

**KNOX COUNTY DISTRICT
BOARD OF HEALTH**
KNOX COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**



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Columbus, Ohio 43215
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Board Members
Knox County District Board of Health
11660 Upper Gilchrist Road
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of the Knox County District Board of Health, Knox County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Knox County District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 28, 2024

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**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

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Independent Auditor's Report

Knox County District Board of Health
Knox County
11660 Upper Gilchrist Road
Mount Vernon, OH 43050

To the Members of the Board of Health and Health Commissioner:

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying financial statement of the Knox County District Board of Health, Knox County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2023, and the related notes to the financial statement.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type of the Knox County District Board of Health, as of and for the year ended December 31, 2023, and the related notes to the financial statement, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

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" section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Knox County District Board of Health, as of December 31, 2023, or changes in net position thereof for the year then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statement, the financial statement is prepared by the Knox County District Board of Health on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

Knox County District Board of Health
Knox County
Independent Auditor's Report

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Knox County District Board of Health's financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024 on our consideration of the Knox County District Board of Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Knox County District Board of Health's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knox County District Board of Health's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 19, 2024

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 1,194,308	\$ -	\$ 1,194,308
Charges for services	819,237	54,908	874,145
Fees	198,007	6,564,010	6,762,017
Intergovernmental:			
Subsidies	74,702	29,258	103,960
Grants	101,337	3,423,719	3,525,056
Miscellaneous	81,377	90,990	172,367
	2,468,968	10,162,885	12,631,853
Cash Disbursements			
Current:			
Health:			
Personnel Expenses	1,512,395	5,114,076	6,626,471
Travel/Conference	16,696	21,677	38,373
Supplies and Materials	63,851	794,155	858,006
Equipment/Capital Outlay	119,926	1,446,741	1,566,667
Contract Services	197,656	2,334,411	2,532,067
Utilities	28,211	72,792	101,003
Other	164,379	377,579	541,958
Debt Service:			
Principal Retirement	-	163,998	163,998
Interest and Fiscal Charges	-	53,868	53,868
	2,103,114	10,379,297	12,482,411
<i>Total Cash Disbursements</i>			
	2,103,114	10,379,297	12,482,411
<i>Excess of Receipts Over (Under) Disbursements</i>	365,854	(216,412)	149,442
Other Financing Receipts (Disbursements)			
Transfers In	-	85,000	85,000
Transfers Out	(85,000)	-	(85,000)
Advances In	60,000	120,000	180,000
Advances Out	(120,000)	(60,000)	(180,000)
	(145,000)	145,000	-
<i>Total Other Financing Receipts (Disbursements)</i>			
	(145,000)	145,000	-
<i>Net Change in Fund Cash Balances</i>	220,854	(71,412)	149,442
<i>Fund Cash Balances, January 1</i>	1,528,833	1,748,028	3,276,861
<i>Fund Cash Balances, December 31</i>	\$ 1,749,687	\$ 1,676,616	\$ 3,426,303

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENT

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**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

NOTE 1 - REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Knox County 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 statement provides additional information for this entity.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. 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 or committed 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.

C. Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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).

This statement includes 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(C) permit.

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. 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 2023 budgetary activity appears in Note 3.

E. Capital Assets

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

F. Accumulated Leave

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

G. Leases and SBITA's

The District is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

The District has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software. Subscription disbursements are recognized when they are paid.

H. 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:

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.

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.

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, 2023, follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,521,800	\$2,528,968	\$7,168
Special Revenue	10,251,216	10,367,885	116,669
Total	\$12,773,016	\$12,896,853	\$123,837

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$3,113,053	\$2,379,831	\$733,222
Special Revenue	11,891,256	11,390,150	501,106
Total	\$15,004,309	\$13,769,981	\$1,234,328

NOTE 4 - DEPOSITS AND INVESTMENTS

As required by the Ohio Revised Code, the Knox County Treasurer is the 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. The District has \$128,238 in cash held in an outside bank account related to the 340B pharmacy benefits account and the entire balance was covered by the Federal Deposit Insurance Corporation (FDIC).

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

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 \$1,194,308 in 2023. The financial statement presents these amounts as property tax.

