

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

---

**FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

## CONTENTS

Independent Auditors' Report .....	1-2
Management's Discussion and Analysis.....	3-5
Statements of Net Position.....	6
Statements of Revenues, Expenses and Changes in Net Position .....	7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9-23
<b>Required Supplementary Information:</b>	
Schedule of Proportionate Share of the Net Pension Liability.....	24
Schedule of Contributions to the Net Pension Liability.....	25
Schedule of Proportionate Share of the Net OPEB Liability .....	26
Schedule of Contributions to the Net OPEB Liability.....	27
<b>Supplementary Information:</b>	
Budgetary Comparison .....	28-29
Schedule of Revenues and Expenditures by Reporting Area – Budgetary Basis .....	30-31
Schedule of Indirect Costs – Budgetary Basis .....	32
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 <i>Government Auditing Standards</i> .....	33-34
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	35-36
Schedule of Expenditures of Federal Awards.....	37-38
Schedule of Findings and Questioned Costs.....	39
Summary Schedule of Prior Audit Findings .....	40
Audit Adjustments .....	41



## 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, 2020 and 2019, 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, 2020 and 2019, 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 opinions 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 October 5, 2020, 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  
October 5, 2020



## Lexington-Fayette County Health Department

---

650 Newtown Pike  
Lexington, KY 40508-1197  
(859) 252-2371  
(859) 288-2359 Fax  
(859) 288-2455 Public Health Clinic Fax

September 30, 2020

This discussion and analysis of the Lexington-Fayette County Health Department's (LFCHD) financial performance provides an overview of LFCHD's financial activities for the fiscal year ended June 30, 2020. Please read this document in conjunction with LFCHD's financial statements.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include: (1) statement of net position, (2) statement of revenues, expenses, and changes in net position, and (3) statement of cash flows. LFCHD also includes in this report additional information to supplement the basic financial statements. The statement of revenues, expenses, and changes in net position on page 6 is further detailed by line items on pages 24 through 27.

LFCHD's financial statements are similar to those found in the private sector, with its basis in full accrual accounting and in conformity with "Generally Accepted Accounting Principles (GAAP)." Equity is described as Net Assets.

### **FINANCIAL HIGHLIGHTS**

LFCHD's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(42,115,765) (net position) for the fiscal period reported.

Total net assets are comprised of the following:

- (1) Capital assets, net of accumulated depreciation of \$1,745,535.
- (2) Designated Funds of \$305,584.
- (3) Unrestricted Funds of \$(44,166,884).

At the end of the fiscal year, unrestricted fund balance was \$(44,166,884). This compares with fiscal year 2019 unrestricted fund balance of \$(44,744,039). Of the \$74,642,687 in total liabilities, \$72,747,583 are related to pension liabilities and post-employment benefits other than pensions (OPEB).

### **HIGHLIGHTS FROM LFCHD'S COVID-19 RESPONSE IN FY2020**

Since Governor Beshear and Mayor Gorton declared a public health emergency on March 6, LFCHD staff have been leading the community's public health response to the COVID-19 pandemic.

Highlights of the response through June 30 include the following:

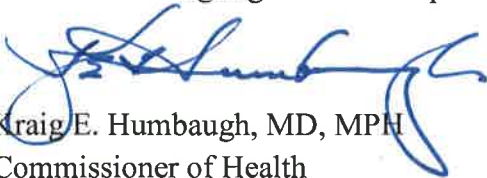
- 1,553 reports of COVID-19 cases in Lexington residents were received by June 30.
- An electronic management tool was developed for use by disease investigators, contact tracers and epidemiologists to effectively track, manage, communicate with and extract data about COVID-19 cases and contacts.
- Staff were repurposed to fill needed operational roles for the pandemic response.
- \$1.67 million was spent on the response with \$884 thousand reimbursed through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- LFCHD's COVID-19 call center received 4,811 individual calls from March through June.
- LFCHD established itself as a primary source of COVID-19 information for Fayette County. Daily reports from local data were published on the website. Twitter impressions increased 212% from February to March. Facebook reach increased 324% over the same period. From March to June, the Twitter page had 545,289 impressions and 453 new followers, while the Facebook page had a reach of 348,817, with 62,293 engagements and 3,632 followers.
- LFCHD's Environmental Health team assisted businesses and food service establishments to re-open following "Healthy at Work" guidance.
- 14 contract tracers and disease investigators were hired through a state contract to help with the response.

#### **HIGHLIGHTS FROM FY 2020 AND OBSERVATIONS ABOUT FY 2021**

- LFCHD achieved budget objectives for fiscal year 2020 and generated a \$5.1 million net surplus.
- The Lexington-Fayette County Board of Health voted to retain the public health tax rate at 2.8 cents per \$100 of assessed property value. This rate was first adopted in 2004.
- Employees received a 1.5% salary increase. Annual lump sum payments averaging 1.9% were distributed, based on individual job performance.
- LFCHD's Information Technology (IT) staff created two call centers with mobile phone app technology. In September 2019, IT staff migrated the agency email system to an in-house domain, allowing for more storage, efficient backup, and the capacity to promptly add new accounts. This initiative proved to be of critical importance as new contract staff were hired during the COVID-19 response.
- In fiscal year 2020, the needle exchange program (NEP) served 2,972 clients during 13,949 visits. The program received 526,094 needles and distributed 662,094 clean needles. NEP connected 116 individuals with a treatment referral.
- LFCHD secured \$122 thousand in additional grant funding from the Centers for Disease Control and Prevention (CDC) and Kentucky Injury Prevention and Research Center (KIPRC) to expand naloxone training and distribution to inmates in the local detention center upon release. The same grant award will provide an additional \$170 thousand per year for 2 years to hire a harm reduction nurse specialist and a client support specialist to continue naloxone distribution at the detention center and in community settings.

- LFCHD dispensed 3,734 naloxone kits free to community members through the NEP and community events. The kits were funded through grants received by Lexington-Fayette Urban County Government (LFUCG), DrugFreeLex, and KIPRC.
- NEP participation increased by 40% over the four-month period from March 1 to June 30, compared to the preceding four-month period.
- School health nurses reported 42,475 documented health visits during the school year. Following these visits, students were able to return to the classroom 92.5% of the time.
- Women, Infants, and Children (WIC) maintained services during the pandemic. Physical exemption waivers were granted, allowing all WIC services to be conducted over the phone. From March through June, the WIC team increased their caseload from 5,325 to 5,719 participants. The state WIC program assisted all county programs by auto-issuing benefits to those with an active certification.
- The United States Department of Agriculture (USDA) awarded WIC an operational adjustment grant and an infrastructure grant totaling \$299,836. The infrastructure grant will help fund a clinic renovation in fiscal year 2021.
- The LFCHD Community Health, Education, and Equity (CHEE) Wellness Program collaborated a second year with the Kentucky Farm Share Coalition, Organic Association of Kentucky, and Elmwood Stock Farm to offer LFCHD staff a Community Supported Agriculture (CSA) produce subscription. LFCHD contributed \$5 thousand in the form of 25 vouchers to employees, worth \$200 each, to use towards the vegetable subscription. The CHEE Wellness program also raffled 20 vegetable shares to staff. Overall, 47 LFCHD staff participated in the program.
- The LFCHD HANDS program achieved 85% of their home visit capacity in FY2020, exceeding the 75% goal set by the Kentucky Department for Public Health (KDPH), despite ceasing in-person visits for two months due to the COVID-19 pandemic.
- LFCHD staff worked diligently on completing required documentation for the Public Health Accreditation Board (PHAB) reaccreditation process. Over 120 documents covering 12 domains were submitted on August 23, 2019. Due to the COVID-19 pandemic and response, the initial site review date of May 8, 2020 was postponed until January 8, 2021.
- LFCHD consolidated staff at its main campus, located at 650 Newtown Pike, Lexington, Kentucky. As part of this process, the LFCHD Board of Health voted to sell the LFCHD property located at 2433 Regency Road in May 2019. The property went to market in June 2019 and was sold on January 15, 2020 for \$925 thousand.
- For fiscal year 2021, LFCHD's approved budget anticipates a projected surplus of \$164 thousand. The budget includes \$2.4 million in expenses for the COVID-19 response. The budget also includes a Kentucky Employees Retirement System (KERS) employer contribution rate of 49.47%. DPH subsidies cover 27% of that rate.

