

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, 2011 to December 31, 2011



FILED
08/20/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sharon K. Duke	01-01-11 to 12-31-14
Treasurer	Cendy Joslin	01-01-09 to 12-31-12
Clerk	Lisa Clark-Benock	01-01-11 to 12-31-14
Sheriff	Michael Morris	01-01-11 to 12-31-14
Recorder	Brenda Hall	01-01-11 to 12-31-14
President of the Board of County Commissioners	Kevin Meyer	01-01-11 to 12-31-12
President of the County Council	Steve Thais	01-01-11 to 12-31-12



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

We have audited the accompanying financial statement of Knox County (County), for the year ended December 31, 2011. This financial statement is the responsibility of the County's management. 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 includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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.

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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 16, 2012, 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 and should be considered in assessing the results of our audit.

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 has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

This report is intended solely for the information and use of the County's management, Board of County Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 16, 2012



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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 the financial statement of Knox County (County), for the year ended December 31, 2011, and have issued our report thereon dated July 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the County's management, Board of County Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 16, 2012

FINANCIAL STATEMENT

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, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 4,097,064	\$ 7,192,163	\$ 8,414,588	\$ 2,874,639
Highway	350,752	2,328,363	2,267,269	411,846
Local Road And Street	196,864	1,704,275	1,584,381	316,758
Accident Report	3,024	1,098	3,745	377
Firearms Training	4,462	9,540	7,393	6,609
Park Nonreverting Operating	117,858	92,000	104,708	105,150
Health	91,297	309,416	287,506	113,207
Alcohol And Drug Services	93,335	100,810	76,135	118,010
Plan Commission	172,521	10,690	91,161	92,050
Landfill	1,524	-	-	1,524
Crime Control	28,462	8,790	-	37,252
Clerk's Records Perpetuation	105,817	16,222	19,329	102,710
Deferral Program	473,068	139,135	190,916	421,287
Riverboat	169,617	87,149	203,631	53,135
Emergency Telephone System	35,117	134,328	152,908	16,537
Drug Free Community	10,571	29,481	30,000	10,052
Klein Specialty Survey	150	-	-	150
Emergency Planning/Right To Know	10,154	7,102	9,575	7,681
Parks And Recreation	52,189	710,370	537,660	224,899
Prosecutor Title IV-D #1	1,664	34,898	1,368	35,194
Juvenile Probation Service	43,273	5,296	-	48,569
Adult Probation Services	14,392	180,989	195,281	100
Recorder's Records Perpetuation	168,744	100,295	106,250	162,789
Local Health Maintenance	46,498	33,139	22,443	57,194
Pretrial Diversion	4,086	-	-	4,086
