

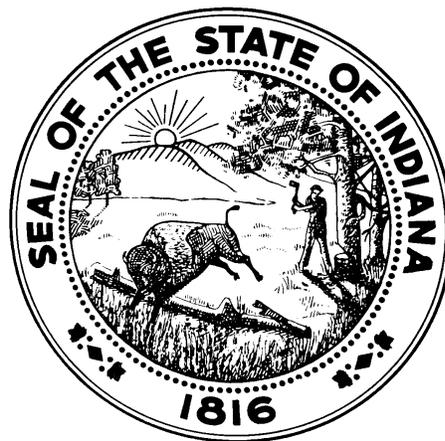
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT

OF

KNOX COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**  
12/16/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sharon Duke	01-01-07 to 12-31-10
Treasurer	Cendy Joslin	01-01-05 to 12-31-08
Clerk	Brenda J. Hall Lisa Clark-Benock	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Sheriff	Stephen P. Luce	01-01-07 to 12-31-10
Recorder	Lisa Clark-Benock Brenda J. Hall	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of County Commissioners	James Parish Fred Thompson	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the County Council	Robert Lechner Timothy Ellerman	01-01-07 to 12-31-07 01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

We have examined the financial information presented herein of Knox County (County), for the period of January 1, 2007 to December 31, 2007. The County's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Except as discussed in the following paragraph, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The financial information presented for examination during the prior examination period was incomplete and not reflective of the activities of the County due to numerous errors and corrections to the ledger and adjustments made without supporting documentation, thus we were unable to express an opinion on the 2006 financial statement. This results in the beginning balances of the financial information presented in this examination period as being unaudited.

In our opinion, except for the effects of relying on beginning balances that have not been examined in the prior report, the financial information presents fairly, in all material respects, the financial information of the County for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 5, 2008

KNOX COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 1,573,322	\$ 10,516,380	\$ 9,131,478	\$ 2,958,224
Special Revenue Funds:				
County Highway	492,797	2,405,416	2,474,846	423,367
County Health	177,392	393,293	202,452	368,233
Local Road and Street	219,172	332,270	451,607	99,835
Property Reassessment	1,436,481	255,278	189,313	1,502,446
Accident Report	4,054	921	575	4,400
Firearms Training	3,961	9,133	5,516	7,578
Surveyor's Corner Perpetuation	21,501	9,560	13,012	18,049
Adult Probation Services	29,183	260,513	227,972	61,724
Juvenile Probation Services	25,558	4,523	-	30,081
Recorder's Records Perpetuation	144,366	166,792	220,977	90,181
Emergency Planning Services	2,243	7,660	136	9,767
Knox County Law Enforcement	175	-	-	175
County User Fee	1,669	13,921	11,276	4,314
Local Health Maintenance	30,791	42,171	32,089	40,873
Sheriff's Commissary	7,050	179,916	179,243	7,723
Drainage Maintenance	612,320	434,382	349,261	697,441
Victim Assistance Harbor House	-	9,597	9,494	103
Park and Recreation Nonreverting Operating	76,376	81,734	82,319	75,791
County Drug Free Community	18,460	31,037	29,500	19,997
Solid Waste Management Planning	(8,064)	82,999	79,864	(4,929)
Disaster Public Assistance	1,142	-	-	1,142
Dare Program Knox County	6,542	3,050	3,537	6,055
Plat Book	5,427	-	-	5,427
White River Valley Drug Task Force	2	-	-	2
Guardian Ad Litem Court	-	4,952	4,952	-
Clerk's Record Perpetuation	46,297	14,442	-	60,739
Work Release Program	239,656	481,030	515,518	205,168
Jail Misdemeanant	31,619	28,693	28,015	32,297
Community Corrections	26,546	882,045	538,312	370,279
Governor's Task Force	(1,424)	3,128	4,405	(2,701)
Hazard Substance Response	277	-	-	277
Tourism Commission	46,202	219,372	203,400	62,174
Enhanced 911	48,586	527,255	517,787	58,054
Drug Seizure	(51,987)	1,411	200	(50,776)
Park and Recreation	182,151	299,306	261,721	219,736
Pretrial Diversion	4,086	-	-	4,086
Title IV-D Incentive Prosecutor	4,295	20,036	19,859	4,472
Area Plan Commission	71,821	103,785	69,008	106,598
Superior Court Group Home	500	-	-	500
Landfill Site	1,680	-	-	1,680
Adult Protective Services	11,450	-	-	11,450
Victim Assistance	(7,567)	11,750	20,941	(16,758)
Family and Children	1,816,175	3,122,232	2,868,046	2,070,361
Drug Task Force	670	-	-	670
Education Plate Fee	37	3,675	3,712	-
Wastewater Planning Grant	423	-	-	423
EMS Grant	2	-	-	2
Home Management Grant	1	-	-	1
Circuit Court Bail Agency	14,623	1,455	344	15,734
Superior Court I Bail Agency	3,239	3,050	200	6,089
Civil War Monument Restoration	36,326	7,443	25,000	18,769
Superior II Bail Agency	66,392	20,368	12,339	74,421
ISETS Incentive Clerk	39,482	14,326	8,607	45,201
IDACS (E911)	1,112	4,800	4,855	1,057
Van-Go	-	316,876	316,876	-
Tobacco Master Settlement	23,781	31,113	32,176	22,718
Proslink Implementation Project	2,496	-	-	2,496
Juvenile Accountability	(6,059)	-	-	(6,059)
Probation-LCC	973	3,000	2,104	1,869
Drug Abuse Prosecution Fund	64,401	13,462	-	77,863
Prosecutor "CARE" Grant	1,130	7,384	8,920	(406)
Supplemental Adult Probation	111,694	18,877	-	130,571
Supplemental Juvenile Probation	2,779	675	-	3,454
County Option Income Tax	2,411,137	2,326,960	1,168,113	3,569,984