The activities highlighted are compatible with the department's mission, vision, 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,**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Current assets		
Cash and cash equivalents	\$ 22,254,446	\$ 17,259,780
Accounts receivable:		
Contracts and other, net	429,908	70,796
Prepaid expenses and capital projects	<u>32,552</u>	<u>17,152</u>
Total current assets	<u>22,716,906</u>	<u>17,347,728</u>
Noncurrent assets		
Capital assets, net	1,745,535	2,722,118
Note receivable - HealthFirst Bluegrass, Inc.	<u>2,029,503</u>	<u>2,029,503</u>
Total noncurrent assets	<u>3,775,038</u>	<u>4,751,621</u>
Total assets	<u>26,491,944</u>	<u>22,099,349</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - pension	5,683,020	7,472,199
Deferred outflows - OPEB (including the implicit subsidy of \$119,225)	<u>2,191,693</u>	<u>1,711,655</u>
Total deferred outflows of resources	<u>7,874,713</u>	<u>9,183,854</u>
Total assets and deferred outflows of resources	<u>\$ 34,366,657</u>	<u>\$ 31,283,203</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 457,224	\$ 465,165
Accrued payroll and fringes	755,886	496,918
Unearned grant revenue	<u>124,017</u>	<u>31,225</u>
Total current liabilities	<u>1,337,127</u>	<u>993,308</u>
Long-term liabilities		
Accrued annual leave	557,977	504,243
Net pension liability	62,854,562	57,949,277
Net OPEB liability	<u>9,893,021</u>	<u>10,090,980</u>
Total long-term liabilities	<u>73,305,560</u>	<u>68,544,500</u>
Total liabilities	<u>74,642,687</u>	<u>69,537,808</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pension	128,074	2,476,641
Deferred inflows - OPEB	<u>1,711,661</u>	<u>903,263</u>
Total deferred inflows of resources	<u>1,839,735</u>	<u>3,379,904</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,745,535	2,722,118
Restricted		
State funds	90,458	100,485
Federal funds	49,876	45,895
Fees	165,250	241,032
Unrestricted	<u>(44,166,884)</u>	<u>(44,744,039)</u>
Total net position	<u>(42,115,765)</u>	<u>(41,634,509)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 34,366,657</u>	<u>\$ 31,283,203</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,**

	<b>2020</b>	<b>2019</b>
<b>OPERATING REVENUES</b>		
State grants	\$ 3,128,217	\$ 2,899,283
Federal pass-through grants	3,450,632	2,889,487
Tax appropriations	9,068,820	8,827,419
Donations	1,000	2,315
Medicare service fees	6,546	5,212
Medicaid service fees	1,226,343	1,401,826
School board contract	2,147,520	1,893,816
Fees and contracts	364,621	438,534
Insurance	114,252	191,691
Other fees and contracts	<u>56,422</u>	<u>341,996</u>
 Total operating revenues	 <u>19,564,373</u>	 <u>18,891,579</u>
<b>OPERATING EXPENSES</b>		
Personnel	16,341,212	12,738,687
Operating	3,354,705	3,689,038
Depreciation	<u>449,430</u>	<u>434,917</u>
 Total operating expenses	 <u>20,145,347</u>	 <u>16,862,642</u>
<b>OPERATING INCOME</b>	<u>(580,974)</u>	<u>2,028,937</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Interest income	179,042	231,482
Loss on disposal of assets	<u>(100,449)</u>	<u>(31,295)</u>
 Total non-operating income (expense)	 <u>78,593</u>	 <u>200,187</u>
 Change in net position	 (502,381)	 2,229,124
<b>NET POSITION</b>	 (41,634,509)	 (43,791,574)
 Prior year fund activity	 <u>21,125</u>	 <u>(72,059)</u>
 <b>NET POSITION - END OF YEAR</b>	 <u>\$ (42,115,765)</u>	 <u>\$ (41,634,509)</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,

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grantor agencies	\$ 6,616,771	\$ 5,777,363
Cash received from patients/other service fees	3,556,592	4,308,432
Tax apportionments	9,068,820	8,827,419
Donations	1,000	2,315
Payments for employee services and benefits	(11,720,884)	(11,748,942)
Payments to suppliers	<u>(3,133,379)</u>	<u>(3,756,629)</u>
Net cash provided by operating activities	<u>4,388,920</u>	<u>3,409,958</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Sale of building	869,594	-
Purchases of capital assets	<u>(442,890)</u>	<u>(747,204)</u>
Net cash provided by (used in) capital and related financing activities	<u>426,704</u>	<u>(747,204)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	<u>179,042</u>	<u>231,482</u>
Net cash provided by investing activities	<u>179,042</u>	<u>231,482</u>
Net increase in cash and cash equivalents	4,994,666	2,894,236
Cash and cash equivalents - beginning of the year	<u>17,259,780</u>	<u>14,365,544</u>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<u>\$ 22,254,446</u>	<u>\$ 17,259,780</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (580,974)	\$ 2,028,937
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	449,430	434,917
Net change in pension liabilities	4,345,897	574,657
Net change in OPEB liabilities	130,401	461,113
Prior year activity	21,125	(72,059)
Change in assets and liabilities:		
Contracts and other receivables	(359,112)	35,357
Prepaid expenses	(15,400)	4,047
Accounts payables	(7,941)	30,577
Accrued payroll and fringes	258,968	(102,186)
Unearned grant revenue	92,792	11,888
Accrued annual leave	<u>53,734</u>	<u>2,710</u>
Net cash provided by operating activities	<u>\$ 4,388,920</u>	<u>\$ 3,409,958</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, 2020 and 2019**

---

**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 October 5, 2020, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2020.

**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 \$13,928 and \$23,738 for the years ended June 30, 2020 and 2019, respectively.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

**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, 2020 and 2019, with the following asset lives:

<b>Description</b>	<b>Estimated Life (Years)</b>
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.

**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, 2020, 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 \$8,357,537 and \$8,033,380 for the years ended June 30, 2020 and 2019, respectively. Total taxes, including support from the Lexington-Fayette Urban County Government, totaled \$9,068,820 and \$8,827,419 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019**

**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 October 5, 2020, 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, 2020, 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, 2020, 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, 2020.

The following is a detail of the Health Department’s cash deposit coverage at June 30, 2020:

Total cash and cash equivalents	\$ 22,291,649
FDIC insurance	(250,000)
Collateral pledged by bank	<u>(22,041,649)</u>
 (Over) Collateralized	 <u>\$ _____ -</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 payments will be required beginning on July 1, 2021.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**4. CAPITAL ASSETS**

Capital assets activity for the years ended June 30, 2020 and 2019 are as follows:

	June 30, 2019	Acquisitions	Disposals	June 30, 2020
Buildings	\$ 4,140,901	\$ -	\$ (1,501,929)	\$ 2,638,972
Building improvements	2,244,970	139,487	(102,949)	2,281,508
Equipment, furniture & fixtures	1,852,877	295,199	(126,704)	2,021,372
Leasehold improvements	<u>28,706</u>	<u>8,204</u>	<u>-</u>	<u>36,910</u>
Total	8,267,454	442,890	(1,731,582)	6,978,762
Less: accumulated depreciation	<u>(5,545,336)</u>	<u>(449,430)</u>	<u>761,539</u>	<u>(5,233,227)</u>
Net	<u>\$ 2,722,118</u>	<u>\$ (6,540)</u>	<u>\$ (970,043)</u>	<u>\$ 1,745,535</u>
	<b>June 30, 2018</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>June 30, 2019</b>
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 ended June 30, 2019, the Health Department reclassified various assets in the amount of \$770,456 and expensed \$747,204 on capital outlay.

