

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

**FINANCIAL STATEMENTS
June 30, 2024**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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 year ended June 30, 2024, 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.

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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lexington-Fayette Urban County Department of Health, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lexington-Fayette Urban County Department of Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and the schedules of net pension and OPEB information on pages 27-32, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Health Department's basic financial statements. The supplementary budgetary comparison – budgetary basis, schedules of revenues and expenditures by reporting area – budgetary basis, the schedule of indirect costs – budgetary basis and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 – budgetary basis, schedule of revenues and expenditures by reporting area – budgetary basis, the schedule of indirect costs – budgetary basis and the schedule of expenditures of federal awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Department's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
September 23, 2024



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 23, 2024

This discussion and analysis of the Lexington-Fayette County Health Department's (LFCHD) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2024. 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. This report includes additional information to supplement the basic financial statements.

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 Position.

FINANCIAL HIGHLIGHTS

LFCHD's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(17,630,546) (net position) for the fiscal period reported.

Total net position is comprised of the following:

- (1) Net investment in capital assets of \$1,807,258.
- (2) Restricted Funds of \$320,600.
- (3) Unrestricted Funds of \$(19,758,404).

At the end of the fiscal year, the unrestricted fund balance was \$(19,758,404). This compares with the fiscal year 2023 unrestricted fund balance of \$(29,649,816). Of the \$64,282,984 reported in total liabilities, \$61,819,551 were related to pension liabilities and post-employment benefits other than pensions (OPEB).

HIGHLIGHTS FROM FY 2024 AND OBSERVATIONS ABOUT FY 2025

- LFCHD achieved budget objectives for fiscal year 2024 and generated a \$4.7 million net surplus.
- For fiscal year 2025, LFCHD's approved budget anticipates a projected surplus of \$169 thousand. The budget includes \$4.3 million in capital expenditures. The budget also includes a Kentucky Pension Plan Authority (KPPA) employer contribution of \$5.7 million with state subsidies covering \$3.4. Also included are a 3.4% cost of living adjustment for staff and an 8 percent average performance increase for staff.
- The Lexington-Fayette County Board of Health voted to adopt the compensating tax rate calculated at 2.43 cents per \$100 of assessed property value. This is a 0.17 cent reduction in the tax rate.
- A market compensation survey was conducted internally this year resulting in a change to the salary grid in which many employees received salary increases in order to meet the minimums in those new grids. Datapoints used were Salary.com, Northern Kentucky Health Department, Louisville Health Department, Kentucky Public Health, and Lexington Fayette Urban County Government. Employee pay adjustments were made based on the market survey and tenure. A new survey will be completed in FY2025.
- As of June 30, 2024, the health department had approximately invested \$21 million in United States Treasury Bills and Certificates of Deposits, both completely insured. This along with earnings on the operating account resulted in \$1.8 million in revenue.
- From July 1, 2023 to June 30, 2024, LFCHD made significant strides in pursuing new partnerships with community organizations to enhance the impact of the Community Health Assessment (CHA). After processing the data from the CHA, it was determined that the most meaningful area of focus for collective effort would be on mental and behavioral health. The department has continued to engage in meaningful conversations with community sectors about the needs in this area which has led to continued improvement in participation at quarterly LEX-CHIP meetings. This expanded effort is fueling a new partnership with the UK College of Public Health to expand the PhotoVoice project and to develop a strategic plan for the execution of the Community Health Improvement Plan (CHIP). Due to the successful integration of the PhotoVoice project into the CHA, LFCHD has been selected to present at the American Public Health Association (APHA) conference in October 2024.
- From July 1, 2023 to June 30, 2024, Fayette County saw approximately 5035 lab confirmed COVID-19 cases. This does not include self-administered at home testing. The first week of July 2023 we saw a low number of cases reported, at just 24 cases. From July 2023 through September 2023, we continued to see an increase in cases. KDPH called this the first "summer surge" for COVID-19 cases. Fayette County's highest number of cases was reported in September 2023, with 231 lab confirmed cases reported the week of 9/2/23. Cases slowly decreased over the next several weeks. Fayette County saw another increase in cases in December 2023 with the highest week being 12/2/23 with 193 cases. Cases continued to decrease through the rest of the fiscal year.
- Beginning in April 2024, Epidemiology received its first school related pertussis case since 2022. LFCHD worked with Fayette County Public Schools and other departments to quickly draft a letter to notify parents and staff of a potential exposure to pertussis and provided recommendations within the letter. LFCHD Epidemiology team and KDPH declared a Fayette County Pertussis Outbreak in May 2024. By June 30, 2024, Fayette County had 36 total pertussis cases and of those 36 cases, only 4 were not up to date on their vaccination. Prior to this outbreak, Fayette County only saw 16 total pertussis case from 2019-2024. This outbreak is ongoing.

- In July 2023, LFCHD Epidemiology and Environmental Health Team conducted a joint investigation of a suspected *Legionella* Outbreak associated with an outside water source that is regulated by LFCHD. Epidemiology investigated 4 confirmed cases of diagnosed Legionnaires Disease that were all linked to a particular setting and water source. Environmental Health did an environmental assessment of the outdoor water source and collected specimens from the water sources including swabbing jets and collection of sand filter media. KDPH Lab Services had only recently been approved to test for *Legionella* and this was their first time. One specimen came back culture positive for *Legionella*. The water source was indefinitely closed voluntarily by the facility.
- In addition to routine childhood and adult immunizations, public health nurses provided 235 COVID-19 immunizations (between October and June), 582 Influenza immunizations (between October and June), and 26 Mpox immunizations (between July and June). These were provided through same day appointments in the public health clinic and community immunization events.
- In FY 2024, LFCHD's Harm Reduction Program served 1671 unique participants, with a total of 12,734 visits (decrease of 21% from FY2023), received 615,641 syringes, distributed 685,740 sterile syringes, with a return rate for FY2024 of 89.78% (an increase of .75% from FY 2023). The program connected 131 individuals to treatment referrals for substance use disorder (decrease of 18.2%).
- In partnership with LFUCG, 3,807 free naloxone kits were distributed to participants at the Harm Reduction Program and to community members at 244 community events. Kits were funded through FR-CARA SAMHSA which is in year two of the 2nd four-year grant. In FY 2024, LFCHD received \$237,500 in funding to purchase 5,800 2-dose kits of this life-saving medication. LFCHD also received a total of \$24,000 from the "Governor's Public Naloxone Storage Boxes Project" to purchase 400 boxes to be displayed as needed throughout Fayette County. LFCHD was initially awarded \$12,000 for 200 boxes at the beginning of FY24. Another \$12,000 was awarded near the end of FY24 after the success of getting the initial boxes distributed. Each box contains two, 2-dose kits of naloxone, naloxone instructions, and 2 CPR mask.
- The Fayette County Public Schools (FCPS) contract was renewed effective July 1, 2024 through June 30, 2025. Since the renewal, two amendments were requested by FCPS and approved. The first amendment included utilizing 325 hours of the 1000 summer school hours designated for summer ignite 2025, to provide health services for June 2024 summer ignite. The second amendment added Audrey Grevious Center to the contract, staffing the program with a part-time nurse and pulled nursing hours from three technical programs to cover the staffing cost. Neither of the amendments involved any monetary changes to the renewed contract. During the 2023-2024 school year, school nurses documented 66,139 health office visits, with 59,230 (89.6%) of the students being sent back to class, 6,857 (10.4%) were sent home, 52 of the students were sent to the hospital via EMS. The school nurses completed 1,230 dental screenings, applying fluoride varnish application to 1,230 elementary students, with 203 students requiring dental referrals.
- Lexington remains one of the primary resettlement cities for refugee and immigrant status individuals that are immigrating to Kentucky. Many of the new community members immigrate to Kentucky from countries where TB is endemic. Most of those countries are so burdened with TB disease treatment, they rarely have resources to provide their residents preventative care. We utilize Cyacom and LanguageLine to enable translation to provide information and assure informed consent for our clients whose primary language is not English. We also began using Avochato to enable us to text clients in their preferred language. We welcome these and all community members and are happy to provide preventative treatment for those that have TB infection. Last year 253 community members were referred to the LFCHD TB Prevention & Control Program for surveillance of their TB infection. 54 have completed their preventative treatment. 44

continue medication into the new year, and will be completing it very soon. We provided treatment for TB disease diagnosed in 16 of our community members last year.

- The Women, Infants, and Children (WIC) program has operated under a hybrid model since August 2023. Certification appointments now require patients come into the office to assess height, weight, and hemoglobin. Certain waivers are still in place, allowing patients to be seen remotely for appointments if barriers in transportation, household member illness, or a newborn infant are identified. All other types of appointments may be seen remotely under the new waiver. The WIC program saw a slight decrease in enrollment and participation in FY24 from 6,714 participants in July 2023 to 6,261 participants in June 2024. The state WIC office selected Fayette County to participate in a farmers' market pilot program. Fayette County received \$12,030 in farmers market funds to be distributed both in the office and offsite at the local Farmers' Markets. In June of 2024, the senior nutrition specialist/RD position was filled for the first time in almost a year. The WIC team looks forward to utilizing this position to help maintain the caseload and assist the nutrition services team leader.
- Upon discovery of mold during the winter of FY 23, the health department put together a two-phase mold remediation plan. The first phase of the plan was completed in FY23 when both air handlers were professionally cleaned and air scrubbers were placed throughout the building. The second phase of the mold remediation plan commenced in FY24. After issuing a request for proposal (RFP), the health department selected a contractor and construction began in May. The work on the building will be completed by June 2025 and will include cleaning of all duct work, HVAC mechanical work, new ceilings and floors and additional deferred cosmetic updates. Operations will continue throughout the construction process.
- Community Health Equity and Education (CHEE) staff provided a wide array of health education and outreach in Fayette County during FY24. CHEE staff provided education and outreach at over 100 community events with over 80 unique community partners in FY24. CHEE diabetes education staff conducted four cohorts of the Diabetes Prevention Program with 52 participants, 3 cohorts of the Diabetes Self-Management Education program with 69 participants, and several Diabetes educational workshops with 45 participants. CHEE Tobacco education was provided at Fayette County Public Schools (FCPS) in partnership with LFCHD school health nurses. All FCPS sites received anti-vaping and tobacco prevention information, in addition CHEE Tobacco staff provided anti-vaping workshops at 3 FCPS elementary, middle, and high schools. The CHEE Child Care Health Consultation (CCHC) staff provided over 100 hours of child care center training to 303 child care workers in numerous Fayette County child care centers.
- Through special federal funds for vaccine outreach, the Communications team brought the "Get Vaxxed, Y'all" campaign back to the community to encourage more people to get flu and COVID-19 shots. The campaign included outreach through billboards, bus ads, shopping carts, TV/radio ads and movie theater screens. It also featured direct outreach into community centers, shops, etc. with help from Community Education.
- Health Access Nurturing Development Services (HANDS) has experienced steady growth over FY24 and has increased the number of families participating by 40%. In order to increase public awareness, HANDS completed a promotional video to showcase the program and provide an in-depth look at the attributes of HANDS services. The video is 20 minutes in length and features interviews with staff and families. In addition, four short 2-minute "reels" have been created using snippets of the video for social media promotion. The video and reels will be used extensively throughout FY25 and beyond. The HANDS program began work with community partner Family Care Center (FCC) to broker a direct connection between FCC and KDPH for contracting for HANDS services. FCC currently operates as a contractor of LFCHD, establishing a direct relationship between FCC and KDPH will improve efficiency for Fayette County HANDS service provision.

