

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

ANNUAL FINANCIAL REPORT

2005

KNOX COUNTY, INDIANA



**FILED**  
10/17/2006



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Terry L. Ewer	01-01-03 to 12-31-06
Treasurer	Cendy Joslin	01-01-04 to 12-31-07
Clerk	Brenda J. Hall	03-01-04 to 02-28-08
Sheriff	Stephen P. Luce	01-01-03 to 12-31-06
Recorder	Lisa Clark-Benock	01-01-04 to 12-31-07
President of the Board of County Commissioners	Dr. Jerry R. Brocksmith James W. Bobe	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the County Council	Robert Lechner	01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

We have audited the accompanying financial statement of Knox County (County), as of and for the year ended December 31, 2005. This financial statement is the responsibility of the County's management. Our responsibility is to express opinions on this financial statement based on our audit.

Except as discussed in the fifth paragraph, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note I, the financial statement referred to above does not include a number of component units of the County which should have been included to fairly present the financial position of the County.

Knox County failed to perform monthly bank reconciliements. Reconciliements are an essential component of the County's internal controls. Without the County's timely reconciliation the risk that errors and omissions that may be material to the financial statement may occur and not be detected cannot be reduced to a relatively low level.

Since Knox County did not perform monthly bank reconciliements, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statement.

In accordance with Government Auditing Standards, we have also issued a report dated September 12, 2006, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statement of the County taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

The Schedules of Funding Progress, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statement of the County taken as a whole. The Combining Schedules, as listed in the table of contents, are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

September 12, 2006



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

We have audited the financial statement of Knox County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated September 12, 2006. Since Knox County did not perform monthly bank reconciliations, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the financial statement. 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.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2005-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2005-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Of the reportable conditions described above, we consider item 2005-1 to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

This report is intended solely for the information and use of the County's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 12, 2006

## COMBINED STATEMENT AND NOTES TO FINANCIAL STATEMENT

The combined statement, page 8, provides a summary overview of the cash receipts and disbursements and increases and decreases in the cash and investment balances by fund type.

The notes to financial statement, pages 9 through 18, provide additional informative disclosures.

KNOX COUNTY  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
 As Of And For The Year Ended December 31, 2005

	Governmental Fund Types			Proprietary	Fiduciary Fund Types		Totals
	General	Special Revenue	Capital Projects	Internal Service	Trust Funds	Agency Funds	(Memorandum Only)
Cash and investments - January 1	\$ 3,157,599	\$ 6,023,168	\$ 3,058,038	\$ 141,546	\$ 997,049	\$ 20,124,873	\$ 33,502,273
Operating receipts:							
Taxes	8,483,424	2,498,539	2,131,782	-	-	-	13,113,745
Licenses and permits	-	82,560	-	-	-	-	82,560
Intergovernmental	1,407,787	5,154,547	91,318	-	-	-	6,653,652
Charges for services	156,409	962,659	-	1,761,942	-	-	2,881,010
Fines and forfeits	225,394	398,365	-	-	-	-	623,759
Other	454,613	1,887,845	3,993	-	143,879	-	2,490,330
Total operating receipts	10,727,627	10,984,515	2,227,093	1,761,942	143,879	-	25,845,056
Other receipts	-	-	60,000	-	-	-	60,000
Transfers in	45,000	378,053	336,957	-	-	-	760,010
Interfund loan proceeds	750,000	190,000	-	-	-	-	940,000
Interfund loan payments received	94,000	210,000	750,000	-	-	-	1,054,000
Agency fund additions	-	-	-	-	-	170,519,406	170,519,406
Total receipts	11,616,627	11,762,568	3,374,050	1,761,942	143,879	170,519,406	199,178,472
Operating disbursements:							
General government	4,765,244	1,844,525	-	1,685,049	-	-	8,294,818
Public safety	1,597,409	2,034,280	-	-	-	-	3,631,689
Highways and streets	-	3,395,618	-	-	-	-	3,395,618
Sanitation	-	120,921	-	-	-	-	120,921
Health and welfare	260,563	2,614,303	-	-	-	-	2,874,866
Culture and recreation	-	265,207	-	-	799	-	266,006
Retirement and pensions	-	-	-	-	69,120	-	69,120
Capital outlay	-	-	1,379,404	-	-	-	1,379,404
Total operating disbursements	6,623,216	10,274,854	1,379,404	1,685,049	69,919	-	20,032,442
Other disbursements	6,400,000	-	661,067	-	-	-	7,061,067
Transfers out	-	760,010	-	-	-	-	760,010
Interfund loan payments	750,000	304,000	-	-	-	-	1,054,000
Interfund loans made	-	190,000	750,000	-	-	-	940,000
Agency fund deductions	-	-	-	-	-	185,728,081	185,728,081
Total disbursements	13,773,216	11,528,864	2,790,471	1,685,049	69,919	185,728,081	215,575,600
Excess (deficiency) of total receipts over (under) total disbursements	(2,156,589)	233,704	583,579	76,893	73,960	(15,208,675)	(16,397,128)
Cash and investments - December 31	\$ 1,001,010	\$ 6,256,872	\$ 3,641,617	\$ 218,439	\$ 1,071,009	\$ 4,916,198	\$ 17,105,145

