



**KNOX COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**OHIO AUDITOR OF STATE**  
**KEITH FABER**





KNOX COUNTY  
DECEMBER 31, 2019

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KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture:</b>				
Passed through Ohio Department of Job and Family Services: Supplemental Nutrition Assistance Program (SNAP) Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5759/G-2021-11-5946	\$ -	\$ 293,429
Total U.S. Department of Agriculture and SNAP Cluster			-	293,429
<b>U.S. Department of Housing and Urban Development:</b>				
Passed through Ohio Development Services Agency: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-18-1BM-1 B-X-18-1BM-1 B-E-18-1BM-2 B-X-17-1BM-1	- - - -	38,038 295,662 201,673 496,500
Total Community Development Block Grants/State's Program and Non- Entitlements Grants in Hawaii			-	1,031,873
Total U.S. Department of Housing and Urban Development			-	1,031,873
<b>U.S. Department of Justice:</b>				
Passed through the Ohio Attorney General: Crime Victim Assistance	16.575	201518-VOCA-109310604	-	54,952
Total U.S. Department of Justice			-	54,952
<b>U.S. Department of Labor:</b>				
Passed-through Ohio Department of Job and Family Services: Passed-through Montgomery County Auditor, WIA Area 7 Board:				
Employment Service Cluster Employment Service/Wagner-Peyser Funded Activities Total Employment Service Cluster Total	17.207	2018-7242-1	-	31,149 31,149
Trade Adjustment Assistance	17.245	2018-7242-1	-	4,926
Workforce Investment Opportunity Act Cluster Workforce Investment Act - Adult Program	17.258	2018-7242-1	-	72,468
Workforce Investment Act - Youth Activities	17.259	2018-7242-1	-	270,478
Workforce Investment Act - Dislocated Worker Formula Grants Total Workforce Investment Opportunity Act Cluster	17.278	2018-7242-1	- -	45,134 388,080
Total U.S. Department of Labor			-	424,155
<b>U.S. Department of Transportation:</b>				
Direct Program: Airport Improvement Program	20.106	n/a	-	172,833
Passed-through Ohio Department of Transportation: Highway Planning and Construction Cluster Highway Planning and Construction Grant	20.205	PID 108424- engineer PID 108474- engineer PID 109159- engineer	- - -	17,483 43,200 9,250
Total Highway Planning and Construction Cluster			-	69,933
Formula Grants for Rural Areas	20.509	RPTF-4106-050-191 RPTM-0106-050-191	- -	814,291 91,058
Total Formula Grants for Rural Areas			-	905,349
Transit Services Programs Cluster Enhanced Mobility of Seniors and Individuals with Disabilities Total Transit Services Programs Cluster	20.513	OCPX-0042-010-181	- -	44,986 44,986
Federal Transit Cluster Bus and Bus Facilities Formula Program Total Federal Transit Cluster	20.526	BABF-0106-052-181/191	- -	258,400 258,400
National Infrastructure Investments	20.933	0106-TTGR-160100	-	40,273
Total U.S. Department of Transportation			-	1,491,774

KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(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
<b>U.S. Department of Education:</b>				
Passed through Ohio Department of Developmental Disabilities: Special Education-Grants for Infants and Families	84.181	H181A170024/H181A180024	66,386	66,386
Total U.S. Department of Education			66,386	66,386
<b>United States Election Assistance Commission</b>				
Pass-through Ohio Secretary of State: Help America Vote Act Requirements Payments	90.401	n/a	-	26,153
Total U.S. Election Assistance Commission			-	26,153
<b>U.S. Department of Health and Human Services:</b>				
Passed-through Ohio Department of Job and Family Services: Promoting Safe and Stable Families	93.556	G-1819-11-5759/G-2021-11-5946	-	39,547
TANF Cluster				
Temporary Assistance for Needy Families	93.558	G-1819-11-5759/G-2021-11-5946	327,324	2,029,561
Total TANF Cluster				2,029,561
Child Support Enforcement	93.563	G-1819-11-5759/G-2021-11-5946	-	734,681
CCDF Cluster				
Child Care and Development Block Grant	93.575	G-1819-11-5759/G-2021-11-5946	-	47,513
Total CCDF Cluster			-	47,513
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5759/G-2021-11-5946	-	66,076
Foster Care Title IV-E	93.658	G-1819-11-5759/G-2021-11-5946	-	1,305,077
Adoption Assistance	93.659	G-1819-11-5759/G-2021-11-5946	-	33,581
Chafee Foster Care Independence Program	93.674	G-1819-11-5759/G-2021-11-5946	-	9,910
Children's Health Insurance Program	93.767	G-1819-11-5759/G-2021-11-5946	-	443,702
Passed-through Ohio Department of Job and Family Services: Social Services Block Grant	93.667	G-1819-11-5759/G-2021-11-5946	-	536,017
Passed-through Ohio Department of Developmental Disabilities Social Services Block Grant - Title XX	93.667	31-6400072	-	42,768
Total Social Services Block Grant			-	578,785
Passed-through Ohio Department of Job and Family Services: Medicaid Cluster				
Medical Assistance Program	93.778	G-1819-11-5759/G-2021-11-5946	-	440,581
Passed-through Ohio Department of Developmental Disabilities Medical Assistance Program - Waiver Administration	93.778	31-6400072	-	175,074
Total Medicaid Cluster			-	615,655
Total U.S. Department of Health and Human Services			327,324	5,904,088
<b>U.S. Department of Homeland Security:</b>				
Passed through Ohio Emergency Management Agency: Hazard Mitigation Grant	97.039	FEMA-DR-4360-OH	-	1,750
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01/EMC-20	-	54,689
Total U.S. Department of Homeland Security			-	56,439
<b>Total Expenditures of Federal Awards</b>			<b>\$ 393,710</b>	<b>\$ 9,349,249</b>