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$449,430 and \$434,917, 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, 2020 which is payable monthly. The total credit limit on the line is \$2,000,000 and matures on April 30, 2021. There was no activity during 2020 or 2019.

**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, 2020 and 2019**

**6. LONG-TERM LIABILITIES (CONTINUED)**

Long-term liability activity for the years ended June 30, 2020 and 2019 is as follows:

	<b>June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2020</b>
Net pension liability	\$ 57,949,277	\$ 4,905,285	\$ -	\$ 62,854,562
Net OPEB liability	10,090,980	-	(197,959)	9,893,021
Accrued leave	<u>504,243</u>	<u>156,985</u>	<u>(103,251)</u>	<u>557,977</u>
	<u>\$ 68,544,500</u>	<u>\$ 5,062,270</u>	<u>\$ (301,210)</u>	<u>\$ 73,305,560</u>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>
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>

**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, 2020 and 2019, net position was restricted as follows:

	<b>State</b>	<b>Federal</b>	<b>Fees</b>	<b>Programs</b>	<b>Totals</b>
<b>2020</b>					
764-Hep A Outbreak	\$ 366	\$ -	\$ -	\$ -	\$ 366
770-Colon Cancer	15,901	-	-	-	15,901
809-Diabetes	4,274	-	-	-	4,274
847-Ryan White Serv.	69,917	-	-	-	69,917
737-PHEP Ebola	-	61	-	-	61
760-HANDS – Federal	-	18,050	-	-	18,050
837-Abstinence	-	423	-	-	423
839-HIV Planning	-	480	-	-	480
842-HIV Funds	-	12,826	-	-	12,826
843-HIV Preventions	-	1,036	-	-	1,036
845-Linkage Navigator	-	17,000	-	-	17,000
758-Human Vitality	-	-	93,048	-	93,048
810-Adult Visits	<u>-</u>	<u>-</u>	<u>72,202</u>	<u>-</u>	<u>72,202</u>
Totals	<u>\$ 90,458</u>	<u>\$ 49,876</u>	<u>\$ 165,250</u>	<u>\$ -</u>	<u>\$ 305,584</u>

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

**7. RESTRICTED NET POSITION (CONTINUED)**

	State	Federal	Fees	Programs	Totals
<b>2019</b>					
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	-	-	165,870	-	165,870
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 100,485</u>	<u>\$ 45,895</u>	<u>\$ 241,032</u>	<u>\$ -</u>	<u>\$ 387,412</u>

**8. LEASES**

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 \$72,191 and \$60,065, during the years ended June 30, 2020 and 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 \$114,398 and \$96,965, for the years ended June 30, 2020 and 2019, respectively. Total future minimum lease payments as of June 30, 2020, are as follows:

Year	Amount
2021	\$ 98,745
2022	82,644
2023	72,574
2024	81,501
2025	82,398
2026-2029	<u>255,090</u>
Total	<u>\$ 672,952</u>



**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

---

**9. RETIREMENT PLAN (CONTINUED)**

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.

*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, 2020, 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, 2020. For the years ended June 30, 2020 and 2019, 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. 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.

Per House Bill 1 passed during the 2019 legislative session and House Bill 352 passed during the 2020 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.

The Health Department contributed \$3,159,627 for the year ended June 30, 2020 or 100% of its required contribution. The contribution was allocated \$2,622,484 to the KERS pension fund and \$537,143 to the KERS insurance fund. For the year ended June 30, 2019, \$3,213,414 or 100% of the required contribution was made. The contribution was allocated \$2,667,127 to the KERS pension fund and \$546,287 to the KERS insurance fund.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

---

**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, 2020, the Health Department reported a liability of \$62,854,562 or its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Health Department's proportion was .4451%, which increased .0192% from its proportion measured as of June 30, 2018.

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.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**9. RETIREMENT PLAN (CONTINUED)**

For the year ended June 30, 2020, the Health Department recognized pension expense of \$7,311,652. At June 30, 2020, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 371,752	\$ -
Changes of assumptions	1,913,784	-
Net difference between projected and actual earnings on Plan investments	-	128,074
Changes in proportion and differences between the Department contributions and proportionate share of contributions	774,999	-
Department contributions subsequent to the measurement date	<u>2,622,485</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 5,683,020</u></b>	<b><u>\$ 128,074</u></b>

The \$2,622,485 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year ending June 30,</b>	
2021	\$ 2,121,141
2022	\$ 856,014
2023	\$ (41,072)
2024	\$ (3,622)

*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	2.30%
Salary increases	3.30% to 15.30%, varies by service
Investment rate of return	5.25%, net of Plan investment expense, including inflation

The mortality table used for active members was a PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disable members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

**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
<b>Growth</b>	<b>53.50%</b>	<b>62.50%</b>
U.S. Equity	15.75%	18.75%
Non-U.S. Equity	15.75%	18.75%
Private Equity	7.00%	10.00%
Specialty Credit/High Yield	15.00%	15.00%
<b>Liquidity</b>	<b>23.50%</b>	<b>14.50%</b>
Core Bonds	20.50%	13.50%
Cash	3.00%	1.00%
<b>Diversifying Strategies</b>	<b>23.00%</b>	<b>23.00%</b>
Real Estate	5.00%	5.00%
Opportunistic	3.00%	3.00%
Real Return	15.00%	15.00%
	100%	

*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 27 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%	\$ 72,054,415
Current discount rate	5.25%	\$ 62,854,562
1% increase	6.25%	\$ 55,251,719

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

---

**9. RETIREMENT PLAN (CONTINUED)**

*Payable to the Pension Plan* – At June 30, 2020 and 2019, the Health Department reported a payable of \$273,351 and \$247,775, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2020 and 2019. The payable can be allocated as follows, \$226,881 and \$205,653 to the pension plan, respectively, and \$46,470 and \$42,122 to the OPEB plan, respectively.

**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, 2020 and 2019, 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 \$3,159,627 for the year ended June 30, 2020 or 100% of its required contribution. The contribution was allocated \$2,622,484 to the KERS pension fund and \$537,143 to the KERS insurance fund. For the year ended June 30, 2019, \$3,213,414 or 100% of the required contribution was made. The contribution was allocated \$2,667,127 to the KERS pension fund and \$546,287 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

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

**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, 2020, the Health Department reported a liability of \$9,893,021 or its proportionate share of the total net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the Health Department's proportion was .4451%, which increased .0192% from its proportion measured as of June 30, 2018.

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.

For the year ended June 30, 2020, the Health Department recognized OPEB expense of \$886,737. At June 30, 2020, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ -	\$ 1,578,002
Changes of assumptions	1,297,402	29,757
Net difference between projected and actual earnings on Plan investments	-	64,884
Changes in proportion and differences between the Department contributions and proportionate share of contributions	237,893	39,018
Department contributions subsequent to the measurement date	656,398	-
<b>Total</b>	<b>\$ 2,191,693</b>	<b>\$ 1,711,661</b>

The \$656,398 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, 2021. This includes an adjustment of \$119,255 related to the implicit subsidy, which is required to be recognized as a deferred outflow of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ending June 30,</b>	
2021	\$ 60,916
2022	\$ 60,916
2023	\$ (235,375)
2024	\$ (62,823)

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

**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	2.30%
Salary increases	3.55% to 15.55%, varies by service
Investment rate of return	6.25%, 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.

The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvements scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumption used in the June 30, 2019 valuation was based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019.

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum for the non-hazardous system.

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
<b>Growth</b>	<b>62.50%</b>	
U.S. Equity	18.75%	4.30%
Non-U.S. Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
<b>Liquidity</b>	<b>14.50%</b>	
Core Bonds	13.50%	1.35%
Cash	1.00%	.20%
<b>Diversifying Strategies</b>	<b>23.00%</b>	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	<u>15.00%</u>	4.10%
	100.00%	

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

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

*Discount Rate* – The discount rate used to measure the total OPEB liability was 5.73 for non-hazardous classification. The projection of cash flows assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24 years (closed) 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 3.13%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 28, 2019. 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the CARF.