Guardian Ad Litem/Court	-	15,750	15,750	-
Court Appointed Special Advocate	1,832	-	-	1,832
Plat Book	5,427	-	-	5,427
Misdemeanant	47,481	28,693	32,660	43,514
4-D Incentive - Clerk	-	23,606	-	23,606
Surveyor's Corner Perpetuation	21,526	7,233	11,075	17,684
Prisoner Reimbursement	354,760	282,570	113,280	524,050
Rainy Day	4,354,284	5,993	-	4,360,277
Sales Disclosure	40,575	3,750	-	44,325
Credit Special Revenue	2,330,769	1,033,559	842,857	2,521,471
Hazardous Materials	276	-	-	276
Community Corrections	29,570	16,165	-	45,735
Tobacco Settlement	25,420	23,259	15,063	33,616
Seized Assets	(50,777)	-	-	(50,777)
Levy Excess	28,359	-	-	28,359
Collection Agency Fees	7,795	5,038	3,375	9,458
CITI Project Central Dispatch	-	62,085	62,085	-
Drug Task Force	670	-	-	670
Solid Waste Fees Auditor	20,593	6,564	22,786	4,371
Major Moves	103,839	-	103,840	(1)
KCJ Rehab 10RT004	-	92,534	92,534	-
Reassessment 2017	-	235,477	-	235,477
Title IV-D Incentive ARRA Clerk	2,204	9,637	-	11,841
Title IV-D Incentive ARRA Prosecutor	23,277	5,220	27,988	509
County IV-D Incentive	-	129,942	-	129,942
Elected Official Training Fund	-	1,300	-	1,300
Cumulative Bridge	651,965	456,412	504,889	603,488
New Jail	2,744,941	1,447,017	933,000	3,258,958
Congressional School Principal	42,619	-	-	42,619
City And Town Court Costs	67,118	30,330	82,977	14,471
Congressional School Interest	39,049	-	852	38,197
Surplus Tax Sale	71,251	390,441	22,622	439,070
Tax Sale Redemption	(546)	70,460	68,311	1,603
State Fines And Forfeitures	17,213	101,790	104,598	14,405
Sales Disclosure State	290	3,735	3,715	310
Garbage Disposal Tax	(617)	27,496	27,496	(617)
Overweight Vehicle Fines	300	4,832	5,132	-
Infraction Judgments/Restitution	-	348	-	348
Inheritance Tax	332,097	1,396,300	994,593	733,804
Sheriff's Inmate Trust/Commissary	23,017	416,534	417,751	21,800
Special Death Benefit	-	4,210	3,885	325
Harbor House	103	-	-	103
Education Plate Fees Agency	94	1,219	1,219	94
Credit Certified Shares	-	2,894,034	2,894,034	-
Financial Institution Tax	-	287,196	287,196	-
MADD Mothers Against Drunk Driving	-	3,525	-	3,525
Coit Certified Shares	-	3,292,864	3,292,864	-
Mortgage Fees-State Share	340	3,218	3,210	348
Cvet Agency	54	353,455	353,455	54
Riverboat Tax Distribution	-	245,665	245,665	-
Homestead Credit Rebate	30,266	-	147	30,119
Hea 1001 State Homestead Credit	(429)	-	293	(722)
County Coit	5,785,384	2,747,752	1,312,042	7,221,094
Tax Distribution	363	32,019,754	32,019,754	363
Community Correction Grant	-	311,896	277,275	34,621
Probation	7,887	1,923	-	9,810
Van-Go	-	617,010	617,010	-
Enhanced E-911	59,721	248,141	191,680	116,182
Convention And Tourism	78,577	345,593	328,733	95,437
Property Reassessment	1,005,563	537	328,388	677,712
Probation Users Fees	14,771	47,799	44,954	17,616
Solid Waste Planning	22,027	356,042	365,206	12,863
Sheriff Donation Fund	10,674	5,077	8,345	7,406
Juvenile Grant 07-Jb-017	14	-	-	14
Governor's Task Force 2008	(3,664)	-	-	(3,664)
Emison Gift Special	40	6	-	46
Health Bioterrorism	181	11,633	12,606	(792)
Home Management Grant	1	-	-	1
Proslink Implementation Pro	2,496	-	-	2,496
Grant Misc	260	-	-	260
Lloyd Bond Ditch	32,929	2,558	300	35,187
Brevort Conservancy	4,378	28,659	28,659	4,378