- During FY 24, LFCHD Environmental Health evaluated the fees for Septic Onsite and Plan Review Program to be more consistent with surrounding counties. LFCHD Environmental Health Staff surveyed Madison County Health Department, WEDCO Health District and Louisville Metro Public Health for a comparison of fees. LFCHD was charging significantly lower amounts than the other health departments. Proposal was made to the LFCHD finance committee and LFCH BOH. The increased revenue for this project was approximately \$30,525. During FY24, LFCHD Environmental Health conducted 37 site evaluations and issued 28 permits.
- In November 2023, LFCHD's Emergency Preparedness Team had the opportunity to submit up to \$25,000 in grant funding provided on behalf of the Department for Public Health and the Emergency Preparedness Response Branch through the Public Health Emergency Preparedness (PHEP) Cooperative Agreement for this purpose as a result of COVID funding. The purpose of the funds is to assist local health departments (LHD) in enhancing their jurisdiction's ability to have an effective public health response to evolving threats, disasters and emergencies. LFCHD Emergency preparedness team submitted a grant to purchase new CPR manikins (adult and child) to replace our current ones to continue to provide and conduct CPR training to LFCHD staff and community partners.
- The RFP for the Electronic Health Record (EHR) system closed in January 2025 with a total of five submissions. After completing the Phase 1 and Phase 2 evaluations, Patagonia Health was chosen as the preferred EHR vendor and contract negotiations began. LFCHD signed the contract with Patagonia Health in May 2024. The anticipated launch date is set for February 2025.
- The Commissioner of Health position remained unfilled during FY24. The search is ongoing and the position is expected to be filled in FY25. The interim Chief Administrative Officer continued to oversee operations. In addition, a new Compliance Officer was hired in April, 2024.

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



Jack Cornett
Interim Chief Administrative Officer
Lexington-Fayette County Health Department

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
STATEMENT OF NET POSITION
June 30, 2024

ASSETS

| | |
|---|-------------------|
| Current assets | |
| Cash and cash equivalents | \$ 22,211,569 |
| Investments | 20,678,179 |
| Accounts receivable: | |
| Contracts and other, net | 348,515 |
| Interest receivable | 98,103 |
| Note receivable - HealthFirst Bluegrass, Inc. | 62,431 |
| Lease receivable - current | 39,620 |
| Prepaid expenses | <u>271,220</u> |
| Total current assets | <u>43,709,637</u> |
| Noncurrent assets | |
| Capital assets, net | 2,209,955 |
| Note receivable - HealthFirst Bluegrass, Inc. | <u>1,789,605</u> |
| Total noncurrent assets | <u>3,999,560</u> |
| Total assets | <u>47,709,197</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---|----------------------|
| Deferred outflows - pension | 5,161,848 |
| Deferred outflows - OPEB | <u>1,818,325</u> |
| Total deferred outflows of resources | <u>6,980,173</u> |
| Total assets and deferred outflows of resources | <u>\$ 54,689,370</u> |

LIABILITIES

| | |
|------------------------------|-------------------|
| Current liabilities | |
| Accounts payable | \$ 340,927 |
| Accrued payroll and fringes | 1,125,634 |
| Lease liability - current | 129,757 |
| Unearned grant revenue | <u>21,199</u> |
| Total current liabilities | <u>1,617,517</u> |
| Long-term liabilities | |
| Accrued annual leave | 572,976 |
| Lease liability - noncurrent | 272,940 |
| Net pension liability | 57,911,690 |
| Net OPEB liability | <u>3,907,861</u> |
| Total long-term liabilities | <u>62,665,467</u> |
| Total liabilities | <u>64,282,984</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|------------------|
| Deferred inflows - lease | 39,620 |
| Deferred inflows - pension | 1,598,445 |
| Deferred inflows - OPEB | <u>6,398,867</u> |
| Total deferred inflows of resources | <u>8,036,932</u> |

NET POSITION

| | |
|---|----------------------|
| Net investment in capital assets | 1,807,258 |
| Restricted | |
| State funds | 153,204 |
| Federal funds | 14,702 |
| Fees | 152,694 |
| Unrestricted | <u>(19,758,404)</u> |
| Total net position | <u>(17,630,546)</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 54,689,370</u> |

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

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the year ended June 30, 2024**

OPERATING REVENUES

| | |
|------------------------------|-----------------------|
| State grants | \$ 5,033,382 |
| Federal grants | 3,225,086 |
| Tax appropriations | 9,851,003 |
| Medicaid service fees | 1,038,817 |
| School board contract | 3,455,657 |
| Fees and contracts | 1,123,543 |
| Insurance | 41,208 |
| Other fees and contracts | <u>617,372</u> |
| Total operating revenues | <u>24,386,068</u> |

OPERATING EXPENSES

| | |
|------------------------------|-----------------------|
| Personnel | 11,988,780 |
| Operating | 3,860,675 |
| Amortization | 124,158 |
| Depreciation | <u>527,463</u> |
| Total operating expenses | <u>16,501,076</u> |

OPERATING INCOME

7,884,992

NON-OPERATING INCOME (EXPENSE)

| | |
|--|----------------------|
| Investment income | 1,865,538 |
| Interest expense | <u>(35,797)</u> |
| Total non-operating income (expense) | <u>1,829,741</u> |

| | |
|------------------------|-----------|
| Change in net position | 9,714,733 |
|------------------------|-----------|

| | |
|----------------------------------|---------------------|
| NET POSITION - BEGINNING OF YEAR | <u>(27,540,722)</u> |
|----------------------------------|---------------------|

| | |
|------------------------------------|----------------|
| DPH Administration Fee Forgiveness | <u>195,443</u> |
|------------------------------------|----------------|

| | |
|----------------------------|------------------------|
| NET POSITION - END OF YEAR | <u>\$ (17,630,546)</u> |
|----------------------------|------------------------|

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

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
STATEMENT OF CASH FLOWS
for the year ended June 30, 2024

| | |
|---|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from grantor agencies | \$ 8,734,286 |
| Cash received from patients/other service fees | 5,573,169 |
| Tax apportionments | 9,851,003 |
| Payments for employee services and benefits | (16,929,537) |
| Payments to suppliers | <u>(4,560,815)</u> |
| Net cash provided by operating activities | <u>2,668,106</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Receipts from collections of notes | <u>60,764</u> |
| Net cash provided by non-capital financing activities | <u>60,764</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Payment on lease liability | (122,513) |
| Interest expense | (35,797) |
| Purchases of capital assets | <u>(458,235)</u> |
| Net cash (used in) capital and related financing activities | <u>(616,545)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Sale of investments | 1,150,313 |
| Interest income | <u>1,640,032</u> |
| Net cash provided by investing activities | <u>2,790,345</u> |
| Net increase (decrease) in cash and cash equivalents | 4,902,670 |
| Cash and cash equivalents - beginning of the year | <u>17,308,899</u> |
| CASH AND CASH EQUIVALENTS - END OF THE YEAR | <u>\$ 22,211,569</u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 7,884,992 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization | 651,621 |
| Net changes in pension liabilities | (3,266,662) |
| Net changes in OPEB liabilities | (1,743,324) |
| Change in assets and liabilities: | |
| Contracts and other receivables | (208,675) |
| Prepaid expenses | (203,215) |
| Accounts payables | (529,949) |
| Accrued payroll and fringes | 33,024 |
| Unearned grant revenue | (18,935) |
| Accrued annual leave | <u>69,229</u> |
| Net cash provided by operating activities | <u>\$ 2,668,106</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, 2024

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 Annual Comprehensive Financial Report (ACFR). The Lexington-Fayette Urban County Government provides some funding to the Health Department. The Health Department has no component units in these financial statements.

Federal and state revenues for services are recognized as received and are based in some instances upon reimbursement reports filed by the Health Department for eligible services and are subject to adjustments based upon federal and state agency audits as to eligibility of recipients and the computation of reimbursable costs. As of September 23, 2024, no formal reports have been issued as a result of audits performed or in progress for the year ended June 30, 2024.

Basis of Presentation

The Lexington-Fayette Urban County Department of Health is considered a Governmental Health Care Organization and prepares its financial statements 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.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments for the Health Department are comprised of brokered certificates of deposits, treasury securities and agency bonds. Investments are reported at fair market value in accordance with generally accepted accounting principles.

Accounts Receivable

Accounts receivable from insurance, Medicaid and private pay patients are reserved at varying rates based on historical collections. The allowance totaled \$78,870 for the year ended June 30, 2024.

Capital Assets

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 year ended June 30, 2024, with the following asset lives:

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

It is the policy of the Health Department to 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 position are available.

Public Health Tax

The Health Board passed a resolution during the year ended June 30, 2024, to set the Public Health Tax at the rate of 2.43 cents per \$100 assessed valuation of all properties within Fayette County. Taxes remitted to the Health Department amounted to \$8,929,530 for the year ended June 30, 2024. Total taxes, including support from the Lexington-Fayette Urban County Government, totaled \$9,851,003 for the year ended June 30, 2024.

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.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review of Subsequent Events

The Health Department has evaluated and considered the need to recognize or disclose subsequent events through September 23, 2024, 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, 2024, have not been evaluated by the Health Department.

2. CASH AND CASH EQUIVALENTS

KRS 66.480 authorizes the Health Department to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which have a physical presence in Kentucky and are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4). The Statute also authorizes investment in mutual funds, exchange traded funds, individual equity securities and high-quality corporate bonds that are managed by a professional investment manager and subject to additional requirements outlined in KRS 66.480.

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.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

2. CASH AND CASH EQUIVALENTS (CONTINUED)

At June 30, 2024, 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, 2024.

