one year preceding the fiscal year of the Health Department.

The above schedule will present 10 years of historical data, once available.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
REQUIRED SUPPLEMENTARY
SCHEDULE OF CONTRIBUTIONS TO THE NET PENSION LIABILITY
Last Six Fiscal Years**

	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 2,667,127	\$ 2,648,582	\$ 2,580,314	\$ 1,912,598	\$ 2,408,718
Contributions relative to contractually required employer contribution	<u>2,667,127</u>	<u>2,648,582</u>	<u>2,580,314</u>	<u>1,912,598</u>	<u>2,408,718</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Health Department's covered employee payroll	\$ 6,495,683	\$ 6,450,516	\$ 6,412,310	\$ 6,201,687	\$ 11,132,438
Employer contributions as a percentage of covered-employee payroll	41.06%	41.06%	40.24%	30.84%	21.64%
	2014				
Contractually required employer contribution	\$ 1,954,131				
Contributions relative to contractually required employer contribution	<u>1,954,131</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Health Department's covered employee payroll	\$ 12,182,346				
Employer contributions as a percentage of covered-employee payroll	16.04%				

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the last three fiscal years.

Contractually required employer contributions exclude the portion of contributions paid to KERS but allocated to the insurance fund of the KERS. The above contributions only include those contributions allocated directly to the KERS pension fund.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
 REQUIRED SUPPLEMENTARY SCHEDULE OF
 PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 Last Three Fiscal Years**

	2019	2018	2017
Health Department's proportion of the net OPEB liability	0.4256%	0.4183%	0.3754%
Health Department's proportionate share of the net OPEB liability (asset)	\$ 10,090,980	\$ 10,607,093	\$ 8,977,327
Health Department's covered employee payroll	\$ 6,495,683	\$ 6,450,516	\$ 6,412,310
Health Department's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	155.35%	164.44%	140.00%
Plan fiduciary net position as a percentage of the total pension liability	27.32%	24.40%	unavailable

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the last two fiscal years.

Contractually required employer contributions exclude the portion of contributions paid to KERS but allocated to the insurance fund of the KERS. The above contributions only include those contributions allocated directly to the KERS insurance fund.

The measurement date of the net OPEB liability is one year preceding the fiscal year of the Health Department.

The above schedule will present 10 years of historical data, once available.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
REQUIRED SUPPLEMENTARY
SCHEDULE OF CONTRIBUTIONS TO THE NET OPEB LIABILITY
Last Six Fiscal Years**

	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 546,287	\$ 542,488	\$ 535,428	\$ 491,793	\$ 619,362
Contributions relative to contractually required employer contribution	<u>546,287</u>	<u>542,488</u>	<u>535,428</u>	<u>491,793</u>	<u>619,362</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Health Department's covered employee payroll	\$ 6,495,683	\$ 6,450,516	\$ 6,412,310	\$ 6,201,687	\$ 10,240,334
Employer contributions as a percentage of covered-employee payroll	8.41%	8.41%	8.35%	7.93%	6.05%

	2014
Contractually required employer contribution	\$ 1,073,698
Contributions relative to contractually required employer contribution	<u>1,073,698</u>
Contribution deficiency (excess)	<u>\$ -</u>
Health Department's covered employee payroll	\$ 12,182,346
Employer contributions as a percentage of covered-employee payroll	8.81%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the last three fiscal years.

Contractually required employer contributions exclude the portion of contributions paid to KERS but allocated to the insurance fund of the KERS. The above contributions only include those contributions allocated directly to the KERS insurance fund.

The above schedule will present 10 years of historical data, once available.

SUPPLEMENTARY INFORMATION

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY BUDGETARY COMPARISON - BUDGETARY BASIS
for the year ended June 30, 2019**