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, 2011
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Brevort Levee	15,657	295,884	295,884	15,657
Brevort Levee Special	396	-	-	396
Hiram Brown	48,700	4,912	4,200	49,412
Dunn Special Survey	128	-	-	128
Mary Frick Ditch	18,588	2,666	17,772	3,482
Herschel Green Ditch	26,935	6,418	15,218	18,135
Peter Hill Ditch	13,452	2,529	12,163	3,818
E.W. House Drainage	69,841	8,359	455	77,745
Kessinger Ditch	46,349	31,458	42,194	35,613
Thomas Lankford	14,694	2,852	855	16,691
Meskiman Ditch	42	-	-	42
Prather Ditch	530	-	-	530
Roberson Ditch	9,859	3,972	7,828	6,003
Mcallister Drainage	265	-	-	265
Steen Ditch	870	-	-	870
Niblack Levee Maintenance	21,176	66,107	45,998	41,285
Niblack Levee Repair	47,818	115,519	116,219	47,118
Waggoner Lankford Etal	177	-	-	177
Wampler Ditch	119,020	12,268	1,825	129,463
James W Williams Ditch	26,627	2,327	472	28,482
Pollard Ditch	14	-	-	14
Law Enforcement	175	-	-	175
Drug Abuse Interdiction	99,980	12,310	-	112,290
Project Income	145,168	655,619	556,843	243,944
County Corrections	18,758	-	-	18,758
Criminal Justice Institute Grant	1,517	-	-	1,517
Dare	8,219	4,850	3,241	9,828
Community Corrections Grant	9,247	-	-	9,247
Probation-Llc	3,101	3,000	-	6,101
Disaster Public Assist	1,142	-	-	1,142
EMS Grant	2	-	-	2
Surplus Dog Tax Special Revenue	6,312	-	-	6,312
Homeland Security	8,080	3,720	3,720	8,080
Emergency Gas Award	450	-	-	450
Drainage Task Force	50	-	-	50
Opo Grant 10-02-02-09	666	-	72	594
Emergency Preparedness	5,187	-	5,186	1
Adult Protective Services	11,450	-	-	11,450
Health Environmental	255	-	-	255
Excess Tax Sale Costs	237,677	77,229	101,993	212,913
Coroners Education	569	5,283	5,512	340
Circuit Court Bail	11,957	1,185	5,544	7,598
Superior Court Bail	6,210	3,800	2,785	7,225
Superior Court Two Bail	93,386	21,380	9,005	105,761
Group Home	500	-	-	500
Drug Task Force #2	2	-	-	2
Solid Waste Fees Treasurer	6,165	1,641	-	7,806
Mill Creek	13,779	2,518	-	16,297
Singer Ditch	22,446	5,539	18,322	9,663
Mcginnis Levee	13,579	24,492	13,403	24,668
Steen Ditch	66	-	-	66
Vieck Ditch	18,037	42,259	13,636	46,660
Plass Ditch	10,202	3,208	10,567	2,843
Operation Pull Over	359	49	-	408
Juvenile Grant 2009	14,500	-	14,500	-
Big City/Big County Enforce	(882)	8,991	10,421	(2,312)
Dui Task Force 2011	(1,489)	14,663	14,819	(1,645)
Sheriff's Pension Fund	1,328,487	213,017	116,581	1,424,923
Health Immunization	(2,224)	4,189	1,965	-
Juvenile Accountability	(59)	37	-	(22)
Idacs (E-911)	822	5,000	3,872	1,950
Welfare Excise Tax All	-	89,212	89,212	-
Comm Corrections	50,615	242,585	285,604	7,596
Fed Grant	(949)	12,699	13,126	(1,376)
General Obligation Bond	6,864	-	-	6,864
Non-Reverting Park And Rec	28,741	3,867	14,589	18,019
State Grant Capital Project	423	-	-	423
Clerk's User Fees	10,587	17,455	13,981	14,061
Victim Assist. Superior Ct	12	-	-	12
Prop Replacement & Homestead Credit	80	-	-	80
Probation Home Monitoring	201,497	269,599	331,964	139,132
Employee Deductions	4,452	107,513	107,902	4,063
Perf	123,954	531,813	523,232	132,535
Payroll Withholding-Federal	82	602,365	602,365	82
Payroll Withholding-State	3	259,622	259,622	3
Payroll Withholding-Oasi	-	771,174	771,174	-
Payroll Withholding-Insurance	263,784	-	-	263,784
Issets Incentive	61,091	-	28,488	32,603
Park And Recreation Agency	14,769	106,147	95,368	25,548
Commissioner's Certificate Sale	3,985	-	-	3,985
Donation Agency	2,552	347	-	2,899
Knox County Benefit Trust	512,686	2,949,221	3,231,040	230,867
School Excise Tax Allocation	-	374,614	374,614	-
County Recorder Cash	22,290	217,814	223,313	16,791
County Treasurer Cash	819,114	37,086,259	35,817,757	2,087,616
Community Corrections-Petersburg	270	7,905	7,760	415
Circuit Court Clerk	915,707	3,455,984	3,351,409	1,020,282
Knox County Benefit Trust	104,481	1,715,555	1,785,322	34,714
Sheriff Buy Money	675	-	-	675
Probation Department	30,954	468,287	465,605	33,636
County Sheriff	11,948	994,304	957,742	48,510
Landfill Retainage	27,651	-	-	27,651
Totals	\$ 30,474,414	\$ 115,352,976	\$ 112,256,655	\$ 33,570,735