The following is a detail of the Health Department’s cash deposit coverage at June 30, 2024:

| | |
|---------------------------------|-----------------------|
| Total cash and cash equivalents | \$ 21,433,492 |
| FDIC insurance | (500,000) |
| Collateral pledged by bank | <u>(23,051,913)</u> |
| (Over) Collateralized | <u>\$ (2,118,421)</u> |

3. INVESTMENTS

As of June 30, 2024, the Health Department had a total of \$20,678,179 in investments. Investment details are as follows:

| | Cost | Market Value | Unrealized Gain/(Loss) |
|----------------------------------|----------------------|----------------------|------------------------|
| Agencies | \$ 1,492,125 | \$ 1,485,776 | \$ (6,349) |
| Brokered Certificates of Deposit | 3,445,000 | 3,432,473 | (12,527) |
| US Treasury Securities | <u>15,519,472</u> | <u>15,759,930</u> | <u>240,458</u> |
| Total investments | <u>\$ 20,456,597</u> | <u>\$ 20,678,179</u> | <u>\$ 221,582</u> |

4. 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 \$1,852,036 as of June 30, 2024 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. Principal payments began July 1, 2021.

5. LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

During 2022, the Health Department implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which requires recognition of certain assets that previously were classified as operating leases and recognized as revenue based on the payment provisions of the contract. Based on the status of existing lease agreements with HealthFirst Bluegrass, Inc. as of July 1, 2021, the Health Department recognized both a lease receivable and a deferred inflow of resources related to a building lease agreement totaling \$125,630. The lease agreement has a term of four years. The Health Department has calculated the present value of future lease payments based on an incremental borrowing rate of 5%. The present value of expected future minimum leases payments are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|------------------|-----------------|------------------|
| 2025 | <u>\$ 39,620</u> | <u>\$ 2,929</u> | <u>\$ 42,549</u> |
| Total | <u>\$ 39,620</u> | <u>\$ 2,929</u> | <u>\$ 42,549</u> |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

5. LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

Additionally, the Health Department recognized deferred inflows of resources related to the above leases that totaled \$39,620 as of June 30, 2024. The deferred inflows of resources will be recognized over the term of the lease agreements as lease revenue. During 2024, the Health Department recognized \$4,668 of interest revenue and \$37,882 of lease revenue from the lease agreements.

6. CAPITAL ASSETS

A summary of capital asset activity during the year follows:

| | June 30, 2023 | Acquisitions | Disposals | June 30, 2024 |
|--|---------------------|-------------------|-------------------|---------------------|
| Construction in progress – not depreciated | \$ 68,675 | \$ 333,043 | \$ 401,718 | \$ - |
| Buildings | 2,638,972 | - | - | 2,638,972 |
| Building improvements | 3,073,076 | 485,178 | - | 3,558,254 |
| Equipment, furniture & fixtures | 2,689,557 | 56,517 | 83,460 | 2,662,614 |
| Leasehold improvements | 36,910 | - | - | 36,910 |
| Leased building | 471,842 | - | - | 471,842 |
| Leased equipment | 263,748 | - | - | 263,748 |
| Total | 9,242,780 | 874,738 | 485,178 | 9,632,340 |
| Less: accumulated depreciation | (6,522,448) | (527,463) | - | (7,049,911) |
| Less: accumulated amortization | (248,316) | (124,158) | - | (372,474) |
| Net | <u>\$ 2,472,016</u> | <u>\$ 223,117</u> | <u>\$ 485,178</u> | <u>\$ 2,209,955</u> |

Depreciation and Amortization expense for the year ended June 30, 2024 totaled \$527,463 and \$124,158, respectively.

7. 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.

Lease liability – building

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 Health Department has recorded a leased building asset and a related lease liability for the building space totaling \$471,842. Payments on the lease will be made over a period of seven years. The liability and related leased equipment asset have been recorded at the present value of the future minimum lease payments based on an incremental borrowing rate of 5%.

Amortization expense for the building for the year ended June 30, 2024 totaled \$66,613.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

7. LONG-TERM LIABILITIES (CONTINUED)

The annual principal and interest requirements to maturity for the lease liability is as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|-------------------|------------------|-------------------|
| 2025 | \$ 68,760 | \$ 13,673 | \$ 82,433 |
| 2026 | 72,422 | 10,152 | 82,574 |
| 2027 | 76,271 | 6,443 | 82,714 |
| 2028 | 80,355 | 2,537 | 82,892 |
| 2029 | <u>6,880</u> | <u>30</u> | <u>6,910</u> |
| | <u>\$ 304,688</u> | <u>\$ 32,835</u> | <u>\$ 337,523</u> |

Lease liability – equipment

The Health Department entered a copier lease with Cannon on February 1, 2021. The Health Department has recorded a leased equipment asset and a related lease liability for the copiers totaling \$263,748. Payments on the lease will be made over a period of five years. The liability and related leased equipment asset have been recorded at the present value of the future minimum lease payments based on an incremental borrowing rate of 5%.

Amortization expense for the building for the year ended June 30, 2024 totaled \$57,545.

The annual principal and interest requirements to maturity for the lease liability is as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|------------------|-----------------|-------------------|
| 2025 | \$ 60,997 | \$ 3,514 | \$ 64,511 |
| 2026 | <u>37,012</u> | <u>619</u> | <u>37,631</u> |
| | <u>\$ 98,009</u> | <u>\$ 4,133</u> | <u>\$ 102,142</u> |

Long-term liability activity for the year ended June 30, 2024 is as follows:

| | June 30, 2023 | Additions | Deletions | June 30, 2024 |
|-----------------------|----------------------|------------------|------------------------|----------------------|
| Net pension liability | \$ 62,402,016 | \$ - | \$ (4,490,326) | \$ 57,911,690 |
| Net OPEB liability | 11,062,941 | - | (7,155,080) | 3,907,861 |
| Lease liability | 525,210 | - | (122,513) | 402,697 |
| Accrued leave | <u>503,747</u> | <u>69,229</u> | <u>-</u> | <u>572,976</u> |
| | <u>\$ 74,493,914</u> | <u>\$ 69,229</u> | <u>\$ (11,767,919)</u> | <u>\$ 62,795,224</u> |

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

8. 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, 2024, net position was restricted as follows:

| | State | Federal | Fees | Totals |
|-----------------------------------|-------------------|------------------|-------------------|-------------------|
| 727 – Needle Exchange Program | \$ 12,550 | \$ - | \$ 82,257 | \$ 94,807 |
| 734 – SSP Expansion Project | - | 38 | - | 38 |
| 741 – HANDS Special Project | 140,654 | - | - | 140,654 |
| 758 – Human Vitality | - | - | 68,443 | 68,443 |
| 800 – Pediatric/Adolescent Visits | - | - | 1,994 | 1,994 |
| 833 – Breast Feeding Support | - | 1,838 | - | 1,838 |
| 842 – HIV Funds | - | 12,826 | - | 12,826 |
| | <u>\$ 153,204</u> | <u>\$ 14,702</u> | <u>\$ 152,694</u> | <u>\$ 320,600</u> |
| Totals | <u>\$ 153,204</u> | <u>\$ 14,702</u> | <u>\$ 152,694</u> | <u>\$ 320,600</u> |

9. RETIREMENT PLAN

The Health Department is a participating employer of the Kentucky Employees' Retirement System (KERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Public Pensions Authority administers the KERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Public Pensions Authority's 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 participating state agencies, 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, 2024, 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.

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.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

9. RETIREMENT PLAN (CONTINUED)

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. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

Pursuant to Kentucky Revised Statute (KRS) 61.5991, the method of calculating the employer contribution changed from a percentage of pay to a two-part calculation effective July 1, 2022:

The normal cost contributions are based on each employers' reported payroll multiplied by the normal cost percentage. House Bill 1, passed during the 2023 regular session of the legislature, set the KERS non-hazardous employer contribution rate for the year ended June 30, 2024 at 9.60% (7.74% to the pension fund and 1.86% to the insurance fund).

The unfunded liability cost is an actuarially accrued liability contribution based upon the actuarial valuation for fiscal year 2023 and is prorated according to each employer's percentage of the plan's total actuarial accrued liability that is attributable to each employer's current and former employees. The Health Department's share of the actuarially accrued liability contribution is 0.46606%, with 90% allocated to the pension fund and 10% allocated to the insurance fund.

The Health Department contributed \$5,645,214, \$878,742 normal cost contribution and \$4,766,472 as the actuarially accrued liability contribution, for the year ended June 30, 2024, which is 100% of the required contribution. The contribution was allocated \$4,979,069 to the KERS pension fund and \$666,145 to the KERS insurance fund.

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.

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

9. RETIREMENT PLAN (CONTINUED)

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, 2024, the Health Department reported a liability of \$57,911,690 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward using generally accepted actuarial procedures. 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, 2023, the Health Department's proportion was .4701%, which decreased .0002% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Health Department recognized pension expense of \$2,276,178. At June 30, 2024, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual results | \$ 715,997 | \$ 700 |
| Changes of assumptions | - | 1,591,287 |
| Net difference between projected and actual earnings on Plan investments | 58,900 | - |
| Changes in proportion and differences between the Department contributions and proportionate share of contributions | 34,247 | 6,458 |
| Department contributions subsequent to the measurement date | <u>4,352,704</u> | <u>-</u> |
| Total | <u>\$ 5,161,848</u> | <u>\$ 1,598,445</u> |

The \$4,352,704 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, 2025. Contributions exclude \$5,135 of contributions for employees that previously retired and were subsequently re-employed. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Year ending June 30, | |
|-----------------------------|--------------|
| 2025 | \$ (894,306) |
| 2026 | \$ (107,541) |
| 2027 | \$ 259,095 |
| 2028 | \$ (46,549) |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

9. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – The total pension liability in the June 30, 2023 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 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2023 valuation was based on the results of an actuarial experience study for the period July 1, 2018 - June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023.

