

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

ANNUAL FINANCIAL REPORT

2008

KNOX COUNTY, INDIANA



**FILED**

01/13/2010



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### SCHEDULE OF 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 12-31-12
Clerk	Lisa Clark-Benock	01-01-08 to 12-31-11
Sheriff	Stephen Luce Michael Morris	01-01-07 to 01-31-09 02-01-09 to 12-31-10
Recorder	Brenda Hall	01-01-08 to 12-31-11
President of the Board of County Commissioners	Fred Thompson James Parish	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the County Council	Timothy Ellerman	01-01-08 to 12-31-09



**STATE OF INDIANA**  
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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 statements of the governmental activities, each major fund, and the aggregate remaining fund information of Knox County (County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraphs, 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 statements 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.

The County's annual report was incorrect in that some funds were omitted and some beginning balances did not agree to the prior year's ending balances. Numerous corrections were made to the ledger without proper supporting documentation.

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

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, and the errors noted in preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

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

In accordance with Government Auditing Standards, we have also issued a report dated December 2, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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 statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements 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 opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts 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. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 2, 2009



# STATE OF INDIANA

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 statements of the governmental activities, each major fund, and the aggregate remaining fund information of Knox County (County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 2, 2009. The opinions to the financial statements were qualified due to the omission of component units which results in an incomplete presentation and numerous errors on the County's annual report and adjustments being made to the ledger without proper supporting documentation. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters 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 2008-1.

The County's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's management, County Council, County Commissioners, 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

December 2, 2009

KNOX COUNTY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 8,967,058	\$ 953,017	\$ 1,613,613	\$ 371,382	\$ (6,029,046)
Public safety	4,668,840	2,207,848	870,256	-	(1,590,736)
Highways and streets	3,572,371	-	2,861,630	-	(710,741)
Health and welfare	4,208,677	169,219	1,292,711	-	(2,746,747)
Culture and recreation	421,058	-	-	-	(421,058)
Sanitation	82,407	-	-	-	(82,407)
Principal and Interest on long-term debt	929,079	-	-	-	(929,079)
Total primary government	<u>\$ 22,849,490</u>	<u>\$ 3,330,084</u>	<u>\$ 6,638,210</u>	<u>\$ 371,382</u>	<u>(12,509,814)</u>
General receipts:					
Property taxes					4,895,558
Other local sources					537,979
Miscellaneous revenue					6,037,805
Unrestricted investment earnings					506,401
Total general receipts					11,977,743
Change in net assets					(532,071)
Net assets - beginning					21,168,299
Net assets - ending					\$ 20,636,228
<u>Assets</u>					
Cash and investments					\$ 754,011
Restricted assets:					
Cash and investments					19,882,217
Total assets					\$ 20,636,228
<u>Net Assets</u>					
Restricted for:					
General government					\$ 11,723,789
Public service					3,418,167
Highways and streets					811,412
Health and welfare					1,181,767
Culture and recreation					276,356
Debt service					2,470,726
Unrestricted					754,011
Total net assets					\$ 20,636,228

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

KNOX COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	County Highway	Family and Children	Rainy Day Fund	CEDIT	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 3,298,900	\$ 1,283,295	\$ 920,856	\$ -	\$ -	\$ 2,375,670	\$ 7,878,721
Licenses and permits	-	-	-	-	-	89,333	89,333
Intergovernmental	392,243	-	89,802	1,036,587	-	1,075,122	2,593,754
Charges for services	162,728	-	14,785	-	-	361,979	539,492
Fines and forfeits	249,903	-	-	-	-	1,684,334	1,934,237
Other	1,411,225	1,183,729	1,386,951	-	836,216	4,507,359	9,325,480
<b>Total receipts</b>	<b>5,514,999</b>	<b>2,467,024</b>	<b>2,412,394</b>	<b>1,036,587</b>	<b>836,216</b>	<b>10,093,797</b>	<b>22,361,017</b>
<b>Disbursements:</b>							
General government	5,618,856	-	-	-	882,963	2,465,239	8,967,058
Public safety	1,987,211	-	-	-	-	2,681,629	4,668,840
Highways and streets	-	2,216,854	-	-	-	356,567	2,573,421
Sanitation	150	-	-	-	-	82,257	82,407
Health and welfare	-	-	3,663,350	-	-	545,327	4,208,677
Culture and recreation	-	-	-	-	-	421,058	421,058
<b>Debt service:</b>							
Principal	-	-	-	-	-	475,000	475,000
Interest	-	-	-	-	-	454,079	454,079
<b>Capital outlay:</b>							
Highways and streets	-	-	-	-	-	998,950	998,950
<b>Total disbursements</b>	<b>7,606,217</b>	<b>2,216,854</b>	<b>3,663,350</b>	<b>-</b>	<b>882,963</b>	<b>8,480,106</b>	<b>22,849,490</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(2,091,218)</b>	<b>250,170</b>	<b>(1,250,956)</b>	<b>1,036,587</b>	<b>(46,747)</b>	<b>1,613,691</b>	<b>(488,473)</b>
Cash and investment fund balance - beginning	2,958,224	423,367	2,070,361	1,736,993	2,517,473	11,461,881	21,168,299
Cash and investment fund balance - ending	\$ 867,006	\$ 673,537	\$ 819,405	\$ 2,773,580	\$ 2,470,726	\$ 13,075,572	20,679,826
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							(43,598)
Net assets of governmental activities							<u>\$ 20,636,228</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 867,006	\$ -	\$ -	\$ -	\$ -	\$ (69,397)	\$ 797,609
<b>Restricted assets:</b>							
Cash and investments	-	673,537	819,405	2,773,580	2,470,726	13,144,969	19,882,217
<b>Total cash and investment assets - December 31</b>	<b>\$ 867,006</b>	<b>\$ 673,537</b>	<b>\$ 819,405</b>	<b>\$ 2,773,580</b>	<b>\$ 2,470,726</b>	<b>\$ 13,075,572</b>	<b>\$ 20,679,826</b>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ 2,773,580	\$ -	\$ 8,950,209	\$ 11,723,789
Public safety	-	-	-	-	-	3,418,167	3,418,167
Highway and street	-	673,537	-	-	-	137,875	811,412
Health and welfare	-	-	819,405	-	-	362,362	1,181,767
Culture and recreation	-	-	-	-	-	276,356	276,356
Debt service	-	-	-	-	2,470,726	-	2,470,726
Unrestricted	867,006	-	-	-	-	(69,397)	797,609
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 867,006</b>	<b>\$ 673,537</b>	<b>\$ 819,405</b>	<b>\$ 2,773,580</b>	<b>\$ 2,470,726</b>	<b>\$ 13,075,572</b>	<b>\$ 20,679,826</b>