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 (primary government), and does not include financial information for any of the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the County (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

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

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

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

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

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

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

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

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

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

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.

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

The County may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of 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.

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

KNOX COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. County Police Retirement Plan

Plan Description

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. 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. 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.

The County also contributes to additional pension plans unique to the County. Information regarding these plans may be obtained from the County.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the County's 2011 Annual Report can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Highway	Local Road And Street	Accident Report	Firearms Training	Park Nonreverting Operating	Health	Alcohol And Drug Services	Plan Commission	Landfill
Cash and investments - beginning	\$ 4,097,064	\$ 350,752	\$ 196,864	\$ 3,024	\$ 4,462	\$ 117,858	\$ 91,297	\$ 93,335	\$ 172,521	\$ 1,524
Receipts:										
Taxes	5,525,016	-	-	-	-	-	112,357	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	10,690	-
Intergovernmental	607,809	2,212,430	287,598	-	-	-	6,032	-	-	-
Charges for services	618,196	-	-	1,098	9,540	92,000	191,027	-	-	-
Fines and forfeits	224,059	-	-	-	-	-	-	100,810	-	-
Other receipts	217,083	115,933	1,416,677	-	-	-	-	-	-	-
Total receipts	7,192,163	2,328,363	1,704,275	1,098	9,540	92,000	309,416	100,810	10,690	-
Disbursements:										
Personal services	5,221,127	1,213,542	-	-	-	5,824	262,290	55,783	83,778	-
Supplies	230,816	649,210	1,584,381	-	-	-	16,116	10,182	1,621	-
Other services and charges	2,685,055	273,105	-	3,745	-	-	9,100	8,407	5,343	-
Debt service - principal and interest	-	-	-	-	-	-	-	200	-	-
Capital outlay	136,445	131,412	-	-	-	-	-	1,353	399	-
Other disbursements	141,145	-	-	-	7,393	98,884	-	210	20	-
Total disbursements	8,414,588	2,267,269	1,584,381	3,745	7,393	104,708	287,506	76,135	91,161	-
Excess (deficiency) of receipts over disbursements	(1,222,425)	61,094	119,894	(2,647)	2,147	(12,708)	21,910	24,675	(80,471)	-
Cash and investments - ending	\$ 2,874,639	\$ 411,846	\$ 316,758	\$ 377	\$ 6,609	\$ 105,150	\$ 113,207	\$ 118,010	\$ 92,050	\$ 1,524

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Crime Control	Clerk's Records Perpetuation	Deferral Program	Riverboat	Emergency Telephone System	Drug Free Community	Klein Specialty Survey	Emergency Planning/Right To Know	Parks And Recreation	Prosecutor Title IV-D #1
Cash and investments - beginning	\$ 28,462	\$ 105,817	\$ 473,068	\$ 169,617	\$ 35,117	\$ 10,571	\$ 150	\$ 10,154	\$ 52,189	\$ 1,664
Receipts:										
Taxes	-	-	-	-	-	-	-	-	324,094	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	87,149	-	-	-	-	36,276	-
Charges for services	8,790	-	-	-	130,816	-	-	5,418	-	34,898
Fines and forfeits	-	16,010	139,135	-	-	29,481	-	-	-	-
Other receipts	-	212	-	-	3,512	-	-	1,684	350,000	-
Total receipts	8,790	16,222	139,135	87,149	134,328	29,481	-	7,102	710,370	34,898
Disbursements:										
Personal services	-	-	127,856	87,831	116,225	-	-	-	241,896	-
Supplies	-	19,329	7,352	-	-	-	-	198	34,658	-
Other services and charges	-	-	26,100	24,551	32,796	-	-	3,741	44,277	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	29,608	-	3,887	-	-	5,636	16,829	-
Other disbursements	-	-	-	91,249	-	30,000	-	-	200,000	1,368
Total disbursements	-	19,329	190,916	203,631	152,908	30,000	-	9,575	537,660	1,368
Excess (deficiency) of receipts over disbursements	8,790	(3,107)	(51,781)	(116,482)	(18,580)	(519)	-	(2,473)	172,710	33,530
Cash and investments - ending	\$ 37,252	\$ 102,710	\$ 421,287	\$ 53,135	\$ 16,537	\$ 10,052	\$ 150	\$ 7,681	\$ 224,899	\$ 35,194

