

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
KNOX COUNTY, INDIANA
January 1, 2013 to December 31, 2013



FILED
08/15/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Mindy S. Wessel	01-01-13 to 12-31-14
Treasurer	Sharon K. Duke	01-01-13 to 12-31-16
Clerk	Lisa Clark-Benock	01-01-11 to 12-31-14
Sheriff	Michael Morris	01-01-11 to 12-31-14
Recorder	Brenda Hall	01-01-11 to 12-31-14
President of the Board of County Commissioners	Rowe Sargent Larry Holscher	01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the County Council	Steve Thais Randy Crismore	01-01-13 to 12-31-13 01-01-14 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Knox County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2014, 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 integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

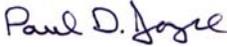
Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

June 5, 2014



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

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

We have audited, 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, the financial statement of Knox County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated June 5, 2014, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

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

Compliance and Other Matters

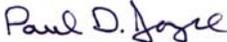
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 2013-002.

Knox County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 5, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the County. The financial statement and notes are presented as intended by the County.

KNOX COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
EMS GRANT	\$ 2	\$ -	\$ 2	\$ -
GENERAL FUND	2,957,806	8,828,631	9,228,498	2,557,939
ACCIDENT REPORT	1,012	360	-	1,372
BID DEPOSITS AND BONDS HOLDING	-	21,902	1,400	20,502
CREDIT COUNTY SHARE	2,341,080	1,351,686	1,357,511	2,335,255
CREDIT SPECIAL LEGISLATION	4,290,599	1,806,664	974,572	5,122,691
CITY & TOWN COURT COST	36,054	20,222	-	56,276
CLERKS RECORDS PERPETUATION	47,246	12,723	-	59,969
COIT COUNTY DISTRIBUTED SHARES	8,295,952	2,467,362	1,797,165	8,966,149
COMM CORRECT TRANSITION PROJECT	50,335	8,305	5,926	52,714
CONGRESSIONAL SCHOOL INTEREST	36,491	-	-	36,491
CONGRESSIONAL SCHOOL PRINCIPAL	42,619	-	-	42,619
DOC HOUSING	624,220	250,355	355,559	519,016
SALES DISCLOSURE COUNTY SHARE	48,335	4,130	-	52,465
CUMULATIVE BRIDGE	186,807	826,762	651,674	361,895
DRUG FREE COMMUNITY	11,469	28,596	6,250	33,815
FIRE ARMS TRAINING	5,585	16,106	21,532	159
GENERAL DRAIN IMPROVEMENT	50	250,000	-	250,050
HEALTH	104,403	276,152	314,576	65,979
IDENTITY SECURITY PROTECTION	9,130	3,416	-	12,546
LEVY EXCESS	28,359	-	-	28,359
LOCAL HEALTH MAINTENANCE FUND	61,393	33,139	51,192	43,340
LOCAL ROAD AND STREET	302,075	301,682	510,925	92,832
JAIL MISDEMEANANT	48,014	28,693	26,318	50,389
MOTOR VEHICLE HIGHWAY	568,816	2,597,881	2,202,267	964,430
PARK NON-REVERTING CAPITAL	124,846	108,528	115,876	117,498
PARK NON REVERTING OPERATING	21,325	10,700	927	31,098
PLANNING AND ZONING IMPACT	13,144	204,778	204,675	13,247
PLAT BOOK	5,427	-	-	5,427
RAINY DAY FUND	4,362,132	-	257,787	4,104,345
REASSESSMENT 2009	408,018	-	101,647	306,371
REASSESSMENT 2015	508,130	251,545	127,800	631,875
RECORDERS RECORDS PERPETUATION	169,530	66,024	48,420	187,134
RIVERBOAT REVENUE SHARING	276,363	83,077	150,539	208,901
SOLID WASTE	12,558	270,127	278,201	4,484
SURPLUS TAX	280,089	82,869	149,143	213,815
SURVEYORS CORNER PERPETUATION	13,537	8,340	-	21,877
TAX SALE FEES	-	56,124	56,124	-
TAX SALE REDEMPTION	1,495	238,019	241,127	(1,613)
TAX SALE SURPLUS	345,903	192,571	306,682	231,792
IN HEALTH DEPART TRUST ACCOUNT	47,232	6,638	8,207	45,663
GUARDIAN AD-LITEM	1,832	-	-	1,832
GAL/CASA	-	20,000	20,000	-
AUDITOR'S INELIGIBLE DEDUCTION	10,963	-	-	10,963
ELECTED OFFICIAL TRAINING FUND	4,658	3,476	240	7,894

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

KNOX COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
PARK & RECREATION	128,108	355,809	409,509	74,408
COUNTY 911	132,059	515,711	612,935	34,835
ADULT PROBATION ADMINISTRATION	14,756	45,287	50,759	9,284
JUVENILE PROBATION ADMINISTRATIVE	11,579	70	-	11,649
TIF CAPITAL PROJECTS	-	2,324,493	346,282	1,978,211
SELF INSURANCE	553,902	3,135,368	2,629,978	1,059,292
EMPLOYEE DEDUCTIONS	587	104,057	104,530	114
PAYROLL WITHHOLDING FEDERAL	82	615,658	615,658	82
RETIREMENTS	13,613	684,754	684,883	13,484
PAYROLL WITHHOLDING STATE	3	269,334	269,334	3
TAX SETTLEMENT	-	38,015,729	38,015,729	-
CVET AGENCY	54	355,134	355,134	54
FINANCIAL INSTITUTION TAX	-	349,548	349,548	-
HEA 1001 STATE HOMESTEAD CREDIT	(735)	8	-	(727)
HOMESTEAD CREDIT REBATE FUND	30,020	-	-	30,020
STATE FINES & FORFEITURES	66,136	30,222	91,409	4,949
INFRACTION JUDGEMENT	5,746	55,753	-	61,499
OVERWEIGHT VEHICLES FINES	116	241	332	25
SPECIAL DEATH BENEFIT	555	3,300	3,565	290
SALES DISCLOSURE STATE-SHARE	275	4,140	4,055	360
CORONERS TRAINING & CONTINUING EDUCATION	256	4,826	4,701	381
RECOVERY FEES-STATE SHARE	303	3,585	3,683	205
INHERITANCE TAX	151,111	1,628,303	1,624,654	154,760
EDUCATION PLATE FEE DISTRIBUTION	94	994	994	94
RIVERBOAT REVENUE DISTRIBUTION	-	227,716	227,716	-
INNKEEPERS TAX COLLECTIONS	82,516	397,068	381,294	98,290
CREDIT DISTRIBUTION	-	3,613,329	3,613,329	-
COIT DISTRIBUTION	-	4,093,621	4,093,621	-
93.563 PROSECUTOR PCA	37,119	3,626	2,530	38,215
93.563 ARRA CLERK IV-D INCENTIVE	11,842	-	-	11,842
93.563 Title IV-D INCENTIVE	35,680	12,831	-	48,511
93.563 PROS IV-D INCENT P 99	18,434	19,530	23,474	14,490
93.563 CLERK 4-D INCENT P 99	54,266	14,673	10,313	58,626
AFTER SETTLEMENT COLLECTIONS	662,234	1,110,697	662,234	1,110,697
CLERK'S TRUST	1,077,463	3,217,583	3,111,630	1,183,416
SHERIFF'S INMATE TRUST	-	144,658	139,758	4,900
SHERIFF'S COMMISSARY	-	156,843	146,358	10,485
KNOX COUNTY BENEFIT TRUST	244,980	2,003,771	2,055,133	193,618
LANDFILL RETAINAGE	27,677	14	-	27,691
SHERIFF'S BUY MONEY	675	-	380	295
COUNTY SHERIFF (LUCE)	(5,138)	61,473	61,243	(4,908)
DRUG SEIZURE	(6,397)	-	-	(6,397)
PAYROLL WITHHOLDING FICA & MED	-	984,802	984,802	-
TAX SETTLEMENT (OLD)	363	-	363	-
OTHER ASSESSMENTS SEWER TRASH MOWING	(617)	-	-	(617)
KNOX COUNTY LAW ENFORCEMENT	175	-	-	175
PRE-TRAIL DIVERSION FUND	4,086	-	-	4,086
MADD MOTHERS AGAINST DRUNK DRIVING	3,525	-	-	3,525