	Cost Center	Original Budget	Amended Budget	Actual	Variance
STATE GRANTS					
State restricted	422	\$ 869,057	\$ 1,620,243	\$ 853,310	\$ (766,933)
State restricted carryover	423	-	-	70,850	70,850
Food and sanitation	424	335,488	305,390	436,251	130,861
State health insurance	426	1,542,995	1,601,194	1,574,823	(26,371)
State public health block grant	428	<u>34,898</u>	<u>34,898</u>	<u>34,898</u>	-
Total State Grants		<u>2,782,438</u>	<u>3,561,725</u>	<u>2,970,132</u>	<u>(591,593)</u>
FEDERAL PASS-THROUGH AWARDS					
Title V block grant	431	192,143	192,143	305,623	113,480
Title X grant	432	200,000	142,347	169,608	27,261
Preventative services grant	435	15,000	44,091	10,632	(33,459)
Federal programs	438	<u>1,878,768</u>	<u>2,687,148</u>	<u>2,403,624</u>	<u>(283,524)</u>
Total federal pass-through awards		<u>2,285,911</u>	<u>3,065,729</u>	<u>2,889,487</u>	<u>(176,242)</u>
LOCAL FUNDS					
Local tax appropriations	451	8,000,000	7,750,000	8,827,419	1,077,419
Donations	456	<u>-</u>	<u>1,500</u>	<u>2,315</u>	<u>815</u>
Total local funds		<u>8,000,000</u>	<u>7,751,500</u>	<u>8,829,734</u>	<u>1,078,234</u>
FEEES FOR SERVICES					
Contracts, school board	459	1,711,314	1,617,716	1,893,816	276,100
Medicare (Title 18)	462	12,400	7,700	5,212	(2,488)
Medicaid (Title 19)	463	1,146,444	1,178,130	1,331,030	152,900
Prior year carryover	464	-	-	23,295	23,295
Fees and permits	466	374,931	389,800	438,534	48,734
Insurance	467	189,000	105,300	191,691	86,391
Other fees and contracts	469	<u>10,047</u>	<u>42,130</u>	<u>341,996</u>	<u>299,866</u>
Total fees for services		<u>3,444,136</u>	<u>3,340,776</u>	<u>4,225,574</u>	<u>884,798</u>
INTEREST INCOME	480	<u>80,000</u>	<u>57,425</u>	<u>231,483</u>	<u>174,058</u>
TOTAL REVENUES, BUDGETARY BASIS		<u>\$ 16,592,485</u>	<u>\$ 17,777,155</u>	<u>\$ 19,146,410</u>	<u>\$ 1,369,255</u>
Conversion to accrual basis:					
Additional accounts receivable, net				\$ 70,796	
Less prior year grant activity (carryover)				<u>(94,145)</u>	
TOTAL REVENUES, ACCRUAL BASIS				<u>\$ 19,123,061</u>	

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY BUDGETARY COMPARISON - BUDGETARY BASIS
for the year ended June 30, 2019**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
PERSONNEL EXPENSES				
Salaries	\$ 6,879,503	\$ 6,848,328	\$ 6,919,098	\$ 70,770
Fringe benefits	<u>5,164,689</u>	<u>4,754,788</u>	<u>4,783,819</u>	<u>29,031</u>
Total personnel expenses	<u>12,044,192</u>	<u>11,603,116</u>	<u>11,702,917</u>	<u>99,801</u>
OPERATING EXPENSES				
Contractual and professional services	678,223	1,441,258	442,143	(999,115)
Travel	132,245	162,212	102,655	(59,557)
Rent	135,234	161,950	96,965	(64,985)
Utilities	166,143	175,548	183,332	7,784
Janitorial service and supplies	142,658	141,700	144,573	2,873
Insurance	141,247	142,583	141,085	(1,498)
Building repairs and maintenance	275,300	160,800	364,558	203,758
Printing and copying	84,801	100,464	92,648	(7,816)
Telephone	141,970	191,096	211,365	20,269
Postage	30,950	35,202	27,578	(7,624)
Office supplies	43,825	50,815	78,981	28,166
Computer services and supplies	162,513	213,636	127,312	(86,324)
Minor office equipment	10,775	11,715	14,664	2,949
Medical supplies	252,150	173,894	594,576	420,682
Lab supplies	36,157	17,270	37,321	20,051
Minor medical equipment	3,300	2,000	2,634	634
Automobile	21,206	19,350	21,290	1,940
Temporary services	29,538	132,900	-	(132,900)
Dues and subscriptions	7,700	6,908	7,891	983
Registration fees	34,950	25,612	26,411	799
Program supplies	114,538	212,809	105,479	(107,330)
Professional services	120,000	174,100	190,308	16,208
Advertising and recruitment	35,000	56,950	44,521	(12,429)
Other expenses	<u>508,698</u>	<u>441,836</u>	<u>522,658</u>	<u>80,822</u>
Total operating expenses	<u>3,309,121</u>	<u>4,252,608</u>	<u>3,580,948</u>	<u>(671,660)</u>
OTHER EXPENSES				
Capital items	<u>450,000</u>	<u>760,000</u>	<u>747,204</u>	<u>(12,796)</u>
Total other expenses	<u>450,000</u>	<u>760,000</u>	<u>747,204</u>	<u>(12,796)</u>
TOTAL EXPENSES, BUDGETARY BASIS	<u>\$ 15,803,313</u>	<u>\$ 16,615,724</u>	<u>\$ 16,031,069</u>	<u>\$ (584,655)</u>
REVENUE OVER EXPENSES, BUDGETARY BASIS			<u>\$ 3,115,341</u>	
Conversion to accrual basis:				
Total expenses, budgetary basis			\$ 16,031,069	
Change in accounts payable			108,090	
GASB 68 conversion, net			574,657	
GASB 75 conversion, net			461,113	
Depreciation expense			434,917	
Loss on disposal of assets			31,295	
Less capital outlay			<u>(747,204)</u>	
TOTAL EXPENSE, ACCRUAL BASIS			<u>\$ 16,893,937</u>	