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Juvenile Probation Service	Adult Probation Services	Recorder's Records Perpetuation	Local Health Maintenance	Pretrial Diversion	Guardian Ad Litem/Court	Court Appointed Special Advocate	Plat Book	Misdemeanant	4-D Incentive Clerk
Cash and investments - beginning	\$ 43,273	\$ 14,392	\$ 168,744	\$ 46,498	\$ 4,086	\$ -	\$ 1,832	\$ 5,427	\$ 47,481	\$ -
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	23,606
Charges for services	-	-	100,295	33,139	-	15,750	-	-	28,693	-
Fines and forfeits	5,296	180,989	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	5,296	180,989	100,295	33,139	-	15,750	-	-	28,693	23,606
Disbursements:										
Personal services	-	138,474	26,352	5,543	-	-	-	-	22,775	-
Supplies	-	8,474	79,898	15,156	-	-	-	-	9,885	-
Other services and charges	-	8,333	-	1,744	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	40,000	-	-	-	15,750	-	-	-	-
Total disbursements	-	195,281	106,250	22,443	-	15,750	-	-	32,660	-
Excess (deficiency) of receipts over disbursements	5,296	(14,292)	(5,955)	10,696	-	-	-	-	(3,967)	23,606
Cash and investments - ending	\$ 48,569	\$ 100	\$ 162,789	\$ 57,194	\$ 4,086	\$ -	\$ 1,832	\$ 5,427	\$ 43,514	\$ 23,606

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Surveyor's Corner Perpetuation	Prisoner Reimbursement	Rainy Day	Sales Disclosure	Cedit Special Revenue	Hazardous Materials	Community Corrections	Tobacco Settlement	Seized Assets	Levy Excess
Cash and investments - beginning	\$ 21,526	\$ 354,760	\$ 4,354,284	\$ 40,575	\$ 2,330,769	\$ 276	\$ 29,570	\$ 25,420	\$ (50,777)	\$ 28,359
Receipts:										
Taxes	-	-	-	-	940,545	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	7,233	282,570	-	3,750	10,000	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	5,993	-	83,014	-	16,165	23,259	-	-
Total receipts	7,233	282,570	5,993	3,750	1,033,559	-	16,165	23,259	-	-
Disbursements:										
Personal services	9,986	-	-	-	-	-	-	-	-	-
Supplies	-	32,403	-	-	-	-	-	15,063	-	-
Other services and charges	1,089	21,907	-	-	382,292	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	261,688	-	-	-	-	-
Capital outlay	-	58,970	-	-	198,877	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,075	113,280	-	-	842,857	-	-	15,063	-	-
Excess (deficiency) of receipts over disbursements	(3,842)	169,290	5,993	3,750	190,702	-	16,165	8,196	-	-
Cash and investments - ending	\$ 17,684	\$ 524,050	\$ 4,360,277	\$ 44,325	\$ 2,521,471	\$ 276	\$ 45,735	\$ 33,616	\$ (50,777)	\$ 28,359

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Collection Agency Fees	CITI Project Central Dispatch	Drug Task Force	Solid Waste Fees Auditor	Major Moves	KCJ Rehab 10RT004	Reassessment 2017	Title IV-D Incentive ARRA Clerk	Title IV-D Incentive ARRA Prosecutor	County IV-D Incentive
Cash and investments - beginning	\$ 7,795	\$ -	\$ 670	\$ 20,593	\$ 103,839	\$ -	\$ -	\$ 2,204	\$ 23,277	\$ -
Receipts:										
Taxes	-	-	-	-	-	-	211,773	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	23,704	-	-	129,942
Charges for services	5,038	-	-	6,564	-	92,534	-	1,016	5,220	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	-	62,085	-	-	-	-	-	8,621	-	-
Total receipts	5,038	62,085	-	6,564	-	92,534	235,477	9,637	5,220	129,942
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	11,910	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	3,375	62,085	-	-	88,840	92,534	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	22,786	15,000	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	16,078	-
Total disbursements	3,375	62,085	-	22,786	103,840	92,534	-	-	27,988	-
Excess (deficiency) of receipts over disbursements	1,663	-	-	(16,222)	(103,840)	-	235,477	9,637	(22,768)	129,942
Cash and investments - ending	\$ 9,458	\$ -	\$ 670	\$ 4,371	\$ (1)	\$ -	\$ 235,477	\$ 11,841	\$ 509	\$ 129,942