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

KNOX COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
NK WASTE WATER PLAN GRANT	423	-	-	423
SHERIFF'S INMATE TRUST COMMISSARY	24,502	158,949	183,451	-
LANDFILL SITE	1,524	-	-	1,524
COMMUNITY CORRECTIONS GRANT 13/14	15,325	554,492	556,857	12,960
PROBATION USERS FEES-ADULT	1,647	168,323	169,930	40
PROBATION USERS FEES (JUVENILE)	52,418	25,271	30,616	47,073
CLERKS USER FEES	17,392	12,124	20,400	9,116
PROSECUTOR USER FEES	404,113	116,808	213,637	307,284
ALCOHOL & DRUG USER FEES	151,477	90,493	77,066	164,904
COMM CORR PROJECT INCOME	222,758	670,110	673,939	218,929
CIRCUIT COURT BAIL AGENCY FUND	9,670	580	-	10,250
SUPERIOR II BAIL AGENCY FUND	114,125	-	22,356	91,769
SUPERIOR I BAIL AGENCY FUND	5,971	-	-	5,971
LLOYD BOND DITCH	26,464	2,565	-	29,029
BREVOORT CONSERVANCY	4,378	-	-	4,378
BREVOORT LEVEE	15,657	-	-	15,657
BREVOORT LEVEE SPECIAL	396	-	-	396
HIRAM BROWN	47,663	5,456	-	53,119
DUNN SPECIAL SURVEY	128	-	-	128
MARY FRICK DITCH	6,065	2,665	164	8,566
HERSCHEL GREEN DITCH	24,621	6,492	2,825	28,288
PETER HILL DITCH	6,346	2,513	2,725	6,134
#11 E. W. HOUSE DRAINAGE	86,858	8,656	24,100	71,414
KESSINGER DITCH	56,493	31,607	4,983	83,117
KLEIN SPECIAL SURVEY	150	-	-	150
THOMAS LANKFORD	17,070	52	1,500	15,622
MESKIMAN DITCH	42	-	-	42
MILL CREEK	9,371	1,900	300	10,971
MCALLISTER DRAINAGE	265	-	-	265
MCGINNIS LEVEE	13,306	23,899	26,011	11,194
NIBLACK LEVEE MAINTENANCE	88,040	47,868	53,199	82,709
NIBLACK LEVEE REPAIR	97,692	79,191	129,345	47,538
PLASS DITCH	5,293	2,269	5,711	1,851
POLLARD DITCH	14	-	-	14
PRATHER DITCH	530	-	-	530
ROBERSON DITCH	6,769	3,898	3,160	7,507
SINGER DITCH	11,408	5,468	5,622	11,254
STEEN DITCH	870	-	-	870
STEEN DITCH SPECIAL	66	-	-	66
VIECK DITCH	32,963	39,024	24,578	47,409
WAGGONER LANKFORD ET AL	177	-	-	177
WAMPLER DITCH	135,435	11,891	1,730	145,596
JAMES W. WILLIAM DITCH	19,491	2,258	-	21,749
SHERIFF DONATION	425	19,822	2,595	17,652
DONATION INMATE WORKFORCE	1,260	1,450	1,348	1,362
DONATIONS MONUMENT RESTORATION	2,899	-	-	2,899
DARE PROGRAM	8,972	-	1,520	7,452
LAW ENFORCEMENT	-	185,000	145,961	39,039

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

KNOX COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
SOLID WASTE FEE AUDITOR	8,215	2,363	5,628	4,950
SOLID WASTE FEE TREASURER	8,767	591	-	9,358
PROBATION HOME MONITORING	30,746	165,281	181,919	14,108
COMMISSIONERS CERTIFICATE SALE	3,985	-	3,985	-
IN LIEU OF ROAD BOND	6,864	-	-	6,864
SURPLUS DOG TAX FUND	5,837	53	988	4,902
HEALTH CLINIC	255	-	-	255
IDACS (E-911)	2,862	4,000	3,609	3,253
INFRACTION JUDGMENTS/RESTITUTION	1,224	-	-	1,224
HAZARDOUS SUBSTANCE RESPONSE TEAM	276	-	-	276
PTRC & "HC" HOLDING FUND	80	-	-	80
VICTIM ASSISTANT	103	-	-	103
SUPERIOR COURT GROUP HOME	500	-	-	500
ADULT PROTECTIVE SERVICE	11,450	-	-	11,450
DRUG ABUSE PROSECUTION FUND	123,160	450	-	123,610
HILLCREST INS. SETTLEMENT 2006	263,784	-	40,873	222,911
20.601 BIG CITY/BIG CO ENFORCEMENT	(3,182)	1,142	2,617	(4,657)
20.601 DUI TASK FORCE 2011	185	5,004	3,842	1,347
97.042 HOMELAND SECURITY	9,240	-	7,328	1,912
16.575 VICTIMS ASSISTANCE GRANT	514	-	-	514
93.283 CO. HEALTH BIOTERRORISM	(6,623)	18,119	18,781	(7,285)
EMA PERFORMANCE GRANT	-	4,054	4,054	-
14.228 CDBG PROGRAM	-	606,795	606,795	-
DRUG ABUSE	-	7,087	-	7,087
PUBLIC HEALTH BONUS GRANT	-	18,254	18,254	-
H1N1 GRANT	1	-	1	-
VAN-GO	-	737,631	737,631	-
LOCAL EMERGENCY PLANNING & RIGHT TO KNOW	8,256	8,909	6,032	11,133
COMMUNITY CORRECTIONS GRANT 14/15	1,964	-	1,964	-
COMMUNITY CORRECTIONS GRANT	3,906	-	-	3,906
IN. CRIMINAL JUSTICE INSTITUTE	1,517	-	-	1,517
GIS DATA EXCHANGE PROGRAM	-	2,000	-	2,000
OPERATION PULL OVER	-	14,413	3,131	11,282
WRV DRUG TASK FORCE 95-96	2	-	2	-
EMERGENCY GAS AWARD	450	-	450	-
FEASIBILITY STUDY	260	-	260	-
DRUG TASK FORCE	(3,664)	413	57	(3,308)
OPO GRANT OP-09-01-01-98	408	304	-	712
OPO GRANT: OP-10-02-02-09	594	485	-	1,079
VICTIM ASSISTANCE (SUPERIOR COURT)	12	-	12	-
WHITE RIVER VALLEY DRUG TASK FORCE	670	-	-	670
PROBATION LCC	101	-	101	-
HOME MANAGEMENT GRANT	1	-	1	-
PROSLINK IMPLEMENTATION PROJECT	2,496	-	-	2,496
DISASTER PUBLIC ASSISTANCE	1,142	-	-	1,142
2011 HOMELAND SECURITY GRANT	-	1,096	886	210
Totals	\$ 32,297,817	\$ 89,181,680	\$ 85,299,442	\$ 36,180,055

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

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. 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 some or all of 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 accompanying financial statement presents the financial information for the County.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the County.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the County. It includes all expenditures for the reduction of the principal and interest of the County's general obligation indebtedness.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The County may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the County to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. County Police Retirement Plan

Plan Description

The County Police Retirement Plan 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. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. 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

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

C. County Police Benefit Plan

Plan Description

The County Police Benefit Plan 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. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. 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

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2013. Other funds with deficits in cash are due to revenues not being received by December 31, 2013, or errors in accounting from prior periods that have not been corrected.

KNOX COUNTY
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 8. Restatements

For the year ended December 31, 2013, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2012	Prior Period Adjustment	Balance as of January 1, 2013
Clerk's Trust	\$ 1,078,706	\$ (1,243)	\$ 1,077,463

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SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the County's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the County which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the County. It is presented as intended by the County.

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	EMS GRANT	GENERAL FUND	ACCIDENT REPORT	BID DEPOSITS AND BONDS HOLDING	CEDIT COUNTY SHARE	CEDIT SPECIAL LEGISLATION	CITY & TOWN COURT COST
Cash and investments - beginning	\$ 2	\$ 2,957,806	\$ 1,012	\$ -	\$ 2,341,080	\$ 4,290,599	\$ 36,054
Receipts:							
Taxes	-	6,715,417	-	-	1,001,236	1,806,664	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	659,580	-	-	-	-	-
Charges for services	-	242,345	-	-	-	-	-
Fines and forfeits	-	171,748	360	21,902	-	-	20,222
Other receipts	-	1,039,541	-	-	350,450	-	-
Total receipts	-	8,828,631	360	21,902	1,351,686	1,806,664	20,222
Disbursements:							
Personal services	-	5,333,213	-	-	-	-	-
Supplies	-	531,890	-	-	-	-	-
Other services and charges	-	2,757,313	-	-	690,317	929,000	-
Debt service - principal and interest	-	-	-	-	15,000	-	-
Capital outlay	-	106,082	-	-	301,744	-	-
Other disbursements	2	500,000	-	1,400	350,450	45,572	-
Total disbursements	2	9,228,498	-	1,400	1,357,511	974,572	-
Excess (deficiency) of receipts over disbursements	(2)	(399,867)	360	20,502	(5,825)	832,092	20,222
Cash and investments - ending	\$ -	\$ 2,557,939	\$ 1,372	\$ 20,502	\$ 2,335,255	\$ 5,122,691	\$ 56,276

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CLERKS RECORDS PERPETUATION	COIT COUNTY DISTRIBUTED SHARES	COMM CORRECT TRANSITION PROJECT	CONGRESSIONAL SCHOOL INTEREST	CONGRESSIONAL SCHOOL PRINCIPAL	DOC HOUSING	SALES DISCLOSURE COUNTY SHARE
Cash and investments - beginning	\$ 47,246	\$ 8,295,952	\$ 50,335	\$ 36,491	\$ 42,619	\$ 624,220	\$ 48,335
Receipts:							
Taxes	-	1,967,362	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	8,305	-	-	-	-
Charges for services	-	-	-	-	-	250,355	4,130
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	12,723	500,000	-	-	-	-	-
Total receipts	12,723	2,467,362	8,305	-	-	250,355	4,130
Disbursements:							
Personal services	-	310,095	-	-	-	35,188	-
Supplies	-	221,357	-	-	-	87,984	-
Other services and charges	-	688,613	5,926	-	-	30,383	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	577,100	-	-	-	17,004	-
Other disbursements	-	-	-	-	-	185,000	-
Total disbursements	-	1,797,165	5,926	-	-	355,559	-
Excess (deficiency) of receipts over disbursements	12,723	670,197	2,379	-	-	(105,204)	4,130
Cash and investments - ending	\$ 59,969	\$ 8,966,149	\$ 52,714	\$ 36,491	\$ 42,619	\$ 519,016	\$ 52,465

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CUMULATIVE BRIDGE	DRUG FREE COMMUNITY	FIRE ARMS TRAINING	GENERAL DRAIN IMPROVEMENT	HEALTH	IDENTITY SECURITY PROTECTION
Cash and investments - beginning	\$ 186,807	\$ 11,469	\$ 5,585	\$ 50	\$ 104,403	\$ 9,130
Receipts:						
Taxes	395,589	-	-	-	94,811	-
Licenses and permits	-	-	-	-	63,140	-
Intergovernmental	169,652	-	-	-	9,401	-
Charges for services	-	-	-	-	108,690	3,416
Fines and forfeits	-	28,596	16,106	-	-	-
Other receipts	261,521	-	-	250,000	110	-
Total receipts	<u>826,762</u>	<u>28,596</u>	<u>16,106</u>	<u>250,000</u>	<u>276,152</u>	<u>3,416</u>
Disbursements:						
Personal services	-	-	-	-	295,533	-
Supplies	39,924	-	-	-	14,557	-
Other services and charges	555	6,250	21,532	-	4,486	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	360,745	-	-	-	-	-
Other disbursements	250,450	-	-	-	-	-
Total disbursements	<u>651,674</u>	<u>6,250</u>	<u>21,532</u>	<u>-</u>	<u>314,576</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>175,088</u>	<u>22,346</u>	<u>(5,426)</u>	<u>250,000</u>	<u>(38,424)</u>	<u>3,416</u>
Cash and investments - ending	<u>\$ 361,895</u>	<u>\$ 33,815</u>	<u>\$ 159</u>	<u>\$ 250,050</u>	<u>\$ 65,979</u>	<u>\$ 12,546</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	LEVY EXCESS	LOCAL HEALTH MAINTENANCE FUND	LOCAL ROAD AND STREET	JAIL MISDEMEANANT	MOTOR VEHICLE HIGHWAY	PARK NON-REVERTING CAPITAL
Cash and investments - beginning	\$ 28,359	\$ 61,393	\$ 302,075	\$ 48,014	\$ 568,816	\$ 124,846
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	33,139	-	28,693	2,520,296	-
Charges for services	-	-	10,600	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	291,082	-	77,585	108,528
Total receipts	-	33,139	301,682	28,693	2,597,881	108,528
Disbursements:						
Personal services	-	9,022	-	24,936	1,225,289	5,229
Supplies	-	1,673	338,566	1,382	595,965	-
Other services and charges	-	14,049	-	-	302,181	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	26,448	172,359	-	78,832	-
Other disbursements	-	-	-	-	-	110,647
Total disbursements	-	51,192	510,925	26,318	2,202,267	115,876
Excess (deficiency) of receipts over disbursements	-	(18,053)	(209,243)	2,375	395,614	(7,348)
Cash and investments - ending	\$ 28,359	\$ 43,340	\$ 92,832	\$ 50,389	\$ 964,430	\$ 117,498