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

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT

I. Summary of Significant Accounting Policies

A. Reporting Entity

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The County's financial reporting entity is composed of the following:

Primary Government

In determining the financial reporting entity, the County complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The County Hospital, a discretely presented component unit has been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

B. Fund Accounting

The County uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

The County has the following fund types:

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), and the acquisition or construction of general fixed assets (capital project funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governmental units, or on behalf of other funds within the same governmental unit. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. Basis of Accounting

The accompanying financial statement is prepared on the basis of cash receipts and disbursements. Operating receipts and disbursements are cash inflows and outflows related to the daily operations of the County. Operating receipts are presented by source and operating disbursements are presented

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

by functional purpose on the financial statement. The cash basis of accounting differs from accounting principles generally accepted in the United States in that receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statement.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the County submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the County receives approval of the Indiana Department of Local Government Finance.

The County's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2005, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2005
County General	\$ 193,084
Reassessment	44,546
Local Road and Street	231,420
 Total	 \$ 469,050

These disbursements were funded by property taxes.

C. Cash and Investment Balance Deficits

At December 31, 2005, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and State statute:

Fund	2005
Solid Waste Management Planning	\$ 196
Governor's Task Force	3,134
Drug Seizure	33,745
Victim Assistance	14,090
Soil and Water Supplement	181
Juvenile Accountability	59
Probation Home Monitoring	1,062
Soil and Water Grant	7,329
Landfill/Closure	156
Tax Sale Redemption	9,344
County Sheriff	480
Sewer Tax	1,259

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has not established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. As of December 31, 2005, the County had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. Treasuries and Securities	\$ 63,020
U.S. Agencies	336,340
Mutual Funds	540,616
Total	\$ 939,976

Investment Policies

Indiana Code 5-13-9 authorizes the County to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the County and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the County may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The Sheriff's Pension Plan is not subject to the same investment laws as the County. The Sheriff's Merit Board has not adopted an investment policy for interest rate and credit risk.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2005, the Sheriff's Retirement and Benefit Pension Plans held investments in common stocks, corporate debt securities, and U.S. government securities in the amount of \$939,976. Of these investments \$939,976 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County must follow state statute and limit the stated final maturities of the investments to no more than two years.

The Sheriff's Merit Board has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. Treasuries and Securities	\$ 63,020	\$ -	\$ -
Corporate Debt	97,747	-	238,593
Common Stock	540,616	-	-
Totals	<u>\$ 701,383</u>	<u>\$ -</u>	<u>\$ 238,593</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	Knox County Sheriff's Pension Investments		
		U.S. Treasuries and Securities	Corporate Debt	Common Stock Enterprise
AAA	Aaa	\$ 34,528	\$ 259,663	\$ 49,532
AA	Aa	-	51,401	55,204
A	A	-	25,276	233,536
BBB	Baa	-	-	86,498
Unrated	Unrated	<u>28,492</u>	<u>-</u>	<u>115,846</u>
Totals		<u>\$ 63,020</u>	<u>\$ 336,340</u>	<u>\$ 540,616</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

Transfer From	Transfer To	2005
Special Revenue Funds	General Fund	\$ 45,000
	Special Revenue Funds	378,053
	Capital Projects Funds	<u>336,957</u>
Total		<u>\$ 760,010</u>

The County typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

IV. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Knox County Benefit Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$25,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporation

The County has entered into a capital lease with the Knox County Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County.

C. Administration of Welfare Programs

The County is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for Indigent Program, Medical Assistance to Wards and Children with Special Health Care Needs through local property tax levies. The County remits those taxes to the State, which pays the cost.

D. Pension Plans

Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. Public Employees' Retirement Fund

Plan Description

The County contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The County's annual pension cost and related information, as provided by the actuary, is presented in this note.

2. County Police Retirement Plan

Plan Description

The County contributes to the County Police Retirement Plan, which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute. The County's annual pension cost and related information, as provided by the actuary, is presented in this note.

3. County Police Benefit Plan

Plan Description

The County contributes to the County Police Benefit Plan which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute. The County's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 197,082	\$ 80,977	\$ 3,896
Interest on net pension obligation	(10,164)	(3,832)	-
Adjustment to annual required contribution	<u>11,583</u>	<u>7,027</u>	<u>-</u>
Annual pension cost	198,501	84,172	3,896
Contributions made	<u>206,988</u>	<u>35,592</u>	<u>3,896</u>
Increase (decrease) in net pension obligation	(8,487)	48,580	-
Net pension obligation, beginning of year	<u>(140,194)</u>	<u>(54,743)</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (148,681)</u>	<u>\$ (6,163)</u>	<u>\$ -</u>
Contribution rates:			
County	5%	25%	1%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	07-01-05	07-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Actuarial Assumptions	PERF	County Police Retirement Plan	County Police Benefit Plan
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	2%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 189,613	93%	\$ (86,713)
	06-30-04	147,873	136%	(140,194)
	06-30-05	198,501	140%	(148,681)
County Police Retirement Plan	06-30-03	47,287	72%	(53,228)
	06-30-04	64,163	106%	(54,743)
	06-30-05	80,977	44%	(6,163)
County Police Benefit Plan	06-30-03	5,266	100%	-
	06-30-04	4,791	100%	-
	06-30-05	3,896	100%	-

KNOX COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 3,446,307	\$ 3,339,723	\$ 106,584	103%	\$ 3,321,806	3%
07-01-04	3,517,098	3,761,817	(244,719)	93%	3,804,629	6%
07-01-05	3,680,572	4,310,811	(630,239)	85%	4,045,774	16%

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-00	\$ 1,053,629	\$ 1,053,629	-	100%	\$ 371,547	0%
07-01-01	1,092,369	1,092,369	-	100%	328,664	0%
07-01-02	1,087,292	1,087,292	-	100%	326,597	0%
07-01-03	1,057,212	1,057,212	-	100%	345,446	0%
07-01-04	1,049,221	1,049,221	-	100%	346,664	0%
07-01-05	1,080,961	1,080,961	-	100%	369,058	0%

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#### COMBINING STATEMENTS

The combining statements, pages 22 through 35, present the cash receipts and disbursements and increases and decreases in the cash and investment balances by individual funds. Since there is only one general fund (General Fund), and one internal service fund (Knox County Benefit Fund), these funds are not included in this section.

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005

	County Highway	County Health	Local Road and Street	Property Reassessment	Accident Report	Firearms Training	Surveyor's Corner Perpetuation	Adult Probation Services
Cash and investments - January 1	\$ 367,990	\$ 35,818	\$ 161,504	\$ 893,718	\$ 4,820	\$ 1,510	\$ 22,327	\$ 87,300
Operating receipts:								
Taxes	-	134,039	-	380,830	-	-	-	-
Licenses and permits	-	73,957	-	-	-	-	-	-
Intergovernmental	2,489,283	17,225	523,163	46,950	-	-	-	-
Charges for services	-	78,362	-	-	-	-	10,548	117,169
Fines and forfeits	-	-	-	-	808	3,520	-	-
Other	15,410	-	-	18,914	-	-	-	-
Total operating receipts	2,504,693	303,583	523,163	446,694	808	3,520	10,548	117,169
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	50,000	-	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-	-
Total receipts	2,504,693	353,583	523,163	446,694	808	3,520	10,548	117,169
Operating disbursements:								
General government	-	-	-	118,742	-	-	11,494	-
Public safety	-	-	-	-	4,735	3,500	-	145,507
Highways and streets	2,796,205	-	599,413	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	202,286	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total operating disbursements	2,796,205	202,286	599,413	118,742	4,735	3,500	11,494	145,507
Transfers out								
Interfund loan payments	-	100,000	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	2,796,205	302,286	599,413	118,742	4,735	3,500	11,494	145,507
Excess (deficiency) of total receipts over (under) total disbursements	(291,512)	51,297	(76,250)	327,952	(3,927)	20	(946)	(28,338)
Cash and investments - December 31	<u>\$ 76,478</u>	<u>\$ 87,115</u>	<u>\$ 85,254</u>	<u>\$ 1,221,670</u>	<u>\$ 893</u>	<u>\$ 1,530</u>	<u>\$ 21,381</u>	<u>\$ 58,962</u>

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	Juvenile Probation Services	Recorder's Records Perpetuation	Emergency Planning Services	Knox County Law Enforcement	County User Fee	Local Health Maintenance	Sheriff's Commissary	Drainage Maintenance
Cash and investments - January 1	\$ 23,850	\$ 141,051	\$ 5,831	\$ 175	\$ 378,333	\$ 29,999	\$ 3,730	\$ 370,001
Operating receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	20,365	-	-
Charges for services	1,120	60,005	-	-	-	-	92,059	-
Fines and forfeits	-	-	-	-	8,078	-	-	-
Other	-	1,510	-	-	-	8,504	-	791,251
Total operating receipts	1,120	61,515	-	-	8,078	28,869	92,059	791,251
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-	-
Total receipts	1,120	61,515	-	-	8,078	28,869	92,059	791,251
Operating disbursements:								
General government	-	68,207	-	-	5,794	-	-	742,844
Public safety	1,667	-	3,054	-	-	-	90,966	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	31,080	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total operating disbursements	1,667	68,207	3,054	-	5,794	31,080	90,966	742,844
Transfers out					378,053			
Interfund loan payments	-	-	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	1,667	68,207	3,054	-	383,847	31,080	90,966	742,844
Excess (deficiency) of total receipts over (under) total disbursements	(547)	(6,692)	(3,054)	-	(375,769)	(2,211)	1,093	48,407
Cash and investments - December 31	\$ 23,303	\$ 134,359	\$ 2,777	\$ 175	\$ 2,564	\$ 27,788	\$ 4,823	\$ 418,408

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	Victim Assistance Harbor House	Park and Recreation Nonreverting Operating	County Drug Free Community	Solid Waste Management Planning	Disaster Public Assistance	Dare Program Knox County	Plat Book	White River Valley Drug Task Force
Cash and investments - January 1	\$ -	\$ 16,627	\$ 21,065	\$ (341)	\$ 1,142	\$ 3,958	\$ 5,427	\$ 2
Operating receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	22,447	-	-	-	-	-	-	-
Charges for services	-	80,191	-	-	-	-	-	-
Fines and forfeits	-	-	21,279	-	-	-	-	-
Other	-	-	-	78,666	-	5,282	-	-
Total operating receipts	22,447	80,191	21,279	78,666	-	5,282	-	-
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	50,000	-	-	-	-	-	-
Interfund loan payments received	-	10,000	-	-	-	-	-	-
Total receipts	22,447	140,191	21,279	78,666	-	5,282	-	-
Operating disbursements:								
General government	-	-	-	-	-	-	-	-
Public safety	22,447	-	30,500	-	-	3,032	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	78,521	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	63,573	-	-	-	-	-	-
Total operating disbursements	22,447	63,573	30,500	78,521	-	3,032	-	-
Transfers out								
Interfund loan payments	-	-	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	22,447	63,573	30,500	78,521	-	3,032	-	-
Excess (deficiency) of total receipts over (under) total disbursements	-	76,618	(9,221)	145	-	2,250	-	-
Cash and investments - December 31	\$ -	\$ 93,245	\$ 11,844	\$ (196)	\$ 1,142	\$ 6,208	\$ 5,427	\$ 2

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	Guardian Ad Litem Court	Clerk's Record Perpetuation	Work Release Program	Jail Misdemeanant	Community Corrections	Governor's Task Force	Hazard Substance Response	Tourism Commission
Cash and investments - January 1	\$ -	\$ 32,012	\$ 153,714	\$ 1,856	\$ 102,863	\$ (805)	\$ 231	\$ 62,759
Operating receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,200	-	-	28,643	543,346	2,250	-	-
Charges for services	-	-	523,205	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	12,319	1,747	-	-	-	46	177,695
Total operating receipts	2,200	12,319	524,952	28,643	543,346	2,250	46	177,695
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-	-
Total receipts	2,200	12,319	524,952	28,643	543,346	2,250	46	177,695
Operating disbursements:								
General government	-	3,122	-	-	-	-	-	185,500
Public safety	2,200	-	447,912	27,508	585,159	4,579	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total operating disbursements	2,200	3,122	447,912	27,508	585,159	4,579	-	185,500
Transfers out								
Interfund loan payments	-	-	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	2,200	3,122	447,912	27,508	585,159	4,579	-	185,500
Excess (deficiency) of total receipts over (under) total disbursements	-	9,197	77,040	1,135	(41,813)	(2,329)	46	(7,805)
Cash and investments - December 31	\$ -	\$ 41,209	\$ 230,754	\$ 2,991	\$ 61,050	\$ (3,134)	\$ 277	\$ 54,954

KNOX COUNTY  
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
SPECIAL REVENUE FUNDS  
As Of And For The Year Ended December 31, 2005  
(Continued)

	Enhanced 911	Drug Seizure	Park and Recreation	Pretrial Diversion	Title IV-D Incentive Prosecutor	Title IV-D Incentive Clerk	Area Plan Commission	Superior Court Group Home
Cash and investments - January 1	\$ 77,447	\$ (21,196)	\$ 35,196	\$ 4,086	\$ 3,902	\$ 3,584	\$ 971	\$ 500
Operating receipts:								
Taxes	-	-	342,372	-	-	-	153,311	-
Licenses and permits	-	-	-	-	-	-	8,603	-
Intergovernmental	88,959	-	42,814	-	10,402	-	17,333	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	419,360	11,000	-	-	-	-	-	-
Total operating receipts	508,319	11,000	385,186	-	10,402	-	179,247	-
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	-	90,000	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-	-
Total receipts	508,319	11,000	475,186	-	10,402	-	179,247	-
Operating disbursements:								
General government	-	-	-	-	-	-	75,536	-
Public safety	511,358	23,549	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	10,038	3,584	-	-
Culture and recreation	-	-	201,634	-	-	-	-	-
Total operating disbursements	511,358	23,549	201,634	-	10,038	3,584	75,536	-
Transfers out								
Interfund loan payments	-	-	160,000	-	-	-	44,000	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	511,358	23,549	361,634	-	10,038	3,584	119,536	-
Excess (deficiency) of total receipts over (under) total disbursements	(3,039)	(12,549)	113,552	-	364	(3,584)	59,711	-
Cash and investments - December 31	\$ 74,408	\$ (33,745)	\$ 148,748	\$ 4,086	\$ 4,266	\$ -	\$ 60,682	\$ 500

KNOX COUNTY  
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
SPECIAL REVENUE FUNDS  
As Of And For The Year Ended December 31, 2005  
(Continued)

	Landfill Site	Adult Protective Services	Victim Assistance	Family and Children	Drug Task Force	Soil and Water Supplement	Education Plate Fee	Wastewater Planning Grant
Cash and investments - January 1	\$ 1,680	\$ 11,450	\$ 3,211	\$ 922,586	\$ 670	\$ (164)	\$ 2,081	\$ 423
Operating receipts:								
Taxes	-	-	-	680,475	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	5,619	820,703	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	212,752	-	4,093	2,138	-
Total operating receipts	-	-	5,619	1,713,930	-	4,093	2,138	-
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-	-
Total receipts	-	-	5,619	1,713,930	-	4,093	2,138	-
Operating disbursements:								
General government	-	-	-	-	-	4,110	2,044	-
Public safety	-	-	22,920	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	1,948,308	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total operating disbursements	-	-	22,920	1,948,308	-	4,110	2,044	-
Transfers out								
Interfund loan payments	-	-	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	-	-	22,920	1,948,308	-	4,110	2,044	-
Excess (deficiency) of total receipts over (under) total disbursements	-	-	(17,301)	(234,378)	-	(17)	94	-
Cash and investments - December 31	\$ 1,680	\$ 11,450	\$ (14,090)	\$ 688,208	\$ 670	\$ (181)	\$ 2,175	\$ 423

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	EMS Grant	Home Management Grant	Circuit Court Bail Agency	Superior I Bail Agency	Civil War Monument Restoration	Superior II Bail Agency	ISETS Incentive Clerk	IDACS (E911)
Cash and investments - January 1	\$ 2	\$ 1	\$ 11,403	\$ 7,324	\$ 17,841	\$ 47,571	\$ 8,925	\$ 478
Operating receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	10,854	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	1,350	2,850	-	19,695	-	-
Other	-	-	-	-	5,438	-	3,585	5,400
Total operating receipts	-	-	1,350	2,850	5,438	19,695	14,439	5,400
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-	-
Total receipts	-	-	1,350	2,850	5,438	19,695	14,439	5,400
Operating disbursements:								
General government	-	-	-	2,850	-	5,292	-	-
Public safety	-	-	-	-	-	-	-	5,278
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	6,485	-
Culture and recreation	-	-	-	-	-	-	-	-
Total operating disbursements	-	-	-	2,850	-	5,292	6,485	5,278
Transfers out								
Interfund loan payments	-	-	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	2,850	-	5,292	6,485	5,278
Excess (deficiency) of total receipts over (under) total disbursements	-	-	1,350	-	5,438	14,403	7,954	122
Cash and investments - December 31	\$ 2	\$ 1	\$ 12,753	\$ 7,324	\$ 23,279	\$ 61,974	\$ 16,879	\$ 600

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	Van-Go	Tobacco Master Settlement	Proslink Implementation Project	Juvenile Accountability	Probation- LCC	FIC America Grant	Drug Abuse Prosecution Fund	Prosecutor "CARE" Grant
Cash and investments - January 1	\$ -	\$ 18,248	\$ 2,496	\$ (4,314)	\$ 530	\$ 145,000	\$ 35,906	\$ (73)
Operating receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	285,466	23,044	-	17,667	-	-	-	10,000
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	2,019	-	12,590	-
Other	-	-	-	-	-	-	-	-
Total operating receipts	285,466	23,044	-	17,667	2,019	-	12,590	10,000
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-	-
Total receipts	285,466	23,044	-	17,667	2,019	-	12,590	10,000
Operating disbursements:								
General government	-	-	-	-	-	145,000	-	-
Public safety	-	-	-	13,412	962	-	-	9,532
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	285,466	24,207	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total operating disbursements	285,466	24,207	-	13,412	962	145,000	-	9,532
Transfers out								
Interfund loan payments	-	-	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-	-
Total disbursements	285,466	24,207	-	13,412	962	145,000	-	9,532
Excess (deficiency) of total receipts over (under) total disbursements	-	(1,163)	-	4,255	1,057	(145,000)	12,590	468
Cash and investments - December 31	\$ -	\$ 17,085	\$ 2,496	\$ (59)	\$ 1,587	\$ -	\$ 48,496	\$ 395

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	FEMA Emergency Management Plan	Supplemental Adult Probation	Supplemental Juvenile Probation	County Option Income Tax	Riverboat Wagering Revenue Tax	County Health Bioterrorism	NRCS Grant for Soil and Water	Children's Psychiatric Services
Cash and investments - January 1	\$ 15,173	\$ 20,854	\$ 900	\$ 794,154	\$ 175,873	\$ 6,146	\$ (2,368)	\$ -
Operating receipts:								
Taxes	-	-	-	631,030	-	-	-	176,482
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	59,650	-	10,326
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	40,260	749	-	-	-	-	-
Other	-	-	-	-	87,813	800	17,010	-
Total operating receipts	-	40,260	749	631,030	87,813	60,450	17,010	186,808
Transfers in	-	-	-	-	-	-	-	-
Interfund loan proceeds	-	-	-	-	-	-	-	-
Interfund loan payments received	-	-	-	200,000	-	-	-	-
Total receipts	-	40,260	749	831,030	87,813	60,450	17,010	186,808
Operating disbursements:								
General government	-	-	-	-	-	-	14,642	-
Public safety	15,173	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	40,000	-	-	-	-
Health and welfare	-	-	-	-	-	60,725	-	42,124
Culture and recreation	-	-	-	-	-	-	-	-
Total operating disbursements	15,173	-	-	40,000	-	60,725	14,642	42,124
Transfers out				45,000				
Interfund loan payments	-	-	-	-	-	-	-	-
Interfund loans made	-	-	-	190,000	-	-	-	-
Total disbursements	15,173	-	-	275,000	-	60,725	14,642	42,124
Excess (deficiency) of total receipts over (under) total disbursements	(15,173)	40,260	749	556,030	87,813	(275)	2,368	144,684
Cash and investments - December 31	\$ -	\$ 61,114	\$ 1,649	\$ 1,350,184	\$ 263,686	\$ 5,871	\$ -	\$ 144,684

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	SEMA First Responder	Rainy Day Fund	Nonreverting HAVA Title III	Homeland Security	Court Appointed Special Advocate	Prosecutor's Users Fees	Alcohol and Drug Services
Cash and investments - January 1	\$ 8,996	\$ 536,957	\$ 184,400	\$ 15,851	\$ -	\$ -	\$ -
Operating receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	35,733	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	1,832	182,001	101,194
Other	-	-	-	-	-	-	-
Total operating receipts	-	-	-	35,733	1,832	182,001	101,194
Transfers in	-	-	-	-	-	191,841	87,222
Interfund loan proceeds	-	-	-	-	-	-	-
Interfund loan payments received	-	-	-	-	-	-	-
Total receipts	-	-	-	35,733	1,832	373,842	188,416
Operating disbursements:							
General government	-	-	184,400	-	-	157,265	89,637
Public safety	8,996	-	-	50,334	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total operating disbursements	8,996	-	184,400	50,334	-	157,265	89,637
Transfers out	-	336,957	-	-	-	-	-
Interfund loan payments	-	-	-	-	-	-	-
Interfund loans made	-	-	-	-	-	-	-
Total disbursements	8,996	336,957	184,400	50,334	-	157,265	89,637
Excess (deficiency) of total receipts over (under) total disbursements	(8,996)	(336,957)	(184,400)	(14,601)	1,832	216,577	98,779
Cash and investments - December 31	\$ -	\$ 200,000	\$ -	\$ 1,250	\$ 1,832	\$ 216,577	\$ 98,779

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 SPECIAL REVENUE FUNDS  
 As Of And For The Year Ended December 31, 2005  
 (Continued)

	Probation Informal Juvenile Users Fees	Probation Home Monitoring	Solid Waste Fees Auditor	Solid Waste Fees Treasurer	Emergency Gas Award	Soil and Water Grant	Totals
Cash and investments - January 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,023,168
Operating receipts:							
Taxes	-	-	-	-	-	-	2,498,539
Licenses and permits	-	-	-	-	-	-	82,560
Intergovernmental	-	-	-	-	450	19,655	5,154,547
Charges for services	-	-	-	-	-	-	962,659
Fines and forfeits	140	-	-	-	-	-	398,365
Other	-	-	5,690	1,422	-	-	1,887,845
Total operating receipts	140	-	5,690	1,422	450	19,655	10,984,515
Transfers in	98,990	-	-	-	-	-	378,053
Interfund loan proceeds	-	-	-	-	-	-	190,000
Interfund loan payments received	-	-	-	-	-	-	210,000
Total receipts	99,130	-	5,690	1,422	450	19,655	11,762,568
Operating disbursements:							
General government	-	1,062	-	-	-	26,984	1,844,525
Public safety	-	-	-	-	-	-	2,034,280
Highways and streets	-	-	-	-	-	-	3,395,618
Sanitation	-	-	1,006	1,394	-	-	120,921
Health and welfare	-	-	-	-	-	-	2,614,303
Culture and recreation	-	-	-	-	-	-	265,207
Total operating disbursements	-	1,062	1,006	1,394	-	26,984	10,274,854
Transfers out	-	-	-	-	-	-	760,010
Interfund loan payments	-	-	-	-	-	-	304,000
Interfund loans made	-	-	-	-	-	-	190,000
Total disbursements	-	1,062	1,006	1,394	-	26,984	11,528,864
Excess (deficiency) of total receipts over (under) total disbursements	99,130	(1,062)	4,684	28	450	(7,329)	233,704
Cash and investments - December 31	\$ 99,130	\$ (1,062)	\$ 4,684	\$ 28	\$ 450	\$ (7,329)	\$ 6,256,872

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 CAPITAL PROJECTS FUNDS  
 As Of And For The Year Ended December 31, 2005

	Cumulative Bridge	Park and Recreation Nonreverting	CEDIT	CEDIT NEW JAIL	Totals
Cash and investments - January 1	\$ 882,970	\$ 6,162	\$ 2,168,906	\$ -	\$ 3,058,038
Operating receipts:					
Taxes	685,558	-	836,556	609,668	2,131,782
Intergovernmental	91,318	-	-	-	91,318
Other	-	3,993	-	-	3,993
Total operating receipts	776,876	3,993	836,556	609,668	2,227,093
Other receipts	-	-	60,000	-	60,000
Transfers in	-	-	336,957	-	336,957
Interfund loan payments received	-	-	750,000	-	750,000
Total receipts	776,876	3,993	1,983,513	609,668	3,374,050
Operating disbursements:					
Capital outlay	426,804	2,075	950,525	-	1,379,404
Total operating disbursements	426,804	2,075	950,525	-	1,379,404
Other disbursements	-	-	661,067	-	661,067
Interfund loans made	-	-	750,000	-	750,000
Total disbursements	426,804	2,075	2,361,592	-	2,790,471
Excess (deficiency) of total receipts over (under) total disbursements	350,072	1,918	(378,079)	609,668	583,579
Cash and investments - December 31	\$ 1,233,042	\$ 8,080	\$ 1,790,827	\$ 609,668	\$ 3,641,617

KNOX COUNTY  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 TRUST FUNDS  
 As Of And For The Year Ended December 31, 2005

	<u>Sheriff's Pension Trust</u>	<u>Emison Gift</u>	<u>Landfill/ Closure</u>	<u>Congressional Principal</u>	<u>Totals</u>
Cash and investments - January 1	\$ 953,694	\$ 892	\$ (156)	\$ 42,619	\$ 997,049
Operating receipts:					
Other	<u>142,597</u>	<u>-</u>	<u>-</u>	<u>1,282</u>	<u>143,879</u>
Operating disbursements:					
Culture and recreation	-	799	-	-	799
Retirement and pensions	<u>69,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,120</u>
Total disbursements	<u>69,120</u>	<u>799</u>	<u>-</u>	<u>-</u>	<u>69,919</u>
Excess (deficiency) of total receipts over (under) total disbursements	<u>73,477</u>	<u>(799)</u>	<u>-</u>	<u>1,282</u>	<u>73,960</u>
Cash and investments - December 31	<u>\$ 1,027,171</u>	<u>\$ 93</u>	<u>\$ (156)</u>	<u>\$ 43,901</u>	<u>\$ 1,071,009</u>

KNOX COUNTY  
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 As Of And For The Year Ended December 31, 2005

	<u>Tax Sale Redemption</u>	<u>Tax Sale Surplus</u>	<u>State Fees</u>	<u>Inheritance Tax</u>	<u>Surplus Tax</u>	<u>Congressional Interest</u>	<u>Sheriff's Inmate Trust</u>
Cash and investments - January 1	\$ (9,344)	\$ 54,133	\$ 40,865	\$ 243,987	\$ 175,060	\$ 40,722	\$ 748
Additions	-	-	111,464	1,439,230	673,909	-	130,936
Deductions	-	(15,004)	(29,689)	(1,318,333)	(723,912)	(2,557)	(130,979)
Cash and investments - December 31	<u>\$ (9,344)</u>	<u>\$ 39,129</u>	<u>\$ 122,640</u>	<u>\$ 364,884</u>	<u>\$ 125,057</u>	<u>\$ 38,165</u>	<u>\$ 705</u>

	<u>Landfill Retainage</u>	<u>County Sheriff</u>	<u>Tax Distributions</u>	<u>County Payroll</u>	<u>Clerk of the Circuit Court</u>	<u>Welfare Trust</u>	<u>Sheriff Buy Money</u>
Cash and investments - January 1	\$ 27,091	\$ 25	\$ 482,743	\$ 1,232,448	\$ 934,195	\$ 13,425	\$ 2,997
Additions	53	1,078,811	83,906,813	2,425,751	6,181,898	40,885	200
Deductions	-	(1,079,316)	(84,382,239)	(2,503,037)	(6,216,993)	(18,445)	(300)
Cash and investments - December 31	<u>\$ 27,144</u>	<u>\$ (480)</u>	<u>\$ 7,317</u>	<u>\$ 1,155,162</u>	<u>\$ 899,100</u>	<u>\$ 35,865</u>	<u>\$ 2,897</u>

	<u>County Recorder</u>	<u>County Treasurer</u>	<u>Sewer Tax</u>	<u>City/Town Court Costs</u>	<u>Probation Department</u>	<u>In Lieu of Road Bonds</u>	<u>Vehicle License</u>
Cash and investments - January 1	\$ 13,619	\$ 16,795,400	\$ (1,889)	\$ 23,272	\$ 14,960	\$ 6,864	\$ 255
Additions	193,272	73,397,660	10,719	25,636	165,317	-	-
Deductions	(189,342)	(88,209,156)	(10,089)	-	(163,778)	-	-
Cash and investments - December 31	<u>\$ 17,549</u>	<u>\$ 1,983,904</u>	<u>\$ (1,259)</u>	<u>\$ 48,908</u>	<u>\$ 16,499</u>	<u>\$ 6,864</u>	<u>\$ 255</u>

	<u>CAGIT</u>	<u>Financial Institution Tax</u>	<u>Special Death Benefits</u>	<u>Park and Recreation</u>	<u>Totals</u>
Cash and investments - January 1	\$ 33,297	\$ -	\$ -	\$ -	\$ 20,124,873
Additions	-	686,559	1,840	48,453	170,519,406
Deductions	-	(686,559)	-	(48,353)	(185,728,081)
Cash and investments - December 31	<u>\$ 33,297</u>	<u>\$ -</u>	<u>\$ 1,840</u>	<u>\$ 100</u>	<u>\$ 4,916,198</u>

KNOX COUNTY  
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual County offices listed below:

County Auditor  
County Treasurer  
Clerk of the Circuit Court

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: www.in.gov/sboa

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

### Compliance

We have audited the compliance of the Knox County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the County's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 12, 2006

KNOX COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2005

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Incentive Block Grants	16.523		\$ 13,412
Crime Victim Assistance Harbor House	16.575		22,447
		04VA074	8,829
		05VA059	14,090
Total for program			45,366
Total for federal grantor agency			58,778
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Federal Transit Cluster Federal Transit-Capital Investment Grants	20.500		167,984
		18023470	12,800
		1802347C	12,800
Total for program			180,784
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	OP-05-02-03-93	4,579
Total for federal grantor agency			185,363
<u>GENERAL SERVICES ADMINISTRATION</u>			
Pass-Through Indiana Secretary of State Election Reform Payments	39.011		184,400
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Purdue University Injury Prevention and Control Research and State and Community Based Programs	93.136		9,532
Pass-Through Indiana State Department of Health Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	BPRS 141-2	60,725
Pass-Through Indiana Department of Child Services Child Support Enforcement	93.563		60,735
County Prosecutor's Expenditures			36,256
County Clerk's Expenditures			17,944
Collection Incentives			37,424
Indirect Costs			37,424
Total for program			152,359
Total for federal grantor agency			222,616
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Cluster State Domestic Preparedness Equipment Support Program	97.004		59,330
Public Assistance Grants	97.036		164,420
DR 1573			15,172
Comprehensive Emergency Management Plan			15,172
Total for program			179,592
Total for federal grantor agency			238,922
Total federal awards expended			\$ 890,079

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

KNOX COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Knox County (County) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2005:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Crime Victim Assistance	16.575	\$ 22,447
Federal Transit – Capital Investment Grants	20.500	180,784

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Disclaimer

Internal control over financial reporting:

Material weaknesses identified?	yes
Reportable conditions identified that are not considered to be material weaknesses?	no

Noncompliance material to financial statements noted? yes

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
39.011	Federal Transit Cluster
97.036	Election Reform Payments
	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2005-1, CONDITION OF RECORDS

Record balances were not reconciled to depository balances during the audit period.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

As a result, the County is unable to provide reasonable assurance regarding the reliability of financial information and records. Failure to properly perform monthly bank reconciliations results in an increased risk of errors not being timely corrected and inaccurate information being presented on the financial records.

We recommended that the County design and monitor procedures that would ensure that the bank reconciliations are being properly and timely performed.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



# KNOX COUNTY AUDITOR

TERRY EWER

COURTHOUSE

111 N. SEVENTH STREET

VINCENNES, IN 47591

September 12<sup>th</sup>, 2006

## RE: SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING NO. 2004-2 – PERIOD OF AVAILABILITY

FEDERAL AGENCY: U.S. DEPARTMENT OF HOMELAND SECURITY  
FEDERAL PROGRAM: STATE DOMESTIC PREPAREDNESS EQUIPMENT SUPPORT PROGRAM  
CFDA NUMBER: 97.004  
FEDERAL AWARD NUMBER: EDS #C44P-4-460  
PASS-THROUGH ENTITY: STATE EMERGENCY MANAGEMENT AGENCY

The Director of Knox County Emergency Management and Homeland Security is aware of the period of availability of the grant and is not obligating the County prior to that date.

### FINDING NO. 2004-3 – REPORTING

FEDERAL AGENCY: U.S. DEPARTMENT OF HOMELAND SECURITY  
FEDERAL PROGRAM: STATE DOMESTIC PREPAREDNESS EQUIPMENT SUPPORT SYSTEM  
CFDA NUMBER: 97.004  
FEDERAL AWARD NUMBER: EDS #C44P-4-460  
PASS-THROUGH ENTITY: STATE EMERGENCY MANAGEMENT AGENCY

The Director of Knox County Emergency Management and Homeland Security are reporting per the internet the Bi Annual Strategy implementation Report on or before July 15<sup>th</sup> and December 15<sup>th</sup>.

Terry Ewer  
Knox County Auditor



**CENDY JOSLIN**  
**KNOX COUNTY TREASURER**

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111 North 7th Street • Vincennes, IN 47591 • 885-2506 • Fax: 886-6193

September 12, 2006

**Corrective Action Plan**

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2738

State Board of Accounts:

As of January 2006, I have been able to complete the County Treasurer's Monthly Reports and turned them in to the County Auditor each month.

We are reconciling the Funds, Investment, and Taxes to the bank now on a daily basis which makes finding errors much easier and we have an accurate financial record each month.

Sincerely,

Cendy Joslin  
Knox County Treasurer

KNOX COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2006, with Terry L. Ewer, Auditor; James W. Bobe, President of the Board of County Commissioners; and Robert Lechner, President of the County Council. The officials concurred with our audit findings.