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 Expected Real Rate of Return |
|--|--------------------------|---|
| Growth | 39.50% | |
| Public Equity | 32.50% | 5.90% |
| Private Equity | 7.00% | 11.73% |
| Fixed Income | 40.50% | |
| Core Fixed Income | 20.50% | 2.45% |
| Specialty Credit | 15.00% | 3.65% |
| Cash | 5.00% | 1.39% |
| Inflation Protected | 20.00% | |
| Real Estate | 10.00% | 4.99% |
| Real Return | 10.00% | 5.15% |
| Total | 100.00% | 4.87% |
| Long term inflation assumption | | 2.50% |
| Expected nominal return for portfolio | | 7.37% |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

9. RETIREMENT PLAN (CONTINUED)

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 a closed 30-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:

| | <u>Discount rate</u> | <u>Department’s proportionate share of net pension liability</u> |
|-----------------------|----------------------|--|
| 1% decrease | 4.25% | \$ 66,563,461 |
| Current discount rate | 5.25% | \$ 57,911,690 |
| 1% increase | 6.25% | \$ 50,741,990 |

Payable to the Pension Plan – At June 30, 2024, the Health Department reported a payable of \$498,870, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024. The payable will be allocated as follows: \$436,784 to the pension plan and \$62,086 to the OPEB plan.

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 9, the Health Department participates in the Kentucky Employees’ Retirement System (KERS). KERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of participating state agencies, 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 year ended June 30, 2024, the employer’s contribution was 1.86% 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 Public Pensions Authority are financed through employer contributions and investment earnings.

The Health Department contributed \$5,645,214, \$878,742 normal cost contribution and \$4,766,472 as the actuarially accrued liability contribution, for the year ended June 30, 2024, which is 100% of the required contribution. The contribution was allocated \$4,979,069 to the KERS pension fund and \$666,145 to the KERS insurance fund.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

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

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 Before July 1, 2003
Insurance eligibility 10 years of service credit required
Benefit Set percentage of single coverage health insurance based on service credit accrued at retirement

- Tier 1 Participation date Before September 1, 2008 but after July 1, 2003
Insurance eligibility 10 years of service credit required
Benefit Set dollar amount based on service credit accrued, increased annually

- Tier 2 Participation date After September 1, 2008 and before December 31, 2013
Insurance eligibility 15 years of service credit required
Benefit Set dollar amount based on service credit accrued, increased annually

- 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, 2024, the Health Department reported a liability of \$3,907,861 for its proportionate share of the total net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward using generally accepted actuarial procedures. 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, 2023, the Health Department’s proportion was .4981%, which decreased .0020% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Health Department recognized OPEB expense (income) of \$(1,253,295). At June 30, 2024, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual results | \$ 586,117 | \$ 5,314,389 |
| Changes of assumptions | 382,377 | 431,395 |
| Net difference between projected and actual earnings on Plan investments | - | 585,407 |
| Changes in proportion and differences between the Department contributions and proportionate share of contributions | 224,169 | 67,676 |
| Department contributions subsequent to the measurement date | <u>625,662</u> | <u>-</u> |
| Total | <u>\$ 1,818,325</u> | <u>\$ 6,398,867</u> |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

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

The \$625,662 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, 2025. Contributions exclude \$1,234 of contributions for employees that previously retired and were subsequently re-employed. Contributions also include an adjustment of \$133,904 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:

| Year ending June 30, | |
|-----------------------------|---------------|
| 2025 | \$(2,250,206) |
| 2026 | \$(2,223,466) |
| 2027 | \$ (686,677) |
| 2028 | \$ (45,855) |

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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 | 6.25%, net of Plan investment expense, including inflation |
| Healthcare trend | |
| Pre – 65: | Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. |
| Post – 65: | Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. |

The mortality table used for active members was a PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2020 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 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The actuarial assumption used in the June 30, 2023 valuation was based on the results of an actuarial experience study for the period July 1, 2018 - June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023.

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.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|-------------------|--|
| Growth | 53.50% | |
| Public Equity | 43.50% | 5.90% |
| Private Equity | 10.00% | 11.73% |
| Fixed Income | 26.50% | |
| Core Fixed Income | 10.00% | 2.45% |
| Specialty Credit | 15.00% | 3.65% |
| Cash | 1.50% | 1.39% |
| Inflation Protected | 20.00% | |
| Real Estate | 10.00% | 4.99% |
| Real Return | 10.00% | 5.15% |
| Total | 100.00% | 5.56% |
| Long term inflation assumption | | 2.50% |
| Expected nominal return for portfolio | | 8.06% |

Discount Rate – The discount rate used to measure the total OPEB liability was 5.94 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 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. 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:

| | Discount rate | Department’s proportionate share of net OPEB liability |
|-----------------------|---------------|--|
| 1% decrease | 4.94% | \$ 5,255,743 |
| Current discount rate | 5.94% | \$ 3,907,861 |
| 1% increase | 6.94% | \$ 2,774,403 |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

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

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

| | Department's proportionate share of net OPEB liability |
|-----------------------|---|
| 1% decrease | \$ 2,864,731 |
| Current discount rate | \$ 3,907,861 |
| 1% increase | \$ 5,170,605 |

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 Pension Plan – At June 30, 2024, the Health Department reported a payable of \$498,870, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024. The payable will be allocated as follows: \$436,784 to the pension plan and \$62,086 to the OPEB plan.

11. EMERGENCY RESPONSE

As the result of participation in emergency preparedness with both Federal and State agencies, the Lexington-Fayette Urban County Department of Health has become the custodian of more than \$600,000 of emergency response supplies and materials. These items, to be used in a regional or local response, are stored in an 11,000 square foot warehouse in close proximity to 650 Newtown Pike. The Health Department maintains insurance and provides facilities for storage. The inventory was not a recorded asset of the Health Department at June 30, 2024.

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 Health Department 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 (\$19,758,404) for the year ended June 30, 2024. This deficit is caused by adjustments from the implementation of GASB 68 and GASB 75. The net effect of deferred outflows, deferred inflows and the net pension and OPEB liability is (\$62,836,690) for the year ended June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

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

| Reporting period Measurement period | 2015 2014 | 2016 2015 | 2017 2016 | 2018 2017 | 2019 2018 | 2020 2019 | 2021 2020 | 2022 2021 | 2023 2022 | 2024 2023 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Health Department's proportion of the net pension liability | 0.6830% | 0.5727% | 0.3754% | 0.4183% | 0.4259% | 0.4451% | 0.4499% | 0.4725% | 0.4703% | 0.4701% |
| Health Department's proportionate share of the net pension liability (asset) | \$ 61,259,339 | \$ 57,988,999 | \$ 42,797,000 | \$ 55,998,909 | \$ 57,949,277 | \$ 62,854,562 | \$ 63,730,740 | \$ 62,927,340 | \$ 62,402,016 | \$ 57,911,690 |
| 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 | \$ 7,098,496 | \$ 6,840,702 | \$ 7,859,385 |
| Health Department's share of the net pension liability (asset) as a percentage of its covered employee payroll | 502.85% | 566.28% | 708.25% | 873.30% | 898.37% | 967.64% | 997.83% | 886.49% | 912.22% | 736.85% |
| Plan fiduciary net position as a percentage of the total pension liability | 22.32% | 18.83% | 14.80% | 13.30% | 12.84% | 13.66% | 14.01% | 18.48% | 18.51% | 22.32% |

Notes:

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 fiscal year payroll, reported on the Schedule of Contributions.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
REQUIRED SUPPLEMENTARY SCHEDULE
PENSION CONTRIBUTIONS
Last Ten Fiscal Years**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required employer contribution | \$ 2,408,718 | \$ 1,912,598 | \$ 2,580,314 | \$ 2,648,582 | \$ 2,667,127 | \$ 2,622,484 | \$ 2,925,956 | \$ 4,900,239 | \$ 4,911,265 | \$ 4,979,069 |
| Contributions relative to contractually required employer contribution | <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> | <u>2,925,956</u> | <u>4,900,239</u> | <u>4,911,265</u> | <u>4,979,069</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Health Department's covered employee payroll | \$ 10,240,334 | \$ 6,042,668 | \$ 6,412,310 | \$ 6,450,516 | \$ 6,495,683 | \$ 6,386,956 | \$ 7,098,496 | \$ 6,840,702 | \$ 7,859,385 | \$ 8,747,516 |
| Employer contributions as a percentage of covered-employee payroll | 23.52% | 31.65% | 40.24% | 41.06% | 41.06% | 41.06% | 41.22% | 71.63% | 62.49% | 56.92% |

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

| Reporting period Measurement period | 2017 2016 | 2018 2017 | 2019 2018 | 2020 2019 | 2021 2020 | 2022 2021 | 2023 2022 | 2024 2023 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Health Department's proportion of the net OPEB liability | 0.3754% | 0.4183% | 0.4256% | 0.4451% | 0.4499% | 0.4814% | 0.5001% | 0.4981% |
| Health Department's proportionate share of the net OPEB liability (asset) | \$ 8,977,327 | \$ 10,607,093 | \$ 10,090,980 | \$ 9,893,021 | \$ 11,423,258 | \$ 10,972,635 | \$ 11,062,941 | \$ 3,907,861 |
| Health Department's covered employee payroll | \$ 6,042,668 | \$ 6,412,310 | \$ 6,450,516 | \$ 6,495,683 | \$ 6,386,956 | \$ 7,098,496 | \$ 6,840,702 | \$ 7,859,385 |
| 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% | 178.85% | 154.58% | 161.72% | 49.72% |
| Plan fiduciary net position as a percentage of the total pension liability | unavailable | 24.40% | 27.32% | 30.92% | 29.47% | 38.38% | 38.15% | 66.14% |

Notes:

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 fiscal 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
OPEB CONTRIBUTIONS
Last Ten Fiscal Years**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required employer contribution | \$ 619,362 | \$ 491,793 | \$ 535,428 | \$ 542,488 | \$ 546,287 | \$ 537,143 | \$ 599,301 | \$ 635,389 | \$ 647,503 | \$ 666,145 |
| Contributions relative to contractually required employer contribution | <u>619,362</u> | <u>491,793</u> | <u>535,428</u> | <u>542,488</u> | <u>546,287</u> | <u>537,143</u> | <u>599,301</u> | <u>635,389</u> | <u>647,503</u> | <u>666,145</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Health Department's covered employee payroll | \$ 10,240,334 | \$ 6,042,668 | \$ 6,412,310 | \$ 6,450,516 | \$ 6,495,683 | \$ 6,386,956 | \$ 7,098,496 | \$ 6,840,702 | \$ 7,859,385 | \$ 8,747,516 |
| Employer contributions as a percentage of covered-employee payroll | 6.05% | 8.14% | 8.35% | 8.41% | 8.41% | 8.41% | 8.44% | 9.29% | 8.24% | 7.62% |

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

1. GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to KERS but allocated to the insurance fund of the KERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The Health Department's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the Health Department's fiscal year payroll as reported on the Schedule of Contributions for Pensions and OPEB.