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	PARK NON REVERTING OPERATING	PLANNING AND ZONING IMPACT	PLAT BOOK	RAINY DAY FUND	REASSESSMENT 2009	REASSESSMENT 2015
Cash and investments - beginning	\$ 21,325	\$ 13,144	\$ 5,427	\$ 4,362,132	\$ 408,018	\$ 508,130
Receipts:						
Taxes	-	86,637	-	-	-	228,853
Licenses and permits	-	9,551	-	-	-	-
Intergovernmental	-	8,590	-	-	-	22,692
Charges for services	4,750	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	5,950	100,000	-	-	-	-
Total receipts	<u>10,700</u>	<u>204,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,545</u>
Disbursements:						
Personal services	-	93,520	-	-	12,245	-
Supplies	-	1,605	-	7,787	7,867	-
Other services and charges	-	7,590	-	-	81,535	127,800
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,960	-	-	-	-
Other disbursements	927	100,000	-	250,000	-	-
Total disbursements	<u>927</u>	<u>204,675</u>	<u>-</u>	<u>257,787</u>	<u>101,647</u>	<u>127,800</u>
Excess (deficiency) of receipts over disbursements	<u>9,773</u>	<u>103</u>	<u>-</u>	<u>(257,787)</u>	<u>(101,647)</u>	<u>123,745</u>
Cash and investments - ending	<u>\$ 31,098</u>	<u>\$ 13,247</u>	<u>\$ 5,427</u>	<u>\$ 4,104,345</u>	<u>\$ 306,371</u>	<u>\$ 631,875</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	RECORDERS RECORDS PERPETUATION	RIVERBOAT REVENUE SHARING	SOLID WASTE	SURPLUS TAX	SURVEYORS CORNER PERPETUATION	TAX SALE FEES
Cash and investments - beginning	\$ 169,530	\$ 276,363	\$ 12,558	\$ 280,089	\$ 13,537	\$ -
Receipts:						
Taxes	-	-	-	82,869	-	56,124
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	83,077	-	-	-	-
Charges for services	66,024	-	-	-	8,340	-
Fines and forfeits	-	-	158,514	-	-	-
Other receipts	-	-	111,613	-	-	-
Total receipts	<u>66,024</u>	<u>83,077</u>	<u>270,127</u>	<u>82,869</u>	<u>8,340</u>	<u>56,124</u>
Disbursements:						
Personal services	25,147	56,072	119,646	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	56,447	41	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	38,020	-	-	-	-
Other disbursements	23,273	-	158,514	149,143	-	56,124
Total disbursements	<u>48,420</u>	<u>150,539</u>	<u>278,201</u>	<u>149,143</u>	<u>-</u>	<u>56,124</u>
Excess (deficiency) of receipts over disbursements	<u>17,604</u>	<u>(67,462)</u>	<u>(8,074)</u>	<u>(66,274)</u>	<u>8,340</u>	<u>-</u>
Cash and investments - ending	<u>\$ 187,134</u>	<u>\$ 208,901</u>	<u>\$ 4,484</u>	<u>\$ 213,815</u>	<u>\$ 21,877</u>	<u>\$ -</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	TAX SALE REDEMPTION	TAX SALE SURPLUS	IN HEALTH DEPART TRUST ACCOUNT	GUARDIAN AD-LITEM	GAL/CASA	AUDITOR'S INELIGIBLE DEDUCTION
Cash and investments - beginning	\$ 1,495	\$ 345,903	\$ 47,232	\$ 1,832	\$ -	\$ 10,963
Receipts:						
Taxes	238,019	41,176	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	6,638	-	20,000	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	151,395	-	-	-	-
Total receipts	<u>238,019</u>	<u>192,571</u>	<u>6,638</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	6,557	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	8,207	-	-	-
Other disbursements	241,127	300,125	-	-	20,000	-
Total disbursements	<u>241,127</u>	<u>306,682</u>	<u>8,207</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,108)</u>	<u>(114,111)</u>	<u>(1,569)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (1,613)</u>	<u>\$ 231,792</u>	<u>\$ 45,663</u>	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ 10,963</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	ELECTED OFFICIAL TRAINING FUND	PARK & RECREATION	COUNTY 911	ADULT PROBATION ADMINISTRATION	JUVENILE PROBATION ADMINISTRATIVE	TIF CAPITAL PROJECTS
Cash and investments - beginning	\$ 4,658	\$ 128,108	\$ 132,059	\$ 14,756	\$ 11,579	\$ -
Receipts:						
Taxes	-	323,664	-	-	-	2,324,493
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	32,092	-	-	-	-
Charges for services	-	-	472,008	45,287	70	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	3,476	53	43,703	-	-	-
Total receipts	<u>3,476</u>	<u>355,809</u>	<u>515,711</u>	<u>45,287</u>	<u>70</u>	<u>2,324,493</u>
Disbursements:						
Personal services	-	298,498	451,021	50,759	-	-
Supplies	-	36,864	4,559	-	-	-
Other services and charges	-	50,843	94,395	-	-	346,282
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	23,304	2,127	-	-	-
Other disbursements	240	-	60,833	-	-	-
Total disbursements	<u>240</u>	<u>409,509</u>	<u>612,935</u>	<u>50,759</u>	<u>-</u>	<u>346,282</u>
Excess (deficiency) of receipts over disbursements	<u>3,236</u>	<u>(53,700)</u>	<u>(97,224)</u>	<u>(5,472)</u>	<u>70</u>	<u>1,978,211</u>
Cash and investments - ending	<u>\$ 7,894</u>	<u>\$ 74,408</u>	<u>\$ 34,835</u>	<u>\$ 9,284</u>	<u>\$ 11,649</u>	<u>\$ 1,978,211</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SELF INSURANCE	EMPLOYEE DEDUCTIONS	PAYROLL WITHHOLDING FEDERAL	RETIREMENTS	PAYROLL WITHHOLDING STATE	TAX SETTLEMENT
Cash and investments - beginning	\$ 553,902	\$ 587	\$ 82	\$ 13,613	\$ 3	\$ -
Receipts:						
Taxes	-	-	-	-	-	34,682,004
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,333,725
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	3,135,368	104,057	615,658	684,754	269,334	-
Total receipts	<u>3,135,368</u>	<u>104,057</u>	<u>615,658</u>	<u>684,754</u>	<u>269,334</u>	<u>38,015,729</u>
Disbursements:						
Personal services	2,629,978	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	104,530	615,658	684,883	269,334	38,015,729
Total disbursements	<u>2,629,978</u>	<u>104,530</u>	<u>615,658</u>	<u>684,883</u>	<u>269,334</u>	<u>38,015,729</u>
Excess (deficiency) of receipts over disbursements	<u>505,390</u>	<u>(473)</u>	<u>-</u>	<u>(129)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,059,292</u>	<u>\$ 114</u>	<u>\$ 82</u>	<u>\$ 13,484</u>	<u>\$ 3</u>	<u>\$ -</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CVET AGENCY	FINANCIAL INSTITUTION TAX	HEA 1001 STATE HOMESTEAD CREDIT	HOMESTEAD CREDIT REBATE FUND	STATE FINES & FORFEITURES	INFRACTION JUDGEMENT
Cash and investments - beginning	\$ 54	\$ -	\$ (735)	\$ 30,020	\$ 66,136	\$ 5,746
Receipts:						
Taxes	-	-	8	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	355,134	349,548	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	30,222	55,359
Other receipts	-	-	-	-	-	394
Total receipts	<u>355,134</u>	<u>349,548</u>	<u>8</u>	<u>-</u>	<u>30,222</u>	<u>55,753</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	355,134	349,548	-	-	91,409	-
Total disbursements	<u>355,134</u>	<u>349,548</u>	<u>-</u>	<u>-</u>	<u>91,409</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>(61,187)</u>	<u>55,753</u>
Cash and investments - ending	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ (727)</u>	<u>\$ 30,020</u>	<u>\$ 4,949</u>	<u>\$ 61,499</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	OVERWEIGHT VEHICLES FINES	SPECIAL DEATH BENEFIT	SALES DISCLOSURE STATE-SHARE	CORONERS TRAINING & CONTINUING EDUCATION	RECOVERY FEES-STATE SHARE	INHERITANCE TAX
Cash and investments - beginning	\$ 116	\$ 555	\$ 275	\$ 256	\$ 303	\$ 151,111
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,628,303
Charges for services	-	-	4,140	4,826	3,585	-
Fines and forfeits	241	-	-	-	-	-
Other receipts	-	3,300	-	-	-	-
Total receipts	241	3,300	4,140	4,826	3,585	1,628,303
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	332	3,565	4,055	4,701	3,683	1,624,654
Total disbursements	332	3,565	4,055	4,701	3,683	1,624,654
Excess (deficiency) of receipts over disbursements	(91)	(265)	85	125	(98)	3,649
Cash and investments - ending	\$ 25	\$ 290	\$ 360	\$ 381	\$ 205	\$ 154,760

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	EDUCATION PLATE FEE DISTRIBUTION	RIVERBOAT REVENUE DISTRIBUTION	INNKEEPERS TAX COLLECTIONS	CEDIT DISTRIBUTION	COIT DISTRIBUTION	93.563 PROSECUTOR PCA
Cash and investments - beginning	\$ 94	\$ -	\$ 82,516	\$ -	\$ -	\$ 37,119
Receipts:						
Taxes	-	-	397,068	3,613,329	-	-
Licenses and permits	994	-	-	-	4,093,621	-
Intergovernmental	-	227,716	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	3,626
Other receipts	-	-	-	-	-	-
Total receipts	<u>994</u>	<u>227,716</u>	<u>397,068</u>	<u>3,613,329</u>	<u>4,093,621</u>	<u>3,626</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	994	-	340,426	-	-	2,530
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	227,716	40,868	3,613,329	4,093,621	-
Total disbursements	<u>994</u>	<u>227,716</u>	<u>381,294</u>	<u>3,613,329</u>	<u>4,093,621</u>	<u>2,530</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>15,774</u>	<u>-</u>	<u>-</u>	<u>1,096</u>
Cash and investments - ending	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 98,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,215</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	93.563 ARRA CLERK IV-D INCENTIVE	93.563 Title IV-D INCENTIVE	93.563 PROS IV-D INCENT P 99	93.563 CLERK 4-D INCENT P 99	AFTER SETTLEMENT COLLECTIONS	CLERK'S TRUST
Cash and investments - beginning	\$ 11,842	\$ 35,680	\$ 18,434	\$ 54,266	\$ 662,234	\$ 1,077,463
Receipts:						
Taxes	-	-	-	-	1,110,697	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	12,831	19,530	12,854	-	-
Fines and forfeits	-	-	-	1,819	-	-
Other receipts	-	-	-	-	-	3,217,583
Total receipts	-	12,831	19,530	14,673	1,110,697	3,217,583
Disbursements:						
Personal services	-	-	11,360	10,313	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	12,114	-	662,234	3,111,630
Total disbursements	-	-	23,474	10,313	662,234	3,111,630
Excess (deficiency) of receipts over disbursements	-	12,831	(3,944)	4,360	448,463	105,953
Cash and investments - ending	\$ 11,842	\$ 48,511	\$ 14,490	\$ 58,626	\$ 1,110,697	\$ 1,183,416