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

KNOX COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
As Of And For The Year Ended December 31, 2008

	<u>Internal Service Fund</u>
Operating receipts:	
Other	\$ 2,347,900
Operating disbursements:	
Insurance disbursements	<u>2,415,910</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(68,010)</u>
Cash and investment fund balance - beginning	<u>24,412</u>
Cash and investment fund balance - ending	<u>\$ (43,598)</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	<u>\$ (43,598)</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Unrestricted	<u>\$ (43,598)</u>

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

KNOX COUNTY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 120,674	\$ -	
Plan members	<u>5,907</u>	<u>-</u>	
Total contributions	<u>126,581</u>	<u>-</u>	
Investment earnings:			
Net in fair value of investments	-	-	
Interest	41,388	163	
Dividends	<u>10,757</u>	<u>-</u>	
Total investment earnings	52,145	163	
Less investment disbursements	<u>-</u>	<u>(5,117)</u>	
Net investment earnings	<u>52,145</u>	<u>(4,954)</u>	
Agency fund additions	<u>-</u>	<u>-</u>	
Total additions	<u>178,726</u>	<u>(4,954)</u>	
Deductions:			
Benefits	85,707	-	
Administrative and general	125,920	-	
Agency fund deductions	<u>-</u>	<u>-</u>	
Total deductions	<u>211,627</u>	<u>-</u>	
Excess (deficiency) of total additions over total deductions	(32,901)	(4,954)	
Cash and investment fund balance - beginning	<u>1,335,974</u>	<u>47,610</u>	
Cash and investment fund balance - ending	<u>\$ 1,303,073</u>	<u>\$ 42,656</u>	<u>\$ 11,620,729</u>

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

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS

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: Knox County

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

The County Hospital (Good Samaritan 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. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the County has not established any enterprise funds.

The County reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The county highway fund received distributions from the state as allocated by Indiana Code 8-14-1-3. The state motor vehicle account received collections from motor vehicle registration fees, licenses, drivers and chauffeur's license fees, gasoline taxes, auto transfer fees,

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

certificate of title fees, weight taxes or excise taxes and all other similar special taxes, duties or excises of all kinds on motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators per Indiana Code 8-14-1-1. Funds are used for the construction, reconstruction, maintenance, or repair of the County highways. They may also be used for the purchase, rental, and repair of highway equipment, painting of bridges and acquisition of highway rights of way and the purchase of fuel oil, and supplies necessary to the performance of construction, reconstruction and maintenance of highways.

Family and children fund accounts for the cost of adoption fees, donations and bequests, benefits such as social security payment and repayments.

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The county economic development income tax fund receives all collections from the CEDIT taxes levied and collected on behalf of the County and redistributed by the state to the County. The money received may be used to pay any allowable expenses of the County related to economic development.

Additionally, the County reports the following fund types:

The internal service fund consists of the activities of the self-insurance fund which charges a premium to each fund that accounts for payroll.

The pension trust funds account for the activities of the county police retirement plan and the county police benefit plan, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the schools and individuals.

Agency funds account for assets held by the County as an agent for various other governmental units within the County and the State, and serve as control accounts for certain cash transactions during the time they are a liability to the County.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the 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. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America 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 statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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 people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The County does not have any enterprise funds.

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the County in June and in 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.

3. 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.

4. 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.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the County's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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.

Prior to the first required publication, 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.

B. Cash and Investment Balance Deficits

At December 31, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2008
State Grant #4	\$ (1,698)
Victim Assistance	(13,259)
Drug Seizure	(50,776)
Governor's Task Force Grant	(3,664)
Knox County Benefit Trust	(43,598)
Sewage Tax	(1,219)
Tax sale Redemption	(25)

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.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

Deposits and Investments

A. 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. The County does not have a deposit policy for custodial credit risk. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Investments

As of December 31, 2008, the County and the Sheriff's Retirement and Benefit Plan had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. agencies	\$ 338,048
Mutual funds	128,360
Corporate bonds and notes	142,113
Corporate stocks	449,837
Total	\$ 1,058,358

Statutory Authorization for Investments

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 County 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

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 County'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.

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.

The following investments held by the County and the Sheriff's Retirement and Benefit Pension Plans were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Sheriff's Retirement and Benefit Pension Plans:

<u>Investment Type</u>	<u>Not in the Government's Name</u>
U.S. agencies	\$ 338,048
Mutual funds	128,360
Corporate bonds and notes	142,113
Corporate stocks	<u>449,837</u>
Total	<u>\$ 1,058,358</u>

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 County does not have a formal investment policy for interest rate risk for investments.

The Sheriff's Merit Board has not adopted a formal investment policy for interest rate risk.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. agencies	\$ -	\$ 22,448	\$ 315,600
Corporate bonds and notes	-	142,113	-
Totals	<u>\$ -</u>	<u>\$ 164,561</u>	<u>\$ 315,600</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. The County does not have a formal investment policy for credit risk for investments.

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	County's Investments		
	Mutual Funds	Corporate Bonds	Government Sponsored Enterprise
AAA	\$ -	\$ 24,936	\$ 299,477
AA	-	25,579	-
Unrated	128,360	85,000	38,571
Totals	<u>\$ 128,360</u>	<u>\$ 135,515</u>	<u>\$ 338,048</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.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

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 Corporations

The County has entered into a capital lease with Knox County Holding Corporation and the Knox County Jail Holding Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessors have been determined to be a related party of the County. Lease payments made to Knox County Holding Corporation during the year totaled \$135,000. Lease payments made to Knox County Jail Holding Corporation during the year totaled \$1,056,307.

C. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Administration of Welfare Programs

The County is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for the 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.

E. 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 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.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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	\$ 273,448	\$ 100,210	\$ 5,569
Interest on net pension obligation	(7,594)	(1,399)	-
Adjustment to annual required contribution	<u>8,653</u>	<u>2,160</u>	<u>-</u>
Annual pension cost	274,507	100,971	5,569
Contributions made	<u>231,590</u>	<u>109,536</u>	<u>5,569</u>
Increase (decrease) in net pension obligation	42,917	(8,565)	-
Net pension obligation, beginning of year	<u>(104,738)</u>	<u>(19,983)</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (61,821)</u>	<u>\$ (28,548)</u>	<u>\$ -</u>

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5%	25%	1%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-08	01-01-09	01-01-09
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	30 years	30 years	30 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

<u>Actuarial Assumptions</u>	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	06-30-05	\$ 198,501	104%	\$ (148,681)
	06-30-06	254,024	83%	(104,738)
	06-30-07	274,507	84%	(61,821)
County Police Retirement Plan	12-31-06	93,809	92%	1,822
	12-31-07	93,645	123%	(19,983)
	12-31-08	100,971	109%	(28,548)
County Police Benefit Plan	12-31-06	4,668	100%	-
	12-31-07	4,672	100%	-
	12-31-08	5,569	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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 3,680,572	\$ 4,310,811	\$ (630,239)	85%	\$ 4,045,774	(16%)
07-01-07	4,311,717	4,587,539	(275,822)	94%	4,148,161	(7%)
07-01-08	4,695,702	4,995,147	(299,445)	94%	4,359,136	(7%)

County Police Retirement Pension Plan

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 (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,166,852	\$ 1,166,852	-	100%	\$ 373,832	0%
01-01-08	1,292,539	1,533,268	(240,729)	84%	389,955	(62%)
01-01-09	1,264,139	1,658,261	(394,122)	76%	393,302	(100%)

