



OHIO AUDITOR OF STATE
KEITH FABER



**DISTRICT BOARD OF HEALTH
KNOX COUNTY
DECEMBER 31, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

District Board of Health
Knox County
11660 Upper Gilchrist Rd
Mt. Vernon, OH 43050

To the Board Members of the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020, and related notes of the District Board of Health, Knox County, Ohio (the District).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2021

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Knox County District Board of Health
Knox County
*Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 1,128,317	\$ -	\$ 1,128,317
Charges for Services	515,066	-	515,066
Intergovernmental:			
Subsidies	68,414	35,823	104,237
Grants	102,021	2,817,213	2,919,234
Fees	156,571	1,665,521	1,822,092
Miscellaneous	94,046	25,710	119,756
<i>Total Cash Receipts</i>	<u>2,064,435</u>	<u>4,544,267</u>	<u>6,608,702</u>
Cash Disbursements			
Current:			
Health:			
Personnel Expenses	1,003,837	2,987,873	3,991,710
Travel/Conference	10,843	3,869	14,712
Supplies and Materials	32,471	380,606	413,077
Equipment	12,617	105,295	117,912
Contract Services	195,278	535,698	730,976
Utilities	26,068	22,656	48,724
Other Expenses	135,856	132,087	267,943
Debt Service:			
Principal Retirement	58,500	58,500	117,000
Interest and Fiscal Charges	4,740	4,740	9,480
<i>Total Cash Disbursements</i>	<u>1,480,210</u>	<u>4,231,324</u>	<u>5,711,534</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	584,225	312,943	897,168
Other Financing Receipts (Disbursements)			
Transfers In	-	159,692	159,692
Transfers Out	(159,692)	-	(159,692)
Advances In	61,120	6,000	67,120
Advances Out	(6,000)	(61,120)	(67,120)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(104,572)</u>	<u>104,572</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	479,653	417,515	897,168
<i>Fund Cash Balances, January 1</i>	<u>1,430,372</u>	<u>208,089</u>	<u>1,638,461</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,910,025</u>	<u>\$ 625,604</u>	<u>\$ 2,535,629</u>

The notes to the financial statements are an integral part of this statement.

Knox County District Board of Health
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Knox County, Ohio, (the District) as a body corporate and politic. A nine-member Board and a Health Commissioner govern the District. The Board is comprised of three members appointed by the City of Mount Vernon, five members appointed by the Health Advisory Council of Knox County and one alternate member appointed by the Health Licensing Council. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health related licenses and permits.

Public Entity Risk Pool

The District is a member of the Public Entities Pool of Ohio (the Pool), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted to disbursement for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

Community Health Center Grant Fund This fund is used to provide medical, dental, and behavioral health services to those in the community. Services are provided with payments from Medicare, Medicaid, insurance or private pay on a sliding fee schedule for those who are of low income. Corona-virus relief fund is over 10% for revenue and expenditures.

Knox County District Board of Health
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Knox County District Board of Health
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,149,563	\$2,064,435	(\$85,128)
Special Revenue	4,643,729	4,703,959	60,230

Knox County District Board of Health
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity (continued)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,912,721	\$1,748,758	\$163,963
Special Revenue	5,120,209	4,493,320	626,889

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Knox County Treasurer is custodian for the District’s deposits. The County’s deposit and investment pool holds the District’s assets, valued at the Treasurer’s reported carrying amount. To improve cash management, cash received by the District is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

Note 5 – Property Taxes

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$1,128,317 in 2020. The financial statements present these amounts as property tax.

Note 6 – Interfund Activity

Transfers

Interfund transfers for the year ended December 31, 2020 consisted of the following:

Transfers To	Transfers From
	General
Swimming Pool	\$ 7,500
Food Service	30,000
Private Water	10,000
WIC	40,000
Sewage Program	10,000
RV Park/Camp	7,000
Community Health Center Grant	50,000
Drug Free Communities	5,192
	\$ 159,692

The General Fund transfers to other funds were made to provide additional resources for current operations. The transfer from the Home Health Fund to the General Fund was approved by the Board of Health due to the closeout of operations for the Home Health Program. All transfers were made in compliance with the Ohio Revised Code.

Knox County District Board of Health
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

<u>2020</u>	
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants’ gross salaries. The District has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2020.

Knox County District Board of Health
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matters will not materially adversely affect the District's financial condition.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Park National Bank	\$ 384,500	2%

Knox County received a 10-year loan on December 31, 2020, to fund the purchase of a building for the health department. The Knox County District Board of Health entered into a 10-year loan with the County which requires the District to pay the County yearly payments which match the yearly principal and interest on the bonds outstanding.