*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 rates 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:

	<u>Discount rate</u>	<u>Department’s proportionate share of net OPEB liability</u>
1% decrease	4.73%	\$ 11,779,713
Current discount rate	5.73%	\$ 9,893,021
1% increase	6.73%	\$ 8,339,880

*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:

	<u>Department’s proportionate share of net OPEB liability</u>
1% decrease	\$ 8,404,788
Current discount rate	\$ 9,893,021
1% increase	\$ 11,693,278

*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, 2020 and 2019, the Health Department reported a payable of \$273,351 and \$247,775, respectively, for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2020 and 2019. The payable can be allocated as follows, \$226,881 and \$205,653 to the pension plan, respectively, and \$46,470 and \$42,122 to the OPEB plan, respectively.



**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

---

**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, 2020 and 2019.

**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 (\$44,166,884) and (\$44,744,039) for the years ended June 30, 2020 and 2019, 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 (\$66,712,605) and (\$62,236,307) for the years ended June 30, 2020 and 2019.

**14. SUBSEQUENT EVENTS**

COVID-19 Pandemic

In early 2020, various restrictions were placed on travel and business across the United States in response to the COVID-19 pandemic. The duration and pervasiveness of these restrictions are uncertain as of the date of these financial statements. The Health Department is evaluating the impact of COVID-19 and related responses on the operations and finances of the Health Department. Restrictions placed on the Health Department could negatively impact the Health Department's revenue and expenses for an unknown period of time. At this time, a specific estimate of the impact could not reasonably be determined due to a number of unknown factors regarding the severity and duration of the event.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

<b>Reporting period</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Measurement period</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Health Department's proportion of the net pension liability	0.6800%	0.6830%	0.5727%	0.3754%	0.4183%	0.4259%	0.4451%
Health Department's proportionate share of the net pension liability (asset)	\$ 59,370,000	\$ 61,259,339	\$ 57,988,999	\$ 42,797,000	\$ 55,998,909	\$ 57,949,277	\$ 62,854,562
Health Department's covered employee payroll	\$ 12,504,599	\$ 12,182,346	\$ 10,240,334	\$ 6,042,668	\$ 6,412,310	\$ 6,450,516	\$ 6,495,683
Health Department's share of the net pension liability (asset) as a percentage of its covered employee payroll	474.79%	502.85%	566.28%	708.25%	873.30%	898.37%	967.64%
Plan fiduciary net position as a percentage of the total pension liability	24.08%	22.32%	18.83%	14.80%	13.30%	12.84%	13.66%

**Notes:**

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2019 valuation:

The assumed rate of salary increases were increased from 3.05% average to 3.30% to 15.30%.  
The assumed investment return percentage decreased from 6.25% to 5.25%.

The Health Department's covered payroll reported above is payroll for the corresponding measurement date on the net pension liability and differs from the Health Department's calendar year payroll, reported on the Schedule of Contributions.

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 Seven Fiscal Years**

---

	2014	2015	2016	2017	2018	2019	2020
Contractually required employer contribution	\$ 1,954,131	\$ 2,408,718	\$ 1,912,598	\$ 2,580,314	\$ 2,648,582	\$ 2,667,127	\$ 2,622,484
Contributions relative to contractually required employer contribution	<u>1,954,131</u>	<u>2,408,718</u>	<u>1,912,598</u>	<u>2,580,314</u>	<u>2,648,582</u>	<u>2,667,127</u>	<u>2,622,484</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Health Department's covered employee payroll	 \$ 12,182,346	 \$ 10,240,334	 \$ 6,042,668	 \$ 6,412,310	 \$ 6,450,516	 \$ 6,495,683	 \$ 6,386,956
Employer contributions as a percentage of covered-employee payroll	16.04%	23.52%	31.65%	40.24%	41.06%	41.06%	41.06%

Notes:

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2019 valuation:

The assumed rate of salary increases were increased from 3.05% average to 3.30% to 15.30%.

The assumed investment return percentage decreased from 6.25% to 5.25%.

The Health Department's covered payroll reported above is payroll for the corresponding measurement date on the net pension liability and differs from the Health Department's calendar year payroll, reported on the Schedule of Contributions.

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

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

---

<b>Reporting period</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Measurement period</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Health Department's proportion of the net OPEB liability	0.3754%	0.4183%	0.4256%	0.4451%
Health Department's proportionate share of the net OPEB liability (asset)	\$ 8,977,327	\$ 10,607,093	\$ 10,090,980	\$ 9,893,021
Health Department's covered employee payroll	\$ 6,042,668	\$ 6,412,310	\$ 6,450,516	\$ 6,495,683
Health Department's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	148.57%	165.42%	156.44%	152.30%
Plan fiduciary net position as a percentage of the total pension liability	unavailable	24.40%	27.32%	30.92%

**Notes:**

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2019 valuation:

The assumed inflation rate decreased from 3.25% to 2.30%

The assumed rate of salary changed from an average of 4% average to a range of 3.30% to 15.30%.

The assumed investment return percentage decreased from 7.50% to 6.25%.

The Health Department's covered payroll reported above is payroll for the corresponding measurement date on the net OPEB liability and differs from the Health Department's calendar year payroll, reported on the Schedule of Contributions.

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 Seven Fiscal Years**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Contractually required employer contribution	\$ 1,073,698	\$ 619,362	\$ 491,793	\$ 535,428	\$ 542,488	\$ 546,287	\$ 537,143
Contributions relative to contractually required employer contribution	<u>1,073,698</u>	<u>619,362</u>	<u>491,793</u>	<u>535,428</u>	<u>542,488</u>	<u>546,287</u>	<u>537,143</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Health Department's covered employee payroll	\$ 12,182,346	\$ 10,240,334	\$ 6,042,668	\$ 6,412,310	\$ 6,450,516	\$ 6,495,683	\$ 6,386,956
Employer contributions as a percentage of covered-employee payroll	8.81%	6.05%	8.14%	8.35%	8.41%	8.41%	8.41%

Notes:

There were no changes in benefit terms. However, the following changes in assumptions were modified as of the June 30, 2019 valuation:

The assumed inflation rate decreased from 3.25% to 2.30%

The assumed rate of salary changed from an average of 4% average to a range of 3.30% to 15.30%.

The assumed investment return percentage decreased from 7.50% to 6.25%.

The Health Department's covered payroll reported above is payroll for the corresponding measurement date on the net OPEB liability and differs from the Health Department's calendar year payroll, reported on the Schedule of Contributions.

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, 2020**

	Cost Center	Original Budget	Amended Budget	Actual	Variance
<b>STATE GRANTS</b>					
State restricted	422	\$ 871,708	\$ 871,789	\$ 914,014	\$ 42,225
State restricted carryover	423	-	-	14,301	14,301
Food and sanitation	424	335,488	335,488	404,455	68,967
State health insurance	426	1,660,151	1,660,151	1,774,850	114,699
State public health block grant	428	<u>34,898</u>	<u>34,898</u>	<u>34,898</u>	-
Total State Grants		<u>2,902,245</u>	<u>2,902,326</u>	<u>3,142,518</u>	<u>240,192</u>
<b>FEDERAL PASS-THROUGH AWARDS</b>					
Title V block grant	431	192,143	213,855	328,370	114,515
Title X grant	432	-	-	1,092	1,092
Preventative services grant	435	3,000	6,000	6,442	442
CARES Act	437	-	-	884,531	884,531
Federal programs	438	2,005,452	2,313,795	2,230,197	(83,598)
Federal restricted carryover	440	<u>-</u>	<u>-</u>	<u>15,105</u>	<u>15,105</u>
Total federal pass-through awards		<u>2,200,595</u>	<u>2,533,650</u>	<u>3,465,737</u>	<u>932,087</u>
<b>LOCAL FUNDS</b>					
Local tax appropriations	451	8,250,000	8,250,000	9,068,820	818,820
Donations	456	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total local funds		<u>8,250,000</u>	<u>8,250,000</u>	<u>9,069,820</u>	<u>819,820</u>
<b>FEEES FOR SERVICES</b>					
Contracts, school board	459	2,000,000	2,000,000	2,147,520	147,520
Medicare (Title 18)	462	-	20,128	6,546	(13,582)
Medicaid (Title 19)	463	1,458,599	1,391,067	1,200,100	(190,967)
Prior year carryover	464	-	-	93,668	93,668
Fees and permits	466	386,791	408,976	364,621	(44,355)
Insurance	467	157,534	175,712	114,252	(61,460)
Other fees and contracts	469	<u>384,146</u>	<u>571,809</u>	<u>926,016</u>	<u>354,207</u>
Total fees for services		<u>4,387,070</u>	<u>4,567,692</u>	<u>4,852,723</u>	<u>285,031</u>
INTEREST INCOME	480	<u>190,000</u>	<u>190,876</u>	<u>179,042</u>	<u>(11,834)</u>
TOTAL REVENUES, BUDGETARY BASIS		<u>\$ 17,929,910</u>	<u>\$ 18,444,544</u>	<u>\$ 20,709,840</u>	<u>\$ 2,265,296</u>
Conversion to accrual basis:					
Additional accounts receivable, net				\$ 26,243	
Amount received from sale of building				(869,594)	
Less prior year grant activity (carryover)				<u>(123,074)</u>	
TOTAL REVENUES, ACCRUAL BASIS				<u>\$ 19,743,415</u>	