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	County Health	Local Road and Street	Property Reassessment	Accident Report	Firearms Training	Surveyor's Corner Perpetuation
Receipts:						
Taxes	\$ -	\$ -	\$ 117,697	\$ -	\$ -	\$ -
Licenses and permits	89,333	-	-	-	-	-
Intergovernmental	-	190,316	1,204	-	-	-
Charges for services	79,886	-	-	-	-	436
Fines and forfeits	-	-	-	546	11,210	-
Other	50,347	204,291	73,948	-	-	7,730
<b>Total receipts</b>	<b>219,566</b>	<b>394,607</b>	<b>192,849</b>	<b>546</b>	<b>11,210</b>	<b>8,166</b>
Disbursements:						
General government	-	-	308,376	-	-	11,699
Public safety	-	-	-	2,826	13,346	-
Highways and streets	-	356,567	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	280,634	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>280,634</b>	<b>356,567</b>	<b>308,376</b>	<b>2,826</b>	<b>13,346</b>	<b>11,699</b>
Excess (deficiency) of receipts over disbursements	(61,068)	38,040	(115,527)	(2,280)	(2,136)	(3,533)
Cash and investment fund balance - beginning	368,233	99,835	1,502,446	4,400	7,578	18,049
Cash and investment fund balance - ending	<u>\$ 307,165</u>	<u>\$ 137,875</u>	<u>\$ 1,386,919</u>	<u>\$ 2,120</u>	<u>\$ 5,442</u>	<u>\$ 14,516</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	307,165	137,875	1,386,919	2,120	5,442	14,516
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 307,165</u></b>	<b><u>\$ 137,875</u></b>	<b><u>\$ 1,386,919</u></b>	<b><u>\$ 2,120</u></b>	<b><u>\$ 5,442</u></b>	<b><u>\$ 14,516</u></b>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ 1,386,919	\$ -	\$ -	\$ 14,516
Public safety	-	-	-	2,120	5,442	-
Highway and street	-	137,875	-	-	-	-
Health and welfare	307,165	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 307,165</u></b>	<b><u>\$ 137,875</u></b>	<b><u>\$ 1,386,919</u></b>	<b><u>\$ 2,120</u></b>	<b><u>\$ 5,442</u></b>	<b><u>\$ 14,516</u></b>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Adult Probation Services	Juvenile Probation Services	Recorder's Records Perpetuation	Emergency Planning Services	Knox County Law Enforcement	County User Fee
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	6,349	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	194,136	8,514	-	-	-	17,345
Other	-	-	60,222	16	-	-
<b>Total receipts</b>	<b>194,136</b>	<b>8,514</b>	<b>60,222</b>	<b>6,365</b>	<b>-</b>	<b>17,345</b>
Disbursements:						
General government	-	-	45,482	3,355	-	14,334
Public safety	241,508	8,159	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>241,508</b>	<b>8,159</b>	<b>45,482</b>	<b>3,355</b>	<b>-</b>	<b>14,334</b>
Excess (deficiency) of receipts over disbursements	<u>(47,372)</u>	<u>355</u>	<u>14,740</u>	<u>3,010</u>	<u>-</u>	<u>3,011</u>
Cash and investment fund balance - beginning	<u>61,724</u>	<u>30,081</u>	<u>90,181</u>	<u>9,767</u>	<u>175</u>	<u>4,314</u>
Cash and investment fund balance - ending	<u>\$ 14,352</u>	<u>\$ 30,436</u>	<u>\$ 104,921</u>	<u>\$ 12,777</u>	<u>\$ 175</u>	<u>\$ 7,325</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>14,352</u>	<u>30,436</u>	<u>104,921</u>	<u>12,777</u>	<u>175</u>	<u>7,325</u>
<b>Total cash and investment assets - December 31</b>	<b>\$ 14,352</b>	<b>\$ 30,436</b>	<b>\$ 104,921</b>	<b>\$ 12,777</b>	<b>\$ 175</b>	<b>\$ 7,325</b>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ 104,921	\$ 12,777	\$ -	\$ 7,325
Public safety	14,352	30,436	-	-	175	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 14,352</b>	<b>\$ 30,436</b>	<b>\$ 104,921</b>	<b>\$ 12,777</b>	<b>\$ 175</b>	<b>\$ 7,325</b>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Local Health Maintenance	Sheriff's Commissary	Drainage Maintenance	Victim Assistance Harbor House	Park and Recreation Nonreverting Operating	County Drug Free Community
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	24,854	-	-	-	-	-
Charges for services	-	274,657	-	-	7,000	-
Fines and forfeits	-	-	-	-	-	27,248
Other	51,723	-	272,245	-	99,065	-
Total receipts	<u>76,577</u>	<u>274,657</u>	<u>272,245</u>	<u>-</u>	<u>106,065</u>	<u>27,248</u>
Disbursements:						
General government	-	-	371,480	-	-	-
Public safety	-	270,820	-	-	-	24,000
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	89,523	-	-	-	-	-
Culture and recreation	-	-	-	-	123,005	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Total disbursements	<u>89,523</u>	<u>270,820</u>	<u>371,480</u>	<u>-</u>	<u>123,005</u>	<u>24,000</u>
Excess (deficiency) of receipts over disbursements	<u>(12,946)</u>	<u>3,837</u>	<u>(99,235)</u>	<u>-</u>	<u>(16,940)</u>	<u>3,248</u>
Cash and investment fund balance - beginning	<u>40,873</u>	<u>7,723</u>	<u>697,441</u>	<u>103</u>	<u>75,791</u>	<u>19,997</u>
Cash and investment fund balance - ending	<u>\$ 27,927</u>	<u>\$ 11,560</u>	<u>\$ 598,206</u>	<u>\$ 103</u>	<u>\$ 58,851</u>	<u>\$ 23,245</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>27,927</u>	<u>11,560</u>	<u>598,206</u>	<u>103</u>	<u>58,851</u>	<u>23,245</u>
Total cash and investment assets - December 31	<u>\$ 27,927</u>	<u>\$ 11,560</u>	<u>\$ 598,206</u>	<u>\$ 103</u>	<u>\$ 58,851</u>	<u>\$ 23,245</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ 598,206	\$ -	\$ -	\$ -
Public safety	-	11,560	-	103	-	23,245
Highway and street	-	-	-	-	-	-
Health and welfare	27,927	-	-	-	-	-
Culture and recreation	-	-	-	-	58,851	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 27,927</u>	<u>\$ 11,560</u>	<u>\$ 598,206</u>	<u>\$ 103</u>	<u>\$ 58,851</u>	<u>\$ 23,245</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Solid Waste Management Planning	Disaster Public Assistance	Dare Program Knox County	Plat Book	White River Valley Drug Task Force	Guardian Ad Litem Court
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	95,656	-	-	-	-	-
<b>Total receipts</b>	<b>95,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
Disbursements:						
General government	-	-	-	-	-	10,000
Public safety	-	-	2,478	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	82,101	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>82,101</b>	<b>-</b>	<b>2,478</b>	<b>-</b>	<b>-</b>	<b>10,000</b>
Excess (deficiency) of receipts over disbursements	13,555	-	(2,478)	-	-	-
Cash and investment fund balance - beginning	(4,929)	1,142	6,055	5,427	2	-
Cash and investment fund balance - ending	<u>\$ 8,626</u>	<u>\$ 1,142</u>	<u>\$ 3,577</u>	<u>\$ 5,427</u>	<u>\$ 2</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	8,626	1,142	3,577	5,427	2	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 8,626</u>	<u>\$ 1,142</u>	<u>\$ 3,577</u>	<u>\$ 5,427</u>	<u>\$ 2</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ 8,626	\$ 1,142	\$ -	\$ 5,427	\$ 2	\$ -
Public safety	-	-	3,577	-	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 8,626</u>	<u>\$ 1,142</u>	<u>\$ 3,577</u>	<u>\$ 5,427</u>	<u>\$ 2</u>	<u>\$ -</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Clerk's Record Perpetuation	Work Release Program	Jail Misdemeanant	Community Corrections	Governor's Task Force	Drug Task Force
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	895	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	480,002	-	712,314	-	-
Other	16,920	-	-	273,663	9,119	-
<b>Total receipts</b>	<b>16,920</b>	<b>480,002</b>	<b>-</b>	<b>985,977</b>	<b>10,014</b>	<b>-</b>
Disbursements:						
General government	9,597	-	-	-	-	-
Public safety	-	588,944	19,404	638,119	1,020	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>9,597</b>	<b>588,944</b>	<b>19,404</b>	<b>638,119</b>	<b>1,020</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	7,323	(108,942)	(19,404)	347,858	8,994	-
Cash and investment fund balance - beginning	60,739	205,168	32,297	370,279	(2,701)	670
Cash and investment fund balance - ending	<u>\$ 68,062</u>	<u>\$ 96,226</u>	<u>\$ 12,893</u>	<u>\$ 718,137</u>	<u>\$ 6,293</u>	<u>\$ 670</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	68,062	96,226	12,893	718,137	6,293	670
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 68,062</u></b>	<b><u>\$ 96,226</u></b>	<b><u>\$ 12,893</u></b>	<b><u>\$ 718,137</u></b>	<b><u>\$ 6,293</u></b>	<b><u>\$ 670</u></b>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ 68,062	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	96,226	12,893	718,137	6,293	670
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 68,062</u></b>	<b><u>\$ 96,226</u></b>	<b><u>\$ 12,893</u></b>	<b><u>\$ 718,137</u></b>	<b><u>\$ 6,293</u></b>	<b><u>\$ 670</u></b>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Governor's Task Force Grant	Rehabilitation Program	Hazard Substance Response	Tourism Commission	Enhanced 911	Drug Seizure
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,806	100,320	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	255,256	437,728	-
<b>Total receipts</b>	<b>1,806</b>	<b>100,320</b>	<b>-</b>	<b>255,256</b>	<b>437,728</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	251,000	-	-
Public safety	5,470	-	-	-	428,997	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	100,320	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,470</b>	<b>100,320</b>	<b>-</b>	<b>251,000</b>	<b>428,997</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(3,664)	-	-	4,256	8,731	-
Cash and investment fund balance - beginning	-	-	277	62,174	58,054	(50,776)
Cash and investment fund balance - ending	<u>\$ (3,664)</u>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ 66,430</u>	<u>\$ 66,785</u>	<u>\$ (50,776)</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ (3,664)	\$ -	\$ -	\$ -	\$ -	\$ (50,776)
Restricted assets:						
Cash and investments	-	-	277	66,430	66,785	-
<b>Total cash and investment assets - December 31</b>	<b><u>\$ (3,664)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 277</u></b>	<b><u>\$ 66,430</u></b>	<b><u>\$ 66,785</u></b>	<b><u>\$ (50,776)</u></b>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ 277	\$ 66,430	\$ -	\$ -
Public safety	-	-	-	-	66,785	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	(3,664)	-	-	-	-	(50,776)
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ (3,664)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 277</u></b>	<b><u>\$ 66,430</u></b>	<b><u>\$ 66,785</u></b>	<b><u>\$ (50,776)</u></b>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Park and Recreation	Pretrial Diversion	Title IV-D Incentive Prosecutor	Area Plan Commission	Superior Court Group Home	Landfill Site
Receipts:						
Taxes	\$ 232,907	\$ -	\$ -	\$ 55,533	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	22,667	-	-	5,405	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	16,036	-	13,625	6,846	-	-
Total receipts	<u>271,610</u>	<u>-</u>	<u>13,625</u>	<u>67,784</u>	<u>-</u>	<u>-</u>
Disbursements:						
General government	-	-	16,785	82,089	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	156
Health and welfare	-	-	-	-	-	-
Culture and recreation	298,053	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Total disbursements	<u>298,053</u>	<u>-</u>	<u>16,785</u>	<u>82,089</u>	<u>-</u>	<u>156</u>
Excess (deficiency) of receipts over disbursements	<u>(26,443)</u>	<u>-</u>	<u>(3,160)</u>	<u>(14,305)</u>	<u>-</u>	<u>(156)</u>
Cash and investment fund balance - beginning	<u>219,736</u>	<u>4,086</u>	<u>4,472</u>	<u>106,598</u>	<u>500</u>	<u>1,680</u>
Cash and investment fund balance - ending	<u>\$ 193,293</u>	<u>\$ 4,086</u>	<u>\$ 1,312</u>	<u>\$ 92,293</u>	<u>\$ 500</u>	<u>\$ 1,524</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>193,293</u>	<u>4,086</u>	<u>1,312</u>	<u>92,293</u>	<u>500</u>	<u>1,524</u>
Total cash and investment assets - December 31	<u>\$ 193,293</u>	<u>\$ 4,086</u>	<u>\$ 1,312</u>	<u>\$ 92,293</u>	<u>\$ 500</u>	<u>\$ 1,524</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ 4,086	\$ 1,312	\$ 92,293	\$ 500	\$ 1,524