Leases

Capital lease outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Lease	\$ 120,000	3.53%

Knox County issued a 20-year bond issue on August 15, 2000, to fund the construction of the new health department building. The Knox County District Board of Health entered into a 20-year lease with the County which requires the District to pay the County yearly payments which match the yearly principal and interest on the bonds outstanding. In 2010, Knox County refinanced the bonds to obtain a lower interest rate.

Knox County District Board of Health
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Debt (continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Leases	Park National Bank
2021	\$124,800	\$43,754
2022		43,754
2023		43,754
2024		43,754
2025		43,754
2026-2030		218,769
Total	\$124,800	\$437,539

Note 12 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 108,856	\$ 261,996	\$ 370,852

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

DISTRICT BOARD OF HEALTH
KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	04210011WA1320, 04210011WA1421	<u>\$281,998</u>
Total U.S. DEPARTMENT OF AGRICULTURE			<u>281,998</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Public Safety</i>			
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	69A37519300004020OH0	<u>7,061</u>
Total Highway Safety Cluster			<u>7,061</u>
Total U.S. DEPARTMENT OF TRANSPORTATION			<u>7,061</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Health</i>			
Coronavirus Relief Fund	21.019	04210012CO0121, 04210012CT0120	<u>444,404</u>
Total of U.S. DEPARTMENT OF TREASURY			<u>444,404</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed Through Ohio Department of Health</i>			
State Indoor Radon Grants	66.032	04510012IR1020	<u>500</u>
Total of U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			<u>500</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Programs</i>			
Health Center Program Cluster			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) COVID-19	93.224	H80CS30716-04-00, 20H8CCS34904CV, 20H8DCS33687C3, 20H8ECS388284C4	<u>671,594</u>
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS30716-04-00, 20H8CCS34904CV, 20H8DCS33687C3, 20H8ECS388284C4	<u>302,795</u>
Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program	93.527	H80CS30716-04-00	<u>456,785</u>
Total Health Center Program Cluster			<u>1,431,174</u>
Drug-Free Communities Support Program Grants	93.276	6H79SP020744-05M003 NH28CE003207-01-00	<u>105,139</u>
Provider Relief Fund	93.498		<u>133,539</u>
<i>Passed Through Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	04210012PH1120, 04210012PH1221	<u>67,409</u>
Emergency Response: Public Health Crisis Response COVID 19	93.354	04210012CO0120	<u>77,077</u>
Prevention and Public Health Funds (PPHF)	93.991	04210014CC0519, 04210014CC0620	<u>100,926</u>
Maternal and Child Health Services Block Grant to the States	93.994	04210011MP0420	<u>12,216</u>
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,927,480</u>
Total Expenditures of Federal Awards			<u><u>\$2,661,443</u></u>

The accompanying notes are an integral part of this schedule.

**DISTRICT BOARD OF HEALTH
KNOX COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District Board of Health (the District) under programs of the federal government for the year ended December 31, 2020. 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 District, it is not intended to and does not present the financial position of the District.

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 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. The expenditures noted on the schedule by the District may not match the expenditures of the pass through entity due to timing of the expenditures the District reports to the pass through entity for reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – RECEIPT AWARDS FROM OHIO DEPARTMENT OF HEALTH

U.S. DEPARTMENT OF AGRICULTURE
Passed Through Ohio Department of Health
Special Supplemental Nutrition Program for Women, Infants and Children
CFDA# 10.557
Project Number: 04210011WA1320 & 04210011WA1421
\$277,104

U.S. DEPARTMENT OF TREASURY
Ohio Department of Health
Coronavirus Relief Fund
CFDA# 21.019
Project Number: 04210012CO0121, 04210012CT0120, & 04210012VN0121
\$408,176

U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY
Ohio Department of Health
State Indoor Radon Grants
CFDA# 66.032
Project Number: 04510012IR1020
\$500

NOTE D – RECEIPT AWARDS FROM OHIO DEPARTMENT OF HEALTH (CONTINUED)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ohio Department of Health

Public Health Emergency Preparedness

CFDA# 93.069

Project Number: 04210012PH1120, 04210012PH1221

\$105,403

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ohio Department of Health

Emergency Response: Public Health Crisis Response COVID 19

CFDA# 93.354

Project Number: 04210012CO0120

\$77,077

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ohio Department of Health

Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)

CFDA# 93.991

Project Number: 04210014CC0519, 04210014CC0620

\$105,928

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ohio Department of Health

Maternal and Child Health Services Block Grant to the States

CFDA# 93.994

Project Number: 04210011MP0420

\$13,178

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

District Board of Health
Knox County
11660 Upper Gilchrist Rd
Mt. Vernon, OH 43050