**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
SUPPLEMENTARY BUDGETARY COMPARISON - BUDGETARY BASIS  
for the year ended June 30, 2020**

	Original Budget	Amended Budget	Actual	Variance
<b>PERSONNEL EXPENSES</b>				
Salaries	\$ 6,800,182	\$ 6,905,655	\$ 7,073,287	\$ 167,632
Fringe benefits	<u>7,078,080</u>	<u>4,969,794</u>	<u>4,791,627</u>	<u>(178,167)</u>
Total personnel expenses	<u>13,878,262</u>	<u>11,875,449</u>	<u>11,864,914</u>	<u>(10,535)</u>
<b>OPERATING EXPENSES</b>				
Contractual and professional services	675,529	763,919	442,846	(321,073)
Travel	128,892	136,208	66,401	(69,807)
Rent	137,227	137,227	114,398	(22,829)
Utilities	148,000	148,000	174,493	26,493
Janitorial service and supplies	143,000	146,000	174,486	28,486
Insurance	141,400	141,400	132,160	(9,240)
Building repairs and maintenance	203,400	248,400	443,078	194,678
Printing and copying	71,175	84,754	92,284	7,530
Telephone	172,135	184,919	203,279	18,360
Postage	30,330	27,829	27,960	131
Office supplies	28,675	34,197	26,243	(7,954)
Medical record supplies	69,000	67,000	17,778	(49,222)
Computer services and supplies	142,950	158,728	148,827	(9,901)
Minor office equipment	15,050	17,408	11,102	(6,306)
Medical supplies	538,400	527,993	375,986	(152,007)
Lab supplies	37,500	37,500	23,585	(13,915)
Minor medical equipment	2,250	12,476	1,696	(10,780)
Automobile	22,985	34,483	24,938	(9,545)
Dues and subscriptions	7,310	8,697	16,435	7,738
Registration fees	29,660	28,671	9,365	(19,306)
Program supplies	88,662	110,497	71,943	(38,554)
Professional services	120,000	120,000	270,471	150,471
Advertising and recruitment	36,550	72,845	56,648	(16,197)
Other expenses	<u>461,760</u>	<u>481,188</u>	<u>344,017</u>	<u>(137,171)</u>
Total operating expenses	<u>3,451,840</u>	<u>3,730,339</u>	<u>3,270,419</u>	<u>(459,920)</u>
<b>OTHER EXPENSES</b>				
Capital items	<u>525,000</u>	<u>837,611</u>	<u>442,890</u>	<u>(394,721)</u>
Total other expenses	<u>525,000</u>	<u>837,611</u>	<u>442,890</u>	<u>(394,721)</u>
TOTAL EXPENSES, BUDGETARY BASIS	<u>\$ 17,855,102</u>	<u>\$ 16,443,399</u>	<u>\$ 15,578,223</u>	<u>\$ (865,176)</u>
<b>REVENUE OVER EXPENSES, BUDGETARY BASIS</b>			<b><u>\$ 5,131,617</u></b>	
Conversion to accrual basis:				
Total expenses, budgetary basis			\$ 15,578,223	
Change in accounts payable			(6,010)	
Deferred revenue adjustment			90,296	
GASB 68 conversion, net			4,345,897	
GASB 75 conversion, net			130,401	
Depreciation expense			449,430	
Loss on disposal of assets			100,449	
Less capital outlay			<u>(442,890)</u>	
TOTAL EXPENSE, ACCRUAL BASIS			<b><u>\$ 20,245,796</u></b>	

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES BY REPORTING AREA  
BUDGETARY BASIS  
for the year ended June 30, 2020**