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

KNOX COUNTY  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2007  
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds (continued):				
Special Revenue Funds (continued):				
Riverboat Wagering Revenue Tax	252,678	87,814	73,642	266,850
County Health Bioterrorism	(146)	50,594	43,663	6,785
Children's Psychiatric Services	9,546	80,721	39,010	51,257
SEMA First Responder	-	33,947	33,947	-
Rainy Day Fund	200,000	1,536,993	-	1,736,993
Homeland Security	-	49,986	49,986	-
Court Appointed Special Advocate	1,832	-	-	1,832
Prosecutor's Users Fees	281,251	195,596	133,322	343,525
Alcohol and Drug Services	92,092	102,248	91,817	102,523
Probation Informal Juvenile Users Fees	99,130	-	99,130	-
Probation Home Monitoring	32,366	148,070	88,831	91,605
Solid Waste Fees Auditor	17,787	3,940	17,397	4,330
Solid Waste Fees Treasurer	1,872	985	120	2,737
Emergency Gas Award	450	-	-	450
State Welfare Excise	-	49,236	49,236	-
County Identity Security Program	15,510	16,116	-	31,626
Sheriff Donation	3,062	5,960	4,776	4,246
Insurance Settlement	263,784	-	-	263,784
Pandemic Assessment Knox County	1,823	-	209	1,614
Homestead Credit Rebate	-	1,323,457	-	1,323,457
Hillcrest Feasibility Study	-	5,260	5,000	260
Soil and Water Grant	1,141	31,500	32,006	635
Capital Projects Funds:				-
Cumulative Bridge	1,178,780	431,293	832,705	777,368
Park and Recreation Nonreverting	14,202	520	110	14,612
Major Moves	565,551	594,423	284,000	875,974
CEDIT	1,981,085	2,613,068	2,076,680	2,517,473
CEDIT New Jail	-	1,523,105	981,777	541,328
Proprietary Fund:				-
Knox County Benefit Trust	77,701	1,386,152	1,439,441	24,412
Fiduciary Funds:				-
Trust Funds:				-
Sheriff's Pension Trust	1,027,171	413,035	104,232	1,335,974
Emison Gift	75	25	70	30
Landfill/Closure	(156)	-	-	(156)
Congressional Principal	45,184	2,551	-	47,735
Agency Funds:				-
Tax Sale Redemption	(2,867)	151,942	151,669	(2,594)
Tax Sale Surplus	329,352	10,862	279,366	60,848
State Fees	58,783	115,845	77,019	97,609
Inheritance Tax	477,806	2,139,880	2,005,437	612,249
Surplus Tax	189,615	93,725	51,054	232,286
Congressional Interest	38,165	-	3,409	34,756
Sheriff's Inmate Trust	394	176,183	165,297	11,280
Landfill Retainage	27,212	83	-	27,295
County Sheriff	(3,129)	697,763	696,551	(1,917)
Tax Distributions	7,945	56,249,325	56,249,326	7,944
County Payroll	869,479	3,849,434	4,177,569	541,344
Clerk of the Circuit Court	1,017,883	4,922,616	5,041,608	898,891
Welfare Trust	13,427	41,464	30,437	24,454
Sheriff Buy Money	2,897	-	610	2,287
County Recorder	50	211,166	211,166	50
County Treasurer	285,143	61,629,043	61,532,223	381,963
Sewer Tax	(1,219)	4,682	4,682	(1,219)
City/Town Court Costs	70,561	30,467	-	101,028
Probation Department	25,164	350,665	352,418	23,411
In Lieu of Road Bonds	6,864	-	-	6,864
Vehicle License	255	-	-	255
CAGIT	33,297	-	9,000	24,297
Financial Institution Tax	-	329,193	329,193	-
Special Death Benefits	5,055	4,173	-	9,228
Park and Recreation	500	5,722	2,580	3,642
Totals	<u>\$ 19,743,325</u>	<u>\$ 165,434,275</u>	<u>\$ 158,181,598</u>	<u>\$ 26,996,002</u>

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

KNOX COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. 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.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the County in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the County on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

KNOX COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

A. 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 are eligible to participate in this 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 District 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

B. County Police Retirement Plan

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 contributions requirements of the plan members for the County Police Retirement Plan are established by state statute.

KNOX COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

C. County Police Benefit Plan

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 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.

KNOX COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2007

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
2001 EDIT lease rental	\$ 1,865,000	\$ 30,000
2006 sheriff's cars	136,601	66,579
2006 E-911 equipment	17,835	5,545
2007 jail lease rental	9,800,000	475,000
2007 highway grader	177,475	17,000
2007 communications equipment	75,346	34,931
Notes and loans payable	282,128	144,759
Bonds payable:		
Revenue bonds payable:		
2001 EDIT	630,000	90,000
<b>Total governmental activities long-term debt</b>	<b>\$ 12,984,385</b>	<b>\$ 863,814</b>

KNOX COUNTY  
OTHER REPORTS

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

County Auditor  
County Sheriff  
County Treasurer  
Community Corrections

KNOX COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2008, with Sharon Duke, Auditor; Tim Ellerman, President of County Council; and Fred Thompson, President of the Board of County Commissioners. Our report disclosed no material items that warrant comment at this time.