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SHERIFF'S INMATE TRUST	SHERIFF'S COMMISSARY	KNOX COUNTY BENEFIT TRUST	LANDFILL RETAINAGE	SHERIFF'S BUY MONEY	COUNTY SHERIFF (LUCE)
Cash and investments - beginning	\$ 243	\$ 243	\$ 244,980	\$ 27,677	\$ 675	\$ (5,138)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	144,415	156,600	2,003,771	14	-	61,473
Total receipts	<u>144,415</u>	<u>156,600</u>	<u>2,003,771</u>	<u>14</u>	<u>-</u>	<u>61,473</u>
Disbursements:						
Personal services	-	-	2,055,096	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	139,758	146,358	37	-	380	61,243
Total disbursements	<u>139,758</u>	<u>146,358</u>	<u>2,055,133</u>	<u>-</u>	<u>380</u>	<u>61,243</u>
Excess (deficiency) of receipts over disbursements	<u>4,657</u>	<u>10,242</u>	<u>(51,362)</u>	<u>14</u>	<u>(380)</u>	<u>230</u>
Cash and investments - ending	<u>\$ 4,900</u>	<u>\$ 10,485</u>	<u>\$ 193,618</u>	<u>\$ 27,691</u>	<u>\$ 295</u>	<u>\$ (4,908)</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	DRUG SEIZURE	PAYROLL WITHHOLDING FICA & MED	TAX SETTLEMENT (OLD)	OTHER ASSESSMENTS SEWER TRASH MOWING	KNOX COUNTY LAW ENFORCEMENT	PRE-TRAIL DIVERSION FUND
Cash and investments - beginning	\$ (6,397)	\$ -	\$ 363	\$ (617)	\$ 175	\$ 4,086
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	984,802	-	-	-	-
Total receipts	-	984,802	-	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	984,802	363	-	-	-
Total disbursements	-	984,802	363	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(363)	-	-	-
Cash and investments - ending	\$ (6,397)	\$ -	\$ -	\$ (617)	\$ 175	\$ 4,086

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	MADD MOTHERS AGAINST DRUNK DRIVING	NK WASTE WATER PLAN GRANT	SHERIFF'S INMATE TRUST COMMISSARY	LANDFILL SITE	COMMUNITY CORRECTIONS GRANT 13/14	PROBATION USERS FEES-ADULT
Cash and investments - beginning	\$ 3,525	\$ 423	\$ 24,502	\$ 1,524	\$ 15,325	\$ 1,647
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	554,492	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	168,323
Other receipts	-	-	158,949	-	-	-
Total receipts	-	-	158,949	-	554,492	168,323
Disbursements:						
Personal services	-	-	-	-	522,796	158,869
Supplies	-	-	-	-	15,050	3,620
Other services and charges	-	-	-	-	19,011	7,441
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	183,451	-	-	-
Total disbursements	-	-	183,451	-	556,857	169,930
Excess (deficiency) of receipts over disbursements	-	-	(24,502)	-	(2,365)	(1,607)
Cash and investments - ending	\$ 3,525	\$ 423	\$ -	\$ 1,524	\$ 12,960	\$ 40