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, 2019**

**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, 2019. 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, except expenditures passed through Ohio Department of Transportation for the Formula Grants for Rural Areas Program (CFDA #20.509) are presented on an accrual basis. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The County passes certain federal awards received from Ohio Department of Jobs and Family Services and Ohio Department of Developmental Disabilities 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 E – 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, 2019 is \$116,807.

**NOTE F - 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, 2019  
(CONTINUED)

**NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2019, the County made allowable transfers of \$404,453 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 \$2,029,561 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 2019 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 2,434,014
Transfer to Social Services Block Grant	<u>(404,453)</u>
<b>Total Temporary Assistance for Needy Families</b>	<b><u>\$ 2,029,561</u></b>

**NOTE H – MAC RECONCILIATION PAYMENT/LIABILITIES**

During the calendar year, the Knox County Board of Development Disabilities received a cost report MAC settlement payment for the 2015 and 2016 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$19,857.61 and \$16,025.90. The Cost Report Settlement is 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.



# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENTAL 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 units and remaining fund information of Knox County, (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 7, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County.

### ***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings, that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***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*.

***County's Response to Finding***

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 report is not suitable for any other purpose.

Keith Faber  
Auditor of State  
  
Columbus, Ohio  
  
July 7, 2020

# OHIO AUDITOR OF STATE KEITH FABER



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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 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 Knox County's major federal programs for the year ended December 31, 2019. 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 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 the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

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***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 major federal program for the year ended December 31, 2019.

***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, and the aggregate discretely-presented component units and remaining fund information of Knox County (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our unmodified report thereon dated July 7, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. 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.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance  
(Continued)***

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.

Keith Faber  
Auditor of State

Columbus, Ohio

July 7, 2020

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KNOX COUNTY  
 SCHEDULE OF FINDINGS  
 2 CFR § 200.515  
 DECEMBER 31, 2019

**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)?	Yes
<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):	Temporary Assistance for Needy Families (TANF) Cluster CFDA 93.563 – Child Support Enforcement
<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

KNOX COUNTY  
SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2019  
(Continued)

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Material Weakness – Financial Statement Presentation**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Lack or failure of controls over posting of financial transactions led to the financial statements requiring the following audit adjustment.

The County's financial statements include an adjustment to the Governmental Activities and Children Services Fund to correct an understatement of \$894,424 in intergovernmental revenue and human services expenses/expenditures. This was due to eliminating transfers out of the Children Services Fund to the Public Assistance Fund for payroll related reimbursements by reducing intergovernmental revenue in the Children Services Fund. The County should have reclassified the transfer out as an expenditure and not reduced the revenue. This adjustment was posted to the County's financial statements.

In addition to the adjustment listed above, we also identified additional misstatements ranging from \$8,781 to \$254,402 that we have brought to the County's attention.

This control weakness can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the County implement effective control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes. The County Auditor's Office should review the financial information for accuracy and completeness before it is provided to the accountant compiling the financial statements. Once the financial statements are prepared by the accountant, the County Auditor's Office should review the compiled financial statements and note disclosures to help ensure the accuracy of the information reported.

**Officials' Response:** See Corrective Action Plan

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



# *KNOX COUNTY AUDITOR*

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## **CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2019**

**Finding Number:** 2019-001  
**Planned Corrective Action:** Review GAAP Statements in more detail  
**Anticipated Completion Date:** 7/1/2020  
**Responsible Contact Person:** Jonette Curry

### **Identified lack of financial statement controls:**

1. Intergovernmental receipts, intergovernmental revenue and human services was understated by \$894,424, this impacted the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis). This was due to eliminating a transfer out from the Children Service fund to the Public Assistance fund for reimbursements related to payroll. The transfer out should have been reclassified and not eliminated as eliminating the transfer out caused revenue to be reduced.

**CAP:** Auditor shall review in detail with GAAP preparer draft statements prior to sending to State Auditors. This should help to identify and potentially missed details or changes from the previous year. The Auditor's Office has created an expenditure line item for the JFS funds to pay these expenses and JFS will no longer use the Transfer Out line item.