

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, 2014 to December 31, 2014



FILED
04/13/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mindy S. Wessel Lisa G. Madden	01-01-14 to 12-31-14 01-01-15 to 12-31-18
County Treasurer	Sharon K. Duke Brenda Hall	01-01-13 to 12-31-15 01-01-16 to 12-31-20
Clerk of the Circuit Court	Lisa Clark-Benock Terri Allen	01-01-14 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	Michael Morris	01-01-14 to 12-31-18
County Recorder	Brenda Hall Lisa Clark-Benock	01-01-14 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	Larry Holscher Kellie Streeter	01-01-14 to 12-31-16 01-01-17 to 12-31-17
President of the County Council	Randy Crismore Robert Lechner	01-01-14 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
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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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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, 2014.

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.

Other Information

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, and Schedule of Leases and Debt, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2017, 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.


Paul D. Joyce, CPA
State Examiner

February 16, 2017



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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, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 16, 2017, 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 2014-001, 2014-002, 2014-003, and 2014-004 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

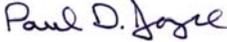
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 items 2014-001, 2014-002, and 2014-003.

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

February 16, 2017

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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, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 2,557,939	\$ 9,194,787	\$ 9,716,787	\$ 2,035,939
Accident Report	1,372	439	-	1,811
Bid Deposits And Bonds Holding	20,502	22,953	-	43,455
CEDIT County Share	2,335,254	1,078,643	1,167,740	2,246,157
CEDIT- Special Legislation	5,122,691	1,997,757	6,322,606	797,842
City And Town Court Costs	56,275	17,053	64,967	8,361
Clerk's Records Perpetuation	59,969	11,548	5,326	66,191
COIT County Distributive Shares	8,966,149	2,742,938	3,856,426	7,852,661
Community Transition Program	52,714	16,620	3,260	66,074
Congressional School Interest	36,491	-	3,410	33,081
Congressional School Principal	42,619	-	-	42,619
Prisoner Reimbursement For Incarceration	519,016	208,565	368,577	359,004
Sales Disclosure- County Share	52,465	6,565	-	59,030
Cumulative Bridge	361,893	570,810	372,625	560,078
Drug Free Community	33,815	27,874	35,417	26,272
Firearms Training	158	10,440	9,175	1,423
General Drain Improvement	250,050	12,515	37,545	225,020
Health	65,980	359,839	398,458	27,361
Identification Security Protection	12,545	2,943	-	15,488
Levy Excess	28,359	-	-	28,359
Local Health Maintenance	43,339	34,029	16,200	61,168
Local Road And Street	92,833	746,630	566,073	273,390
Misdemeanant	50,388	28,693	30,560	48,521
Motor Vehicle Highway	964,429	3,119,423	3,042,787	1,041,065
Park Nonreverting Capital	117,499	76,046	97,363	96,182
Park Nonreverting Operating	31,098	7,900	2,600	36,398
Planning And Zoning Impact	13,247	155,631	151,557	17,321
Plat Book	5,427	-	-	5,427
Rainy Day	4,104,345	-	8,129	4,096,216
Reassessment- 2009	306,372	-	306,372	-
Reassessment- 2015	631,874	867,362	479,450	1,019,786
Recorder's Records Perpetuation	187,134	52,815	104,356	135,593
Riverboat	208,900	83,077	43,162	248,815
Solid Waste User Fees	4,485	113,702	125,141	(6,954)
Surplus Tax	213,815	40,184	61,298	192,701
Surveyor's Corner Perpetuation	21,877	7,525	13,772	15,630
Tax Sale Redemption	(1,614)	227,025	171,059	54,352
Tax Sale Surplus	231,791	317,355	172,233	376,913
Local Health Department Trust Account	45,663	23,979	20,169	49,473
Guardian Ad Litem	1,832	-	-	1,832
GAL/CASA	-	28,575	28,575	-
Auditors Ineligible Deductions	10,963	-	-	10,963
County Elected Officials Training	7,893	2,943	-	10,836
Park And Recreation	74,408	520,872	489,894	105,386
Statewide 911	34,835	499,307	319,848	214,294
Adult Probation Administrative	9,283	47,450	44,910	11,823
Juvenile Probation Administrative	11,647	-	-	11,647
TIF Capital Projects	1,978,211	362,011	277,248	2,062,974
Self-Insurance	1,059,292	2,688,851	2,306,464	1,441,679
Payroll Clearing	114	132,341	132,174	281
Payroll Withholding- Federal	82	677,693	677,721	54
Payroll Withholding- FICA & Medicare	-	985,251	985,355	(104)
Payroll Withholding- PERF	13,485	762,648	762,756	13,377
Payroll Withholding- State	3	294,761	294,792	(28)
Settlement	-	39,285,916	39,285,916	-
CVET Agency	54	332,614	332,668	-
Weed Lien Collections	(617)	617	-	-
Financial Institution Tax	-	382,654	382,654	-
HEA 1001 State Homestead Credit	(727)	727	-	-
Homestead Credit Rebate	30,020	153	-	30,173
State Fines And Forfeitures	4,950	27,611	15,274	17,287
Infraction Judgements	61,499	41,839	-	103,338
Overweight Vehicle Fines	25	273	167	131
Special Death Benefit	290	2,830	2,900	220
Sales Disclosure- State Share	360	1,928	2,288	-
Coroners Training & Con't Education	380	5,614	5,660	334