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	PROBATION USERS FEES (JUVENILE)	CLERKS USER FEES	PROSECUTOR USER FEES	ALCOHOL & DRUG USER FEES	COMM CORR PROJECT INCOME	CIRCUIT COURT BAIL AGENCY FUND
Cash and investments - beginning	\$ 52,418	\$ 17,392	\$ 404,113	\$ 151,477	\$ 222,758	\$ 9,670
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	7,318	-	116,808	90,493	668,862	580
Other receipts	17,953	12,124	-	-	1,248	-
Total receipts	<u>25,271</u>	<u>12,124</u>	<u>116,808</u>	<u>90,493</u>	<u>670,110</u>	<u>580</u>
Disbursements:						
Personal services	30,616	6,225	137,061	59,993	512,149	-
Supplies	-	-	9,925	5,697	73,778	-
Other services and charges	-	14,175	44,264	9,511	86,247	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	4,434	1,865	1,225	-
Other disbursements	-	-	17,953	-	540	-
Total disbursements	<u>30,616</u>	<u>20,400</u>	<u>213,637</u>	<u>77,066</u>	<u>673,939</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,345)</u>	<u>(8,276)</u>	<u>(96,829)</u>	<u>13,427</u>	<u>(3,829)</u>	<u>580</u>
Cash and investments - ending	<u>\$ 47,073</u>	<u>\$ 9,116</u>	<u>\$ 307,284</u>	<u>\$ 164,904</u>	<u>\$ 218,929</u>	<u>\$ 10,250</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SUPERIOR II BAIL AGENCY FUND	SUPERIOR I BAIL AGENCY FUND	LLOYD BOND DITCH	BREVOORT CONSERVANCY	BREVOORT LEVEE	BREVOORT LEVEE SPECIAL
Cash and investments - beginning	\$ 114,125	\$ 5,971	\$ 26,464	\$ 4,378	\$ 15,657	\$ 396
Receipts:						
Taxes	-	-	2,565	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>2,565</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	22,356	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>22,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(22,356)</u>	<u>-</u>	<u>2,565</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 91,769</u>	<u>\$ 5,971</u>	<u>\$ 29,029</u>	<u>\$ 4,378</u>	<u>\$ 15,657</u>	<u>\$ 396</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	HIRAM BROWN	DUNN SPECIAL SURVEY	MARY FRICK DITCH	HERSCHEL GREEN DITCH	PETER HILL DITCH	#11 E. W. HOUSE DRAINAGE
Cash and investments - beginning	\$ 47,663	\$ 128	\$ 6,065	\$ 24,621	\$ 6,346	\$ 86,858
Receipts:						
Taxes	5,456	-	2,665	6,492	2,513	7,979
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	677
Total receipts	<u>5,456</u>	<u>-</u>	<u>2,665</u>	<u>6,492</u>	<u>2,513</u>	<u>8,656</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	164	2,825	2,725	24,100
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>164</u>	<u>2,825</u>	<u>2,725</u>	<u>24,100</u>
Excess (deficiency) of receipts over disbursements	<u>5,456</u>	<u>-</u>	<u>2,501</u>	<u>3,667</u>	<u>(212)</u>	<u>(15,444)</u>
Cash and investments - ending	<u>\$ 53,119</u>	<u>\$ 128</u>	<u>\$ 8,566</u>	<u>\$ 28,288</u>	<u>\$ 6,134</u>	<u>\$ 71,414</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	KESSINGER DITCH	KLEIN SPECIAL SURVEY	THOMAS LANKFORD	MESKIMAN DITCH	MILL CREEK	MCALLISTER DRAINAGE
Cash and investments - beginning	\$ 56,493	\$ 150	\$ 17,070	\$ 42	\$ 9,371	\$ 265
Receipts:						
Taxes	31,607	-	52	-	1,900	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>31,607</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>1,900</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	4,983	-	1,500	-	300	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>4,983</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>300</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>26,624</u>	<u>-</u>	<u>(1,448)</u>	<u>-</u>	<u>1,600</u>	<u>-</u>
Cash and investments - ending	<u>\$ 83,117</u>	<u>\$ 150</u>	<u>\$ 15,622</u>	<u>\$ 42</u>	<u>\$ 10,971</u>	<u>\$ 265</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	MCGINNIS LEVEE	NIBLACK LEVEE MAINTENANCE	NIBLACK LEVEE REPAIR	PLASS DITCH	POLLARD DITCH	PRATHER DITCH
Cash and investments - beginning	\$ 13,306	\$ 88,040	\$ 97,692	\$ 5,293	\$ 14	\$ 530
Receipts:						
Taxes	23,899	47,868	79,191	2,269	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>23,899</u>	<u>47,868</u>	<u>79,191</u>	<u>2,269</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	26,011	53,199	129,345	5,711	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>26,011</u>	<u>53,199</u>	<u>129,345</u>	<u>5,711</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,112)</u>	<u>(5,331)</u>	<u>(50,154)</u>	<u>(3,442)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 11,194</u>	<u>\$ 82,709</u>	<u>\$ 47,538</u>	<u>\$ 1,851</u>	<u>\$ 14</u>	<u>\$ 530</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	ROBERSON DITCH	SINGER DITCH	STEEN DITCH	STEEN DITCH SPECIAL	VIECK DITCH	WAGGONER LANKFORD ET AL
Cash and investments - beginning	\$ 6,769	\$ 11,408	\$ 870	\$ 66	\$ 32,963	\$ 177
Receipts:						
Taxes	3,898	5,468	-	-	39,024	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>3,898</u>	<u>5,468</u>	<u>-</u>	<u>-</u>	<u>39,024</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,160	5,622	-	-	24,578	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,160</u>	<u>5,622</u>	<u>-</u>	<u>-</u>	<u>24,578</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>738</u>	<u>(154)</u>	<u>-</u>	<u>-</u>	<u>14,446</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,507</u>	<u>\$ 11,254</u>	<u>\$ 870</u>	<u>\$ 66</u>	<u>\$ 47,409</u>	<u>\$ 177</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	WAMPLER DITCH	JAMES W. WILLIAM DITCH	SHERIFF DONATION	DONATION INMATE WORKFORCE	DONATIONS MONUMENT RESTORATION	DARE PROGRAM
Cash and investments - beginning	\$ 135,435	\$ 19,491	\$ 425	\$ 1,260	\$ 2,899	\$ 8,972
Receipts:						
Taxes	11,670	2,258	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	8,387	-	-	-
Other receipts	221	-	11,435	1,450	-	-
Total receipts	<u>11,891</u>	<u>2,258</u>	<u>19,822</u>	<u>1,450</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,730	-	2,595	1,348	-	1,520
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>1,730</u>	<u>-</u>	<u>2,595</u>	<u>1,348</u>	<u>-</u>	<u>1,520</u>
Excess (deficiency) of receipts over disbursements	<u>10,161</u>	<u>2,258</u>	<u>17,227</u>	<u>102</u>	<u>-</u>	<u>(1,520)</u>
Cash and investments - ending	<u>\$ 145,596</u>	<u>\$ 21,749</u>	<u>\$ 17,652</u>	<u>\$ 1,362</u>	<u>\$ 2,899</u>	<u>\$ 7,452</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	LAW ENFORCEMENT	SOLID WASTE FEE AUDITOR	SOLID WASTE FEE TREASURER	PROBATION HOME MONITORING	COMMISSIONERS CERTIFICATE SALE	IN LIEU OF ROAD BOND
Cash and investments - beginning	\$ -	\$ 8,215	\$ 8,767	\$ 30,746	\$ 3,985	\$ 6,864
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	2,363	591	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	185,000	-	-	165,281	-	-
Total receipts	<u>185,000</u>	<u>2,363</u>	<u>591</u>	<u>165,281</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	131,724	-	-
Supplies	19,961	236	-	50,195	-	-
Other services and charges	-	-	-	-	3,985	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	126,000	5,392	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>145,961</u>	<u>5,628</u>	<u>-</u>	<u>181,919</u>	<u>3,985</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>39,039</u>	<u>(3,265)</u>	<u>591</u>	<u>(16,638)</u>	<u>(3,985)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 39,039</u>	<u>\$ 4,950</u>	<u>\$ 9,358</u>	<u>\$ 14,108</u>	<u>\$ -</u>	<u>\$ 6,864</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SURPLUS DOG TAX FUND	HEALTH CLINIC	IDACS (E-911)	INFRACTION JUDGMENTS/ RESTITUTION	HAZARDOUS SUBSTANCE RESPONSE TEAM	PTRC & "HC" HOLDING FUND
Cash and investments - beginning	\$ 5,837	\$ 255	\$ 2,862	\$ 1,224	\$ 276	\$ 80
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	4,000	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	53	-	-	-	-	-
Total receipts	<u>53</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	3,609	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	988	-	-	-	-	-
Total disbursements	<u>988</u>	<u>-</u>	<u>3,609</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(935)</u>	<u>-</u>	<u>391</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,902</u>	<u>\$ 255</u>	<u>\$ 3,253</u>	<u>\$ 1,224</u>	<u>\$ 276</u>	<u>\$ 80</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	VICTIM ASSISTANT	SUPERIOR COURT GROUP HOME	ADULT PROTECTIVE SERVICE	DRUG ABUSE PROSECUTION FUND	HILLCREST INS. SETTLEMENT 2006	20.601 BIG CITY/BIG CO ENFORCEMENT
Cash and investments - beginning	\$ 103	\$ 500	\$ 11,450	\$ 123,160	\$ 263,784	\$ (3,182)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,142
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	450	-	-
Total receipts	-	-	-	450	-	1,142
Disbursements:						
Personal services	-	-	-	-	-	2,617
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	2,873	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	38,000	-
Total disbursements	-	-	-	-	40,873	2,617
Excess (deficiency) of receipts over disbursements	-	-	-	450	(40,873)	(1,475)
Cash and investments - ending	<u>\$ 103</u>	<u>\$ 500</u>	<u>\$ 11,450</u>	<u>\$ 123,610</u>	<u>\$ 222,911</u>	<u>\$ (4,657)</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	20.601 DUI TASK FORCE 2011	97.042 HOMELAND SECURITY	16.575 VICTIMS ASSISTANCE GRANT	93.283 CO. HEALTH BIOTERRORISM	EMA PERFORMANCE GRANT	14.228 CDBG PROGRAM
Cash and investments - beginning	\$ 185	\$ 9,240	\$ 514	\$ (6,623)	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,004	-	-	18,119	4,054	606,795
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>5,004</u>	<u>-</u>	<u>-</u>	<u>18,119</u>	<u>4,054</u>	<u>606,795</u>
Disbursements:						
Personal services	3,842	-	-	-	-	-
Supplies	-	-	-	2,183	-	-
Other services and charges	-	-	-	16,598	1,112	16,500
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	7,328	-	-	2,942	590,295
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,842</u>	<u>7,328</u>	<u>-</u>	<u>18,781</u>	<u>4,054</u>	<u>606,795</u>
Excess (deficiency) of receipts over disbursements	<u>1,162</u>	<u>(7,328)</u>	<u>-</u>	<u>(662)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,347</u>	<u>\$ 1,912</u>	<u>\$ 514</u>	<u>\$ (7,285)</u>	<u>\$ -</u>	<u>\$ -</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	DRUG ABUSE	PUBLIC HEALTH BONUS GRANT	H1N1 GRANT	VAN-GO	LOCAL EMERGENCY PLANNING & RIGHT TO KNOW	COMMUNITY CORRECTIONS GRANT 14/15
Cash and investments - beginning	\$ -	\$ -	\$ 1	\$ -	\$ 8,256	\$ 1,964
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	18,254	-	737,631	8,909	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	7,087	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>7,087</u>	<u>18,254</u>	<u>-</u>	<u>737,631</u>	<u>8,909</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	4,652	-	-	304	-
Other services and charges	-	261	-	-	5,728	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	13,341	-	-	-	-
Other disbursements	-	-	1	737,631	-	1,964
Total disbursements	<u>-</u>	<u>18,254</u>	<u>1</u>	<u>737,631</u>	<u>6,032</u>	<u>1,964</u>
Excess (deficiency) of receipts over disbursements	<u>7,087</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>2,877</u>	<u>(1,964)</u>
Cash and investments - ending	<u>\$ 7,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,133</u>	<u>\$ -</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	COMMUNITY CORRECTIONS GRANT	IN. CRIMINAL JUSTICE INSTITUTE	GIS DATA EXCHANGE PROGRAM	OPERATION PULL OVER	WRV DRUG TASK FORCE 95-96	EMERGENCY GAS AWARD
Cash and investments - beginning	\$ 3,906	\$ 1,517	\$ -	\$ -	\$ 2	\$ 450
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	2,000	14,413	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>14,413</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	3,131	-	-
Supplies	-	-	-	-	-	450
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	2	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,131</u>	<u>2</u>	<u>450</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>11,282</u>	<u>(2)</u>	<u>(450)</u>
Cash and investments - ending	<u>\$ 3,906</u>	<u>\$ 1,517</u>	<u>\$ 2,000</u>	<u>\$ 11,282</u>	<u>\$ -</u>	<u>\$ -</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	FEASIBILITY STUDY	DRUG TASK FORCE	OPO GRANT OP-09-01-01-98	OPO GRANT: OP-10-02-02-09	VICTIM ASSISTANCE (SUPERIOR COURT)	WHITE RIVER VALLEY DRUG TASK FORCE
Cash and investments - beginning	\$ 260	\$ (3,664)	\$ 408	\$ 594	\$ 12	\$ 670
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	413	304	485	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>413</u>	<u>304</u>	<u>485</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	260	57	-	-	12	-
Total disbursements	<u>260</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(260)</u>	<u>356</u>	<u>304</u>	<u>485</u>	<u>(12)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (3,308)</u>	<u>\$ 712</u>	<u>\$ 1,079</u>	<u>\$ -</u>	<u>\$ 670</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	PROBATION LCC	HOME MANAGEMENT GRANT	PROSLINK IMPLEMENTATION PROJECT	DISASTER PUBLIC ASSISTANCE	2011 HOMELAND SECURITY GRANT	Totals
Cash and investments - beginning	\$ 101	\$ 1	\$ 2,496	\$ 1,142	\$ -	\$ 32,298,303
Receipts:						
Taxes	-	-	-	-	-	55,442,794
Licenses and permits	-	-	-	-	-	73,685
Intergovernmental	-	-	-	-	1,096	15,563,313
Charges for services	-	-	-	-	-	1,280,735
Fines and forfeits	-	-	-	-	-	1,576,573
Other receipts	-	-	-	-	-	15,244,094
Total receipts	-	-	-	-	1,096	89,181,194
Disbursements:						
Personal services	-	-	-	-	-	14,621,183
Supplies	101	-	-	-	-	2,078,132
Other services and charges	-	-	-	-	-	7,111,132
Debt service - principal and interest	-	-	-	-	-	15,000
Capital outlay	-	-	-	-	886	2,467,640
Other disbursements	-	1	-	-	-	59,006,355
Total disbursements	101	1	-	-	886	85,299,442
Excess (deficiency) of receipts over disbursements	(101)	(1)	-	-	210	3,881,752
Cash and investments - ending	\$ -	\$ -	\$ 2,496	\$ 1,142	\$ 210	\$ 36,180,055