Cost Center	STATE										FEDERAL PASS-THROUGH GRANTS		TAX APPROP. / DONATIONS	SCHOOL BOARD
	422	423	424 / 425/ 426	428	431	432	435	437	438	440	451 / 456	459		
Food	500	\$ 17,049	\$ -	\$ 404,455	\$ 34,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,305	\$ -
Public Facilities	520	-	-	-	-	-	-	-	-	-	-	-	189,738	-
General Sanitation	540	-	-	-	-	-	-	-	-	-	-	-	466,014	-
Onsite Sewage	560	-	-	-	-	-	-	-	-	-	-	-	32,167	-
Special Project - Environmental	590	-	-	-	-	-	-	-	-	-	-	-	1,439	-
Radon	591	-	-	-	-	-	-	-	2,000	-	-	-	3,106	-
Smoking Ordinance	592	-	-	-	-	-	-	-	-	-	-	-	1,047	-
<b>Total Environmental</b>		<b>17,049</b>	<b>-</b>	<b>404,455</b>	<b>34,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>863,816</b>	<b>-</b>
Personal Health Services	700	-	-	-	-	-	-	-	-	-	-	-	-	-
Lab/Other Testing/Radiology	718	-	-	-	-	-	-	-	-	-	-	-	-	-
Needle Exchange Program	727	-	-	-	-	-	-	-	38,068	-	-	-	485,013	-
Vector Surveillance	729	-	-	-	-	-	-	-	-	-	-	-	-	-
Opioid Crisis Response	731	-	-	-	-	-	-	-	156,243	-	-	-	81,867	-
Community Health Action	736	-	-	-	-	-	5,572	-	-	-	-	-	-	-
Exercise Coordinator	737	-	-	-	-	-	-	-	-	-	-	-	18,193	-
Disease Intervention Specialist	743	-	-	-	-	-	-	-	-	-	-	-	-	-
Florence KYEM	744	-	-	-	-	-	-	-	-	-	-	-	-	-
Accreditation	750	-	-	-	-	-	-	-	-	-	-	-	2,122	-
HANDS GF Services	752	410	14,301	-	-	-	-	-	-	-	-	-	32,709	-
Human Vitality	758	-	-	-	-	-	-	-	-	-	-	-	-	-
PC - Homeless	759	-	-	-	-	-	-	-	1,560	-	-	-	3,115	-
HANDS - Federal Home Visiting	760	-	-	-	-	-	-	-	53,460	-	-	-	-	-
Diabetes Prevention & Control	761	-	-	-	-	-	-	-	6,189	-	-	-	450	-
Hep A Outbreak Activities	764	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco Program	765	-	-	-	-	-	-	-	14,443	-	-	-	2,288	-
MCH Coordinator	766	-	-	-	166,124	-	-	-	-	-	-	-	45,920	-
CARES	771	-	-	-	-	-	-	884,169	-	-	-	-	784,128	-
Health Benefits Exchange	772	-	-	-	-	-	-	-	-	-	-	-	498	-
Special Project	773	-	-	-	-	-	-	-	-	-	-	-	1,418	-
Child Fatality Review & Injury Prev.	774	-	-	-	-	-	-	-	-	-	-	-	-	-
Pediatric/Adolescent Visits	800	-	-	-	-	-	-	-	5,000	-	-	-	144,782	-
Family Planning	802	153	-	-	-	-	-	-	-	-	-	-	1,803	-
Maternity Services & Activity	803	-	-	-	-	-	-	-	-	-	-	-	231	-
WIC	804	-	-	-	-	-	-	-	1,123,450	-	-	-	387,124	-
MCH Nutrition & Group Activity	805	-	-	-	46,564	-	-	-	-	-	-	-	88,513	-
Tuberculosis Visits	806	-	-	-	-	-	-	-	57,337	-	-	-	638,292	-
Sexually Transmitted Diseases	807	-	-	-	-	-	-	-	-	-	-	-	368,206	-
Diabetes Visits & Activities	809	199,999	-	-	-	-	-	-	-	-	-	-	-	-
Adult Visits/Follow-up Visits	810	-	-	-	-	-	-	-	500	-	-	-	-	-
Lead Services	811	-	-	-	-	-	-	-	-	-	-	-	1,965	-
Breast & Cervical Cancer	813	-	-	-	-	-	-	-	321	15,105	-	-	2,331	-
Bioterrorism Preparedness Planning	821	-	-	-	-	-	-	-	133,149	-	-	-	124,626	-
Bioterrorism Epid & Surveillance	822	-	-	-	-	-	-	-	2,280	-	-	-	260,610	-
Bioterrorism Health Alert Network	823	-	-	-	-	-	-	-	9,935	-	-	-	832	-
Heart Disease & Stroke	826	-	-	-	-	-	-	-	-	-	-	-	-	-
STD Monitoring	827	-	-	-	-	-	-	-	1,339	-	-	-	413	-
KY ASAP Special Project	828	-	-	-	-	-	-	-	-	-	-	-	-	-
TOB, Cancer, Diab-State Pers.	829	64,676	-	-	-	-	-	-	65,731	-	-	-	28,865	-
Epidemiology AIDS/ST Personnel	831	-	-	-	-	-	-	-	-	-	-	-	-	-
Bluegrass Farmworkers Health	832	-	-	-	-	-	-	-	-	-	-	-	7,090	-
Breast Feeding Support	833	-	-	-	-	-	-	-	50,156	-	-	-	10,451	-
STD P.H. Investigator	834	-	-	-	-	-	-	-	-	-	-	-	73,875	-
Tobacco	836	115,894	-	-	-	-	-	-	-	-	-	-	14,428	-
HIV Contract Data	838	-	-	-	-	-	-	-	71,458	-	-	-	5,667	-
Diabetes Today	841	-	-	-	-	-	-	-	1,975	-	-	-	523	-
HIV Funds	842	-	-	-	-	-	-	-	104,378	-	-	-	9,219	-
HIV Preventions & Planning	843	-	-	-	-	-	-	-	33,016	-	-	-	-	-
Ryan White Program	845	-	-	-	-	-	-	-	119,064	-	-	-	11,292	-
Health Start Training	846	191,342	-	-	-	-	-	-	-	-	-	-	17,120	-
Healthy Start Child Care	848	51,000	-	-	-	-	-	-	-	-	-	-	3,702	-
Hands	853	125,940	-	-	-	-	-	-	-	-	-	-	214,879	-
Supplemental School Health	858	-	-	-	-	-	-	-	-	-	-	-	38,508	2,147,520
Diabetes Personnel	872	63,562	-	-	-	-	-	-	59,207	-	-	-	20,701	-
Special Project	875	-	-	-	-	-	-	-	-	-	-	-	6,729	-
Special Project	887	-	-	-	-	-	-	-	-	-	-	-	-	-
Vital Stats	890	-	-	-	-	-	-	-	-	-	-	-	92,128	-
Medicaid Match	891	-	-	-	-	-	-	-	-	-	-	-	97,342	-
Minor Items	892	-	-	-	-	-	-	-	-	-	-	-	30,717	-
<b>Total Medical</b>		<b>812,976</b>	<b>14,301</b>	<b>-</b>	<b>-</b>	<b>212,688</b>	<b>-</b>	<b>5,572</b>	<b>884,169</b>	<b>2,108,259</b>	<b>15,105</b>	<b>-</b>	<b>4,160,685</b>	<b>2,147,520</b>
Capital Expenditures	894	-	-	-	-	-	-	-	-	-	-	-	324,605	-
Allocable Direct	895	83,989	-	1,774,850	-	115,682	1,092	870	362	119,938	-	-	3,720,714	-
<b>Total Administrative</b>		<b>83,989</b>	<b>-</b>	<b>1,774,850</b>	<b>-</b>	<b>115,682</b>	<b>1,092</b>	<b>870</b>	<b>362</b>	<b>119,938</b>	<b>-</b>	<b>-</b>	<b>4,045,319</b>	<b>-</b>
<b>Grand Total Regulatory Basis</b>		<b>\$ 914,014</b>	<b>\$ 14,301</b>	<b>\$ 2,179,305</b>	<b>\$ 34,898</b>	<b>\$ 328,370</b>	<b>\$ 1,092</b>	<b>\$ 6,442</b>	<b>\$ 884,531</b>	<b>\$ 2,230,197</b>	<b>\$ 15,105</b>	<b>\$ -</b>	<b>\$ 9,069,820</b>	<b>\$ 2,147,520</b>

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES BY REPORTING AREA  
BUDGETARY BASIS  
for the year ended June 30, 2020**