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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Mortgage Recording Fees- State Share	205	2,805	2,798	212
Inheritance Tax	154,759	98,738	114,301	139,196
Education Plate Fees Agency	94	881	975	-
Riverboat Revenue Sharing	-	227,716	227,716	-
Innkeepers Tax Collections	98,290	357,214	387,028	68,476
CEDIT Distribution	-	3,730,824	3,730,824	-
COIT Distribution	-	4,249,636	4,249,636	-
93.563 Prosecutor PCA	38,215	2,345	10,560	30,000
93.563 ARRA Clerk IV-D Incentive	11,842	-	-	11,842
93.563 Title IV-D Incentive	48,511	14,884	-	63,395
93.563 Prosecutor IV-D Incentive-Post Oct '99	14,491	22,391	10,618	26,264
93.563 Clerk IV-D Incentive-Post Oct '99	58,626	14,884	10,418	63,092
Pre-Trial Diversion Fund	4,086	-	-	4,086
Donations-Vicki Harmon	-	10,255	-	10,255
Law Enforcement Fund	175	-	-	175
Park Donations-Christmas	-	14,454	1,928	12,526
MADD- Mothers Against Drunk Drivers	3,525	-	-	3,525
After Settlement Collections	1,110,697	1,182,330	1,110,697	1,182,330
Supplemental- Clerk Odyssey/ Trust	1,166,095	2,496,298	2,575,496	1,086,897
Supplemental- Clerk ISETS	17,320	896,494	909,169	4,645
Supplemental- Sheriff Inmate Trust	4,899	310,021	311,637	3,283
Supplemental- Sheriff Commissary	10,485	268,786	263,265	16,006
Supplemental- Sheriff Buy Money	295	-	-	295
Supplemental- Sheriff (Luce)	(4,908)	4,908	-	-
Supplemental- Knox County Benefit Trust	193,618	2,000,000	2,040,173	153,445
Supplemental- Landfill Retainage	27,691	16	-	27,707
NK Waste Water Plan Grant	423	-	-	423
Landfill	1,524	-	-	1,524
9107 Community Corrections Grant	12,959	242,594	255,532	21
Probation Users Fees- Adult	39	178,247	169,373	8,913
Probation Users Fees- Juvenile	47,072	27,556	34,915	39,713
Clerks User Fees	9,116	10,597	9,307	10,406
Prosecutor User Fees	307,285	92,954	231,265	168,974
Alcohol & Drug User Fees	164,905	72,942	88,252	149,595
Community Correction Project Income	218,929	728,488	636,149	311,268
Circuit Court Bail	10,250	-	-	10,250
Superior II Bail Fund	91,769	-	28,213	63,556
Superior I Bail Agency Fund	5,971	-	1,246	4,725
Drain Maintenance- Lloyd Bond Ditch	29,029	2,546	-	31,575
Drain Maintenance- Brevoort Conservancy	4,378	-	-	4,378
Drain Maintenance- Brevoort Levee	15,657	-	-	15,657
Drain Maintenance- Brevoort Levee Special	396	-	-	396
Drain Maintenance- Hiram Brown	53,119	4,498	6,970	50,647
Drain Maintenance- Dunn Special Survey	128	-	-	128
Drain Maintenance- Mary Frick Ditch	8,566	2,663	7,982	3,247
Drain Maintenance- Herschel Green Ditch	28,288	6,245	372	34,161
Drain Maintenance- Peter Hill Ditch	6,134	2,545	6,162	2,517
Drain Maintenance- E.W. House Drainage	71,414	8,605	54,488	25,531
Drain Maintenance- Kessinger Ditch	83,117	31,815	90	114,842
Drain Maintenance- Klein Special Survey	150	-	-	150
Drain Maintenance- Thomas Lankford	15,622	69	1,958	13,733
Drain Maintenance- Meskiman Ditch	42	15,561	12,515	3,088
Drain Maintenance- Mill Creek	10,972	1,779	9,175	3,576
Drain Maintenance- McAllister Drainage	265	-	-	265
Drain Maintenance- McGinnis Levee	11,194	27,775	28,006	10,963
Drain Maintenance- Niblack Levee Maintenance	82,709	46,077	102,714	26,072
Drain Maintenance- Niblack Levee Repair	47,538	74,761	29,514	92,785
Drain Maintenance- Plass Ditch	1,852	3,554	630	4,776
Drain Maintenance- Pollard Ditch	14	-	-	14
Drain Maintenance- Prather Ditch	530	-	-	530
Drain Maintenance- Roberson Ditch	7,507	3,827	6,160	5,174
Drain Maintenance- Singer Ditch	11,253	5,773	-	17,026
Drain Maintenance- Steen Ditch	870	-	-	870
Drain Maintenance- Steen Ditch Special	66	-	-	66
Drain Maintenance- Vieck Ditch	47,409	42,213	39,100	50,522
Drain Maintenance- Waggoner, Lankford, Et Al	177	-	-	177
Drain Maintenance- Wampler Ditch	145,596	12,203	122,087	35,712

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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Drain Maintenance- James W. Williams Ditch	21,749	2,263	469	23,543
Sheriff Donation Fund	17,652	24,935	22,168	20,419
Donations	1,362	1,636	1,654	1,344
Donations- Monument Restoration	2,899	177	-	3,076
DARE Program	7,452	-	-	7,452
Law Enforcement	39,039	226,000	241,592	23,447
Solid Waste- Auditor	4,949	1,196	-	6,145
Solid Waste- Treas.	9,358	1,196	-	10,554
Probation Home Monitoring	14,109	192,065	118,360	87,814
Drug Seizure	(6,397)	6,397	-	-
In Lieu Of Road Bond	6,864	-	-	6,864
Surplus Dog Tax Fund	4,902	-	2,600	2,302
Health Clinic	255	-	-	255
IDACS (E-911)	3,253	4,000	3,593	3,660
Infraction Judgement	1,225	-	-	1,225
Hazardous Substance Response	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 Prosec.	123,610	-	-	123,610
Hillcrest Ins. Settlement 2006	222,911	-	-	222,911
Big City/ Big County Grant	(4,657)	6,527	1,870	-
DUI Task Force 2011	1,347	5,981	6,017	1,311
Homeland Security Grant	1,911	-	1,911	-
Victims Assistance Grant	514	-	-	514
Co Health Bioterrorism	(7,285)	21,616	14,381	(50)
EMA Performance Grant	-	-	5,232	(5,232)
CDBG Program (Farbest)	-	312,900	312,900	-
Drug Abuse	7,087	6,936	-	14,023
Van Go Grant	-	531,541	531,541	-
Local Emergency Planning Grant	11,132	12,767	12,798	11,101
9106 Community Corrections Grant	-	316,667	276,144	40,523
9109 Community Corrections Grant	3,906	-	-	3,906
IN Criminal Justice Institute	1,517	15,552	17,069	-
GIS Data Exchange Program	2,000	-	2,000	-
Operation Pull Over	11,282	16,157	29,138	(1,699)
Drug Task Force	(3,308)	5,099	-	1,791
OPO Grant OP-09-01-01-98	712	1,003	1,791	(76)
OPO Grant OP-10-02-02-09	1,079	-	2,158	(1,079)
White River Valley Drug Task Force	670	-	-	670
Probation LCC	-	3,000	3,000	-
Proslink Implementation Proj	2,496	-	-	2,496
Disaster Public Assistance	1,142	-	-	1,142
20.703 2013 Hazardous Mat's Preparedness	-	17,000	17,000	-
2011 Homeland Security Grant	210	-	-	210
Totals	\$ 36,180,041	\$ 88,553,522	\$ 93,586,664	\$ 31,146,899

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The County may, from time to time, make transfers 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 amounts 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 amounts 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.

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

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

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 several 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, 2014. Other funds with deficits in cash are due to revenues not being received in the clearing fund by December 31, 2014.

Note 8. Combined Funds

Funds related to the Clerk's Trust were reported individually in the current financial statement, but were combined into one fund for the prior financial statement.

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OTHER INFORMATION - UNAUDITED

The County's Annual Financial 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 County's Annual Financial Report 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 other 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, 2014