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES BY REPORTING AREA
BUDGETARY BASIS
for the year ended June 30, 2019**

Cost Center	STATE				FEDERAL PASS-THROUGH GRANTS				TAX APPROP. /	SCHOOL	
	422	423	424 / 425/ 426	428	431	432	435	438	DONATIONS 451 / 456	BOARD 459	
Food	500	\$ 10,010	\$ -	\$ 436,251	\$ 34,898	\$ -	\$ -	\$ -	\$ -	\$ 219,312	\$ -
Public Facilities	520	-	-	-	-	-	-	-	-	215,180	-
General Sanitation	540	-	-	-	-	-	-	-	-	513,375	-
Onsite Sewage	560	-	-	-	-	-	-	-	-	29,856	-
Special Project - Environmental	590	-	-	-	-	-	-	-	-	3,413	-
Radon	591	-	-	-	-	-	-	10,000	-	20,610	-
Smoking Ordinance	592	-	-	-	-	-	-	-	-	4,442	-
Total Environmental		<u>10,010</u>	<u>-</u>	<u>436,251</u>	<u>34,898</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>1,006,188</u>	<u>-</u>	<u>-</u>
Personal Health Services	700	-	-	-	-	-	-	-	-	-	-
Lab/Other Testing/Radiology	718	-	-	-	-	-	-	-	-	-	-
Needle Exchange Program	727	10,000	-	-	-	-	-	26,055	154,371	-	-
Vector Surveillance	729	-	-	-	-	-	-	11,230	1,752	-	-
Opioid Crisis Response	731	-	-	-	-	-	-	55,633	29,564	-	-
Community Health Action	736	-	-	-	-	-	5,447	-	870	-	-
Disease Intervention Specialist	743	-	-	-	-	-	-	69,705	18,536	-	-
Florence KYEM	744	-	-	-	-	-	-	-	26,570	-	-
Accreditation	750	-	-	-	-	-	-	-	22,525	-	-
HANDS GF Services	752	122,299	13,518	-	-	-	-	-	-	-	-
Human Vitality	758	-	-	-	-	-	-	-	-	-	-
Diabetes Prevention & Control	761	-	-	-	-	-	-	1,619	7,653	-	-
Hep A Outbreak Activities	764	40,055	-	-	-	-	-	-	-	-	-
Tobacco Program	765	-	-	-	-	-	-	10,242	12,970	-	-
MCH Coordinator	766	-	-	-	-	171,337	-	-	81,860	-	-
Child Fatality Review & Injury Prev.	774	-	-	-	-	1,887	-	-	2,443	-	-
Pediatric/Adolescent Visits	800	-	-	-	-	-	-	10,000	211,804	-	-
Family Planning	802	191	-	-	-	-	146,405	-	103,367	-	-
Maternity Services & Activity	803	-	-	-	-	-	-	-	8,204	-	-
WIC	804	-	-	-	-	-	-	1,116,852	1,006,971	-	-
MCH Nutrition & Group Activity	805	-	-	-	-	26,430	-	-	147,805	-	-
Tuberculosis Visits	806	-	-	-	-	-	-	54,991	743,979	-	-
Sexually Transmitted Diseases	807	-	-	-	-	-	-	-	195,919	-	-
Diabetes Visits & Activities	809	107,471	-	-	-	-	-	-	55,824	-	-
