

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

AUDIT REPORT  
OF  
COUNTY AUDITOR  
KNOX COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
07/07/2011



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sharon K. Duke	01-01-07 to 12-31-10
President of the County Council	Timothy Ellerman	01-01-09 to 12-31-10
President of the Board of County Commissioners	James Parish	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF KNOX COUNTY

We have audited the records of the County Auditor for the period from January 1, 2009 to December 31, 2009, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Knox County for the year 2009.

STATE BOARD OF ACCOUNTS

July 22, 2010

COUNTY AUDITOR  
KNOX COUNTY  
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Information presented for audit did not indicate a complete inventory or record of capital assets using Form 146. Individual offices submitted their year-end asset inventories, but their beginning balances for the current audit period did not agree to the prior year's ending balances. The County is not maintaining infrastructure records as required.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the Capital Assets Ledger Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

A similar comment appeared in prior reports.

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn in 2009:

Juvenile Accountability and Monitoring – FY 07	\$ 11,181
Juvenile Accountability and Monitoring – FY 09	37
Governor's Task Force Grant	3,664
Federal Grant #30	1,500
Federal Grant #31	1,500
Drug Seizure Fund	50,777
Victim Assistance	10,410
Sewage Collections	1,219

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

A similar comment appeared in prior reports.

COUNTY AUDITOR  
KNOX COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$4,908.45 were paid to the Internal Revenue Service on November 5, 2009, for the taxing period ended December 31, 2004.

All penalties and interest charges paid by Sharon K. Duke, current Auditor, to the Internal Revenue Service were accrued under Terry Ewer, former Auditor.

Similar comments appeared in prior reports.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Terry Ewer, former Auditor, was requested to repay \$4,908.45 to Knox County. (See Summary, page 9)

OFFICIAL BOND

Terry Ewer, former Auditor, had the following official bond: Ohio Casualty Insurance Company, surety bond #3-599-417, from January 1, 2003 to December 31, 2006, for \$25,000. Bond was filed properly in the County Recorder's office and was payable to the State of Indiana.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision who is required under section 18 of this chapter to file an official bond for the faithful performance of duty, except the county recorder and deputies, and employees of the recorder, shall file the bond in the office of the county recorder. . . ."

COUNTY AUDITOR  
KNOX COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2010, with Robert K. Lechner, Vice President of the County Council, and James Parish, President of the Board of County Commissioners. The officials concurred with our audit findings.

The contents of this report were discussed, via telephone, on July 21, 2010, with Terry Ewer, former Auditor. The official response has been made a part of this report and may be found on page 7.

The contents of this report were discussed on July 22, 2010, with Sharon K. Duke, Auditor. The official response has been made a part of this report and may be found on page 8.

August 9, 2010

To Whom It May Concern,

I have been out of office since December of 2006. Prior to my departure I worked very closely in 2006 with **Raelane K. Hoff, CPA** State & Local Government Specialist, Tax Exempt & Government Entities. Mrs. Hoff worked with me on site to resolve any and all tax issues that came to my attention prior to leaving office.

Sincerely,

A handwritten signature in cursive script that reads "Terry L. Ewer". The signature is written in black ink and is positioned above the printed name.

Terry L. Ewer

# KNOX COUNTY AUDITOR

SHARON K. DUKE

COURTHOUSE

111 N. SEVENTH STREET

VINCENNES, IN 47591

(812) 885-2502



July 23, 2010

Mr. Bruce Hartman, State Examiner  
State Board of Accounts  
302 West Washington St  
RM East 418  
Indianapolis, IN 46204-2765

Dear Mr. Hartman:

This is in response to your audit report of the Knox County Auditor for the year 2009 as follows:

## **CASH OVERDRAFT:**

The following funds were overdrafts due to the fact that they are reimbursable grants: Juvenile Accountability and Monitoring Grant, Governor's Task Force, Federal Grant and Victim Assistance. The drug seizure and the sewage collection funds are overdrafts that I inherited when I took office in 2007.

Sincerely,

Sharon K. Duke  
Knox County Auditor

COUNTY AUDITOR  
KNOX COUNTY  
SUMMARY

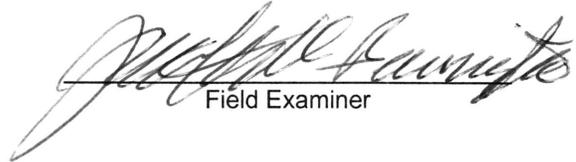
	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Terry Ewer, former Auditor:			
Penalties, Interest, and Other Charges, page 5	<u>\$ 4,908.45</u>	<u>\$ -</u>	<u>\$ 4,908.45</u>

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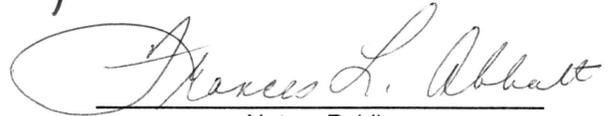
AFFIDAVIT

STATE OF INDIANA        )  
                                  )  
Knox COUNTY        )

I, Jonathan H. Bennington, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the County Auditor, Knox County, Indiana, for the period from January 1, 2009 to December 31, 2009, is true and correct to the best of my knowledge and belief.

  
Field Examiner

Subscribed and sworn to before me this 23 day of August, 2010.

  
Notary Public

My Commission Expires: 1-24-15

County of Residence: Green