	General	Accident Report	Bid Deposits And Bonds Holding	CEDIT County Share	CEDIT- Special Legislation	City And Town Court Costs	Clerk's Records Perpetuation
Cash and investments - beginning	\$ 2,557,939	\$ 1,372	\$ 20,502	\$ 2,335,254	\$ 5,122,691	\$ 56,275	\$ 59,969
Receipts:							
Taxes	7,378,232	-	-	1,028,643	1,865,412	-	-
Licenses and permits	22,065	-	-	-	-	-	-
Intergovernmental receipts	178,116	-	-	-	-	-	-
Charges for services	714,732	-	-	-	-	-	-
Fines and forfeits	157,232	439	22,953	-	-	17,053	-
Other receipts	744,410	-	-	50,000	132,345	-	11,548
Total receipts	<u>9,194,787</u>	<u>439</u>	<u>22,953</u>	<u>1,078,643</u>	<u>1,997,757</u>	<u>17,053</u>	<u>11,548</u>
Disbursements:							
Personal services	5,742,655	-	-	-	-	-	-
Supplies	626,014	-	-	-	-	-	5,326
Other services and charges	2,582,073	-	-	590,372	6,322,606	-	-
Capital outlay	114,535	-	-	527,368	-	-	-
Other disbursements	651,510	-	-	50,000	-	64,967	-
Total disbursements	<u>9,716,787</u>	<u>-</u>	<u>-</u>	<u>1,167,740</u>	<u>6,322,606</u>	<u>64,967</u>	<u>5,326</u>
Excess (deficiency) of receipts over disbursements	<u>(522,000)</u>	<u>439</u>	<u>22,953</u>	<u>(89,097)</u>	<u>(4,324,849)</u>	<u>(47,914)</u>	<u>6,222</u>
Cash and investments - ending	<u>\$ 2,035,939</u>	<u>\$ 1,811</u>	<u>\$ 43,455</u>	<u>\$ 2,246,157</u>	<u>\$ 797,842</u>	<u>\$ 8,361</u>	<u>\$ 66,191</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	COIT County Distributive Shares	Community Transition Program	Congressional School Interest	Congressional School Principal	Prisoner Reimbursement For Incarceration	Sales Disclosure- County Share	Cumulative Bridge
Cash and investments - beginning	\$ 8,966,149	\$ 52,714	\$ 36,491	\$ 42,619	\$ 519,016	\$ 52,465	\$ 361,893
Receipts:							
Taxes	2,026,702	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	16,620	-	-	-	-	416,335
Charges for services	-	-	-	-	208,565	6,565	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	716,236	-	-	-	-	-	154,475
Total receipts	2,742,938	16,620	-	-	208,565	6,565	570,810
Disbursements:							
Personal services	765,144	-	-	-	36,278	-	-
Supplies	263,377	-	-	-	56,701	-	59,677
Other services and charges	1,478,390	3,260	-	-	7,641	-	120,190
Capital outlay	589,515	-	-	-	41,957	-	192,758
Other disbursements	760,000	-	3,410	-	226,000	-	-
Total disbursements	3,856,426	3,260	3,410	-	368,577	-	372,625
Excess (deficiency) of receipts over disbursements	(1,113,488)	13,360	(3,410)	-	(160,012)	6,565	198,185
Cash and investments - ending	\$ 7,852,661	\$ 66,074	\$ 33,081	\$ 42,619	\$ 359,004	\$ 59,030	\$ 560,078

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Drug Free Community	Firearms Training	General Drain Improvement	Health	Identification Security Protection	Levy Excess	Local Health Maintenance
Cash and investments - beginning	\$ 33,815	\$ 158	\$ 250,050	\$ 65,980	\$ 12,545	\$ 28,359	\$ 43,339
Receipts:							
Taxes	-	-	-	98,152	-	-	-
Licenses and permits	-	-	-	86,278	-	-	-
Intergovernmental receipts	-	-	-	1,631	-	-	33,139
Charges for services	-	-	-	83,706	2,943	-	-
Fines and forfeits	27,874	10,440	-	-	-	-	-
Other receipts	-	-	12,515	90,072	-	-	890
Total receipts	<u>27,874</u>	<u>10,440</u>	<u>12,515</u>	<u>359,839</u>	<u>2,943</u>	<u>-</u>	<u>34,029</u>
Disbursements:							
Personal services	-	-	-	298,315	-	-	9,212
Supplies	-	-	-	6,326	-	-	6,196
Other services and charges	5,417	9,175	37,545	3,817	-	-	792
Capital outlay	-	-	-	-	-	-	-
Other disbursements	30,000	-	-	90,000	-	-	-
Total disbursements	<u>35,417</u>	<u>9,175</u>	<u>37,545</u>	<u>398,458</u>	<u>-</u>	<u>-</u>	<u>16,200</u>
Excess (deficiency) of receipts over disbursements	<u>(7,543)</u>	<u>1,265</u>	<u>(25,030)</u>	<u>(38,619)</u>	<u>2,943</u>	<u>-</u>	<u>17,829</u>
Cash and investments - ending	<u>\$ 26,272</u>	<u>\$ 1,423</u>	<u>\$ 225,020</u>	<u>\$ 27,361</u>	<u>\$ 15,488</u>	<u>\$ 28,359</u>	<u>\$ 61,168</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Local Road And Street	Misdemeanant	Motor Vehicle Highway	Park Nonreverting Capital	Park Nonreverting Operating	Planning And Zoning Impact	Plat Book
Cash and investments - beginning	\$ 92,833	\$ 50,388	\$ 964,429	\$ 117,499	\$ 31,098	\$ 13,247	\$ 5,427
Receipts:							
Taxes	-	-	-	-	-	94,768	-
Licenses and permits	-	-	-	-	-	9,204	-
Intergovernmental receipts	-	28,693	3,107,346	-	-	1,574	-
Charges for services	6,600	-	-	8,512	6,000	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	740,030	-	12,077	67,534	1,900	50,085	-
Total receipts	746,630	28,693	3,119,423	76,046	7,900	155,631	-
Disbursements:							
Personal services	-	26,560	1,277,791	4,189	-	93,709	-
Supplies	550,860	4,000	725,342	5,429	-	1,918	-
Other services and charges	-	-	312,036	21,924	-	5,930	-
Capital outlay	15,213	-	727,618	36,441	-	-	-
Other disbursements	-	-	-	29,380	2,600	50,000	-
Total disbursements	566,073	30,560	3,042,787	97,363	2,600	151,557	-
Excess (deficiency) of receipts over disbursements	180,557	(1,867)	76,636	(21,317)	5,300	4,074	-
Cash and investments - ending	\$ 273,390	\$ 48,521	\$ 1,041,065	\$ 96,182	\$ 36,398	\$ 17,321	\$ 5,427

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Rainy Day	Reassessment- 2009	Reassessment- 2015	Recorder's Records Perpetuation	Riverboat	Solid Waste User Fees	Surplus Tax
Cash and investments - beginning	\$ 4,104,345	\$ 306,372	\$ 631,874	\$ 187,134	\$ 208,900	\$ 4,485	\$ 213,815
Receipts:							
Taxes	-	-	250,458	-	-	-	40,184
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	4,161	-	83,077	-	-
Charges for services	-	-	-	52,815	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	612,743	-	-	113,702	-
Total receipts	-	-	867,362	52,815	83,077	113,702	40,184
Disbursements:							
Personal services	-	-	6,033	30,001	-	125,123	-
Supplies	8,129	-	-	-	4,559	-	-
Other services and charges	-	-	162,945	-	28,872	18	-
Capital outlay	-	-	4,100	-	9,731	-	-
Other disbursements	-	306,372	306,372	74,355	-	-	61,298
Total disbursements	8,129	306,372	479,450	104,356	43,162	125,141	61,298
Excess (deficiency) of receipts over disbursements	(8,129)	(306,372)	387,912	(51,541)	39,915	(11,439)	(21,114)
Cash and investments - ending	<u>\$ 4,096,216</u>	<u>\$ -</u>	<u>\$ 1,019,786</u>	<u>\$ 135,593</u>	<u>\$ 248,815</u>	<u>\$ (6,954)</u>	<u>\$ 192,701</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account	Guardian Ad Litem	GAL/CASA	Auditors Ineligible Deductions
Cash and investments - beginning	\$ 21,877	\$ (1,614)	\$ 231,791	\$ 45,663	\$ 1,832	\$ -	\$ 10,963
Receipts:							
Taxes	-	227,025	315,719	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	22,332	-	28,575	-
Charges for services	7,525	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	1,636	1,647	-	-	-
Total receipts	<u>7,525</u>	<u>227,025</u>	<u>317,355</u>	<u>23,979</u>	<u>-</u>	<u>28,575</u>	<u>-</u>
Disbursements:							
Personal services	12,674	-	-	11,364	-	-	-
Supplies	-	-	-	4,836	-	-	-
Other services and charges	1,098	137,376	-	1,510	-	-	-
Capital outlay	-	-	-	2,459	-	-	-
Other disbursements	-	33,683	172,233	-	-	28,575	-
Total disbursements	<u>13,772</u>	<u>171,059</u>	<u>172,233</u>	<u>20,169</u>	<u>-</u>	<u>28,575</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(6,247)</u>	<u>55,966</u>	<u>145,122</u>	<u>3,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 15,630</u>	<u>\$ 54,352</u>	<u>\$ 376,913</u>	<u>\$ 49,473</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, 2014
 (Continued)

	County Elected Officials Training	Park And Recreation	Statewide 911	Adult Probation Administrative	Juvenile Probation Administrative	TIF Capital Projects	Self-Insurance
Cash and investments - beginning	\$ 7,893	\$ 74,408	\$ 34,835	\$ 9,283	\$ 11,647	\$ 1,978,211	\$ 1,059,292
Receipts:							
Taxes	-	392,609	-	-	-	361,381	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	6,522	-	-	-	-	-
Charges for services	-	-	441,865	47,450	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,943	121,741	57,442	-	-	630	2,688,851
Total receipts	2,943	520,872	499,307	47,450	-	362,011	2,688,851
Disbursements:							
Personal services	-	271,104	132,329	44,910	-	-	-
Supplies	-	32,545	-	-	-	-	-
Other services and charges	-	46,391	103,874	-	-	277,248	-
Capital outlay	-	19,854	-	-	-	-	-
Other disbursements	-	120,000	83,645	-	-	-	2,306,464
Total disbursements	-	489,894	319,848	44,910	-	277,248	2,306,464
Excess (deficiency) of receipts over disbursements	2,943	30,978	179,459	2,540	-	84,763	382,387
Cash and investments - ending	\$ 10,836	\$ 105,386	\$ 214,294	\$ 11,823	\$ 11,647	\$ 2,062,974	\$ 1,441,679

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll Clearing	Payroll Withholding- Federal	Payroll Withholding- FICA & Medicare	Payroll Withholding- PERF	Payroll Withholding- State	Settlement	CVET Agency
Cash and investments - beginning	\$ 114	\$ 82	\$ -	\$ 13,485	\$ 3	\$ -	\$ 54
Receipts:							
Taxes	-	-	-	-	-	39,285,916	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	332,614
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	132,341	677,693	985,251	762,648	294,761	-	-
Total receipts	132,341	677,693	985,251	762,648	294,761	39,285,916	332,614
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	132,174	677,721	985,355	762,756	294,792	39,285,916	332,668
Total disbursements	132,174	677,721	985,355	762,756	294,792	39,285,916	332,668
Excess (deficiency) of receipts over disbursements	167	(28)	(104)	(108)	(31)	-	(54)
Cash and investments - ending	\$ 281	\$ 54	\$ (104)	\$ 13,377	\$ (28)	\$ -	\$ -

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Weed Lien Collections	Financial Institution Tax	HEA 1001 State Homestead Credit	Homestead Credit Rebate	State Fines And Forfeitures	Infraction Judgements	Overweight Vehicle Fines
Cash and investments - beginning	\$ (617)	\$ -	\$ (727)	\$ 30,020	\$ 4,950	\$ 61,499	\$ 25
Receipts:							
Taxes	-	-	727	153	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	382,654	-	-	-	-	-
Charges for services	617	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	27,611	41,769	273
Other receipts	-	-	-	-	-	70	-
Total receipts	<u>617</u>	<u>382,654</u>	<u>727</u>	<u>153</u>	<u>27,611</u>	<u>41,839</u>	<u>273</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	382,654	-	-	15,274	-	167
Total disbursements	<u>-</u>	<u>382,654</u>	<u>-</u>	<u>-</u>	<u>15,274</u>	<u>-</u>	<u>167</u>
Excess (deficiency) of receipts over disbursements	<u>617</u>	<u>-</u>	<u>727</u>	<u>153</u>	<u>12,337</u>	<u>41,839</u>	<u>106</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,173</u>	<u>\$ 17,287</u>	<u>\$ 103,338</u>	<u>\$ 131</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Special Death Benefit	Sales Disclosure- State Share	Coroners Training & Con't Education	Mortgage Recording Fees- State Share	Inheritance Tax	Education Plate Fees Agency	Riverboat Revenue Sharing
Cash and investments - beginning	\$ 290	\$ 360	\$ 380	\$ 205	\$ 154,759	\$ 94	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	881	-
Intergovernmental receipts	-	-	-	-	98,738	-	227,716
Charges for services	-	1,928	5,614	2,805	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,830	-	-	-	-	-	-
Total receipts	<u>2,830</u>	<u>1,928</u>	<u>5,614</u>	<u>2,805</u>	<u>98,738</u>	<u>881</u>	<u>227,716</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	975	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,900	2,288	5,660	2,798	114,301	-	227,716
Total disbursements	<u>2,900</u>	<u>2,288</u>	<u>5,660</u>	<u>2,798</u>	<u>114,301</u>	<u>975</u>	<u>227,716</u>
Excess (deficiency) of receipts over disbursements	<u>(70)</u>	<u>(360)</u>	<u>(46)</u>	<u>7</u>	<u>(15,563)</u>	<u>(94)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 334</u>	<u>\$ 212</u>	<u>\$ 139,196</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, 2014
 (Continued)