KNOX COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 623,340</u>	<u>\$ -</u>

KNOX COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
CATERPILLAR	140M CATERPILLAR MOTOR GRADER	\$ 17,900	10-31-11	10-31-15
CATERPILLAR	M316D WHEEL EXCAVATOR SN: D6W00938	25,537	02-20-13	02-20-18
CATERPILLAR	M316D WHEEL EXCAVATOR SN: D6W00942	<u>25,537</u>	02-20-13	02-20-18
Total of annual lease payments		<u>\$ 68,974</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Land and Utilities for Industrial Park-2011 Refinanced	\$ 1,680,000	\$ 250,443
General obligation bonds	New Jail-2005 Special Edit	6,650,000	934,000
Notes and loans payable	Enhanced 911 Loan	<u>434,364</u>	<u>83,645</u>
Total governmental activities		<u>8,764,364</u>	<u>1,268,088</u>
Totals		<u>\$ 8,764,364</u>	<u>\$ 1,268,088</u>

KNOX COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 1,286,217
Infrastructure	73,032,725
Buildings	10,582,253
Improvements other than buildings	4,179,037
Machinery, equipment, and vehicles	24,412,982
Total governmental activities	113,493,214
Total capital assets	\$ 113,493,214

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Knox County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on CDBG - State-Administered CDBG Cluster

As described in item 2013-003 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding cash management that are applicable to its CDBG – State-Administered CDBG Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Qualified Opinion on CDBG – State-Administered CDBG Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on CDBG – State-Administered CDBG Cluster* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CDBG – State-Administered CDBG Cluster for the year ended December 31, 2013.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2013.

Other Matters

The County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003 and 2013-004 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 5, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

KNOX COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Farbest	IN Office of Community & Rural Affairs	14.228	B13DC180001DR2-09-223	\$ 606,795
Total - CDBG - State-Administered CDBG Cluster				<u>606,795</u>
Total - Department of Housing and Urban Development				<u>606,795</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Cum Bridge Highway Planning and Construction	IN Dept of Transportation	20.205 20.205	A249-10-320563 A249-13-220377	137,139 <u>45,000</u>
Total - Highway Planning and Construction				<u>182,139</u>
Total - Highway Planning and Construction Cluster				<u>182,139</u>
Highway Safety Cluster State and Community Highway Safety Big City/Big Country Operation Pull Over - FY 12/13 Operation Pull Over - FY 13/14	IN Criminal Justice Institute	20.600 20.600 20.600	032NHTSA4022012 D3-13-7321 D3-14-8191	1,142 11,134 <u>3,280</u>
Total - State and Community Highway Safety				<u>15,556</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Task Force	IN Criminal Justice Institute	20.601	D3-13-7253	<u>5,004</u>
Total - Highway Safety Cluster				<u>20,560</u>
Transit Services Programs Cluster Job Access and Reverse Commute Program Van Go	IN Dept of Transportation	20.516	A249-13-320342	<u>82,771</u>
New Freedom Program Van Go	IN Dept of Transportation	20.521	A249-13-320347	<u>50,670</u>
Total - Transit Services Programs Cluster				<u>133,441</u>

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

KNOX COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>				
ARRA - Formula Grants for Other than Urbanized Areas Van Go	IN Dept of Transportation	20.509	A249-10-321073	<u>53,608</u>
Formula Grants for Other than Urbanized Areas Van Go	IN Dept of Transportation	20.509	A249-13-320289	<u>286,978</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants Local Emergency Planning	In Department of Homeland Security	20.703	C44P-3-149B	<u>6,032</u>
Total - Department of Transportation				<u>682,758</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness Terrorism & Public Health	IN Dept of Health	93.069	2U90TP517024-11	<u>18,254</u>
Hospital Preparedness Program(HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Bioterrorism	IN Dept of Health	93.074	BPRS 141-70 90TP0005	<u>13,091</u>
Child Support Enforcement County Prosecutor's Expense Clerk's Expense Indirect Costs Collection Incentives Prosecutor Collection Incentives Clerk	IN Dept of Child Services	93.563 93.563 93.563 93.563 93.563	FY2013 FY2013 FY2013 FY2013 FY2013	58,435 20,709 31,161 23,474 <u>10,313</u>
Total - Child Support Enforcement				<u>144,092</u>
Total - Department of Health and Human Services				<u>175,437</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants Homeland Security Homeland Security	IN Dept of Homeland Security	97.042 97.042	C44P-2-248A C44P-3-273B	4,054 <u>8,313</u>
Total - Emergency Management Performance				<u>12,367</u>
Total - Department of Homeland Security				<u>12,367</u>
Total federal awards expended				<u>\$ 1,477,357</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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	\$ 53,608
Formula Grants for Other Than Urbanized Areas	20.509	286,978
Job Access and Reverse Commute Program	20.516	82,771
New Freedom Program	20.521	50,670
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	590,295

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	
CDBG - State-Administered CDBG Cluster	Qualified
Formula Grants for Other than Urbanized Areas	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	CDBG - State-Administered CDBG Cluster Formula Grants for Other than Urbanized Areas

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal controls in place that operates effectively, material misstatements to the SEFA could remain undetected.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

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 Manual for Counties of Indiana, Chapter 1)

FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control systems of the Treasurer's and Auditor's Office related to financial transactions and reporting. The failure to establish and maintain internal controls enable material misstatements or irregularities to remain undetected. We believe the following deficiencies constitute material weaknesses:

1. **Preparing Financial Statements:** Internal controls were not in place to detect that the financial statement for the County, as presented for audit, was materially incorrect. There were errors in reporting the total receipts, disbursements, and cash balances of numerous funds. Audit adjustments were proposed, accepted by the County, and made to the financial statement presented in this report.
2. **Reconcilements:** Proper controls were not established between the Treasurer's and Auditor's Offices to accurately prepare reconcilements for any of the months during the audit period. The balance per the bank accounts did not agree with the bank balances reported in the Treasurer's Cash Book. Neither the balance per the bank accounts nor the balance per the Treasurer's Cash Book reconciled to the fund balances on the Auditor's Fund Ledger. A number of adjustments were made by the Auditor to the County Fund Ledger that were not communicated and reflected on the Treasurer's Cash Book. As of December 31, 2013, the difference between the adjusted bank balance and Auditor's Fund Ledger indicated cash necessary to balance of \$137,804, which was determined to be immaterial. Outstanding checks listed on the outstanding check report date as far back as 2006.

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.

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 Manual for Counties of Indiana, Chapter 1)

KNOX COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-003 - INTERNAL CONTROLS AND COMPLIANCE OVER CASH MANAGEMENT

Federal Agency: Department of Housing and Urban Development
 Federal Program: Community Development Block Grant/State's Program
 and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): B13DC180001DR2-09-223

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the County has not established an effective internal control system over the compliance requirements relating to Cash Management. The County failed to implement policies and procedures to ensure that all Community Development Block Grant (CDBG) funds received would be disbursed within the applicable financial management requirements. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and compliance requirements.

The County entered into a grant agreement for the Farbest Economic Development Grant (DR2-09-223) with the Indiana Office of Rural and Community Affairs (OCRA). The purpose of the project was for Farbest, Inc., to purchase equipment to start a turkey processing facility and CDBG funds were used to help pay for the development of the plant. When Farbest, Inc., purchased the equipment, they submitted the invoice to the County. The County filed a claim voucher and sent it to the OCRA office for approval and payment. The County was notified when payment of the claim was received for the grant and disbursements were to be made within five days to the vendor requesting payment in order to meet Cash Management requirements. During 2013, the following reimbursement claim was not in compliance:

<u>Date of Request</u>	<u>Date Received</u>	<u>Date Vendor Paid</u>	<u>Days Held by County</u>	<u>Amount</u>
July 15, 2013	August 6, 2013	August 19, 2013	13 Days	<u>\$ 606,795</u>

The "Indiana CDBG Handbook, Community Development Block Grants" issued by Indiana Office of Community and Rural Affairs states in part:

"6.5. Draw-downs and Disbursements: After approval of the Claim Voucher by the Lt. Governor's business office, the claim is forwarded to the Auditor's Office for payment. Funds are electronically transferred to the Grantee's bank account of record. If the grantee makes changes to their bank account of record, they must notify the Auditor's office of the updated account information. Grantees must be alert to the receipt of federal funds and be prepared to issue payments to their contractors within five business days of the deposit.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Under no circumstances should a Grantee retain more than \$5,000 of federal money in their bank account for more than five business days. If for any reason the federal funds cannot be disbursed during that five day period, the Grantee will be required to return all interest earned on the federal funds to OCRA by check made payable to the U.S. Treasury. Grantees are advised to keep federal funds in non-interest bearing accounts."

Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the cash management requirements could result in the loss of federal funds to the County.

We recommended that the County establish controls to ensure Cash Management requirements are complied with.

***FINDING 2013-004 - INTERNAL CONTROLS OVER
SPECIAL TESTS AND PROVISIONS (JOB CREATION)***

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): B13DC180001DR2-09-223

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions requirement for job creation. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the Special Tests and Provisions requirement for job creation. A lack of segregation of duties within an internal control system could also allow noncompliance with the Special Tests and Provisions for job creation and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or Special Tests and Provisions requirement for job creation could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and Special Tests and Provisions requirement for job creation.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.

KNOX COUNTY AUDITOR

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



Finding Number: 2012-03

Original SBA Auditee Report Number: B4225

Fiscal Year: 2012

Auditee Contact Person: Mindy Wessel

Title of Contact Person: County Auditor

Phone Number: 812-885-2502

Status of Findings: Corrected

The County Auditor has established an effective internal control systems, with a spreadsheet on all Federal grants related to the agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; activities allowed and allowable cost. The claims for payment on Community Development Block Grants have be approved by the Knox County Commissioners and Auditor before all checks are issued.

Mindy S Wessel
Knox County Auditor

KNOX COUNTY AUDITOR

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 7

VINCENNES, IN 47591

(812) 885-2502



Finding Number: 2012-04

Original SBA Auditee Report Number: B4225

Fiscal Year: 2012

Auditee Contact Person: Mindy Wessel

Title of Contact Person: County Auditor

Phone Number: 812-885-2502

Status of Findings: Corrected

The County Auditor has established controls, related to the grant agreement and all compliance requirement that have a direct and material effect to the program. By keeping tract on Van Go's operating grant, which receives both Federal and State dollars, JARC Grant and New Freedom grant. The Knox County Commissioners have signed off on Indiana Department of Transportation Contract Invoices-Vouchers and a excel spreadsheet which shows all funds. The County Auditor has checked over each receipt and disbursement and has signed verifying the transactions.

A handwritten signature in black ink that reads "Mindy S. Wessel".

Mindy S Wessel
Knox County Auditor

KNOX COUNTY AUDITOR

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



Finding Number: 2012-05
Original SBA Auditee Report Number: B4225
Fiscal Year: 2012
Auditee Contact Person: Mindy Wessel
Title of Contact Person: County Auditor
Phone Number: 812-885-2502
Status of Findings: Corrected

The County Auditor has established controls, related to the grant agreement and all compliance requirements that have a direct and material effect to the program. By keeping tract on Van Go's operating grants (Federal & State), JARC, New Freedom grants. They have been keeping tract of the ARRA funds that Van Go receives. The Knox County Commissioners have signed off on Indiana Department of Transportation Contract Invoices-Vouchers and a excel spreadsheet which shows all funds received. All receipts and disbursement have been signed by the County Auditor.

Mindy S Wessel
Knox County Auditor

KNOX COUNTY AUDITOR

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 7

VINCENNES, IN 47591

(812) 887-2502



KNOX COUNTY FEDERAL FINDINGS

Finding 2013-001

Correction Action Plan

The Knox County Auditor's office has designed and implemented an internal control structure that provides reasonable assurance that the SEFA will be accurate.

The Auditor has developed a excel spreadsheet on all Federal Grants to help maintain internal controls and comply with laws, regulations and the provisions of contracts or grant agreements related to each of its Federal Programs. The spreadsheet lists the Federal Agency, Federal Program, CFDA Number, Federal Award Number and Year, and Pass-Through Agency. The Deputy Auditor will compare the spreadsheet before the information is entered into Gateway.

A handwritten signature in cursive script that reads "Mindy S. Wessel".

Mindy S Wessel

Knox County Auditor

May 8, 2014

KNOX COUNTY AUDITOR

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



KNOX COUNTY FEDERAL FINDINGS

Finding 2013-002

Correction Action Plan:

The Auditor's office will provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper executive 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 which are necessary for proper internal control. The controls over 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.

The Auditor's Office and Treasurer's Office will balance daily to keep everything in balance on all funds. The Knox County Auditor's office will issue checks and receipts when making accounts payable corrections to help the Treasurer with their posting, which will help eliminate error between the Auditor's office and the Treasurer's office.

A handwritten signature in cursive script that reads "Mindy S. Wessel".

Mindy S Wessel
Knox County Auditor
May 8, 2014



KNOX COUNTY TREASURER

SHARON K. DUKE

111 N. SEVENTH STREET, SUITE 1

VINCENNES, IN 47791

(812) 885-2506

KNOX COUNTY FEDERAL FINDINGS Finding 2013-002

Correction Action Plan:

The Knox County Treasurer's office will provide reasonable assurance regarding the accurate preparation of reconciliation reports between the auditor's office and treasurer's office. This being the first year as treasurer, and having had the previous treasurer's bookkeeper take another job on January 2, 2013 left this office without a knowledgeable bookkeeper of the procedures for the cash book. To add to the confusion, the auditor was also new in her position and was making corrections that she felt needed to be made that was affecting cash but had no cash to present to the treasurer's office for deposits. Therefore, the treasurer could not get the funds to balance with the auditor and of course, the cash in the bank was going to be off from what the auditor was presenting. There is also a \$108,854.94 adjustment that was made in 2010 by the previous treasurer due to using a wrong figure when the office went from handwritten books to a computer program. In finishing regarding the \$137,804 difference between the adjusted bank balance and auditor's fund ledger is in reality non-cash adjustments that were made in error. The treasurer did present monthly the differences in the cash balances to the auditor's office but the auditor being new in her position didn't realize the error she had made when she made her corrections. The treasurer being new in her position and not having anyone in the office knowledgeable of the bookkeeping responsibilities failed to complete the report.

The treasurer having spent time with the SBOA is now aware of the reports that are required and of the importance of pursuing corrective action on the auditor's office when the funds are not in balance. The treasurer's software pulls over the entire funds activity which effects cash through quietus and checks. The difference in the funds would only be caused by a correction made in the auditor's office that affects cash in error and or by the treasurer not having properly pulled over the day's activity. My knowledge of this will be put into internal control to assure the proper corrections are made from this point on between the auditor's office and treasurer's office.

The treasurer is creating a new cashbook for 2013, to identify the errors in corrections and will work with the auditor to get them resolved. The treasurer is also completing reconcilements monthly. The treasurer will present the auditor with an outstanding check report in order to get those checks off the books.

I assure you the Auditor's office and Treasurer's office have a good working relationship and the errors made by both officers were unintentional errors made from having never been in their positions before and are behind us. That the auditor and treasurer will have better internal control due to having had a SBOA audit and necessary explanations of the entire process that is expected.

Sincerely,

Sharon K. Duke
Knox County Treasurer
May 14, 2014



KNOX COUNTY Auditor

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502

KNOX COUNTY FEDERAL FINDINGS

Finding 2013-003

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or other identifying number); B13DC180001DR2-09-223

Pass-Through Entity: Indiana Office of Community and Rural Affairs.

Correction Action Plan:

Knox County will establish an effective internal control system over the compliance requirements relating to cash management. The County will implement policies and procedures to ensure that all Community Development Block Grant (CDBG) funds received will be disbursed within the applicable financial management requirements. The County Auditor and the Deputy Auditor will verify each EFT that is deposited to the county and disburse the funds within the five day period, which will help eliminate this finding.

Mindy S Wessel
Knox County Auditor
May 8, 2014



KNOX COUNTY AUDITOR

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502

KNOX COUNTY FEDERAL FINDINGS

Finding 2013-004

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number); B13DC180001DR2-09-223

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Correction Action Plan

The County Auditor will establish internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected on a timely basis. To make sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The County Auditor will establish internal controls with SIDC making sure that Farbest Economic Development Grant is in compliance with this grant.

Mindy S Wessel
Knox County Auditor
May 8, 2014

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the County. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.