Cost Center	FEES & CONTRACTS						INTEREST	Total	Total	Unrestricted	Program
	462	463	464	466	467	469	480	Revenues	Costs	Carryover	Excess (Deficit)
500	\$ -	\$ -	\$ -	\$ 233,692	\$ -	\$ 2,500	\$ -	\$ 862,899	\$ (862,899)	\$ -	\$ -
520	-	-	-	38,831	-	-	-	228,569	(228,569)	-	-
540	-	-	-	830	-	-	-	466,844	(466,844)	-	-
560	-	-	-	26,649	-	-	-	58,816	(58,816)	-	-
590	-	-	-	-	-	-	-	1,439	(1,439)	-	-
591	-	-	-	-	-	-	-	5,106	(5,106)	-	-
592	-	-	-	-	-	-	-	1,047	(1,047)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,002</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>1,624,720</b>	<b>(1,624,720)</b>	<b>-</b>	<b>-</b>
700	-	-	-	-	-	-	-	-	-	-	-
718	-	-	-	-	-	-	-	-	-	-	-
727	-	-	-	-	-	19,200	-	542,281	(542,281)	-	-
729	-	-	-	-	-	-	-	-	-	-	-
731	-	-	-	-	-	-	-	238,110	(238,110)	-	-
736	-	-	-	-	-	-	-	5,572	(5,572)	-	-
737	-	-	-	-	-	-	-	18,193	(18,193)	-	-
743	-	-	-	-	-	-	-	-	-	-	-
744	-	-	-	-	-	-	-	-	-	-	-
750	-	-	-	-	-	-	-	2,122	(2,122)	-	-
752	-	71,710	-	-	-	-	-	119,130	(119,130)	-	-
758	-	-	-	-	74,314	-	-	74,314	(56,428)	-	17,886
759	-	-	-	-	-	-	-	4,675	(4,675)	-	-
760	-	-	-	-	-	-	-	53,460	(35,410)	-	18,050
761	-	-	-	-	-	-	-	6,639	(6,639)	-	-
764	-	-	-	-	-	-	-	-	-	-	-
765	-	-	-	-	-	-	-	16,731	(16,731)	-	-
766	-	-	-	-	-	-	-	212,044	(212,044)	-	-
771	-	-	-	-	-	-	-	1,668,297	(1,668,297)	-	-
772	-	-	-	-	-	-	-	498	(498)	-	-
773	-	-	-	-	-	-	-	1,418	(1,418)	-	-
774	-	-	-	-	-	-	-	-	-	-	-
800	-	45,875	-	13,834	4,986	-	910	215,387	(215,387)	-	-
802	-	1,984	-	550	319	-	-	4,809	(4,809)	-	-
803	-	168	-	20	144	-	-	563	(563)	-	-
804	-	-	-	-	-	-	-	1,510,574	(1,510,574)	-	-
805	104	5,212	-	27	96	-	-	140,516	(140,516)	-	-
806	-	73,730	-	19,115	1,785	224	-	790,483	(790,483)	-	-
807	259	50,379	-	22,170	3,511	-	-	444,525	(444,525)	-	-
809	-	-	-	-	-	858	-	200,857	(196,585)	-	4,272
810	6,183	13,326	93,668	8,393	29,013	18,401	-	169,484	(169,484)	-	-
811	-	-	-	-	-	-	-	1,965	(1,965)	-	-
813	-	3,490	-	510	84	-	-	21,841	(21,841)	-	-
821	-	-	-	-	-	-	-	257,775	(257,775)	-	-
822	-	-	-	-	-	-	-	262,890	(262,890)	-	-
823	-	-	-	-	-	-	-	10,767	(10,767)	-	-
826	-	-	-	-	-	-	-	-	-	-	-
827	-	-	-	-	-	-	-	1,752	(1,752)	-	-
828	-	-	-	-	-	3,569	-	3,569	(3,569)	-	-
829	-	-	-	-	-	-	-	159,272	(159,272)	-	-
831	-	-	-	-	-	-	-	-	-	-	-
832	-	-	-	-	-	-	-	7,090	(7,090)	-	-
833	-	-	-	-	-	-	-	60,607	(60,607)	-	-
834	-	-	-	-	-	-	-	73,875	(73,875)	-	-
836	-	-	-	-	-	-	-	130,322	(130,322)	-	-
838	-	-	-	-	-	-	-	77,125	(77,125)	-	-
841	-	-	-	-	-	-	-	2,498	(2,498)	-	-
842	-	-	-	-	-	3,663	-	117,260	(117,260)	-	-
843	-	-	-	-	-	-	-	33,016	(31,980)	-	1,036
845	-	-	-	-	-	-	-	130,356	(130,356)	-	-
846	-	-	-	-	-	-	-	208,462	(208,462)	-	-
848	-	-	-	-	-	-	-	54,702	(54,702)	-	-
853	-	718,265	-	-	-	7,766	-	1,066,850	(1,066,850)	-	-
858	-	215,961	-	-	-	-	-	2,401,989	(2,401,989)	-	-
872	-	-	-	-	-	-	-	143,470	(143,470)	-	-
875	-	-	-	-	-	-	-	6,729	(6,729)	-	-
887	-	-	-	-	-	-	-	-	-	-	-
890	-	-	-	-	-	90	-	92,218	(92,218)	-	-
891	-	-	-	-	-	-	-	97,342	(97,342)	-	-
892	-	-	-	-	-	151	-	30,868	(30,868)	-	-
	<u>6,546</u>	<u>1,200,100</u>	<u>93,668</u>	<u>64,619</u>	<u>114,252</u>	<u>53,922</u>	<u>910</u>	<u>11,895,292</u>	<u>(11,854,048)</u>	<u>-</u>	<u>41,244</u>
894	-	-	-	-	-	-	-	324,605	(324,605)	-	-
895	-	-	-	-	-	869,594	178,132	6,865,223	(1,774,850)	-	5,090,373
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>869,594</u>	<u>178,132</u>	<u>7,189,828</u>	<u>(2,099,455)</u>	<u>-</u>	<u>5,090,373</u>
	<u>\$ 6,546</u>	<u>\$ 1,200,100</u>	<u>\$ 93,668</u>	<u>\$ 364,621</u>	<u>\$ 114,252</u>	<u>\$ 926,016</u>	<u>\$ 179,042</u>	<u>\$ 20,709,840</u>	<u>\$ (15,578,223)</u>	<u>\$ -</u>	<u>\$ 5,131,617</u>

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS  
BUDGETARY BASIS  
for the year ended June 30, 2020**

		Departmental	Environmental	Clinic	Medical	Space	Allocated Medical	Allocated Lab	Total Indirect Costs
Food	500	\$ 164,815	\$ 190,999	\$ -	\$ -	\$ 67,610	\$ -	\$ -	\$ 423,424
Public Facilities	520	45,264	47,514	-	-	20,304	-	-	113,082
General Sanitation	540	86,677	109,107	-	-	47,417	-	-	243,201
Onsite Sewage	560	11,365	14,681	-	-	3,231	-	-	29,277
Special Project - Environmental	590	159	324	-	-	547	-	-	1,030
Radon	591	919	637	-	-	-	-	-	1,556
Smoking Ordinance	592	66	67	-	-	766	-	-	899
Total Environmental		<u>309,265</u>	<u>363,329</u>	-	-	<u>139,875</u>	-	-	<u>812,469</u>
Personal Health Services	700	260,490	-	1,212,663	-	331,765	(2,533,157)	-	(728,239)
Lab/Other Testing/Radiology	718	19,210	-	88,951	-	23,283	-	(215,925)	(84,481)
Needle Exchange Program	727	64,065	-	-	8,745	36,885	-	-	109,695
Vector Surveillance	729	-	-	-	-	-	-	-	-
Opioid Crisis Response	731	26,306	-	-	4,224	12,297	-	-	42,827
Community Health Action	736	1,844	-	-	326	-	-	-	2,170
Exercise Coordinator	737	4,202	-	-	637	-	-	-	4,839
Disease Intervention Specialist	743	-	-	-	-	-	-	-	-
Florence KYEM	744	-	-	-	-	-	-	-	-
Accreditation	750	-	-	-	-	-	-	-	-
HANDS GF Services	752	16,633	-	-	2,350	11,395	-	-	30,378
Human Vitality	758	8,793	-	-	1,295	10,024	-	-	20,112
PC - Homeless	759	1,016	-	-	162	-	-	-	1,178
HANDS - Federal Home Visiting	760	3,118	-	-	343	4,812	-	-	8,273
Diabetes Prevention & Control	761	998	-	-	153	602	-	-	1,753
Hep A Outbreak Activities	764	-	-	-	-	-	-	-	-
Tobacco Program	765	413	-	-	61	-	-	-	474
MCH Coordinator	766	46,965	-	-	6,672	21,091	-	-	74,728
CARES	771	325,713	-	-	29,799	50,071	-	-	405,583
Health Benefits Exchange	772	-	-	-	-	-	-	-	-
Special Project	773	-	-	-	-	-	-	-	-
Child Fatality Review & Injury Prev.	774	-	-	-	-	-	-	-	-
Pediatric/Adolescent Visits	800	148	-	-	18	-	214,035	784	214,985
Family Planning	802	-	-	-	-	-	3,275	1,533	4,808
Maternity Services & Activity	803	-	-	-	-	-	564	-	564
WIC	804	2,567	-	-	382	991	1,454,757	38,284	1,496,981
MCH Nutrition & Group Activity	805	30,170	-	-	4,184	7,474	14,944	-	56,772
Tuberculosis Visits	806	87,554	-	-	11,940	34,852	408,431	2,483	545,260
Sexually Transmitted Diseases	807	6,459	-	-	881	2,718	262,724	155,942	428,724
Diabetes Visits & Activities	809	44,372	-	-	5,949	18,432	-	-	68,753
Adult Visits/Follow-up Visits	810	-	-	-	-	-	163,439	6,047	169,486
Lead Services	811	494	-	-	90	331	-	-	915
Breast & Cervical Cancer	813	-	-	-	-	-	10,988	10,852	21,840
Bioterrorism Preparedness Planning	821	35,941	-	-	4,159	-	-	-	40,100
Bioterrorism Epid & Surveillance	822	67,986	-	-	9,619	30,577	-	-	108,182
Bioterrorism Health Alert Network	823	2,440	-	-	342	1,320	-	-	4,102
Heart Disease & Stroke	826	-	-	-	-	-	-	-	-
STD Monitoring	827	-	-	-	-	-	-	-	-
KY ASAP Special Project	828	952	-	-	109	138	-	-	1,199
TOB, Cancer, Diab-State Pers.	829	43,907	-	-	5,924	-	-	-	49,831
Epidemiology AIDS/ST Personnel	831	-	-	-	-	-	-	-	-
Bluegrass Farmworkers Health	832	127	-	-	18	-	-	-	145
Breast Feeding Support	833	14,563	-	-	1,884	4,848	-	-	21,295
STD P.H. Investigator	834	18,308	-	-	2,186	-	-	-	20,494
Tobacco	836	28,429	-	-	3,708	10,599	-	-	42,736
HIV Contract Data	838	16,825	-	-	2,357	13,473	-	-	32,655
Diabetes Today	841	-	-	-	-	-	-	-	-
HIV Funds	842	27,681	-	-	3,894	18,985	-	-	50,560
HIV Preventions & Planning	843	-	-	-	-	-	-	-	-
Ryan White Program	845	29,519	-	-	4,074	8,166	-	-	41,759
Health Start Training	846	50,736	-	-	6,924	20,377	-	-	78,037
Healthy Start Child Care	848	11,360	-	-	1,702	6,004	-	-	19,066
Hands	853	187,868	-	-	25,563	60,824	-	-	274,255
Supplemental School Health	858	623,799	-	-	82,765	133,326	-	-	839,890
Diabetes Personnel	872	40,239	-	-	-	-	-	-	40,239
Special Project	875	2,471	-	-	-	-	-	-	2,471
Special Project	887	-	-	-	-	-	-	-	-
Vital Stats	890	18,982	-	-	2,581	16,478	-	-	38,041
Medicaid Match	891	-	-	-	-	-	-	-	-
Minor Items	892	-	-	-	-	-	-	-	-
Total Medical		<u>2,173,663</u>	-	<u>1,301,614</u>	<u>236,020</u>	<u>892,138</u>	-	-	<u>4,603,435</u>
Space Indirect	897	-	-	-	-	(1,032,013)	-	-	(1,032,013)
Departmental Indirect	898	(2,482,928)	-	-	-	-	-	-	(2,482,928)
Clinic Indirect	899	-	-	(1,301,614)	-	-	-	-	(1,301,614)
Other Medical Indirect	900	-	-	-	(236,020)	-	-	-	(236,020)
Environmental Indirect	901	-	(363,329)	-	-	-	-	-	(363,329)
Total Administrative		<u>(2,482,928)</u>	<u>(363,329)</u>	<u>(1,301,614)</u>	<u>(236,020)</u>	<u>(1,032,013)</u>	-	-	<u>(5,415,904)</u>
Grand Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**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, 2020, 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 October 5, 2020.