Public safety	-	-	-	-	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	193,293	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 193,293</u>	<u>\$ 4,086</u>	<u>\$ 1,312</u>	<u>\$ 92,293</u>	<u>\$ 500</u>	<u>\$ 1,524</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Adult Protective Services	Victim Assistance	Wastewater Planning Grant	EMS Grant	Home Management Grant	Circuit Court Bail Agency
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	23,500	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	2	-	-	-	1,435
<b>Total receipts</b>	<b>-</b>	<b>23,502</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,435</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	20,003	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>20,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	3,499	-	-	-	1,435
Cash and investment fund balance - beginning	11,450	(16,758)	423	2	1	15,734
Cash and investment fund balance - ending	<u>\$ 11,450</u>	<u>\$ (13,259)</u>	<u>\$ 423</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 17,169</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ (13,259)	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	11,450	-	423	2	1	17,169
<b>Total cash and investment assets - December 31</b>	<u>\$ 11,450</u>	<u>\$ (13,259)</u>	<u>\$ 423</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 17,169</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ 11,450	\$ -	\$ 423	\$ 2	\$ 1	\$ 17,169
Public safety	-	-	-	-	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	(13,259)	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 11,450</u>	<u>\$ (13,259)</u>	<u>\$ 423</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 17,169</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Superior Court Bail Agency	Civil War Monument Restoration	Superior II Bail Agency	ISETS Incentive Clerk	IDACS (E911)	Van-Go
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	345,666
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	2,230	1,645	16,580	9,057	4,000	-
<b>Total receipts</b>	<b>2,230</b>	<b>1,645</b>	<b>16,580</b>	<b>9,057</b>	<b>4,000</b>	<b>345,666</b>
Disbursements:						
General government	-	18,881	-	8,595	-	345,666
Public safety	397	-	3,777	-	4,066	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>397</b>	<b>18,881</b>	<b>3,777</b>	<b>8,595</b>	<b>4,066</b>	<b>345,666</b>
Excess (deficiency) of receipts over disbursements	1,833	(17,236)	12,803	462	(66)	-
Cash and investment fund balance - beginning	6,089	18,769	74,421	45,201	1,057	-
Cash and investment fund balance - ending	<u>7,922</u>	<u>1,533</u>	<u>87,224</u>	<u>45,663</u>	<u>991</u>	<u>-</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	7,922	1,533	87,224	45,663	991	-
<b>Total cash and investment assets - December 31</b>	<u>7,922</u>	<u>1,533</u>	<u>87,224</u>	<u>45,663</u>	<u>991</u>	<u>-</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
General government	\$ 7,922	\$ 1,533	\$ 87,224	\$ 45,663	\$ -	\$ -
Public safety	-	-	-	-	991	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>7,922</u>	<u>1,533</u>	<u>87,224</u>	<u>45,663</u>	<u>991</u>	<u>-</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Tobacco Master Settlement	Proslink Implementation Grant	Juvenile Accountability	Probation LCC	Drug Abuse Prosecution Fund	Prosecutor "CARE" Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	23,291	-	6,034	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	420	-	25	2,225	7,269	417
<b>Total receipts</b>	<b>23,711</b>	<b>-</b>	<b>6,059</b>	<b>2,225</b>	<b>7,269</b>	<b>417</b>
Disbursements:						
General government	-	-	-	-	-	11
Public safety	-	-	-	3,993	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	25,938	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>25,938</b>	<b>-</b>	<b>-</b>	<b>3,993</b>	<b>-</b>	<b>11</b>
Excess (deficiency) of receipts over disbursements	(2,227)	-	6,059	(1,768)	7,269	406
Cash and investment fund balance - beginning	22,718	2,496	(6,059)	1,869	77,863	(406)
Cash and investment fund balance - ending	<u>\$ 20,491</u>	<u>\$ 2,496</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 85,132</u>	<u>\$ -</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	20,491	2,496	-	101	85,132	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 20,491</u>	<u>\$ 2,496</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 85,132</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
General government	\$ -	\$ 2,496	\$ -	\$ 101	\$ 85,132	\$ -
Public safety	-	-	-	-	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	20,491	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 20,491</u>	<u>\$ 2,496</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 85,132</u>	<u>\$ -</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Supplemental Adult Probation	Supplemental Juvenile Probation	County Option Income Tax	Riverboat Wagering Revenue Tax	County Health Bioterrorism	Children's Psychiatric Services
Receipts:						
Taxes	\$ -	\$ -	\$ 1,611,968	\$ 87,359	\$ -	\$ 35,641
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,286
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	182
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>1,611,968</b>	<b>87,359</b>	<b>-</b>	<b>39,109</b>
Disbursements:						
General government	-	-	479,825	171,895	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	6	48,906
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>479,825</b>	<b>171,895</b>	<b>6</b>	<b>48,906</b>
Excess (deficiency) of receipts over disbursements	-	-	1,132,143	(84,536)	(6)	(9,797)
Cash and investment fund balance - beginning	130,571	3,454	3,569,984	266,850	6,785	51,257
Cash and investment fund balance - ending	<u>\$ 130,571</u>	<u>\$ 3,454</u>	<u>\$ 4,702,127</u>	<u>\$ 182,314</u>	<u>\$ 6,779</u>	<u>\$ 41,460</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	130,571	3,454	4,702,127	182,314	6,779	41,460
Total cash and investment assets - December 31	<u>\$ 130,571</u>	<u>\$ 3,454</u>	<u>\$ 4,702,127</u>	<u>\$ 182,314</u>	<u>\$ 6,779</u>	<u>\$ 41,460</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ 4,702,127	\$ 182,314	\$ -	\$ 41,460
Public safety	130,571	3,454	-	-	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	6,779	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 130,571</u>	<u>\$ 3,454</u>	<u>\$ 4,702,127</u>	<u>\$ 182,314</u>	<u>\$ 6,779</u>	<u>\$ 41,460</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Homeland Security	Court Appointed Special Advocate	Prosecutor's Users Fees	Alcohol and Drug Services	Probation Home Monitoring	Solid Waste Fees Auditor
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	163,670	69,349	-	-
Other	24,301	-	253	1,792	164,289	6,375
<b>Total receipts</b>	<b>24,301</b>	<b>-</b>	<b>163,923</b>	<b>71,141</b>	<b>164,289</b>	<b>6,375</b>
Disbursements:						
General government	24,301	-	-	-	-	-
Public safety	-	-	123,743	104,230	110,881	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>24,301</b>	<b>-</b>	<b>123,743</b>	<b>104,230</b>	<b>110,881</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	-	40,180	(33,089)	53,408	6,375
Cash and investment fund balance - beginning	-	1,832	343,525	102,523	91,605	4,330
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,832</u>	<u>\$ 383,705</u>	<u>\$ 69,434</u>	<u>\$ 145,013</u>	<u>\$ 10,705</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	1,832	383,705	69,434	145,013	10,705
<b>Total cash and investment assets - December 31</b>	<u>\$ -</u>	<u>\$ 1,832</u>	<u>\$ 383,705</u>	<u>\$ 69,434</u>	<u>\$ 145,013</u>	<u>\$ 10,705</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ 1,832	\$ 383,705	\$ 69,434	\$ -	\$ 10,705
Public safety	-	-	-	-	145,013	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ -</u>	<u>\$ 1,832</u>	<u>\$ 383,705</u>	<u>\$ 69,434</u>	<u>\$ 145,013</u>	<u>\$ 10,705</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Solid Waste Fees Treasurer	Emergency Gas Award	County Identification Security Program	Sheriff Donation	Insurance Settlement	Pandemic Assessment Knox County
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,594	-	14,386	3,575	-	-
<b>Total receipts</b>	<b>1,594</b>	<b>-</b>	<b>14,386</b>	<b>3,575</b>	<b>-</b>	<b>-</b>
Disbursements:						
General government	-	-	7,875	-	-	-
Public safety	-	-	-	4,493	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>7,875</b>	<b>4,493</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	1,594	-	6,511	(918)	-	-
Cash and investment fund balance - beginning	2,737	450	31,626	4,246	263,784	1,614
Cash and investment fund balance - ending	<u>\$ 4,331</u>	<u>\$ 450</u>	<u>\$ 38,137</u>	<u>\$ 3,328</u>	<u>\$ 263,784</u>	<u>\$ 1,614</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	4,331	450	38,137	3,328	263,784	1,614
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 4,331</u></b>	<b><u>\$ 450</u></b>	<b><u>\$ 38,137</u></b>	<b><u>\$ 3,328</u></b>	<b><u>\$ 263,784</u></b>	<b><u>\$ 1,614</u></b>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ 4,331	\$ 450	\$ 38,137	\$ -	\$ 263,784	\$ 1,614
Public safety	-	-	-	3,328	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 4,331</u></b>	<b><u>\$ 450</u></b>	<b><u>\$ 38,137</u></b>	<b><u>\$ 3,328</u></b>	<b><u>\$ 263,784</u></b>	<b><u>\$ 1,614</u></b>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Hillcrest Feasibility Study	Soil and Water Grant	Inmate Workforce Donation Fund	Criminal Justice	SWETA	JAG
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	8,549
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	7,131	3,075	6,464	20,663	-
<b>Total receipts</b>	<b>-</b>	<b>7,131</b>	<b>3,075</b>	<b>6,464</b>	<b>20,663</b>	<b>8,549</b>
Disbursements:						
General government	-	7,766	-	-	20,663	-
Public safety	-	-	2,086	4,947	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>7,766</b>	<b>2,086</b>	<b>4,947</b>	<b>20,663</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	(635)	989	1,517	-	8,549
Cash and investment fund balance - beginning	260	635	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 989</u>	<u>\$ 1,517</u>	<u>\$ -</u>	<u>\$ 8,549</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	260	-	989	1,517	-	8,549
<b>Total cash and investment assets - December 31</b>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 989</u>	<u>\$ 1,517</u>	<u>\$ -</u>	<u>\$ 8,549</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ 260	\$ -	\$ -	\$ -	\$ -	\$ 8,549
Public safety	-	-	989	1,517	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ 989</u>	<u>\$ 1,517</u>	<u>\$ -</u>	<u>\$ 8,549</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	DOC Housing	State Grant # 5	E-911 Wireless Enhanced	State Grant # 4	NRCS Grant for Soil and Water	Drainage Improvement
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	266,169	-	11,933	-	50
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	610,610	-	23,834	-	22	-
<b>Total receipts</b>	<b>610,610</b>	<b>266,169</b>	<b>23,834</b>	<b>11,933</b>	<b>22</b>	<b>50</b>
Disbursements:						
General government	-	241,911	-	13,631	22	-
Public safety	53,922	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>53,922</b>	<b>241,911</b>	<b>-</b>	<b>13,631</b>	<b>22</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	556,688	24,258	23,834	(1,698)	-	50
Cash and investment fund balance - beginning	-	-	-	-	-	-
Cash and investment fund balance - ending	\$ 556,688	\$ 24,258	\$ 23,834	\$ (1,698)	\$ -	\$ 50
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ (1,698)	\$ -	\$ -
Restricted assets:						
Cash and investments	556,688	24,258	23,834	-	-	50
<b>Total cash and investment assets - December 31</b>	<b>\$ 556,688</b>	<b>\$ 24,258</b>	<b>\$ 23,834</b>	<b>\$ (1,698)</b>	<b>\$ -</b>	<b>\$ 50</b>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ 24,258	\$ -	\$ -	\$ -	\$ 50
Public safety	556,688	-	23,834	-	-	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Unrestricted	-	-	-	(1,698)	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 556,688</b>	<b>\$ 24,258</b>	<b>\$ 23,834</b>	<b>\$ (1,698)</b>	<b>\$ -</b>	<b>\$ 50</b>

KNOX COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Major Moves	Cumulative Bridge	Park and Recreation Non-Reverting	CEDIT New Jail	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ 234,565	\$ -	\$ -	\$ 2,375,670
Licenses and permits	-	-	-	-	89,333
Intergovernmental	-	22,828	-	-	1,075,122
Charges for services	-	-	-	-	361,979
Fines and forfeits	-	-	-	-	1,684,334
Other	22,861	41,411	9,600	1,555,200	4,507,359
<b>Total receipts</b>	<b>22,861</b>	<b>298,804</b>	<b>9,600</b>	<b>1,555,200</b>	<b>10,093,797</b>
<b>Disbursements:</b>					
General government	-	-	-	-	2,465,239
Public safety	-	-	-	-	2,681,629
Highways and streets	-	-	-	-	356,567
Sanitation	-	-	-	-	82,257
Health and welfare	-	-	-	-	545,327
Culture and recreation	-	-	-	-	421,058
Debt service:					
Principal	-	-	-	475,000	475,000
Interest	-	-	-	454,079	454,079
Capital outlay:					
Highways and streets	315,097	683,853	-	-	998,950
<b>Total disbursements</b>	<b>315,097</b>	<b>683,853</b>	<b>-</b>	<b>929,079</b>	<b>8,480,106</b>
Excess (deficiency) of receipts over disbursements	(292,236)	(385,049)	9,600	626,121	1,613,691
Cash and investment fund balance - beginning	875,974	777,368	14,612	541,328	11,461,881
Cash and investment fund balance - ending	<u>\$ 583,738</u>	<u>\$ 392,319</u>	<u>\$ 24,212</u>	<u>\$ 1,167,449</u>	<u>\$ 13,075,572</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (69,397)
Restricted assets:					
Cash and investments	583,738	392,319	24,212	1,167,449	13,144,969
<b>Total cash and investment assets - December 31</b>	<u>\$ 583,738</u>	<u>\$ 392,319</u>	<u>\$ 24,212</u>	<u>\$ 1,167,449</u>	<u>\$ 13,075,572</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
General government	\$ 583,738	\$ -	\$ -	\$ -	\$ 8,950,209
Public safety	-	392,319	-	1,167,449	3,418,167
Highway and street	-	-	-	-	137,875
Health and welfare	-	-	-	-	362,362
Culture and recreation	-	-	24,212	-	276,356
Unrestricted	-	-	-	-	(69,397)
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 583,738</u>	<u>\$ 392,319</u>	<u>\$ 24,212</u>	<u>\$ 1,167,449</u>	<u>\$ 13,075,572</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2008

	Congressional Principal	Landfill Closure	Emison Gift	Totals
Additions:				
Investment earnings:				
Interest	\$ -	\$ 156	\$ 7	\$ 163
Less investment disbursements	(5,117)	-	-	(5,117)
Net investment earnings	(5,117)	156	7	(4,954)
Cash and investment fund balance - beginning	47,736	(156)	30	47,610
Cash and investment fund balance - ending	<u>\$ 42,619</u>	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 42,656</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008

	Welfare Trust	Congressional School Interest	Surplus Tax	Tax Sale Redemption	Surplus Tax Sale	Special Death Benefits
Additions:						
Agency fund additions	\$ 24,985	\$ 7,670	\$ 73,837	\$ 9,647	\$ 111,198	\$ 3,535
Deductions:						
Agency fund deductions	44,601	1,705	75,469	7,078	30,086	-
Excess (deficiency) of total additions over total deductions	(19,616)	5,965	(1,632)	2,569	81,112	3,535
Cash and investment fund balance - beginning	24,454	34,756	232,286	(2,594)	60,848	9,228
Cash and investment fund balance - ending	<u>\$ 4,838</u>	<u>\$ 40,721</u>	<u>\$ 230,654</u>	<u>\$ (25)</u>	<u>\$ 141,960</u>	<u>\$ 12,763</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Financial Institution Tax	Inheritance Tax	Vehicle License	City and Town Court Costs	Sewage Tax	CAGIT
Additions:						
Agency fund additions	\$ 343,373	\$ 1,725,774	\$ -	\$ 27,415	\$ 3,876	\$ -
Deductions:						
Agency fund deductions	343,373	1,850,905	-	-	3,876	24,297
Excess (deficiency) of total additions over total deductions	-	(125,131)	-	27,415	-	(24,297)
Cash and investment fund balance - beginning	-	612,249	255	101,028	(1,219)	24,297
Cash and investment fund balance - ending	\$ -	\$ 487,118	\$ 255	\$ 128,443	\$ (1,219)	\$ -