To the Board Members of the Board of Health:

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 cash balances, receipts, and disbursements for each governmental fund type combined total for the year ended December 31, 2020 related notes of the Knox County District Board of Health, Knox County, (the District) and have issued our report thereon dated September 22, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District'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 District'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 District'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 financial statements. 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2021

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

District Board of Health
Knox County
11660 Upper Gilchrist Rd
Mt. Vernon, OH 4305

To the Board Members of the Board of Health:

Report on Compliance for the Major Federal Program

We have audited the Knox County District Board of Health's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Knox County District Board of Health's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program 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 District'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 District's major program. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Health Center Program Cluster

As described in finding 2020-001 in the accompanying schedule of findings, the District did not comply with requirements regarding Procurement, Suspension & Debarment applicable to its 93.224/93.527 Health Center Program Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Health Center Program Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Health Center Program Cluster* paragraph, the Knox County District Board of Health complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Health Center Program Cluster* for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The District'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 District'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 District'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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2020-001.

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

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.

District Board of Health
Knox County
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
Page 3

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2021

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**DISTRICT BOARD OF HEALTH
KNOX COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA#93.224 & 93.527 Health Center Program Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None noted

**DISTRICT BOARD OF HEALTH
KNOX COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Procurement

Finding Number:	2020-001
CFDA Number and Title:	CFDA # 93.224 & 93.527 Heath Center Cluster
Federal Award Identification Number / Year:	N/A
Federal Agency:	U.S. Department of Health and Human Services
Compliance Requirement:	Procurement, Suspension, and Debarment
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2019-003

45 CFR § 75.329 indicates small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

Knox County Competitive Bid and Comparative Pricing Policy Section 1 Procedures Purchases over \$5,000 but less than \$25,000: All purchases over \$5,000 but not exceeding \$25,000 require (if feasible) at least three (3) quotations from different suppliers. All quotations must be in a written/electronic form so they can be attached to the requisition. If there are limited sources of supply, or the low bid or price is found unacceptable because of some factual circumstance or requirement of a responsible supplier, the division director should write a clear, concise and factual justification for not accepting the lowest bid/price or not having three quotes utilizing the Sole Source Justification Form. If the District finds cause for use of a selected or sole source, the section of this policy for waiving the competitive bidding process must be followed. Price quotes may be obtained through the following methods: current price lists, advertisements, facsimile quotations, e-mail quotes or written bids. Vendors contacted for price quotes must be documented whether they bid or not. Bids must be for similar products and services. For the higher end of this category, a Request for Quote should be sent to the bidder outlining the requirements both parties, the Health District and the supplier, have agreed upon.

The District did not obtain or maintain required price and/or rate quotations or complete the Sole Source Justification Form for 1 vendor out of 16 tested. The District routinely uses this vendor due to the relationship they have with certain medical brands, thus allowing the District to obtain special pricing.

Failure to obtain and maintain documentation demonstrating procurement provisions of 45 CFR § 75.329, as well as, adhering to the District's internal policy on small purchases could result in the District paying more for goods or services than is necessary. Prior to contracting with vendors that will be paid with federal funds, the District should ensure price and/or rate quotations are obtained and maintained or a Sole Source Justification Form is used for small purchases as indicated by its policy and procedures. In addition, the District should evaluate their internal control process for maintaining those documents to help ensure compliance with Federal regulations.

Officials' Response

See Corrective Action Plan

4. OTHER – FINDINGS FOR RECOVERY

None noted

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001 2018-001	AU-C Section 210 paragraph .06 preparation and fair presentation of financial statements and (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions	Corrected	
2019-002	42 CFR 51c.303(f) requires the District to have prepared a schedule of fees or payments for the provision of its services designed to cover its reasonable costs of operation and a corresponding schedule of discounts adjusted on the basis of the patient’s ability to pay.	Corrected	
2019-003	45 CFR § 75.329(b) states: “Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.” Additionally 45 CFR § 75.329(d) states: “Procurement by competitive proposals.	Partially Corrected	Small purchase issue is being repeated as Finding 2020-001. See Corrective Action Plan.



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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2020

Finding Number: 2020-001

Planned Corrective Action: The District plans on implementing effective control procedures to ensure procurement steps for small purchases from vendors are completed according to Federal regulations and the Districts procurement policy.

Anticipated Completion Date: Effective immediately

Responsible Contact Person: Julie Miller



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OHIO AUDITOR OF STATE KEITH FABER



KNOX COUNTY DISTRICT BOARD OF HEALTH

KNOX COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/4/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov