

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

AUDIT REPORT

OF

COUNTY AUDITOR

KNOX COUNTY, INDIANA

January 1, 2005 to December 31, 2005



**FILED**

10/17/2006



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Terry L. Ewer	01-01-03 to 12-31-06
President of the County Council	Robert Lechner	01-01-05 to 12-31-06
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



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF KNOX COUNTY

We have audited the records of the County Auditor for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Knox County for the year 2005.

STATE BOARD OF ACCOUNTS

September 12, 2006

COUNTY AUDITOR  
KNOX COUNTY  
AUDIT RESULTS AND COMMENTS

COMMISSIONERS AND COUNCIL MINUTES

The majority of the minutes presented for audit were not signed by the appropriate officials.

In the section concerning memoranda of meetings and public inspection of minutes, Indiana Code 5-14-1.5-4 states in part: "(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any are to be open for public inspection and copying."

All official action taken by the board at regular or special meetings together with ordinances passed, should be entered in the Minute Record. This record should be kept current and all minutes signed by the proper official and attested to by the county auditor. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 4)

BANK ACCOUNT RECONCILIATIONS - BENEFIT TRUST ACCOUNT

As stated in the prior audit reports, the reconciliations of the fund balance to the bank balance for the Benefit Trust Account (internal service fund) were incorrect and incomplete.

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."

APPROVAL OF CLAIMS

Disbursements were not always officially approved by the Board of County Commissioners.

Indiana Code 5-11-10-2(a) states in part: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

COUNTY AUDITOR  
KNOX COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

CASH OVERDRAFT

At December 31, 2005, the following funds had a cash overdraft balance:

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

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
County General	2005	\$ 193,084
Reassessment	2005	44,546
Local Road and Street	2005	231,420

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

APPROVED FORMS

Knox County was using the following form which had not been approved for use in lieu of prescribed forms:

County Form 146, General Account Asset

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Auditors, Chapter 14)

A similar comment appeared in the prior audit report.

COUNTY AUDITOR  
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.