Adult Visits/Follow-up Visits	810	-	-	-	-	-	-	-	447	-	-
Lead Services	811	-	-	-	-	-	-	-	2,452	-	-
Breast & Cervical Cancer	813	-	-	-	-	-	-	1,821	24,173	-	-
Bioterrorism Preparedness Planning	821	-	-	-	-	-	-	147,852	117,048	-	-
Bioterrorism Epid & Surveillance	822	-	-	-	-	-	-	-	292,918	-	-
Bioterrorism Health Alert Network	823	-	-	-	-	-	-	12,410	1,307	-	-
Heart Disease & Stroke	826	-	-	-	-	-	-	-	3,123	-	-
STD Monitoring	827	-	-	-	-	-	-	1,300	268	-	-
KY ASAP Special Project	828	-	-	-	-	-	-	46,573	-	-	-
TOB, Cancer, Diab-State Pers.	829	57,946	-	-	-	-	-	71,651	42,655	-	-
Epidemiology AIDS/ST Personnel	831	-	-	-	-	-	-	48,677	13,846	-	-
Breast Feeding Support	833	-	-	-	-	-	-	60,494	5,655	-	-
Tobacco	836	78,685	-	-	-	-	-	-	42,451	-	-
HIV Contract Data	838	-	-	-	-	-	-	58,123	46,169	-	-
Diabetes Today	841	-	-	-	-	-	-	2,006	826	-	-
HIV Funds	842	-	57,332	-	-	-	-	66,689	12,800	-	-
Ryan White Program	845	-	-	-	-	-	-	94,546	26,129	-	-
Health Start Training	846	120,000	-	-	-	-	-	-	111,530	-	-
Healthy Start Child Care	848	51,000	-	-	-	-	-	-	35,209	-	-
Hands	853	154,970	-	-	-	-	-	-	234,565	-	-
Supplemental School Health	858	-	-	-	-	-	-	-	634,359	1,893,816	-
Diabetes Personnel	872	54,788	-	-	-	-	-	65,748	32,722	-	-
Special Project	875	-	-	-	-	-	-	66,750	35,839	-	-
Special Project	887	-	-	-	-	-	-	-	11,946	-	-
Vital Stats	890	-	-	-	-	-	-	-	119,280	-	-
Medicaid Match	891	-	-	-	-	-	-	-	83,523	-	-
Minor Items	892	-	-	-	-	-	-	-	-	-	-
Total Medical		<u>797,405</u>	<u>70,850</u>	<u>-</u>	<u>-</u>	<u>199,654</u>	<u>146,405</u>	<u>5,447</u>	<u>2,100,967</u>	<u>4,764,227</u>	<u>1,893,816</u>
Capital Expenditures	894	-	-	-	-	-	-	-	747,205	-	-
Allocable Direct	895	45,895	-	1,574,823	-	105,969	23,203	5,185	292,657	2,312,114	-
Total Administrative		<u>45,895</u>	<u>-</u>	<u>1,574,823</u>	<u>-</u>	<u>105,969</u>	<u>23,203</u>	<u>5,185</u>	<u>292,657</u>	<u>3,059,319</u>	<u>-</u>
Grand Total Regulatory Basis		<u>\$ 853,310</u>	<u>\$ 70,850</u>	<u>\$ 2,011,074</u>	<u>\$ 34,898</u>	<u>\$ 305,623</u>	<u>\$ 169,608</u>	<u>\$ 10,632</u>	<u>\$ 2,403,624</u>	<u>\$ 8,829,734</u>	<u>\$ 1,893,816</u>

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES BY REPORTING AREA
BUDGETARY BASIS
for the year ended June 30, 2019**

Cost Center	FEES & CONTRACTS						INTEREST	Total	Total	Unrestricted	Program
	462	463	464	466	467	469	480	Revenues	Costs	Carryover	Excess (Deficit)
500	\$ -	\$ -	\$ -	\$ 286,566	\$ -	\$ 5,000	\$ -	\$ 992,037	\$ (992,037)	\$ -	\$ -
520	-	-	-	48,507	-	-	-	263,687	(263,687)	-	-
540	-	-	-	2,035	-	-	-	515,410	(515,410)	-	-
560	-	-	-	29,854	-	-	-	59,710	(59,710)	-	-
590	-	-	-	-	-	-	-	3,413	(3,413)	-	-
591	-	-	-	-	-	-	-	30,610	(30,610)	-	-
592	-	-	-	-	-	-	-	4,442	(4,442)	-	-
Total	-	-	-	366,962	-	5,000	-	1,869,309	(1,869,309)	-	-
700	-	-	-	-	-	-	-	-	-	-	-
718	-	-	-	-	-	-	-	-	-	-	-
727	-	-	-	-	-	264,618	-	455,044	(455,044)	-	-
729	-	-	-	-	-	-	-	12,982	(12,982)	-	-
731	-	-	-	-	-	-	-	85,197	(85,197)	-	-
736	-	-	-	-	-	-	-	6,317	(6,317)	-	-
743	-	-	-	-	-	-	-	88,241	(88,241)	-	-
744	-	-	-	-	-	-	-	26,570	(26,570)	-	-
750	-	-	-	-	-	250	-	22,775	(22,775)	-	-
752	-	-	-	-	-	-	-	135,817	(135,817)	-	-
758	-	-	-	-	133,595	-	-	133,595	(92,403)	-	41,192
761	-	-	-	-	-	-	-	9,272	(9,272)	-	-
764	-	-	-	-	-	-	-	40,055	(39,689)	-	366
765	-	-	-	-	-	-	-	23,212	(23,212)	-	-
766	-	-	-	-	-	-	-	253,197	(253,197)	-	-
774	-	-	-	-	-	-	-	4,330	(4,330)	-	-
800	-	102,471	-	12,759	2,269	-	456	339,759	(339,759)	-	-
802	-	24,899	-	8,645	7,439	-	-	290,946	(290,946)	-	-
803	-	5,921	-	51	-	-	-	14,176	(14,176)	-	-
804	-	-	-	-	-	-	-	2,123,823	(2,123,823)	-	-
805	-	11,524	-	61	47	-	-	185,867	(185,867)	-	-
806	185	61,971	-	15,895	2,469	25	-	879,515	(879,515)	-	-
807	856	37,543	-	16,251	4,502	-	-	255,071	(255,071)	-	-
809	-	133	-	-	-	858	-	164,286	(164,286)	-	-
810	4,118	47,899	-	16,982	40,381	29,696	-	139,523	(45,238)	-	94,285
811	-	-	-	-	-	-	-	2,452	(2,452)	-	-
813	53	5,887	-	928	989	-	-	33,851	(33,851)	-	-
821	-	-	-	-	-	-	-	264,900	(264,900)	-	-
822	-	-	-	-	-	-	-	292,918	(292,918)	-	-
823	-	-	-	-	-	-	-	13,717	(13,717)	-	-
826	-	-	-	-	-	-	-	3,123	(3,123)	-	-
827	-	-	-	-	-	-	-	1,568	(1,568)	-	-
828	-	-	4,902	-	-	2,192	-	53,667	(53,667)	-	-
829	-	-	-	-	-	-	-	172,252	(172,252)	-	-
831	-	-	-	-	-	-	-	62,523	(62,523)	-	-
833	-	-	-	-	-	-	-	66,149	(66,149)	-	-
836	-	-	-	-	-	10,450	-	131,586	(131,586)	-	-
838	-	-	-	-	-	-	-	104,292	(104,292)	-	-
841	-	-	-	-	-	-	-	2,832	(2,832)	-	-
842	-	-	-	-	-	1,273	-	138,094	(138,094)	-	-
845	-	-	-	-	-	-	-	120,675	(120,675)	-	-
846	-	-	-	-	-	3,850	-	235,380	(235,380)	-	-
848	-	-	-	-	-	-	-	86,209	(86,209)	-	-
853	-	893,620	-	-	-	1,892	-	1,285,047	(1,285,047)	-	-
858	-	139,150	-	-	-	-	-	2,667,325	(2,667,325)	-	-
872	-	-	-	-	-	-	-	153,258	(153,258)	-	-
875	-	-	-	-	-	-	-	102,589	(102,589)	-	-
887	-	-	-	-	-	-	-	11,946	(11,946)	-	-
890	-	-	-	-	-	1,240	-	120,520	(120,520)	-	-
891	-	-	-	-	-	-	-	83,523	(83,523)	-	-
892	-	12	18,393	-	-	115	57,089	75,609	(75,609)	-	-
	<u>5,212</u>	<u>1,331,030</u>	<u>23,295</u>	<u>71,572</u>	<u>191,691</u>	<u>316,459</u>	<u>57,545</u>	<u>11,975,575</u>	<u>(11,839,732)</u>	<u>-</u>	<u>135,843</u>
894	-	-	-	-	-	-	-	747,205	(747,205)	-	-
895	-	-	-	-	-	20,537	173,938	4,554,321	(1,574,823)	-	2,979,498
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,537</u>	<u>173,938</u>	<u>5,301,526</u>	<u>(2,322,028)</u>	<u>-</u>	<u>2,979,498</u>
	<u>\$ 5,212</u>	<u>\$ 1,331,030</u>	<u>\$ 23,295</u>	<u>\$ 438,534</u>	<u>\$ 191,691</u>	<u>\$ 341,996</u>	<u>\$ 231,483</u>	<u>\$ 19,146,410</u>	<u>\$ (16,031,069)</u>	<u>\$ -</u>	<u>\$ 3,115,341</u>

