

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF KNOX

STARKE COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED

11/09/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cynthia A. Kidder	01-01-21 to 12-31-23
Mayor	James (Dennis) Estok	01-01-21 to 12-31-23
President of the Board of Public Works	James (Dennis) Estok	01-01-21 to 12-31-23
President Pro Tempore of the Common Council	Jeff V. Berg	01-01-21 to 12-31-23
Utility Clerk	Cheryl Runkle	01-01-21 to 12-31-23
City Court Judge	The Honorable Charles F. Hasnerl	01-01-21 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF KNOX, STARKE COUNTY, INDIANA

This report is supplemental to the audit report of the City of Knox (City), for the period from January 1, 2021 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

October 25, 2023

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CLERK-TREASURER
CITY OF KNOX

CLERK-TREASURER
CITY OF KNOX
AUDIT RESULT AND COMMENT

ORDINANCES AND RESOLUTIONS

A similar comment also appeared in prior Reports B55939 and B58549.

Condition and Context

The City did not follow its ordinances regarding billings of penalties and late charges. The City's utility ordinances did not detail out how credit application of payments received were to be recorded to customer's accounts with multiple utility bills (i.e., water, sewer, and/or storm sewer). This caused customers to be improperly assessed late fees for certain utility balances. Penalties were charged to customers for certain utilities when the customer had a credit balance to the Water Utility. In addition, the City did not state within the approved Water Ordinance that the hydrant billing would not be assessed a penalty upon receiving a late payment.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
CITY OF KNOX
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2023, with Cynthia A. Kidder, Clerk-Treasurer; James (Dennis) Estok, Mayor; Jeff V. Berg, President Pro Tempore of the Common Council; and Cheryl Runkle, Utility Clerk.

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CITY COURT
CITY OF KNOX

CITY COURT
CITY OF KNOX
AUDIT RESULT AND COMMENT

RECONCILIATION OF SUBSIDIARY LEDGERS

The same comment also appeared in prior Reports B50985, B55939, and B58549.

Condition and Context

The City Court subsidiary ledgers of trust and cash bond items held within the Key Court software system did not reconcile to the Cash Book balances. Items held did not reconcile as follows:

Description	December 31, 2021		December 31, 2022	
	Trust	Cash Bonds	Trust	Cash Bonds
Balance per Cash Book	\$ 50,644	\$ 38,905	\$ 40,099	\$ 52,107
Balance per Register	<u>38,258</u>	<u>33,334</u>	<u>39,721</u>	<u>34,528</u>
Difference - Cash Long	<u>\$ 12,386</u>	<u>\$ 5,571</u>	<u>\$ 378</u>	<u>\$ 17,579</u>

Criteria

REGISTER OF TRUST FUNDS (GENERAL FORM NO. 102)

This record is commonly referred to as the "trust fund register." It is a register wherein money received for the benefit of all persons or parties is entered in detail. The posting to this record is made from the duplicate receipts and checks and from the trust column of the court cash book. Items entered in other columns of the cash book must not be posted in the trust fund register. The total of all unpaid items as shown by the trust fund register must agree with the balance in trust as shown by the court cash book. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

CITY COURT
CITY OF KNOX
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2023, with Cynthia A. Kidder, Clerk-Treasurer; James (Dennis) Estok, Mayor; Jeff V. Berg, President Pro Tempore of the Common Council; Angela Jesuit, Clerk of the City Court; and Cheryl Runkle, Utility Clerk.