NOTE 6 - INTERFUND ACTIVITY

Transfers - During 2023, \$50,000 was transferred from the General Fund to the Food Service Program Fund, \$15,000 was transferred from the General Fund to the Private Water Fund, and \$20,000 was transferred from the General Fund to the Sewer Program Fund, to supplement operations. All transfers were made in accordance with the Ohio Revised Code.

Interfund Balances - Outstanding advances at December 31, 2023, consisted of \$120,000 advanced to the OHD Grants Fund from the General Fund to provide working capital for operations and/or projects until reimbursements for disbursements could be requested. All prior year advances were repaid during fiscal year 2023.

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.

Workers’ Compensation - Workers’ Compensation coverage is provided by the State of Ohio. The District pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership - 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, 2022 (latest information available):

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 10.00% of their gross salaries and the District contributed an amount equaling 14.00% of participants’ gross salaries. The District has paid all contributions required through December 31, 2023.

NOTE 9 - POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0.00% for members in the traditional pension plan and 2.00% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.00%; however, a portion of the health care rate was funded with reserves.

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 matter 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, principally the federal government. 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, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Park National Bank	\$ 238,469	2.42%
Property Loan	<u>1,372,138</u>	3.50%
Total	<u>\$ 1,610,607</u>	

Knox County received a ten-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. During 2023, the District paid \$37,504 in principal and interest payments from the Community Health Center Grant Fund to the County.

The District entered into a ten-year loan on December 31, 2022 for the purchase of a property that will become their main location. The loan will be paid back in yearly installments at a 3.5% interest rate out of the Community Health Center Grant Fund, utilizing project income from fees to pay the loan. During 2023, the District paid \$180,362 in principal and interest payments from the Community Health Center Grant Fund.

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

NOTE 11 - DEBT - (Continued)

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

Year Ending December 31:	Park National Bank	Property Loan	Total
2024	\$ 37,504	\$ 180,362	\$ 217,866
2025	37,504	180,362	217,866
2026	37,504	180,362	217,866
2027	37,504	180,362	217,866
2028	37,504	180,362	217,866
2029-2032	75,008	721,448	796,456
Total	<u>\$ 262,528</u>	<u>\$ 1,623,258</u>	<u>\$ 1,885,786</u>

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. 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 facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	<u>\$71,717</u>	<u>\$950,853</u> *	<u>\$1,022,570</u>
Total	<u>\$71,717</u>	<u>\$950,853</u>	<u>\$1,022,570</u>

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

*Included in this amount is an encumbrance in the amount of \$639,793 with Modern Builders, Inc. for the completion of the 202 West Vine Street Health Center project.

SUPPLEMENTARY INFORMATION

**KNOX COUNTY DISTRICT BOARD OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Awards</i>			
Health Center Program Cluster:			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	6 H80CS30716-06-00/ 6 H80CS30716-07-00	\$ 1,116,409
COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	COVID-19, 3 H8FCS41398-01-00	29,878
Total Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)			1,146,287
COVID-19 - Grants for New and Expanded Services under the Health Center Program	93.527	COVID-19, 23H8GCS47963	109,854
COVID-19 - Grants for New and Expanded Services under the Health Center Program	93.527	COVID-19, 23H8LCS51534C6	2,605
Total Grants for New and Expanded Services under the Health Center Program			112,459
Total Health Center Program Cluster			1,258,746
Drug-Free Communities Support Program Grants	93.276	1 NH28CE003120-01-00	127,687
COVID-19 - Provider Relief Funds	93.498	COVID-19	118,602
COVID-19 - Grants for Capital Development in Health Centers - ARP	93.526	COVID-19, 6 C8ECS44903-01-04	508,535
<i>Passed Through the Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	04210012PH1423	13,187
Public Health Emergency Preparedness	93.069	04210012PH1524	38,289
Total Public Health Emergency Preparedness			51,476
COVID-19 - Immunization Cooperative Agreements	93.268	COVID-19, 04210012CN0122	66,416
COVID- 19- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19, 04210012EO0222	109,228
COVID- 19- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19, 04210012EO0323	161,693
COVID- 19- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19, 04210012LV0123	56,353
COVID- 19- Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19, 04210012CF0123	34,211
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			361,485
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	04210012WF0223	5,000
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	COVID-19, 04210012WF0122	114,387
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	04210012WF0223	5,000
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response			119,387
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	04210012WF0223	124,312
Preventive Health and Health Services Block Grant	93.991	04210014CC0923	105,000
Total U.S. Department of Health and Human Services			2,846,646
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through the Ohio Department of Public Safety</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	69A375223000004020OH0	6,441
State and Community Highway Safety	20.600	69A375233000004020OH0	5,063
Total Highway Safety Cluster and State and Community Highway Safety			11,504
Total U.S. Department of Transportation			11,504
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Health</i>			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	04210011WA1623	200,880
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	04210011WA1724	70,394
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children			271,274
Total U.S. Department of Agriculture			271,274
Total Federal Financial Assistance			\$ 3,129,424

