



Dave Yost • Auditor of State

KNOX COUNTY

DECEMBER 31, 2016

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KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture:				
<i>Passed through Ohio Department of Job and Family Services:</i>				
Supplemental Nutrition Assistance Program (SNAP) Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5532	\$ -	\$ 473,012
Total U.S. Department of Agriculture			-	473,012
U.S. Department of Housing and Urban Development:				
<i>Passed through Ohio Development Services Agency:</i>				
Community Development Block Grant - State's Program				
	14.228	B-F-14-1BM-1	-	315,147
		B-F-15-1BM-1	-	151,987
Total Community Development Block Grant / State's Program			-	467,134
Total U.S. Department of Housing and Urban Development			-	467,134
U.S. Department of Justice:				
<i>Passed through the Ohio Attorney General:</i>				
Crime Victim Assistance				
	16.575	2015-VOCA-10203463	-	43,845
<i>Passed through the Office of Criminal Justice Services:</i>				
Edward Byrne Memorial Justice Assistance Grant				
	16.738	2015-JG-LLE-5931	-	9,157
Total U.S. Department of Justice			-	53,002
U.S. Department of Labor:				
<i>Passed-through Ohio Department of Job and Family Services:</i>				
<i>Passed-through Montgomery County Auditor, WIA Area 7 Board</i>				
Employment Service/Wagner-Peyser Funded Activities	17.207	31-6400072	-	24,328
Workforce Investment Act Cluster				
Workforce Investment Act - Adult	17.258	31-6400072	-	36,144
Workforce Investment Act - Youth	17.259	31-6400072	-	80,582
Workforce Investment Act - Dislocated Worker	17.278	31-6400072	-	46,143
Total WIA Cluster			-	162,869
Total U.S. Department of Labor				187,197
U.S. Department of Transportation:				
<i>Direct Program:</i>				
Airport Improvement Program				
	20.106	N/A	-	27,048
<i>Passed-through Ohio Department of Transportation:</i>				
Highway Planning and Construction Grant				
	20.205	PID 94448	-	8,086
		PID 97572	-	368,338
		PID 97709	-	161,682
		PID 96737	-	624,408
		PID 98626	-	273,470
Total Highway Planning and Construction Grant			-	1,435,984
Formula Grants for Rural Areas	20.509	RPTF-4106-036-161	-	561,573
		RPTF-0106-036-161	-	3,226
		RPTM-0106-036-161	-	123,245
Total Formula Grants for Rural Areas			-	688,044
Bus and Bus Facilities Formula Program	20.526	BABF-0106-019-161	-	93,208
<i>Passed-through Ohio Department of Public Safety:</i>				
State and Community Highway Safety				
	20.600	STEP-2016-42-00-00-00501-00	-	1,808
National Priority Safety Programs	20.616	IDEP-2016-42-00-00-00394-00	-	3,645
<i>Passed-through Ohio Emergency Management Agency:</i>				
Interagency Hazardous Materials Public Sector Training & Planning Grants				
	20.703	HM-HMP-0502-15-01-00	-	4,760
Total U.S. Department of Transportation			-	2,254,497

KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education:				
<i>Passed through Ohio Department of Health:</i>				
Special Education-Grants for Infants and Families	84.181	04210021HG514	-	67,721
Total U.S. Department of Education			-	67,721
U.S. Department of Health and Human Services:				
<i>Passed-through Ohio Department of Jobs and Family Services:</i>				
Promoting Safe and Stable Families	93.556	G-1617-11-5532	-	65,412
Temporary Assistance for Needy Families	93.558	G-1617-11-5532	414,662	1,381,530
Child Support Enforcement	93.563	G-1617-11-5532	-	686,874
Child Care and Development Block Grant	93.575	G-1617-11-5532	-	66,471
Community-Based Child Abuse Prevention Grant	93.590	G-1617-11-5532	-	9,808
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5532	-	59,102
Foster Care_Title IV-E	93.658	G-1617-11-5532	-	393,494
Adoption Assistance	93.659	G-1617-11-5532	-	100,082
Chafee Foster Care Independence Program	93.674	G-1617-11-5532	-	14,984
<i>Passed-through Ohio Department of Jobs and Family Services:</i>				
Social Services Block Grant	93.667	G-1617-11-5532	-	690,415
<i>Passed-through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant - Title XX	93.667	31-6400072	-	41,745
Total Social Services Block Grant			-	732,160
<i>Passed-through Ohio Department of Jobs and Family Services:</i>				
Medical Assistance Program	93.778	G-1617-11-5532	-	970,493
<i>Passed-through Ohio Department of Developmental Disabilities</i>				
Medical Assistance Program - Waiver Administration	93.778	31-6400072	-	181,404
Total Medical Assistance Program			-	1,151,897
Total U.S. Department of Health and Human Services			414,662	4,661,814
U.S. Department of Homeland Security:				
<i>Passed through Ohio Emergency Management Agency:</i>				
Emergency Management Performance Grants	97.042	EMW-2015-EP-00034-S01 EMC-2016-EP-00003-S01	-	41,134
Total Emergency Management Performance Grants			-	13,771
Total U.S. Department of Homeland Security			-	54,905
Total Expenditures of Federal Awards			\$ 414,662	\$ 8,219,282

The accompanying notes are an integral part of this schedule.

KNOX COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Knox County (the County) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) with REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2016 is \$12,254.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

KNOX COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2016, the County made allowable transfers of \$396,691 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,381,530 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2016 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$1,778,221
Transfer to Social Services Block Grant	<u>(396,691)</u>
Total Temporary Assistance for Needy Families	<u>\$1,381,530</u>

NOTE G – MAC RECONCILIATION PAYMENT/LIABILITIES

During the calendar year, the Knox County Board of Developmental Disabilities received a settlement from the 2010 and 2011 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$8,433.38 and \$5,522.37; respectfully. The Cost Report Settlements were for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in prior reporting periods.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Knox County
117 East High Street
Mount Vernon, Ohio 43050

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and the remaining fund information of Knox County, Ohio, (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 28, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Knox County
117 East High Street
Mount Vernon, Ohio 43050

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the Knox County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Knox County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely-presented component unit and the remaining fund information of Knox County (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our unmodified report thereon dated June 28, 2017. We conducted our audit to opine on the County's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2017

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KNOX COUNTY
 SCHEDULE OF FINDINGS
 2 CFR § 200.515
 DECEMBER 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	93.558 – Temporary Assistance for Needy Families 93.563 – Child Support Enforcement (Title IV-D)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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