2. CHANGES OF ASSUMPTIONS

June 30, 2024 – Pension and OPEB Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for both pension and OPEB:

- The assumed rate of return increased from 6.25% to 6.50% for OPEB; no change in the assumed rate of return for pension
- The assumed rate of inflation increased from 2.30% to 2.50%
- The initial healthcare trend rate for pre-65 was changed from 6.20% to 6.80%. The initial healthcare trend rate for post-65 was changed from 9.00% to 8.50%

June 30, 2023 – Pension and OPEB Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for either pension or OPEB.

June 30, 2022 – Pension and OPEB Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for both pension and OPEB:

- The assumed rate of salary increased were decreased from 3.55% to 15.55% on average to 3.30% to 15.30% on average

June 30, 2021 – Pension and OPEB Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for both pension and OPEB:

- Payroll growth assumption was reduced from 2% to 0%
- The assumed rate of salary increased were increased from 3.30% to 15.30% on average to 3.55% to 15.55% on average

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

2. CHANGES OF ASSUMPTIONS (CONTINUED)

June 30, 2020 – Pension and OPEB Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increased were increased from 3.05% average to 3.30% to 15.30%
- Payroll growth assumption was reduced from 4% to 0% for pension

June 30, 2019 – Pension and OPEB Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for either pension or OPEB.

June 30, 2018 – Pension and OPEB Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017, for both pension and OPEB:

- The assumed rate of return was decreased from 6.75% to 5.25% for pension; OPEB's assumed rate of return stated at 6.25%
- The assumed rate of inflation was reduced from 3.25% to 2.30%
- Payroll growth assumption for OPEB was stated at 0%

June 30, 2017 – Pension and OPEB Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for either pension or OPEB.

SUPPLEMENTARY INFORMATION

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY BUDGETARY COMPARISON - BUDGETARY BASIS
for the year ended June 30, 2024**

| | Cost Center | Original Budget | Amended Budget | Actual | Variance |
|--|----------------|----------------------|----------------------|----------------------|--------------------|
| STATE GRANTS | | | | | |
| State restricted | 422 | \$ 777,663 | \$ 917,902 | \$ 875,531 | \$ (42,371) |
| State health insurance | 426 | 3,785,950 | 3,785,950 | 3,889,815 | 103,865 |
| State public health block grant | 428 | <u>268,036</u> | <u>268,036</u> | <u>268,036</u> | <u>-</u> |
| Total state grants | | <u>4,831,649</u> | <u>4,971,888</u> | <u>5,033,382</u> | <u>61,494</u> |
| FEDERAL AWARDS | | | | | |
| Title V block grant | 431 | 192,143 | 186,469 | 192,416 | 5,947 |
| Preventative services grant | 435 | 3,000 | 10,400 | 8,341 | (2,059) |
| Coronavirus response and relief | 436 | 2,125,724 | 1,871,857 | 441,415 | (1,430,442) |
| Federal programs | 438 | 2,235,953 | 2,225,439 | 2,106,969 | (118,470) |
| Federal restricted carryover | 440 | - | - | 23,019 | 23,019 |
| American Rescue Plan | 441 | <u>370,547</u> | <u>445,263</u> | <u>475,945</u> | <u>30,682</u> |
| Total federal awards | | <u>4,927,367</u> | <u>4,739,428</u> | <u>3,248,105</u> | <u>(1,491,323)</u> |
| LOCAL FUNDS | | | | | |
| Local tax appropriations | 451 | <u>9,500,000</u> | <u>9,507,961</u> | <u>9,851,003</u> | <u>343,042</u> |
| Total local funds | | <u>9,500,000</u> | <u>9,507,961</u> | <u>9,851,003</u> | <u>343,042</u> |
| FEES FOR SERVICES | | | | | |
| Contracts, school board | 459 | 2,936,476 | 3,428,208 | 3,455,657 | 27,449 |
| Medicare (Title 18) | 462 | 167 | 167 | - | (167) |
| Medicaid (Title 19) | 463 | 911,299 | 939,068 | 1,018,216 | 79,148 |
| Prior year carryover | 464 | - | - | 16,485 | 16,485 |
| Fees and permits | 466 | 827,469 | 831,701 | 1,123,543 | 291,842 |
| Insurance | 467 | 85,000 | 41,208 | 41,208 | - |
| Other fees and contracts | 469 | <u>351,500</u> | <u>351,500</u> | <u>617,372</u> | <u>265,872</u> |
| Total fees for services | | <u>5,111,911</u> | <u>5,591,852</u> | <u>6,272,481</u> | <u>680,629</u> |
| INTEREST INCOME | 480 | <u>1,200,000</u> | <u>1,200,000</u> | <u>1,860,870</u> | <u>660,870</u> |
| TOTAL REVENUES, BUDGETARY BASIS | | <u>\$ 25,570,927</u> | <u>\$ 26,011,129</u> | <u>\$ 26,265,841</u> | <u>\$ 254,712</u> |
| Conversion to accrual basis: | | | | | |
| Additional accounts receivable, net | | | | \$ 25,269 | |
| Less prior year grant activity (used) | | | | <u>(39,504)</u> | |
| TOTAL REVENUES, ACCRUAL BASIS | | | | <u>\$ 26,251,606</u> | |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY BUDGETARY COMPARISON - BUDGETARY BASIS
for the year ended June 30, 2024**

| | Original Budget | Amended Budget | Actual | Variance |
|---|----------------------|----------------------|-----------------------------|-----------------------|
| PERSONNEL EXPENSES | | | | |
| Salaries | \$ 9,770,270 | \$ 9,610,399 | \$ 9,224,388 | \$ (386,011) |
| Fringe benefits | <u>8,164,834</u> | <u>8,094,305</u> | <u>7,954,258</u> | <u>(140,047)</u> |
| Total personnel expenses | <u>17,935,104</u> | <u>17,704,704</u> | <u>17,178,646</u> | <u>(526,058)</u> |
| OPERATING EXPENSES | | | | |
| Contractual and professional services | 415,405 | 485,642 | 486,690 | 1,048 |
| Travel | 95,885 | 105,959 | 111,402 | 5,443 |
| Rent | 100,500 | 110,500 | 92,029 | (18,471) |
| Utilities | 247,000 | 243,000 | 187,431 | (55,569) |
| Janitorial service and supplies | 163,500 | 163,500 | 158,792 | (4,708) |
| Insurance | 167,500 | 167,500 | 145,131 | (22,369) |
| Building repairs and maintenance | 610,000 | 610,000 | 530,151 | (79,849) |
| Printing and copying | 102,818 | 99,888 | 93,200 | (6,688) |
| Telephone | 246,967 | 257,426 | 300,401 | 42,975 |
| Postage | 30,175 | 30,175 | 24,392 | (5,783) |
| Office supplies | 32,970 | 31,831 | 34,291 | 2,460 |
| Medical record supplies | 60,000 | 60,000 | 3,901 | (56,099) |
| Computer services and supplies | 673,300 | 1,044,400 | 210,763 | (833,637) |
| Minor office equipment | 8,184 | 4,420 | 7,353 | 2,933 |
| Medical supplies | 413,294 | 415,358 | 243,667 | (171,691) |
| Lab supplies | 33,000 | 26,714 | 15,453 | (11,261) |
| Minor medical equipment | 15,200 | 15,200 | 3,219 | (11,981) |
| Automobile | 41,100 | 33,100 | 23,952 | (9,148) |
| Temporary services | 160,500 | 145,195 | 185,706 | 40,511 |
| Dues and subscriptions | 7,020 | 7,120 | 46,011 | 38,891 |
| Registration fees | 52,912 | 36,695 | 30,515 | (6,180) |
| Program supplies | 255,031 | 345,666 | 211,460 | (134,206) |
| Professional services | 226,000 | 227,000 | 213,803 | (13,197) |
| Advertising and recruitment | 144,550 | 346,024 | 326,768 | (19,256) |
| Interest | - | 12,300 | 12,300 | - |
| Other expenses | <u>478,750</u> | <u>362,919</u> | <u>247,639</u> | <u>(115,280)</u> |
| Total operating expenses | <u>4,781,561</u> | <u>5,387,532</u> | <u>3,946,420</u> | <u>(1,441,112)</u> |
| OTHER EXPENSES | | | | |
| Capital items | <u>4,320,130</u> | <u>1,247,933</u> | <u>458,235</u> | <u>(789,698)</u> |
| Total other expenses | <u>4,320,130</u> | <u>1,247,933</u> | <u>458,235</u> | <u>(789,698)</u> |
| TOTAL EXPENSES, BUDGETARY BASIS | <u>\$ 27,036,795</u> | <u>\$ 24,340,169</u> | <u>\$ 21,583,301</u> | <u>\$ (2,756,868)</u> |
| REVENUE OVER EXPENSES, BUDGETARY BASIS | | | <u>\$ 4,682,540</u> | |
| Conversion to accrual basis: | | | | |
| Total expenses, budgetary basis | | | \$ 21,583,301 | |
| Adjustments to accounts payable | | | 67,896 | |
| Adjustment to salaries | | | (250,010) | |
| Adjustments to accrued leave | | | 70,130 | |
| GASB 68 conversion, net | | | (3,266,662) | |
| GASB 75 conversion, net | | | (1,743,324) | |
| GASB 87 conversion, net | | | (117,844) | |
| Amortization expense | | | 124,158 | |
| Depreciation expense | | | 527,463 | |
| Less capital outlay | | | <u>(458,235)</u> | |
| TOTAL EXPENSE, ACCRUAL BASIS | | | <u>\$ 16,536,873</u> | |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES BY REPORTING AREA
BUDGETARY BASIS
for the year ended June 30, 2024**