KNOX COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	County Payroll	State Fees	Tax Distributions	Sheriff's Inmate Trust	Landfill Retainage
Additions:					
Agency fund additions	\$ 4,956,651	\$ 121,008	\$ 50,821,444	\$ 262,898	\$ 285
	3				
Deductions:					
Agency fund deductions	5,308,364	162,538	52,113,935	268,838	-
Excess (deficiency) of total additions over total deductions	(351,713)	(41,530)	(1,292,491)	(5,940)	285
Cash and investment fund balance - beginning	541,344	97,609	1,331,402	11,280	27,295
Cash and investment fund balance - ending	<u>\$ 189,631</u>	<u>\$ 56,079</u>	<u>\$ 38,911</u>	<u>\$ 5,340</u>	<u>\$ 27,580</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	County Sheriff	Clerk of the Circuit Court	County Recorder	County Treasurer	Sheriff Buy Money
Additions:					
Agency fund additions	\$ 1,532,144	\$ 4,363,735	\$ 197,876	\$ 63,645,391	\$ -
Deductions:					
Agency fund deductions	1,441,948	4,532,342	182,791	54,645,172	-
Excess (deficiency) of total additions over total deductions	90,196	(168,607)	15,085	9,000,219	-
Cash and investment fund balance - beginning	(1,917)	898,891	50	381,963	2,287
Cash and investment fund balance - ending	<u>\$ 88,279</u>	<u>\$ 730,284</u>	<u>\$ 15,135</u>	<u>\$ 9,382,182</u>	<u>\$ 2,287</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Probation Department	Education Plate Fee	In Lieu Road Bond	Park and Recreation	Totals
Additions:					
Agency fund additions	\$ 375,000	\$ 2,550	\$ -	\$ 19,889	\$ 128,630,181
Deductions:					
Agency fund deductions	367,089	2,550	-	22,204	121,429,161
Excess (deficiency) of total additions over total deductions	7,911	-	-	(2,315)	7,201,020
Cash and investment fund balance - beginning	23,411	-	6,864	3,642	4,419,709
Cash and investment fund balance - ending	<u>\$ 31,322</u>	<u>\$ -</u>	<u>\$ 6,864</u>	<u>\$ 1,327</u>	<u>\$ 11,620,729</u>

# KNOX COUNTY Auditor

SHARON K. DUKE

COURTHOUSE

111 N. SEVENTH STREET

VINCENNES, IN 47591

(812) 885-2502



KNOX COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2008

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2001 EDIT lease rental	\$ 1,835,000	\$ 30,000
2006 sheriff's cars	70,022	70,022
2006 E-911 equipment	12,290	5,936
2007 jail lease rental	9,325,000	245,000
2007 highway grader	160,476	17,000
2007 communications equipment	40,415	37,207
Notes and loans payable	137,369	80,954
Bonds payable:		
Revenue bonds:		
2001 EDIT	540,000	100,000
Total governmental activities debt	<u>\$ 12,120,572</u>	<u>\$ 586,119</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 Council  
Board of County Commissioners

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://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 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, 2008. 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 of America; 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, 2008.

### 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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)

A control deficiency in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's management, the County Commissioners, 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

December 2, 2009

KNOX COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program Community Development Block Grant	14.228	CF-07-106	\$ 335,920
Total for federal grantor agency			<u>335,920</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Block Grants	16.523		<u>13,631</u>
Crime Victim Assistance	16.575	07VA050	<u>23,003</u>
Reduction and Prevention of Children's Exposure to Violence	16.730	2007-DJ-BX-0018	<u>4,947</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-DJ-040	<u>100,320</u>
Total for federal grantor agency			<u>141,901</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Operation Pullover FY 07-08	20.600	OP-08-01-01-96	<u>2,030</u>
Total for federal grantor agency			<u>2,030</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana State Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance Public Health Preparedness/FY 06-07	93.283	U90/CCU517024-07	<u>6</u>
Pass-Through Indiana Department of Child Services Child Support Enforcement County Prosecutor's Expenditures County Clerk's Expenditures Collection Incentives	93.563		77,161 36,180 <u>31,739</u>
Total for program			<u>145,080</u>
Total for federal grantor agency			<u>145,086</u>
Total federal awards expended			<u>\$ 624,937</u>

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 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, 2008:

Program Title	Federal CFDA Number	Amount
Community Development Block Grant	14.228	\$ 335,920
Edward Byrne Memorial Justice Assistance Program	16.738	100,320

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified? yes

Significant deficiencies 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

Significant deficiencies 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
14.228	Community Development Block Grants/State's Program
16.738	Edward Byrne Memorial Justice Assistance Grant Program

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 2008-1, CONDITION OF RECORDS

The following deficiencies relating to the record keeping were present during our period of audit:

- (1) Receipts were misclassified on the County's (CAR-1) annual report. Distributions received from the Auditor of State, MVH distributions, federal receipts, transfers, and investment transactions were classified as miscellaneous receipts.
- (2) Some funds were not included in the CAR-1.
- (3) Some funds beginning balance did not agree to the prior year's ending balance on the CAR-1.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines for County Auditors of Indiana, Chapter 14)

As a result, the County is unable to provide reasonable assurance regarding the reliability of financial information and records.

We recommended the County design and monitor procedures to ensure that adequate controls exist over receipting, disbursing, recording and accounting for financial activities.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

KNOX COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



## KNOX COUNTY AUDITOR

SHARON K. DUKE

COURTHOUSE

111 N. SEVENTH STREET

VINCENNES, IN 47591

(812) 885-2502

### CORRECTIVE PLAN FINDING 2008-1 CONDITION OF RECORDS

#### Finding 2008-1, Condition of records

In order to correct the situation that was in my office regarding the receipting, disbursing, recording and accounting for financial activities, I have changed bookkeepers. The previous bookkeeper was a carryover from the prior administration and I was unaware of the misclassifying of funds on the CAR-1 Annual report until the Annual Audit.

I pray that you will not hold the past misclassifications, on the annual report, against the county.

Sincerely,

Sharon K. Duke  
Knox County Auditor

KNOX COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2009, with Sharon Duke, Auditor. Our audit disclosed no material items that warrant comment at this time.

James Parish, President of the Board of County Commissioners, and Timothy Ellerman, President of the County Council, were invited to attend the exit conference, but failed to appear.

An additional exit conference was held via telephone on December 31, 2009, with Sharon Duke, Auditor.