The accompanying notes are an integral part of this schedule.

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Knox County District Board of Health under programs of the federal government for the year ended December 31, 2023 and is prepared in accordance with the cash basis of accounting. 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 Knox County District Board of Health, it is not intended to and does not present the financial position or changes in fund balances of the Knox County District Board of Health. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Knox County District Board of Health has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of the Financial Statement Performed in Accordance With
*Government Auditing Standards***

Knox County District Board of Health
Knox County
11660 Upper Gilchrist Road
Mount Vernon, OH 43050

To the Members of the Board of Health and Health Commissioner:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the cash balances, receipts, and disbursements for each governmental fund type of the Knox County District Board of Health, Knox County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statement and have issued our report thereon dated June 19, 2024, wherein we noted the Knox County District Board of Health followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Knox County District Board of Health’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Knox County District Board of Health’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Knox County District Board of Health’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Knox County District Board of Health’s financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Knox County District Board of Health
Knox County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statement Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Knox County District Board of Health's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Knox County District Board of Health's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Knox County District Board of Health's response to the finding identified in our audit and described in the accompanying corrective action plan. The Knox County District Board of Health's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Julian & Grube, Inc.
June 19, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Knox County District Board of Health
Knox County
11660 Upper Gilchrist Road
Mount Vernon, OH 43050

To the Members of the Board of Health and Health Commissioner:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Knox County District Board of Health’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Knox County District Board of Health’s major federal programs for the year ended December 31, 2023. The Knox County District Board of Health’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Knox County District Board of Health complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Knox County District Board of Health's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Knox County District Board of Health's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

Knox County District Board of Health
Knox County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
June 19, 2024

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinions</i>	GAAP – Adverse Regulatory - Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	Health Center Program Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**KNOX COUNTY DISTRICT BOARD OF HEALTH
KNOX COUNTY, OHIO**

SCHEDULE OF FINDINGS

2 CFR § 200.515

DECEMBER 31, 2023

2. FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

Material Weakness – Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other members of the Board with objective and timely information to enable well-informed decisions.

Certain audit adjustments were made to correct misstatements identified in the audit of the District’s financial statement. These adjustments were necessary to properly state activity within the Equipment/Capital Outlay and Other Disbursements line items for the purchase of vehicles and other District equipment in the General Fund fund type. Additionally, adjustments within the Special Revenue Funds fund type were necessary to properly state the Equipment/Capital Outlay, Contract Services, and Other Disbursements line items for improvement projects undertaken during 2023 for District Health Center locations. The audited financial statement has been adjusted for the misstatements identified during the audit.

In addition, certain disclosures were updated to more accurately reflect the activity of the District for the year ended December 31, 2023.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the District’s activity.

We recommend the District implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statement prior to presenting it to the auditors. Further, we recommend the District review the adjustments noted during the audit and incorporate them into future reports.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
DECEMBER 31, 2023

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2022-001	2021	<u>Significant Deficiency - Financial Statement Presentation</u> – Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. It was necessary to record an adjustment to properly state on behalf activity for Note Proceeds receipts and Contract Service disbursements, each in the amount of \$1,500,000, for the issuance of the property loan paid by the District’s financing agency.	Not Corrected	Finding repeated as finding 2023-001 as adjustments were necessary to properly state the District’s activity.



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The District will ensure that on-behalf activity will be recorded onto the financial statement appropriately by the recorder. Additional general ledger codes were added to revenue and expense accounts to ensure accurate coding for the financial statement.	January 2025	Katie Hunter, Fiscal Officer



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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 9/10/2024

65 East State 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