| Cost Center | STATE | | | | | FEDERAL GRANTS | | | | TAX APPROP. / DONATIONS | SCHOOL BOARD | |
|------------------------------------|-------|-------------------|---------------------|-------------------|-------------------|-----------------|-------------------|---------------------|------------------|-------------------------|---------------------|---------------------|
| | 422 | 424 / 425/ 426 | 428 | 431 | 435 | 436 | 438 | 440 | 441 | 451 / 456 | 459 | |
| Food | 500 | \$ 3,239 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 453,931 | \$ - | |
| Public Facilities | 520 | - | - | - | - | - | - | - | - | 108,426 | - | |
| General Sanitation | 540 | - | - | - | - | - | - | - | - | 479,591 | - | |
| Onsite Sewage | 560 | - | - | - | - | - | - | - | - | 89,343 | - | |
| Radon | 591 | - | - | - | - | - | 1,359 | - | - | 1,560 | - | |
| Smoking Ordinance | 592 | - | - | - | - | - | - | - | - | - | - | |
| Total Environmental | | 3,239 | - | - | - | - | 1,359 | - | - | 1,132,851 | - | |
| Personal Health Services | 700 | - | - | - | - | - | - | - | - | - | - | |
| Lab/Other Testing/Radiology | 718 | - | - | - | - | - | - | - | - | - | - | |
| KHDA Opioid Abatement Award | 724 | - | - | - | - | - | - | - | - | 19,802 | - | |
| Covid Comm Outreach & Equity | 725 | - | - | - | - | - | - | 2,716 | 266,110 | 4,652 | - | |
| Needle Exchange Program | 727 | 12,550 | - | - | - | - | 28,040 | - | - | - | - | |
| Fentanyl Test Strips | 729 | - | - | - | - | - | 450 | - | - | 1,605 | - | |
| SSP Expansion Project | 734 | - | - | - | - | - | 14,800 | - | - | - | - | |
| Community Health Action | 736 | - | - | - | 6,987 | - | - | - | - | 3,017 | - | |
| COVID Immunization | 738 | - | - | - | - | 77,729 | - | 20,303 | - | 10,259 | - | |
| HANDS ARPA | 740 | - | - | - | - | - | - | - | 16,023 | 3,747 | - | |
| HANDS Special Project | 741 | 135,000 | - | - | - | - | - | - | - | - | - | |
| KHDA Grants | 751 | - | - | - | - | - | - | - | - | - | - | |
| Human Vitality | 758 | - | - | - | - | - | - | - | - | - | - | |
| Diabetes Prevention & Control | 761 | - | - | - | - | - | 22,672 | - | - | 1,761 | - | |
| MCH Coordinator | 766 | - | - | 155,737 | - | - | - | - | - | 5,880 | - | |
| ELC Enhancing Detection | 769 | - | - | - | - | 254,404 | - | - | - | 82,543 | - | |
| KY State Physical Activity Program | 775 | - | - | - | - | - | - | - | - | 2,473 | - | |
| Strengthening PH Infrastructure | 777 | - | - | - | - | - | - | - | 21,931 | 6,627 | - | |
| Bridge Grant Special Project | 780 | 270,000 | - | - | - | - | - | - | - | - | - | |
| Harm Reduction - MSA | 781 | 12,029 | - | - | - | - | - | - | - | 17,248 | - | |
| PHPS One Harm Reduction | 782 | - | - | - | - | 7,844 | - | - | - | 35 | - | |
| PH Crisis Response | 783 | - | - | - | - | - | 1,500 | - | - | - | - | |
| Pediatric/Adolescent Visits | 800 | - | - | - | - | - | - | - | - | - | - | |
| Childhood Immunization | 801 | - | - | - | - | - | 4,680 | - | - | 27,231 | - | |
| Family Planning | 802 | - | - | - | - | - | - | - | - | 47,164 | - | |
| WIC | 804 | - | - | - | - | - | 1,384,696 | - | - | 986,586 | - | |
| MCH Nutrition & Group Activity | 805 | - | - | 19,478 | - | - | - | - | - | 1,414 | - | |
| Tuberculosis Visits | 806 | - | - | - | - | - | 30,920 | - | - | 1,327,120 | - | |
| Sexually Transmitted Diseases | 807 | - | - | - | - | - | - | - | - | 186,617 | - | |
| Diabetes Visits & Activities | 809 | 152,713 | - | - | - | - | - | - | - | 106,396 | - | |
| Adult Visits/Follow-up Visits | 810 | - | - | - | - | - | - | - | - | 13,597 | - | |
| Lead Services | 811 | - | - | - | - | - | - | - | - | 262 | - | |
| Breast & Cervical Cancer | 813 | - | - | - | - | - | - | - | - | 16,411 | - | |
| COVID Vaccination Distribution | 816 | - | - | - | - | - | - | - | - | - | - | |
| Bioterrorism Preparedness Planning | 821 | - | - | - | - | - | 138,419 | - | - | 256,159 | - | |
| Bioterrorism Epid & Surveillance | 822 | - | - | - | - | - | - | - | - | 752,619 | - | |
| PHEP Special Project | 824 | - | - | - | - | - | 21,148 | - | - | 20,857 | - | |
| Mental Health Task Force | 826 | - | - | - | - | 50,862 | - | - | - | 8,078 | - | |
| STD Monitoring | 827 | - | - | - | - | - | 3,014 | - | - | 1,553 | - | |
| KY ASAP Special Project | 828 | - | - | - | - | - | - | - | - | - | - | |
| TOB, Cancer, Diab-State Pers. | 829 | - | - | - | - | - | 58,216 | - | - | 9,190 | - | |
| Ahec Opioid Network | 830 | - | - | - | - | - | - | - | - | 2,973 | - | |
| Child Passenger Safety Grant | 831 | - | - | - | - | - | - | - | - | 15,386 | - | |
| Breast Feeding Support | 833 | - | - | - | - | - | 29,949 | - | - | 6,728 | - | |
| STD P.H. Investigator | 834 | - | - | - | - | - | - | - | - | 7,659 | - | |
| Tobacco | 836 | 50,000 | - | - | - | - | - | - | - | 27,761 | - | |
| Diabetes Today | 841 | - | - | - | - | - | - | - | - | 2,999 | - | |
| HIV Funds | 842 | - | - | - | - | - | 38,894 | - | - | 5,889 | - | |
| Healthy Start Child Care | 848 | 200,000 | - | - | - | - | - | - | - | 51,379 | - | |
| HANDS | 853 | 35,580 | - | - | - | - | 89,580 | - | - | 447,103 | - | |
| Supplemental School Health | 858 | - | - | - | - | - | - | - | - | 1,849,919 | 3,455,657 | |
| DPH Retention Incentive | 877 | - | - | - | - | - | - | - | 1,080 | 108 | - | |
| Homeless Mitigation | 881 | - | - | - | - | - | - | - | 21,420 | 8,818 | - | |
| Immunization Grant Projects | 887 | - | - | - | - | - | - | - | 24,636 | 4,041 | - | |
| Vital Stats | 890 | - | - | - | - | - | - | - | - | 111,387 | - | |
| Minor Items | 892 | - | - | - | - | - | - | - | - | 36,405 | - | |
| Total Medical | | 867,872 | - | - | 175,215 | 6,987 | 390,839 | 1,866,978 | 23,019 | 351,200 | 6,499,458 | 3,455,657 |
| Capital Expenditures | 894 | - | - | 268,036 | - | - | - | - | - | 56,517 | - | |
| Allocable Direct | 895 | 4,420 | 3,889,815 | - | 17,201 | 1,354 | 50,576 | 238,632 | - | 124,745 | 2,162,177 | |
| Total Administrative | | 4,420 | 3,889,815 | 268,036 | 17,201 | 1,354 | 50,576 | 238,632 | - | 124,745 | 2,218,694 | - |
| Total Regulatory Basis | | \$ 875,531 | \$ 3,889,815 | \$ 268,036 | \$ 192,416 | \$ 8,341 | \$ 441,415 | \$ 2,106,969 | \$ 23,019 | \$ 475,945 | \$ 9,851,003 | \$ 3,455,657 |

LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES BY REPORTING AREA
BUDGETARY BASIS
for the year ended June 30, 2024

| Cost Center | | | | | OTHER | INTEREST | Total | Total | Unrestricted | Program |
|-------------|---------------------|------------------|---------------------|------------------|-------------------|---------------------|----------------------|------------------------|------------------|---------------------|
| | 463 | 464 | 466 | 467 | 469 | 480 | Revenues | Costs | Carryover | Excess (Deficit) |
| 500 | \$ - | \$ - | \$ 762,705 | \$ - | \$ 7,500 | \$ - | \$ 1,227,375 | \$ (1,227,375) | \$ - | \$ - |
| 520 | - | - | 279,553 | - | - | - | 387,979 | (387,979) | - | - |
| 540 | - | - | - | - | - | - | 479,591 | (479,591) | - | - |
| 560 | - | - | 21,580 | - | - | - | 110,923 | (110,923) | - | - |
| 591 | - | - | - | - | - | - | 2,919 | (2,919) | - | - |
| 592 | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | 1,063,838 | - | 7,500 | - | 2,208,787 | (2,208,787) | - | - |
| 700 | - | - | - | - | - | - | - | - | - | - |
| 718 | - | - | - | - | - | - | - | - | - | - |
| 724 | - | - | - | - | 7,500 | - | 27,302 | (27,302) | - | - |
| 725 | - | - | - | - | - | - | 270,762 | (273,478) | 2,716 | - |
| 727 | - | - | - | - | 423,923 | - | 464,513 | (369,706) | - | 94,807 |
| 729 | - | - | - | - | - | - | 2,055 | (2,055) | - | - |
| 734 | - | - | - | - | - | - | 14,800 | (14,762) | - | 38 |
| 736 | - | - | - | - | - | - | 10,004 | (10,004) | - | - |
| 738 | - | 12,500 | - | - | - | - | 87,988 | (120,791) | 32,803 | - |
| 740 | - | - | - | - | - | - | 19,770 | (19,770) | - | - |
| 741 | - | - | - | - | - | - | 135,000 | (22,811) | - | 112,189 |
| 751 | - | - | - | - | 27,720 | - | 27,720 | (27,720) | - | - |
| 758 | - | - | - | 41,208 | - | - | 41,208 | (33,416) | - | 7,792 |
| 761 | - | - | - | - | - | - | 24,433 | (24,433) | - | - |
| 766 | - | - | - | - | - | - | 161,617 | (161,617) | - | - |
| 769 | - | - | - | - | - | - | 336,947 | (336,947) | - | - |
| 775 | - | - | - | - | - | - | 2,473 | (2,473) | - | - |
| 777 | - | - | - | - | - | - | 28,558 | (28,558) | - | - |
| 780 | - | - | - | - | - | - | 270,000 | (270,000) | - | - |
| 781 | - | - | - | - | - | - | 29,277 | (29,277) | - | - |
| 782 | - | - | - | - | - | - | 7,879 | (7,879) | - | - |
| 783 | - | - | - | - | - | - | 1,500 | (1,500) | - | - |
| 800 | 2,838 | - | 152 | - | - | - | 2,990 | (996) | - | 1,994 |
| 801 | 25,254 | - | 9,040 | - | - | - | 66,205 | (66,205) | - | - |
| 802 | 5,470 | - | 5,428 | - | - | - | 58,062 | (58,062) | - | - |
| 804 | - | - | - | - | - | - | 2,371,282 | (2,371,282) | - | - |
| 805 | - | - | 46 | - | - | - | 20,938 | (20,938) | - | - |
| 806 | 68,483 | - | 28,681 | - | - | - | 1,455,204 | (1,455,204) | - | - |
| 807 | 22,068 | - | 14,496 | - | - | - | 223,181 | (223,181) | - | - |
| 809 | - | - | - | - | - | - | 259,109 | (259,109) | - | - |
| 810 | (6,296) | 3,985 | 796 | - | 201 | - | 8,298 | (12,283) | 3,985 | - |
| 811 | - | - | - | - | - | - | 262 | (262) | - | - |
| 813 | 3,118 | - | 1,066 | - | - | - | 20,595 | (20,595) | - | - |
| 816 | - | - | - | - | - | - | - | - | - | - |
| 821 | - | - | - | - | - | - | 394,578 | (394,578) | - | - |
| 822 | - | - | - | - | - | - | 752,619 | (752,619) | - | - |
| 824 | - | - | - | - | - | - | 42,005 | (42,005) | - | - |
| 826 | - | - | - | - | - | - | 58,940 | (58,940) | - | - |
| 827 | - | - | - | - | - | - | 4,567 | (4,567) | - | - |
| 828 | - | - | - | - | 8,292 | - | 8,292 | (8,292) | - | - |
| 829 | - | - | - | - | - | - | 67,406 | (67,406) | - | - |
| 830 | - | - | - | - | 36,200 | - | 39,173 | (39,173) | - | - |
| 831 | - | - | - | - | 7,781 | - | 23,167 | (23,167) | - | - |
| 833 | - | - | - | - | - | - | 36,677 | (36,677) | - | - |
| 834 | - | - | - | - | 88,374 | - | 96,033 | (96,033) | - | - |
| 836 | - | - | - | - | - | - | 77,761 | (77,761) | - | - |
| 841 | - | - | - | - | - | - | 2,999 | (2,999) | - | - |
| 842 | - | - | - | - | 1,783 | - | 46,566 | (46,566) | - | - |
| 848 | - | - | - | - | - | - | 251,379 | (251,379) | - | - |
| 853 | 641,317 | - | - | - | - | - | 1,213,580 | (1,213,580) | - | - |
| 858 | 255,964 | - | - | - | - | 1,623 | 5,563,163 | (5,563,163) | - | - |
| 877 | - | - | - | - | - | - | 1,188 | (1,188) | - | - |
| 881 | - | - | - | - | - | - | 30,238 | (30,238) | - | - |
| 887 | - | - | - | - | - | - | 28,677 | (28,677) | - | - |
| 890 | - | - | - | - | 730 | - | 112,117 | (112,117) | - | - |
| 892 | - | - | - | - | - | - | 36,405 | (36,405) | - | - |
| | <u>1,018,216</u> | <u>16,485</u> | <u>59,705</u> | <u>41,208</u> | <u>602,504</u> | <u>1,623</u> | <u>15,337,462</u> | <u>(15,160,146)</u> | <u>39,504</u> | <u>216,820</u> |
| 894 | - | - | - | - | - | - | 324,553 | (324,553) | - | - |
| 895 | - | - | - | - | 7,368 | 1,859,247 | 8,355,535 | (3,889,815) | - | 4,465,720 |
| | - | - | - | - | <u>7,368</u> | <u>1,859,247</u> | <u>8,680,088</u> | <u>(4,214,368)</u> | - | <u>4,465,720</u> |
| | <u>\$ 1,018,216</u> | <u>\$ 16,485</u> | <u>\$ 1,123,543</u> | <u>\$ 41,208</u> | <u>\$ 617,372</u> | <u>\$ 1,860,870</u> | <u>\$ 26,226,337</u> | <u>\$ (21,583,301)</u> | <u>\$ 39,504</u> | <u>\$ 4,682,540</u> |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF INDIRECT COSTS
BUDGETARY BASIS
for the year ended June 30, 2024**

| | | Departmental | Environmental | Clinic | Medical | Space | Allocated Medical | Allocated Lab | Total Indirect Costs |
|------------------------------------|-----|--------------------|------------------|--------------------|------------------|--------------------|-------------------|---------------|----------------------|
| Food | 500 | \$ 203,375 | \$ 349,545 | \$ - | \$ - | \$ 110,280 | \$ - | \$ - | \$ 663,200 |
| Public Facilities | 520 | 65,905 | 95,071 | - | - | 36,370 | - | - | 197,346 |
| General Sanitation | 540 | 81,487 | 118,039 | - | - | 67,749 | - | - | 267,275 |
| Onsite Sewage | 560 | 19,220 | 30,292 | - | - | 6,997 | - | - | 56,509 |
| Radon | 591 | - | - | - | - | 1,469 | - | - | 1,469 |
| Smoking Ordinance | 592 | - | - | - | - | - | - | - | - |
| Total Environmental | | <u>369,987</u> | <u>592,947</u> | - | - | <u>222,865</u> | - | - | <u>1,185,799</u> |
| Personal Health Services | 700 | 352,766 | - | 1,602,314 | - | 348,596 | (3,226,757) | - | (923,081) |
| Lab/Other Testing/Radiology | 718 | 20,785 | - | 95,181 | - | 41,802 | - | (248,569) | (90,801) |
| KHDA Opioid Abatement Award | 724 | 9,570 | - | - | 2,840 | - | - | - | 12,410 |
| Covid Comm Outreach & Equity | 725 | 2,010 | - | - | 522 | 2,544 | - | - | 5,076 |
| Needle Exchange Program | 727 | 40,804 | - | - | 11,446 | 69,859 | - | - | 122,109 |
| Fentanyl Test Strips | 729 | - | - | - | - | - | - | - | - |
| SSP Expansion Project | 734 | - | - | - | - | - | - | - | - |
| Community Health Action | 736 | 22 | - | - | 4 | - | - | - | 26 |
| COVID Immunization | 738 | 31,011 | - | - | 9,070 | 5,329 | - | - | 45,410 |
| HANDS ARPA | 740 | 2,000 | - | - | 605 | 6,386 | - | - | 8,991 |
| HANDS Special Project | 741 | 242 | - | - | 76 | - | - | - | 318 |
| KHDA Grants | 751 | - | - | - | - | - | - | - | - |
| Human Vitality | 758 | 4,563 | - | - | 1,515 | 8,656 | - | - | 14,734 |
| Diabetes Prevention & Control | 761 | 5,605 | - | - | 1,821 | 2,867 | - | - | 10,293 |
| MCH Coordinator | 766 | 31,888 | - | - | 9,635 | 17,820 | - | - | 59,343 |
| ELC Enhancing Detection | 769 | 4,393 | - | - | 1,288 | 4,726 | - | - | 10,407 |
| KY State Physical Activity Program | 775 | 701 | - | - | 228 | - | - | - | 929 |
| Strengthening PH Infrastructure | 777 | - | - | - | - | - | - | - | - |
| Bridge Grant Special Project | 780 | 61,976 | - | - | 18,642 | - | - | - | 80,618 |
| Harm Reduction - MSA | 781 | 2,492 | - | - | 801 | - | - | - | 3,293 |
| PHPS One Harm Reduction | 782 | - | - | - | - | - | - | - | - |
| PH Crisis Response | 783 | - | - | - | - | - | - | - | - |
| Pediatric/Adolescent Visits | 800 | - | - | - | - | - | 997 | - | 997 |
| Childhood Immunization | 801 | - | - | - | - | - | 65,938 | - | 65,938 |
| Family Planning | 802 | - | - | - | - | - | 52,248 | 5,814 | 58,062 |
| WIC | 804 | 1,975 | - | - | 605 | 606 | 2,139,282 | 220,003 | 2,362,471 |
| MCH Nutrition & Group Activity | 805 | 3,771 | - | - | 1,056 | 2,566 | - | - | 7,393 |
| Tuberculosis Visits | 806 | 149,883 | - | - | 45,158 | 46,381 | 750,813 | 3,299 | 995,534 |
| Sexually Transmitted Diseases | 807 | 4,075 | - | - | 1,203 | 3,063 | 189,762 | 14,292 | 212,395 |
| Diabetes Visits & Activities | 809 | 56,039 | - | - | 16,500 | 18,887 | - | - | 91,426 |
| Adult Visits/Follow-up Visits | 810 | - | - | - | - | - | 10,595 | 1,688 | 12,283 |
| Lead Services | 811 | 38 | - | - | 12 | 85 | - | - | 135 |
| Breast & Cervical Cancer | 813 | - | - | - | - | - | 17,122 | 3,473 | 20,595 |
| COVID Vaccination Distribution | 816 | - | - | - | - | - | - | - | - |
| Bioterrorism Preparedness Planning | 821 | 67,390 | - | - | 20,374 | - | - | - | 87,764 |
| Bioterrorism Epid & Surveillance | 822 | 176,327 | - | - | 52,849 | 65,745 | - | - | 294,921 |
| PHEP Special Project | 824 | - | - | - | - | - | - | - | - |
| Mental Health Task Force | 826 | 8,203 | - | - | 2,173 | - | - | - | 10,376 |
| STD Monitoring | 827 | - | - | - | - | - | - | - | - |
| KY ASAP Special Project | 828 | 2,485 | - | - | 785 | 243 | - | - | 3,513 |
| TOB, Cancer, Diab-State Pers. | 829 | 17,702 | - | - | 5,772 | - | - | - | 23,474 |
| Ahec Opioid Network | 830 | 9,635 | - | - | 2,750 | - | - | - | 12,385 |
| Child Passenger Safety Grant | 831 | - | - | - | - | - | - | - | - |
| Breast Feeding Support | 833 | 8,644 | - | - | 2,908 | 6,425 | - | - | 17,977 |
| STD P.H. Investigator | 834 | 21,560 | - | - | 7,504 | - | - | - | 29,064 |
| Tobacco | 836 | 16,655 | - | - | 5,043 | 4,790 | - | - | 26,488 |
| Diabetes Today | 841 | - | - | - | - | - | - | - | - |
| HIV Funds | 842 | 7,390 | - | - | 2,253 | 3,603 | - | - | 13,246 |
| Healthy Start Child Care | 848 | 55,326 | - | - | 16,657 | 18,695 | - | - | 90,678 |
| HANDS | 853 | 199,411 | - | - | 59,581 | 60,992 | - | - | 319,984 |
| Supplemental School Health | 858 | 1,300,109 | - | - | 379,730 | 241,929 | - | - | 1,921,768 |
| DPH Retention Incentive | 877 | 323 | - | - | - | - | - | - | 323 |
| Homeless Mitigation | 881 | 303 | - | - | - | - | - | - | 303 |
| Immunization Grant Projects | 887 | 7,640 | - | - | - | 2,608 | - | - | 10,248 |
| Vital Stats | 890 | 19,130 | - | - | 5,967 | 28,306 | - | - | 53,403 |
| Minor Items | 892 | - | - | - | - | - | - | - | - |
| Total Medical | | <u>2,704,842</u> | - | <u>1,697,495</u> | <u>687,373</u> | <u>1,013,509</u> | - | - | <u>6,103,219</u> |
| Space Indirect | 897 | - | - | - | - | (1,236,374) | - | - | (1,236,374) |
| Departmental Indirect | 898 | (3,074,829) | - | - | - | - | - | - | (3,074,829) |
| Clinic Indirect | 899 | - | - | (1,697,495) | - | - | - | - | (1,697,495) |
| Other Medical Indirect | 900 | - | - | - | (687,373) | - | - | - | (687,373) |
| Environmental Indirect | 901 | - | (592,947) | - | - | - | - | - | (592,947) |
| Total Administrative | | <u>(3,074,829)</u> | <u>(592,947)</u> | <u>(1,697,495)</u> | <u>(687,373)</u> | <u>(1,236,374)</u> | - | - | <u>(7,289,018)</u> |
| Totals | | <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, 2024, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements, and have issued our report thereon dated September 23, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