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS
BUDGETARY BASIS
for the year ended June 30, 2019**

	Departmental	Environmental	Clinic	Medical	Space	Allocated Medical	Allocated Lab	Total Indirect Costs
Food	500	\$ 214,848	\$ 202,063	\$ -	\$ -	\$ 47,142	\$ -	\$ 464,053
Public Facilities	520	60,173	54,820	-	-	2,888	-	117,881
General Sanitation	540	111,745	106,413	-	-	23,348	-	241,506
Onsite Sewage	560	12,720	12,373	-	-	1,435	-	26,528
Special Project - Environmental	590	550	369	-	-	1,435	-	2,354
Radon	591	6,357	5,951	-	-	1,747	-	14,055
Smoking Ordinance	592	412	442	-	-	2,525	-	3,379
Total Environmental		406,805	382,431	-	-	80,520	-	869,756
Personal Health Services	700	417,497	-	1,132,940	56,726	542,706	(3,268,151)	(1,118,282)
Lab/Other Testing/Radiology	718	36,707	-	98,701	4,956	16,567	(256,038)	(99,107)
Needle Exchange Program	727	22,648	-	-	3,179	21,392	-	47,219
Vector Surveillance	729	7	-	-	1	-	-	8
Opioid Crisis Response	731	26,799	-	-	3,319	-	-	30,118
Community Health Action	736	689	-	-	85	1,747	-	2,521
Disease Intervention Specialist	743	21,269	-	-	2,960	4,687	-	28,916
Florence KYEM	744	6,943	-	-	933	-	-	7,876
Accreditation	750	-	-	-	-	-	-	-
HANDS GF Services	752	20,344	-	-	2,775	19,715	-	42,834
Human Vitality	758	19,696	-	-	2,660	4,150	-	26,506
Diabetes Prevention & Control	761	1,260	-	-	151	-	-	1,411
Hep A Outbreak Activities	764	-	-	-	-	-	-	-
Tobacco Program	765	280	-	-	41	-	-	321
MCH Coordinator	766	64,342	-	-	8,877	4,375	-	77,594
Child Fatality Review & Injury Prev.	774	994	-	-	135	882	-	2,011
Pediatric/Adolescent Visits	800	-	-	-	-	-	337,580	338,682
Family Planning	802	-	-	-	-	-	171,908	252,365
Maternity Services & Activity	803	-	-	-	-	-	10,768	14,177
WIC	804	3,022	-	-	410	6,468	2,068,705	2,112,647
MCH Nutrition & Group Activity	805	38,935	-	-	5,317	13,489	32,542	90,283
Tuberculosis Visits	806	110,272	-	-	15,080	24,713	439,605	599,279
Sexually Transmitted Diseases	807	-	-	-	-	-	144,307	255,071
Diabetes Visits & Activities	809	47,328	-	-	6,426	3,286	301	57,341
Adult Visits/Follow-up Visits	810	-	-	-	-	-	40,071	45,237
Lead Services	811	704	-	-	97	-	-	801
Breast & Cervical Cancer	813	-	-	-	-	-	22,364	33,853
Bioterrorism Preparedness Planning	821	37,726	-	-	5,205	-	-	42,931
Bioterrorism Epid & Surveillance	822	83,114	-	-	11,273	5,672	-	100,059
Bioterrorism Health Alert Network	823	2,993	-	-	413	2,732	-	6,138
Heart Disease & Stroke	826	584	-	-	78	882	-	1,544
STD Monitoring	827	-	-	-	-	-	-	-
KY ASAP Special Project	828	4,256	-	-	457	-	-	4,713
TOB, Cancer, Diab-State Pers.	829	50,116	-	-	6,810	-	-	56,926
Epidemiology AIDS/ST Personnel	831	17,298	-	-	2,410	4,427	-	24,135
Breast Feeding Support	833	16,621	-	-	2,281	7,090	-	25,992
Tobacco	836	31,915	-	-	4,338	1,885	-	38,138
HIV Contract Data	838	27,896	-	-	3,739	4,427	-	36,062
Diabetes Today	841	-	-	-	-	-	-	-
HIV Funds	842	32,807	-	-	4,605	23,882	-	61,294
Ryan White Program	845	30,825	-	-	4,090	-	-	34,915
Health Start Training	846	62,345	-	-	8,482	15,149	-	85,976
Healthy Start Child Care	848	19,999	-	-	2,720	7,574	-	30,293
Hands	853	246,190	-	-	33,644	59,161	-	338,995
Supplemental School Health	858	764,068	-	-	106,383	23,709	-	894,160
Diabetes Personnel	872	45,419	-	-	-	-	-	45,419
Special Project	875	23,916	-	-	-	6,122	-	30,038
Special Project	887	-	-	-	-	-	-	-
Vital Stats	890	23,718	-	-	3,207	31,855	-	58,780
Medicaid Match	891	-	-	-	-	-	-	-
Minor Items	892	-	-	-	-	-	-	-
Total Medical		2,361,542	-	1,231,641	314,263	858,744	-	4,766,190
Space Indirect	897	-	-	-	-	(939,264)	-	(939,264)
Departmental Indirect	898	(2,768,347)	-	-	-	-	-	(2,768,347)
Clinic Indirect	899	-	-	(1,231,641)	-	-	-	(1,231,641)
Other Medical Indirect	900	-	-	-	(314,263)	-	-	(314,263)
Environmental Indirect	901	-	(382,431)	-	-	-	-	(382,431)
Total Administrative		(2,768,347)	(382,431)	(1,231,641)	(314,263)	(939,264)	-	(5,635,946)
Grand Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Health
Lexington-Fayette Urban County Department of Health
Lexington, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lexington-Fayette Urban County Department of Health (the Health Department) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements, and have issued our report thereon dated September 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health Department'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 Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.



RFH, PLLC
Lexington, Kentucky
September 20, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Health
Lexington-Fayette Urban County Department of Health
Lexington, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the Lexington-Fayette Urban County Department of Health's (the Health Department) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Health Department's major federal programs for the year ended June 30, 2019. The Health Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Health Department's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Health Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Lexington-Fayette Urban County Department of Health, 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, 2019.

Report on Internal Control over Compliance

Management of the Health Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Health Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Department's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RFH

RFH, PLLC
Lexington, Kentucky
September 20, 2019

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2019**

GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass/Through Contract Number	Grant Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture					
Passed through State (CHFS)					
WIC Program - Administrative Services	10.557	01160018	7/1/2018-6/30/2019	\$ -	\$ 596,934
WIC Program - Administrative Services	10.557	01160019	7/1/2018-6/30/2019	-	810,268
Total U.S. Department of Agriculture				<u>-</u>	<u>1,407,202</u>
U.S. Environmental Protection Agency					
Passed through State (CHFS)					
State Indoor Radon Grants	66.032	02610018	7/1/2018-6/30/2019	-	11,538
Total U.S. Environmental Protection Agency				<u>-</u>	<u>11,538</u>
U.S. Department of Health and Human Services (HHS)					
Passed through State (CHFS)					
HPP and PHEP Cooperative	93.069	02140016	7/1/2018-6/30/2019	-	3,182
HPP and PHEP Cooperative	93.069	02140017	7/1/2018-6/30/2019	-	6,328
HPP and PHEP Cooperative	93.069	02140018	7/1/2018-6/30/2019	-	24,997
				<u>-</u>	<u>34,507</u>
HPP and PHEP Cooperative	93.074	0214SUP17	7/1/2018-6/30/2019	-	129,060
				<u>-</u>	<u>129,060</u>
Tuberculosis Control Programs	93.116	010600OL19	7/1/2018-6/30/2019	-	48,066
Tuberculosis Control Programs	93.116	010600OL20	7/1/2018-6/30/2019	-	6,925
				<u>-</u>	<u>54,991</u>
Title X Family Planning	93.217	011500OL18	7/1/2018-6/30/2019	-	23,203
Title X Family Planning	93.217	011500OL19	7/1/2018-6/30/2019	-	140,423
Title X Family Planning	93.217	011500OL20	7/1/2018-6/30/2019	-	5,982
				<u>-</u>	<u>169,608</u>
Pediatric and Adolescent Programs	93.268	010500OL16	7/1/2018-6/30/2019	-	5,000
Pediatric and Adolescent Programs	93.268	010500OL17	7/1/2018-6/30/2019	-	5,000
				<u>-</u>	<u>10,000</u>
Tobacco	93.305	0240OL18	7/1/2018-6/30/2019	-	3,992
Tobacco	93.305	0240OL19	7/1/2018-6/30/2019	-	6,250
				<u>-</u>	<u>10,242</u>
Vector Surveillance	93.323	01390017	7/1/2018-6/30/2019	-	16,000
Vector Surveillance	93.323	01390019	7/1/2018-6/30/2019	-	11,230
				<u>-</u>	<u>27,230</u>
Opioid Crisis Response	93.354	02130019	7/1/2018-6/30/2019	-	55,633
				<u>-</u>	<u>55,633</u>
Subtotal HHS				<u>\$ -</u>	<u>\$ 491,271</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Lexington-Fayette Urban County Department of Health and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in, or used in the preparation of, the basic financial statements may differ from these numbers.

Indirect Cost Rates

The Lexington-Fayette Urban County Department Health Department did not elect to use the 10 percent *de minimis* cost rate as allowed under the *Uniform Guidance*.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2019**

GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass/Through Contract Number	Grant Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of Health and Human Services (HHS) (previous page)				\$ -	\$ 491,271
U.S. Department of Health and Human Services (HHS) Passed through State (CHFS)					
Disease Control and Prevention	93.426	02440119	7/1/2018-6/30/2019	-	36,735
				-	36,735
Diabetes Prevention and Control	93.435	02450019	7/1/2018-6/30/2019	-	1,619
				-	1,619
Diabetes and Cardio	93.757	02430418	7/1/2018-6/30/2019	-	36,750
Diabetes and Cardio	93.757	02430518	7/1/2018-6/30/2019	-	1,467
				-	38,217
Preventive Health Services Block Grant	93.758	01040017	7/1/2018-6/30/2019	-	8,606
				-	8,606
Colon Cancer Screening	93.800	01970018	7/1/2018-6/30/2019	-	6,056
Colon Cancer Screening	93.800	01970019	7/1/2018-6/30/2019	-	71,651
				-	77,707
KY ASAP	93.815	01410015	7/1/2018-6/30/2019	-	46,573
				-	46,573
HPP and PHEP Cooperative	93.889	02150016	7/1/2018-6/30/2019	-	1,694
HPP and PHEP Cooperative	93.889	02150018	7/1/2018-6/30/2019	-	6,405
HPP and PHEP Cooperative	93.889	0215SUP17	7/1/2018-6/30/2019	-	66,550
				-	74,649
Cancer Prevention and Control	93.898	011100OL17	7/1/2018-6/30/2019	-	601
Cancer Prevention and Control	93.898	011100OL18	7/1/2018-6/30/2019	-	1,821
				-	2,422
Ryan White Care Act	93.917	01690018	7/1/2018-6/30/2019	-	69,796
Ryan White Care Act	93.917	01690019	7/1/2018-6/30/2019	-	25,000
				-	94,796
HIV Prevention	93.940	015100OL18	7/1/2018-6/30/2019	-	133,243
HIV Prevention	93.940	015100OL19	7/1/2018-6/30/2019	-	85,579
				-	218,822
STD Prevention	93.977	010700OL17	7/1/2018-6/30/2019	-	42,581
STD Prevention	93.977	010700OL18	7/1/2018-6/30/2019	-	29,100
				-	71,681
Preventive Health Services Block Grant	93.991	01040018	7/1/2018-6/30/2019	-	2,026
				-	2,026
MCH Services Block Grant	93.994	01120017	7/1/2018-6/30/2019	-	161,516
MCH Services Block Grant	93.994	011200D118	7/1/2018-6/30/2019	-	144,107
				-	305,623
Total U.S. Department of Health and Human Services				-	1,470,747
Grand total federal awards expended				\$ -	\$ 2,889,487

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2019**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not considered to be material weaknesses __Yes XNone reported

Non-compliance material to financial statements noted __Yes XNo

Federal Awards:

Internal control over major programs:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not considered to be material weaknesses __Yes XNone reported

Type of auditors' report issued on compliance for major programs:

Unmodified for all major programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __Yes XNo

Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.557	USDA – WIC Program

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

Auditee qualified as a low-risk auditee? XYes _No

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

IV. PRIOR AUDIT FINDINGS

NONE

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2019**

There are no prior audit findings to report.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
AUDIT ADJUSTMENTS
for the year ended June 30, 2019**

There are no proposed audit adjustments.