	Innkeepers Tax Collections	CEDIT Distribution	COIT Distribution	93.563 Prosecutor PCA	93.563 ARRA Clerk IV-D Incentive	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99
Cash and investments - beginning	\$ 98,290	\$ -	\$ -	\$ 38,215	\$ 11,842	\$ 48,511	\$ 14,491
Receipts:							
Taxes	357,214	3,730,824	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	4,249,013	-	-	-	-
Charges for services	-	-	-	-	-	14,884	22,391
Fines and forfeits	-	-	-	2,345	-	-	-
Other receipts	-	-	623	-	-	-	-
Total receipts	<u>357,214</u>	<u>3,730,824</u>	<u>4,249,636</u>	<u>2,345</u>	<u>-</u>	<u>14,884</u>	<u>22,391</u>
Disbursements:							
Personal services	-	-	-	-	-	-	2,325
Supplies	-	-	-	-	-	-	-
Other services and charges	387,028	-	-	10,560	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	3,730,824	4,249,636	-	-	-	8,293
Total disbursements	<u>387,028</u>	<u>3,730,824</u>	<u>4,249,636</u>	<u>10,560</u>	<u>-</u>	<u>-</u>	<u>10,618</u>
Excess (deficiency) of receipts over disbursements	<u>(29,814)</u>	<u>-</u>	<u>-</u>	<u>(8,215)</u>	<u>-</u>	<u>14,884</u>	<u>11,773</u>
Cash and investments - ending	<u>\$ 68,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 11,842</u>	<u>\$ 63,395</u>	<u>\$ 26,264</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	93.563 Clerk IV-D Incentive-Post Oct '99	Pre-Trial Diversion Fund	Donations-Vicki Harmon	Law Enforcement Fund	Park Donations- Christmas	MADD- Mothers Against Drunk Drivers	After Settlement Collections
Cash and investments - beginning	\$ 58,626	\$ 4,086	\$ -	\$ 175	\$ -	\$ 3,525	\$ 1,110,697
Receipts:							
Taxes	-	-	-	-	-	-	1,182,330
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	12,210	-	-	-	-	-	-
Fines and forfeits	2,674	-	-	-	-	-	-
Other receipts	-	-	10,255	-	14,454	-	-
Total receipts	14,884	-	10,255	-	14,454	-	1,182,330
Disbursements:							
Personal services	10,418	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,928	-	1,110,697
Total disbursements	10,418	-	-	-	1,928	-	1,110,697
Excess (deficiency) of receipts over disbursements	4,466	-	10,255	-	12,526	-	71,633
Cash and investments - ending	<u>\$ 63,092</u>	<u>\$ 4,086</u>	<u>\$ 10,255</u>	<u>\$ 175</u>	<u>\$ 12,526</u>	<u>\$ 3,525</u>	<u>\$ 1,182,330</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Supplemental- Clerk Odyssey/ Trust	Supplemental- Clerk ISETS	Supplemental- Sheriff Inmate Trust	Supplemental- Sheriff Commissary	Supplemental- Sheriff Buy Money	Supplemental- Sheriff (Luce)	Supplemental- Knox County Benefit Trust
Cash and investments - beginning	\$ 1,166,095	\$ 17,320	\$ 4,899	\$ 10,485	\$ 295	\$ (4,908)	\$ 193,618
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,496,298	896,494	310,021	268,786	-	4,908	2,000,000
Total receipts	<u>2,496,298</u>	<u>896,494</u>	<u>310,021</u>	<u>268,786</u>	<u>-</u>	<u>4,908</u>	<u>2,000,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	2,040,173
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,575,496	909,169	311,637	263,265	-	-	-
Total disbursements	<u>2,575,496</u>	<u>909,169</u>	<u>311,637</u>	<u>263,265</u>	<u>-</u>	<u>-</u>	<u>2,040,173</u>
Excess (deficiency) of receipts over disbursements	<u>(79,198)</u>	<u>(12,675)</u>	<u>(1,616)</u>	<u>5,521</u>	<u>-</u>	<u>4,908</u>	<u>(40,173)</u>
Cash and investments - ending	<u>\$ 1,086,897</u>	<u>\$ 4,645</u>	<u>\$ 3,283</u>	<u>\$ 16,006</u>	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ 153,445</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Supplemental- Landfill Retainage	NK Waste Water Plan Grant	Landfill	9107 Community Corrections Grant	Probation Users Fees- Adult	Probation Users Fees- Juvenile	Clerks User Fees
Cash and investments - beginning	\$ 27,691	\$ 423	\$ 1,524	\$ 12,959	\$ 39	\$ 47,072	\$ 9,116
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	242,594	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	178,215	9,603	-
Other receipts	16	-	-	-	32	17,953	10,597
Total receipts	16	-	-	242,594	178,247	27,556	10,597
Disbursements:							
Personal services	-	-	-	248,830	155,241	34,915	3,537
Supplies	-	-	-	6,048	6,063	-	-
Other services and charges	-	-	-	626	7,794	-	5,770
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	28	275	-	-
Total disbursements	-	-	-	255,532	169,373	34,915	9,307
Excess (deficiency) of receipts over disbursements	16	-	-	(12,938)	8,874	(7,359)	1,290
Cash and investments - ending	\$ 27,707	\$ 423	\$ 1,524	\$ 21	\$ 8,913	\$ 39,713	\$ 10,406

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Prosecutor User Fees	Alcohol & Drug User Fees	Community Correction Project Income	Circuit Court Bail	Superior II Bail Fund	Superior I Bail Agency Fund	Drain Maintenance- Lloyd Bond Ditch
Cash and investments - beginning	\$ 307,285	\$ 164,905	\$ 218,929	\$ 10,250	\$ 91,769	\$ 5,971	\$ 29,029
Receipts:							
Taxes	-	-	-	-	-	-	2,546
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	92,954	72,529	714,594	-	-	-	-
Other receipts	-	413	13,894	-	-	-	-
Total receipts	92,954	72,942	728,488	-	-	-	2,546
Disbursements:							
Personal services	163,222	72,261	444,054	-	-	-	-
Supplies	10,451	3,527	86,777	-	-	-	-
Other services and charges	52,096	8,568	103,317	-	28,213	1,246	-
Capital outlay	5,496	3,446	1,696	-	-	-	-
Other disbursements	-	450	305	-	-	-	-
Total disbursements	231,265	88,252	636,149	-	28,213	1,246	-
Excess (deficiency) of receipts over disbursements	(138,311)	(15,310)	92,339	-	(28,213)	(1,246)	2,546
Cash and investments - ending	<u>\$ 168,974</u>	<u>\$ 149,595</u>	<u>\$ 311,268</u>	<u>\$ 10,250</u>	<u>\$ 63,556</u>	<u>\$ 4,725</u>	<u>\$ 31,575</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Drain Maintenance- Brevoort Conservancy	Drain Maintenance- Brevoort Levee	Drain Maintenance- Brevoort Levee Special	Drain Maintenance- Hiram Brown	Drain Maintenance- Dunn Special Survey	Drain Maintenance- Mary Frick Ditch	Drain Maintenance- Herschel Green Ditch
Cash and investments - beginning	\$ 4,378	\$ 15,657	\$ 396	\$ 53,119	\$ 128	\$ 8,566	\$ 28,288
Receipts:							
Taxes	-	-	-	4,498	-	2,663	6,245
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	4,498	-	2,663	6,245
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	6,970	-	7,982	372
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	6,970	-	7,982	372
Excess (deficiency) of receipts over disbursements	-	-	-	(2,472)	-	(5,319)	5,873
Cash and investments - ending	\$ 4,378	\$ 15,657	\$ 396	\$ 50,647	\$ 128	\$ 3,247	\$ 34,161

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Drain Maintenance- Peter Hill Ditch	Drain Maintenance- E.W. House Drainage	Drain Maintenance- Kessinger Ditch	Drain Maintenance- Klein Special Survey	Drain Maintenance- Thomas Lankford	Drain Maintenance- Meskiman Ditch	Drain Maintenance- Mill Creek
Cash and investments - beginning	\$ 6,134	\$ 71,414	\$ 83,117	\$ 150	\$ 15,622	\$ 42	\$ 10,972
Receipts:							
Taxes	2,545	8,416	31,815	-	69	15,561	1,779
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	189	-	-	-	-	-
Total receipts	<u>2,545</u>	<u>8,605</u>	<u>31,815</u>	<u>-</u>	<u>69</u>	<u>15,561</u>	<u>1,779</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	6,162	200	90	-	1,958	12,515	9,175
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	54,288	-	-	-	-	-
Total disbursements	<u>6,162</u>	<u>54,488</u>	<u>90</u>	<u>-</u>	<u>1,958</u>	<u>12,515</u>	<u>9,175</u>
Excess (deficiency) of receipts over disbursements	<u>(3,617)</u>	<u>(45,883)</u>	<u>31,725</u>	<u>-</u>	<u>(1,889)</u>	<u>3,046</u>	<u>(7,396)</u>
Cash and investments - ending	<u>\$ 2,517</u>	<u>\$ 25,531</u>	<u>\$ 114,842</u>	<u>\$ 150</u>	<u>\$ 13,733</u>	<u>\$ 3,088</u>	<u>\$ 3,576</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Drain Maintenance- McAllister Drainage	Drain Maintenance- McGinnis Levee	Drain Maintenance- Niblack Levee Maintenance	Drain Maintenance- Niblack Levee Repair	Drain Maintenance- Plass Ditch	Drain Maintenance- Pollard Ditch	Drain Maintenance- Prather Ditch
Cash and investments - beginning	\$ 265	\$ 11,194	\$ 82,709	\$ 47,538	\$ 1,852	\$ 14	\$ 530
Receipts:							
Taxes	-	27,775	46,077	74,761	3,554	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	27,775	46,077	74,761	3,554	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	28,006	102,714	29,514	630	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	28,006	102,714	29,514	630	-	-
Excess (deficiency) of receipts over disbursements	-	(231)	(56,637)	45,247	2,924	-	-
Cash and investments - ending	\$ 265	\$ 10,963	\$ 26,072	\$ 92,785	\$ 4,776	\$ 14	\$ 530

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Drain Maintenance- Roberson Ditch	Drain Maintenance- Singer Ditch	Drain Maintenance- Steen Ditch	Drain Maintenance- Steen Ditch Special	Drain Maintenance- Vieck Ditch	Drain Maintenance- Waggoner, Lankford, Et Al	Drain Maintenance- Wampler Ditch
Cash and investments - beginning	\$ 7,507	\$ 11,253	\$ 870	\$ 66	\$ 47,409	\$ 177	145,596
Receipts:							
Taxes	3,827	5,773	-	-	42,213	-	12,006
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	197
Total receipts	<u>3,827</u>	<u>5,773</u>	<u>-</u>	<u>-</u>	<u>42,213</u>	<u>-</u>	<u>12,203</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	6,160	-	-	-	39,100	-	11,866
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	110,221
Total disbursements	<u>6,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,100</u>	<u>-</u>	<u>122,087</u>
Excess (deficiency) of receipts over disbursements	<u>(2,333)</u>	<u>5,773</u>	<u>-</u>	<u>-</u>	<u>3,113</u>	<u>-</u>	<u>(109,884)</u>
Cash and investments - ending	<u>\$ 5,174</u>	<u>\$ 17,026</u>	<u>\$ 870</u>	<u>\$ 66</u>	<u>\$ 50,522</u>	<u>\$ 177</u>	<u>35,712</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Drain Maintenance- James W. Williams Ditch	Sheriff Donation Fund	Donations	Donations- Monument Restoration	DARE Program	Law Enforcement	Solid Waste- Auditor
Cash and investments - beginning	\$ 21,749	\$ 17,652	\$ 1,362	\$ 2,899	\$ 7,452	\$ 39,039	\$ 4,949
Receipts:							
Taxes	2,263	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	1,196
Fines and forfeits	-	2,000	-	-	-	-	-
Other receipts	-	22,935	1,636	177	-	226,000	-
Total receipts	<u>2,263</u>	<u>24,935</u>	<u>1,636</u>	<u>177</u>	<u>-</u>	<u>226,000</u>	<u>1,196</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	469	22,168	1,654	-	-	-	-
Capital outlay	-	-	-	-	-	241,592	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>469</u>	<u>22,168</u>	<u>1,654</u>	<u>-</u>	<u>-</u>	<u>241,592</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,794</u>	<u>2,767</u>	<u>(18)</u>	<u>177</u>	<u>-</u>	<u>(15,592)</u>	<u>1,196</u>
Cash and investments - ending	<u>\$ 23,543</u>	<u>\$ 20,419</u>	<u>\$ 1,344</u>	<u>\$ 3,076</u>	<u>\$ 7,452</u>	<u>\$ 23,447</u>	<u>\$ 6,145</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Solid Waste- Treas.	Probation Home Monitoring	Drug Seizure	In Lieu Of Road Bond	Surplus Dog Tax Fund	Health Clinic	IDACS (E-911)
Cash and investments - beginning	\$ 9,358	\$ 14,109	\$ (6,397)	\$ 6,864	\$ 4,902	\$ 255	\$ 3,253
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	1,196	-	-	-	-	-	4,000
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	192,065	6,397	-	-	-	-
Total receipts	<u>1,196</u>	<u>192,065</u>	<u>6,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Disbursements:							
Personal services	-	114,457	-	-	-	-	-
Supplies	-	3,903	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	3,593
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	2,600	-	-
Total disbursements	<u>-</u>	<u>118,360</u>	<u>-</u>	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>3,593</u>
Excess (deficiency) of receipts over disbursements	<u>1,196</u>	<u>73,705</u>	<u>6,397</u>	<u>-</u>	<u>(2,600)</u>	<u>-</u>	<u>407</u>
Cash and investments - ending	<u>\$ 10,554</u>	<u>\$ 87,814</u>	<u>\$ -</u>	<u>\$ 6,864</u>	<u>\$ 2,302</u>	<u>\$ 255</u>	<u>\$ 3,660</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Infraction Judgement	Hazardous Substance Response	PTRC & "HC" Holding Fund	Victim Assistant	Superior Court Group Home	Adult Protective Service	Drug Abuse Prosec.
Cash and investments - beginning	\$ 1,225	\$ 276	\$ 80	\$ 103	\$ 500	\$ 11,450	\$ 123,610
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ 1,225</u>	<u>\$ 276</u>	<u>\$ 80</u>	<u>\$ 103</u>	<u>\$ 500</u>	<u>\$ 11,450</u>	<u>\$ 123,610</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Hillcrest Ins. Settlement 2006	Big City/ Big County Grant	DUI Task Force 2011	Homeland Security Grant	Victims Assistance Grant	Co Health Bioterrorism	EMA Performance Grant
Cash and investments - beginning	\$ 222,911	\$ (4,657)	\$ 1,347	\$ 1,911	\$ 514	\$ (7,285)	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	5,562	5,981	-	-	21,544	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	965	-	-	-	72	-
Total receipts	-	6,527	5,981	-	-	21,616	-
Disbursements:							
Personal services	-	-	961	-	-	-	-
Supplies	-	-	-	-	-	680	-
Other services and charges	-	1,870	-	1,911	-	13,701	-
Capital outlay	-	-	-	-	-	-	5,232
Other disbursements	-	-	5,056	-	-	-	-
Total disbursements	-	1,870	6,017	1,911	-	14,381	5,232
Excess (deficiency) of receipts over disbursements	-	4,657	(36)	(1,911)	-	7,235	(5,232)
Cash and investments - ending	\$ 222,911	\$ -	\$ 1,311	\$ -	\$ 514	\$ (50)	\$ (5,232)

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CDBG Program (Farbest)	Drug Abuse	Van Go Grant	Local Emergency Planning Grant	9106 Community Corrections Grant	9109 Community Corrections Grant	IN Criminal Justice Institute
Cash and investments - beginning	\$ -	\$ 7,087	\$ -	\$ 11,132	\$ -	\$ 3,906	\$ 1,517
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	312,900	-	531,541	12,767	316,667	-	15,552
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	6,936	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	312,900	6,936	531,541	12,767	316,667	-	15,552
Disbursements:							
Personal services	-	-	-	-	275,344	-	11,790
Supplies	-	-	-	-	800	-	-
Other services and charges	20,250	-	-	12,448	-	-	-
Capital outlay	292,650	-	-	350	-	-	-
Other disbursements	-	-	531,541	-	-	-	5,279
Total disbursements	312,900	-	531,541	12,798	276,144	-	17,069
Excess (deficiency) of receipts over disbursements	-	6,936	-	(31)	40,523	-	(1,517)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 14,023</u>	<u>\$ -</u>	<u>\$ 11,101</u>	<u>\$ 40,523</u>	<u>\$ 3,906</u>	<u>\$ -</u>

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	GIS Data Exchange Program	Operation Pull Over	Drug Task Force	OPO Grant OP-09-01-01-98	OPO Grant OP-10-02-02-09	White River Valley Drug Task Force
Cash and investments - beginning	\$ 2,000	\$ 11,282	\$ (3,308)	\$ 712	\$ 1,079	\$ 670
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	16,157	1,517	1,003	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	3,582	-	-	-
Total receipts	-	16,157	5,099	1,003	-	-
Disbursements:						
Personal services	-	6,299	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,000	20,910	-	1,791	2,158	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	1,929	-	-	-	-
Total disbursements	2,000	29,138	-	1,791	2,158	-
Excess (deficiency) of receipts over disbursements	(2,000)	(12,981)	5,099	(788)	(2,158)	-
Cash and investments - ending	\$ -	\$ (1,699)	\$ 1,791	\$ (76)	\$ (1,079)	\$ 670

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Probation LCC	Proslink Implementation Proj	Disaster Public Assistance	20.703 2013 Hazardous Mat's Preparedness	2011 Homeland Security Grant	Totals
Cash and investments - beginning	\$ -	\$ 2,496	\$ 1,142	\$ -	\$ 210	\$ 36,180,041
Receipts:						
Taxes	-	-	-	-	-	58,930,835
Licenses and permits	-	-	-	-	-	118,428
Intergovernmental receipts	-	-	-	17,000	-	10,719,641
Charges for services	-	-	-	-	-	1,654,119
Fines and forfeits	-	-	-	-	-	1,387,494
Other receipts	3,000	-	-	-	-	15,743,005
Total receipts	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>88,553,522</u>
Disbursements:						
Personal services	-	-	-	-	-	12,471,218
Supplies	3,000	-	-	-	-	2,482,484
Other services and charges	-	-	-	17,000	-	13,252,030
Capital outlay	-	-	-	-	-	2,832,011
Other disbursements	-	-	-	-	-	62,548,921
Total disbursements	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>93,586,664</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,033,142)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,496</u>	<u>\$ 1,142</u>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 31,146,899</u>

KNOX COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,363,677</u>	<u>\$ -</u>

KNOX COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Caterpillar	140M Caterpillar Motor Grader	\$ 23,000	10/31/11	10/31/16
Caterpillar	M316D Wheel Excavator SN: D6W00938	27,500	04/04/13	04/04/17
Caterpillar	M316D Wheel Excavator SN: D6W00942	27,500	04/04/13	04/04/17
Caterpillar	140M3 Grader	21,962	11/01/14	11/01/17
John Deere	Tractor Loader Boom	16,611	04/03/14	04/03/19
Westport Auto	Dodge Avenger-Health Dept	<u>9,720</u>	01/01/13	01/01/16
Total of annual lease payments		<u>\$ 126,293</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General Obligation Bonds	Land for Industrial Park-2001	\$ 1,470,000	\$ 256,193
General Obligation Bonds	New Jail-2005 Special Edit	6,350,000	926,413
Notes and Loans Payable	Enhanced E911 Loan	<u>343,115</u>	<u>91,249</u>
Totals		<u>\$ 8,163,115</u>	<u>\$ 1,273,855</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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, 2014. 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.

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2014.

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

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.

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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

February 16, 2017

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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, 2014

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Commerce</u>					
State Broadband Data and Development Grant Program 2012 Data Share Initiative - B - ARRA	IN Office of Technology	11.558	067BROADBAND000	-	2,000
Total - Department of Commerce				-	2,000
<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 CDBG Program - Farbest	IN Office of Community & Rural Affairs	14.228	B13DC180001DR2-09-223	312,900	312,900
Total - CDBG - State-Administered CDBG Cluster				312,900	312,900
Total - Department of Housing and Urban Development				312,900	312,900
<u>Department of Justice</u>					
Crime Victim Assistance VOCA - Prosecutor's Office	IN Criminal Justice Institute	16.575	2013-VA-GX-0036	-	15,552
Total - Department of Justice				-	15,552
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection	IN Dept. of Transportation	20.205	800129777100LC6	-	130,833
Total - Highway Planning and Construction Cluster				-	130,833
Highway Safety Cluster State and Community Highway Safety Operation Pull Over	IN Criminal Justice Institute	20.600	032NHTSA4022014	-	13,322
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Task Force	IN Criminal Justice Institute	20.601	D3-13-7253	-	3,641
Total - Highway Safety Cluster				-	16,963
Transit Services Programs Cluster Job Access and Reverse Commute Program Van Go	IN Dept. of Transportation	20.516	A249-13-320342	134,091	134,091
New Freedom Program Van Go	IN Dept. of Transportation	20.521	A249-13-320347	51,591	51,591
Total - Transit Services Programs Cluster				185,682	185,682
Formula Grants for Rural Areas Van Go Operating	IN Dept. of Transportation	20.509	A249-13-320289	199,025	199,025
Interagency Hazardous Materials Public Sector Training and Planning Grants Planning - Hazardous Materials Exercise Training - Commodity Flow Study	IN Dept. of Homeland Security	20.703 20.703	C44P-4-448B C44P-4-590B	- -	2,400 17,000
Total - Interagency Hazardous Materials Public Sector Training and Planning Grants				-	19,400
Total - Department of Transportation				384,707	551,903
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Health Preparedness/Bioterrorism	IN Dept. of Health	93.074	BPRS 141-70 900TP0005	-	21,544
Child Support Enforcement Prosecutor IV-D Expenditures Clerk IV-D Expenditures Co. General IV-D Indirect Costs Prosecutor IV-D Incentives Clerk IV-D Incentives	IN Dept. of Child Services	93.563 93.563 93.563 93.563 93.563		- - - - -	125,382 19,810 43,746 10,618 10,418
Total - Child Support Enforcement				-	209,974
Total - Department of Health and Human Services				-	231,518
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants EMPG Competitive EMPG Budget	IN Dept. of Homeland Security	97.042 97.042	C44P-4-370B C44P-5-043B	- -	5,180 8,562
Total - Emergency Management Performance				-	13,742
Total - Department of Homeland Security				-	13,742
Total federal awards expended				\$ 697,607	\$ 1,127,615

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 (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	CDBG - State-Administered CDBG Cluster Transit Services Programs Cluster Formula Grants for Rural Areas

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County Auditor entered and submitted federal award information into the Indiana Gateway for Government Units financial system, which is the source for the County's SEFA. There was no evidence of a control, such as an oversight, review, or approval process by the County to ensure federal award information entered and submitted was correct.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The following material errors were noted on the SEFA:

- Three federal programs, with expenditures of \$342,807, were omitted.
- Four federal programs' expenditures were overstated in the amount of \$85,556, and two federal programs' expenditures were understated in the amount of \$83,757.
- One program in the amount of \$146,834 was state funded.
- There were numerous errors in program titles, project titles, and/or identifying numbers.
- Four federal programs had funding passed through to subrecipients. The amounts passed through were not indicated on the SEFA.
- Two federal programs were incorrectly listed on the SEFA as having amounts passed through to subrecipients when no funding was passed-through.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the publication, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of federal award information on the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-002 - INTERNAL CONTROLS AND COMPLIANCE OVER
FINANCIAL TRANSACTIONS AND REPORTING**

Condition

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR). The County Auditor entered and submitted the financial information for the County into the Indiana Gateway for Government Units financial system. This information is used to compile the County's AFR and financial statement. There was no evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the information entered and submitted.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County's AFR and financial statement contained the following errors:

- Eight outside departmental funds were included that should not have been.
- Three outside departmental funds were not included that should have been.
- Eight county funds' financial information was omitted entirely.
- The After Settlement Collections fund receipts and disbursements were incorrect.

The net difference of the errors resulted in an overstatement of reported receipts and disbursements of \$37,631,296 and \$37,446,485, respectively; and an understatement of the beginning and ending cash and investment balances of \$316,150 and \$131,339, respectively.

Audit adjustments were proposed, accepted by the County, and made to the County's AFR and financial statement.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the publication, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

Cause

Management of the County had not established a proper system of internal control and ensured that the information reported in the AFR and financial statement was complete and accurate.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the AFR and financial statement remained undetected. The AFR and financial statement contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-003 - INTERNAL CONTROLS AND COMPLIANCE OVER CASH DISBURSEMENTS

Condition

There were deficiencies in the internal control system of the County related to cash disbursements. The County had established the control procedure listed below.

The County Auditor, or County Auditor designee, were to review the claims for the following:

1. That it is properly verified and supported by an invoice and verification of receipt of goods and services;
2. That approval by the department head is verified; and
3. That allowance by the Board of County Commissioners is verified.

However, during the audit, these controls were deemed to not be properly implemented. Claims were observed with no indication of review by the County Auditor or County Auditor designee. Claims were also observed to have no indication of approval by the governing board, as the disbursements were unable to be found in the Commissioner signed claims docket. Of the claims tested, 20 percent did not have board approval.

In addition, the only copies of the claims were located in an unsecured location and were susceptible to unsupervised public inspection. Claims were stored beneath an open stairwell without sufficient security or supervision (locked doors, surveillance camera, etc.). Employees described instances where members of the public asking for information would be directed to the files of claims. The unsecured location and availability of the claims made them vulnerable to public alteration or removal.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the publication, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Cause

The County Auditor or the County Auditor designee did not properly implement the established controls to ensure that all claims were reviewed, were included on the claims docket, and were securely stored.

Effect

The failure to implement controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-004 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - CLERK OF THE CIRCUIT COURT**

Condition

There was the following deficiency in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Lack of Segregation of Duties: The Clerk of the Circuit Court had not separated incompatible activities related to disbursements. The First Deputy of the Clerk of the Circuit Court's office was responsible for writing checks, posting checks, making adjustments in the computer system, and maintaining the check stock. The First Deputy was also responsible for preparing the monthly bank reconciliation. The Clerk of the Circuit Court's signature was automatically printed onto the checks and disbursements were made with no evidence of oversight, review, or approval.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the publication, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the County had not established a proper system of internal control over the Clerk of the Circuit Court's disbursements, including segregation of duties.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



Summary Schedule of Prior Audit Findings

Finding 2013-003

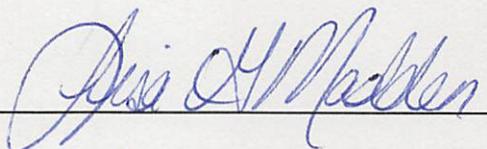
Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Office of Community and Rural Affairs.

Contact Person Responsible for Corrective Action: Lisa Madden, Knox County Auditor

Contact Phone Number: 812-885-2502

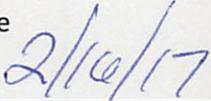
Status of Audit Finding: We are working on better procedures to implement the corrective action plan presented in the SBOA 2013 Audit Report. We anticipate these procedures to be implemented by June 1, 2017.



Signature



Title



Date

KNOX COUNTY AUDITOR

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



Summary Schedule of Prior Audit Findings

Finding 2013-004

Fiscal year in which the finding initially occurred: 2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Office of Community and Rural Affairs.

Contact Person Responsible for Corrective Action: Lisa Madden, Knox County Auditor

Contact Phone Number: 812-885-2502

Status of Audit Finding: We are working on better procedures to implement the corrective action plan presented in the SBOA 2013 Audit Report. We anticipate these procedures to be implemented by June 1, 2017.

Signature

Title

Date

KNOX COUNTY AUDITOR

Lisa G. Madden

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



Corrective Action Plan

Finding 2014-001

Contact Person Responsible for Corrective Action: Lisa Madden Knox County Auditor

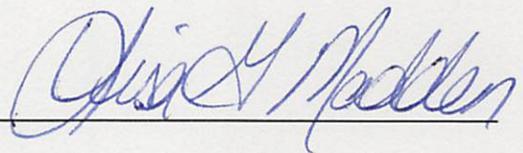
Contact Phone Number: 812-885-2502

Views of Responsible Official: This finding is something the Auditor and Bookkeeper will work diligently in getting SEFA reported accurately.

Description of Corrective Action Plan: Since this has been brought to our attention, the following steps have been taken to assure compliance:

2014-001 1) As Auditor, along with my Deputy Auditor will be working together to ensure accurate reporting on the SEFA.

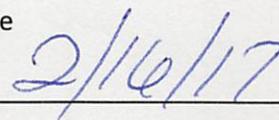
Anticipated Completion Date: 02/16/2017



Signature



Title



Date

KNOX COUNTY AUDITOR

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



Corrective Action Plan

Finding 2014-002

Contact Person Responsible for Corrective Action: Lisa Madden Knox County Auditor

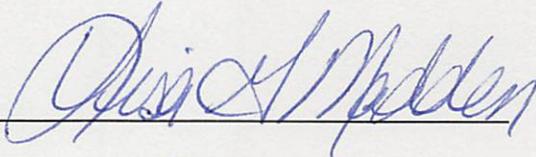
Contact Phone Number: 812-885-2502

Views of Responsible Official: This finding is something the Auditor and Bookkeeper will work diligently in getting fund balances reported accurately on all funds.

Description of Corrective Action Plan: Since this has been brought to our attention, the following steps have been taken to assure compliance:

2014-002 1) As Auditor, along with my Deputy Auditor, will be working together to ensure accurate reporting on all funds after discussion with SBOA, we now have understanding on how to complete the correct reporting of all funds on Gateway.

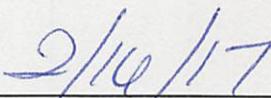
Anticipated Completion Date: 02/16/2017



Signature



Title



Date

KNOX COUNTY AUDITOR

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



Corrective Action Plan

Finding 2014-003

Contact Person Responsible for Corrective Action: Lisa Madden Knox County Auditor

Contact Phone Number: 812-885-2502

Views of Responsible Official: This finding is something the Auditor, Accounts Payable Clerk, and Bookkeeper will work in accurately verifying claim documentation, budgeted documentation and security of these documents.

Description of Corrective Action Plan: Since this has been brought to our attention, the following steps have been taken to assure compliance:

2014-003 1) As Auditor, along with my Accounts Payable Clerk and Deputy Auditor, will be working together to ensure accurate reporting on all claims meets budgeted accounts, billing receipts, and a secured room for storage of these items.

Anticipated Completion Date: 02/16/2017

A handwritten signature in blue ink, appearing to read "Lisa G. Madden", written over a horizontal line.

Signature

A handwritten title in blue ink, appearing to read "Auditor", written over a horizontal line.

Title

A handwritten date in blue ink, appearing to read "2/16/17", written over a horizontal line.

Date

KNOX COUNTY CLERK
111 N. 7TH ST. STE 28
VINCENNES, IN 47591
812-895-4926

February 16, 2017

CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action: Terri Allen, Knox County Clerk
Contact Phone Number: 812-895-4927

We concur with the findings.

Description of Corrective Action Plan:

Terri Allen, Knox County Clerk, will review and sign a check disbursement report that shows all checks disbursed out of the Trust account for each month, she will also review and sign the Reconciliation Report. The reports will be maintained in the month end Odyssey reports book.

Anticipated Completion Date: February 16, 2017

Terri Allen

Knox County Clerk

February 16, 2017

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.