RFH

RFH, PLLC
Lexington, Kentucky
September 23, 2024

**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

Opinion on Each Major Federal Program

We have audited Lexington-Fayette Urban County Department of Health's (the Health Department) compliance with the types of compliance requirements identified as subject to audit 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, 2024. The Health Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Health Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Health Department's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Health Department's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Health Department's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Health Department's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Health Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Health Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Health Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

RFH

RFH, PLLC
Lexington, Kentucky
September 23, 2024

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2024**

| GRANTOR/PROGRAM TITLE | Federal AL 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 | 01160023 | 7/1/23 - 6/30/24 | \$ - | \$ 554,896 |
| WIC Program - Administrative Services | 10.557 | 01160024 | 7/1/23 - 6/30/24 | - | 1,047,493 |
| Total U.S. Department of Agriculture | | | | \$ - | \$ 1,602,389 |
| U.S. Environmental Protection Agency | | | | | |
| Passed through State (CHFS) | | | | | |
| State Indoor Radon Grants | 66.032 | 02610023 | 7/1/23 - 6/30/24 | \$ - | \$ 1,360 |
| Total U.S. Environmental Protection Agency | | | | \$ - | \$ 1,360 |
| U.S. Department of Transportation | | | | | |
| Passed through Kentucky Office of Highway Safety | | | | | |
| National Priority Safety Programs | 20.616 | M2HVE-2024-05 | 10/1/2023 - 9/30/24 | \$ - | \$ 7,781 |
| Total U.S. Department of Transportation | | | | \$ - | \$ 7,781 |
| U.S. Department of Health and Human Services (HHS) | | | | | |
| Passed through State (CHFS) | | | | | |
| HPP and PHEP Cooperative | 93.069 | 02140020 | 7/1/23 - 6/30/24 | \$ - | \$ 1,733 |
| HPP and PHEP Cooperative | 93.069 | 02140021 | 7/1/23 - 6/30/24 | - | 21,148 |
| HPP and PHEP Cooperative | 93.069 | 02140022 | 7/1/23 - 6/30/24 | - | 138,419 |
| | | | | - | 161,300 |
| Tuberculosis Control Programs | 93.116 | 010600N24 | 7/1/23 - 6/30/24 | - | 19,332 |
| Tuberculosis Control Programs | 93.116 | 010600N25 | 7/1/23 - 6/30/24 | - | 11,588 |
| | | | | - | 30,920 |
| Pediatric and Adolescent Programs | 93.268 | 010500OL20 | 7/1/23 - 6/30/24 | - | 2,278 |
| Pediatric and Adolescent Programs | 93.268 | 01050LARPA1 | 7/1/23 - 6/30/24 | - | 392,224 |
| Pediatric and Adolescent Programs | 93.268 | 01050LCRR21 | 7/1/23 - 6/30/24 | - | 4,680 |
| Pediatric and Adolescent Programs | 93.268 | 01050LCRR218 | 7/1/23 - 6/30/24 | - | 77,729 |
| | | | | - | 476,911 |
| Epidemiology and Laboratory Capacity | 93.323 | 013900CRR21 | 7/1/23 - 6/30/24 | - | 304,980 |
| Epidemiology and Laboratory Capacity | 93.323 | 0139HMAPA22 | 7/1/23 - 6/30/24 | - | 23,641 |
| | | | | - | 328,621 |
| Cooperative Agreement for Emergency Response | 93.354 | 0266ARPA21 | 7/1/23 - 6/30/24 | - | 22,126 |
| Cooperative Agreement for Emergency Response | 93.354 | 02850023 | 7/1/23 - 6/30/24 | - | 1,500 |
| | | | | - | 23,626 |
| Public Health or Healthcare Crisis Response | 93.391 | 0158RCCRR21 | 7/1/23 - 6/30/24 | - | 58,706 |
| | | | | - | 58,706 |
| Disease Control and Prevention | 93.426 | 02440123 | 7/1/23 - 6/30/24 | - | 2,321 |
| | | | | - | 2,321 |
| Innovative State and Local Health Strategies | 93.435 | 02450023 | 7/1/23 - 6/30/24 | - | 24,068 |
| | | | | - | 24,068 |
| Subtotal HHS | | | | \$ - | \$ 1,106,473 |

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, 2024**

| GRANTOR/PROGRAM TITLE | Federal AL Number | Pass/Through Contract Number | Grant Contract Period | Passed Through to Subrecipients | Expenditures |
|---|-------------------------|------------------------------------|-----------------------------|---------------------------------------|---------------------|
| U.S. Department of Health and Human Services (HHS) (previous page) | | | | \$ - | \$ 1,106,473 |
| U.S. Department of Health and Human Services (HHS) Passed through State (CHFS) | | | | | |
| State Physical Activity and Nutrition | 93.439 | 024209OL19 | 7/1/23 - 6/30/24 | - | 932 |
| | | | | - | 932 |
| Opioid STR | 93.788 | 02030022 | 7/1/23 - 6/30/24 | - | 7,810 |
| Opioid STR | 93.788 | 02030023 | 7/1/23 - 6/30/24 | - | 7,440 |
| | | | | - | 15,250 |
| Colon Cancer Screening | 93.800 | 01970021 | 7/1/23 - 6/30/24 | - | 17,176 |
| Colon Cancer Screening | 93.800 | 01970023 | 7/1/23 - 6/30/24 | - | 8,858 |
| Colon Cancer Screening | 93.800 | 01970024 | 7/1/23 - 6/30/24 | - | 58,216 |
| | | | | - | 84,250 |
| Maternal, Infant and Early Childhood Home Visiting | 93.870 | 01300020 | 7/1/23 - 6/30/24 | - | 29,835 |
| Maternal, Infant and Early Childhood Home Visiting | 93.870 | 01300021 | 7/1/23 - 6/30/24 | - | 71,400 |
| Maternal, Infant and Early Childhood Home Visiting | 93.870 | 0130ARPA22 | 7/1/23 - 6/30/24 | - | 16,023 |
| | | | | - | 117,258 |
| Ryan White Care Act | 93.917 | 01690023 | 7/1/23 - 6/30/24 | - | 4,538 |
| | | | | - | 4,538 |
| HIV Prevention | 93.940 | 015100OL22 | 7/1/23 - 6/30/24 | - | 66,934 |
| | | | | - | 66,934 |
| Strengthen Public Health | 93.967 | 0296A122 | 7/1/23 - 6/30/24 | - | 21,931 |
| | | | | - | 21,931 |
| STD Prevention | 93.977 | 010700OL22 | 7/1/23 - 6/30/24 | - | 1,507 |
| STD Prevention | 93.977 | 010700OL23 | 7/1/23 - 6/30/24 | - | 1,507 |
| | | | | - | 3,014 |
| Preventive Health - CHAT | 93.991 | 01040022 | 7/1/23 - 6/30/24 | - | 1,354 |
| Preventive Health - CHAT | 93.991 | 01040023 | 7/1/23 - 6/30/24 | - | 6,987 |
| | | | | - | 8,341 |
| MCH Services Block Grant | 93.994 | 01120022 | 7/1/23 - 6/30/24 | - | 48,309 |
| MCH Services Block Grant | 93.994 | 01120023 | 7/1/23 - 6/30/24 | - | 144,107 |
| | | | | - | 192,416 |
| Passed through the University of Kentucky | | | | | |
| State and Community Based Programs | 93.136 | 1H79SP080309-01 | 9/1/19 - 8/1/23 | - | 88,373 |
| | | | | - | 88,373 |
| Passed through Local Government (LFUCG) | | | | | |
| First Responders and Community Partners OPP | 93.243 | 320002856-20-263 | 9/1/19 - 11/28/27 | - | 371,772 |
| | | | | - | 371,772 |
| Passed through Kentucky Health Department Association (KHDA) | | | | | |
| Cooperative Agreement for Emergency Response | 93.354 | FY24 WFD | 1/30/23 - 6/30/24 | - | 26,827 |
| | | | | - | 26,827 |
| Total U.S. Department of Health and Human Services | | | | \$ - | \$ 2,108,309 |
| Total federal awards expended | | | | \$ - | \$ 3,719,839 |
| Federal Revenues | | | | | \$ 3,225,086 |
| Add: Federal subrecipient grants included in fees and contracts | | | | | 494,753 |
| Total federal awards expended | | | | | \$ 3,719,839 |

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2024**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified __Yes X No

Significant deficiencies identified that are not considered to be material weaknesses __Yes X None reported

Non-compliance material to financial statements noted __Yes X No

Federal Awards:

Internal control over major programs:

Material weaknesses identified __Yes X No

Significant deficiencies identified that are not considered to be material weaknesses __Yes X None 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 X No

Major Programs:

| AL Number | Name of Federal Program or Cluster |
|------------------|---|
|------------------|---|

| | |
|--------|--------------------|
| 10.557 | USDA – WIC Program |
|--------|--------------------|

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

Auditee qualified as a low-risk auditee? X Yes __ No

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

IV. PRIOR AUDIT FINDINGS

NONE

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2024**

There are no prior audit findings to report.

**LEXINGTON-FAYETTE URBAN COUNTY DEPARTMENT OF HEALTH
SCHEDULE OF AUDIT ADJUSTMENTS
for the year ended June 30, 2024**

There are no proposed audit adjustments.