**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**

RFH, PLLC  
Lexington, Kentucky  
October 5, 2020



**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, 2020. 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, 2020.

## 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  
October 5, 2020



**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
for the year ended June 30, 2020**

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	01160019	7/1/2019-6/30/2020	\$ -	\$ 321,612
WIC Program - Administrative Services	10.557	01160020	7/1/2019-6/30/2020	-	857,649
<b>Total U.S. Department of Agriculture</b>				<b>-</b>	<b>1,179,261</b>
U.S. Environmental Protection Agency					
Passed through State (CHFS)					
State Indoor Radon Grants	66.032	02610018	7/1/2019-6/30/2020	-	7,305
<b>Total U.S. Environmental Protection Agency</b>				<b>-</b>	<b>7,305</b>
U.S. Department of Health and Human Services (HHS)					
Passed through State (CHFS)					
HPP and PHEP Cooperative	93.069	02140018	7/1/2019-6/30/2020	-	135,429
HPP and PHEP Cooperative	93.069	0214SUP17	7/1/2019-6/30/2020	-	5,127
				-	140,556
Tuberculosis Control Programs	93.116	010600OL20	7/1/2019-6/30/2020	-	52,145
Tuberculosis Control Programs	93.116	010600OL21	7/1/2019-6/30/2020	-	5,192
				-	57,337
Title X Family Planning	93.217	011500OL20	7/1/2019-6/30/2020	-	1,092
				-	1,092
Pediatric and Adolescent Programs	93.268	010500OL16	7/1/2019-6/30/2020	-	34,021
Pediatric and Adolescent Programs	93.268	010500OL17	7/1/2019-6/30/2020	-	5,500
				-	39,521
Disease Control and Prevention Investigations	93.283	011100OL18	7/1/2019-6/30/2020	-	1,650
Disease Control and Prevention Investigations	93.283	011100OL19	7/1/2019-6/30/2020	-	321
				-	1,971
Tobacco	93.305	0240OL19	7/1/2019-6/30/2020	-	27,412
				-	27,412
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	01390019	7/1/2019-6/30/2020	-	1,139
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	01390020	7/1/2019-6/30/2020	-	1,560
				-	2,699
Opioid Crisis Response	93.354	02130019	7/1/2019-6/30/2020	-	185,807
				-	185,807
<b>Subtotal HHS</b>				<b>\$ -</b>	<b>\$ 456,395</b>

**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, 2020**

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)				\$ -	\$ 456,395
U.S. Department of Health and Human Services (HHS) Passed through State (CHFS)					
Disease Control and Prevention	93.426	02440119	7/1/2019-6/30/2020	-	11,117
Disease Control and Prevention	93.426	02440120	7/1/2019-6/30/2020	-	25,521
				-	36,638
Diabetes Prevention and Control	93.435	02450019	7/1/2019-6/30/2020		38,488
Diabetes Prevention and Control	93.435	02450020	7/1/2019-6/30/2020	-	11,017
				-	49,505
Colon Cancer Screening	93.800	01970019	7/1/2019-6/30/2020	-	10,546
Colon Cancer Screening	93.800	01970020	7/1/2019-6/30/2020	-	65,731
				-	76,277
Maternal, Infant and Early Childhood Home Visiting	93.870	01300016	7/1/2019-6/30/2020		25,140
Maternal, Infant and Early Childhood Home Visiting	93.870	01300017	7/1/2019-6/30/2020	-	28,320
				-	53,460
HPP and PHEP Cooperative	93.889	0215SUP17	7/1/2019-6/30/2020	-	5,127
				-	5,127
Ryan White Care Act	93.917	01690019	7/1/2019-6/30/2020	-	98,247
Ryan White Care Act	93.917	01690020	7/1/2019-6/30/2020	-	20,817
				-	119,064
HIV Prevention	93.940	015100OL19	7/1/2019-6/30/2020	-	177,829
HIV Prevention	93.940	015100OL20	7/1/2019-6/30/2020	-	69,090
				-	246,919
STD Prevention	93.977	010700OL18	7/1/2019-6/30/2020	-	670
STD Prevention	93.977	010700OL19	7/1/2019-6/30/2020	-	670
				-	1,340
Preventive Health Services Block Grant	93.991	01040018	7/1/2019-6/30/2020	-	6,362
Preventive Health Services Block Grant	93.991	01040019	7/1/2019-6/30/2020	-	80
				-	6,442
MCH Services Block Grant	93.994	01120019	7/1/2019-6/30/2020	-	144,767
MCH Services Block Grant	93.994	011200D118	7/1/2019-6/30/2020	-	183,963
				-	328,730
<b>Total U.S. Department of Health and Human Services</b>				-	<b>1,379,897</b>
U.S. Department of Treasury Passed through State (CHFS)					
COVID-19, CARES Act	21.019	CARES20	4/1/2020-6/30/2020	-	884,169
<b>Total U.S. Department of Treasury</b>				-	<b>884,169</b>
<b>Grand total federal awards expended</b>				<b>\$ -</b>	<b>\$ 3,450,632</b>

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
for the year ended June 30, 2020**

---

**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:**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
10.557	USDA – WIC Program
21.019	US Department of Treasury – CARES Act

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

Auditee qualified as a low-risk auditee? \_\_Yes XNo

**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, 2020**

---

There are no prior audit findings to report.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH  
AUDIT ADJUSTMENTS  
for the year ended June 30, 2020**

---

There are no proposed audit adjustments.