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Elected Official Training Fund	Cumulative Bridge	New Jail	Congressional School Principal	City And Town Court Costs	Congressional School Interest	Surplus Tax Sale	Tax Sale Redemption	State Fines And Forfeitures	Sales Disclosure State
Cash and investments - beginning	\$ -	\$ 651,965	\$ 2,744,941	\$ 42,619	\$ 67,118	\$ 39,049	\$ 71,251	\$ (546)	\$ 17,213	\$ 290
Receipts:										
Taxes	-	312,394	1,447,017	-	-	-	390,441	70,460	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	34,966	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	1,300	-	-	-	30,330	-	-	-	101,790	3,735
Other receipts	-	109,052	-	-	-	-	-	-	-	-
Total receipts	1,300	456,412	1,447,017	-	30,330	-	390,441	70,460	101,790	3,735
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	47,911	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	933,000	-	-	-	-	-	-	-
Capital outlay	-	456,978	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	82,977	852	22,622	68,311	104,598	3,715
Total disbursements	-	504,889	933,000	-	82,977	852	22,622	68,311	104,598	3,715
Excess (deficiency) of receipts over disbursements	1,300	(48,477)	514,017	-	(52,647)	(852)	367,819	2,149	(2,808)	20
Cash and investments - ending	\$ 1,300	\$ 603,488	\$ 3,258,958	\$ 42,619	\$ 14,471	\$ 38,197	\$ 439,070	\$ 1,603	\$ 14,405	\$ 310

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Garbage Disposal Tax	Overweight Vehicle Fines	Vehicle Judgments/ Restitution	Inheritance Tax	Sheriff's Inmate Trust/ Commissary	Special Death Benefit	Harbor House	Education Plate Fees Agency	Cedit Certified Shares	Financial Institution Tax
Cash and investments - beginning	\$ (617)	\$ 300	\$ -	\$ 332,097	\$ 23,017	\$ -	\$ 103	\$ 94	\$ -	\$ -
Receipts:										
Taxes	-	-	-	1,396,300	-	-	-	1,219	2,894,034	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	287,196
Charges for services	27,496	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	4,832	-	-	-	-	-	-	-	-
Other receipts	-	-	348	-	416,534	4,210	-	-	-	-
Total receipts	27,496	4,832	348	1,396,300	416,534	4,210	-	1,219	2,894,034	287,196
Disbursements:										
Personal services	-	-	-	-	-	3,885	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	27,496	5,132	-	994,593	417,751	-	-	1,219	2,894,034	287,196
Total disbursements	27,496	5,132	-	994,593	417,751	3,885	-	1,219	2,894,034	287,196
Excess (deficiency) of receipts over disbursements	-	(300)	348	401,707	(1,217)	325	-	-	-	-
Cash and investments - ending	\$ (617)	\$ -	\$ 348	\$ 733,804	\$ 21,800	\$ 325	\$ 103	\$ 94	\$ -	\$ -

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	MADD Mothers Against Drunk Driving	Coit Certified Shares	Mortgage Fees-State Share	Cvet Agency	Riverboat Tax Distribution	Homestead Credit Rebate	Hea 1001 State Homestead Credit	County Coit	Tax Distribution	Community Correction Grant
Cash and investments - beginning	\$ -	\$ -	\$ 340	\$ 54	\$ -	\$ 30,266	\$ (429)	\$ 5,785,384	\$ 363	\$ -
Receipts:										
Taxes	-	3,292,864	-	-	-	-	-	1,547,605	29,515,327	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	353,455	245,665	-	-	-	2,503,933	-
Charges for services	-	-	3,218	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	3,525	-	-	-	-	-	-	1,200,147	494	311,896
Total receipts	3,525	3,292,864	3,218	353,455	245,665	-	-	2,747,752	32,019,754	311,896
Disbursements:										
Personal services	-	-	-	-	-	-	-	274,846	-	258,159
Supplies	-	-	-	-	-	-	-	132,755	-	11,671
Other services and charges	-	-	-	-	-	-	-	443,185	-	7,445
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	96,256	-	-
Other disbursements	-	3,292,864	3,210	353,455	245,665	147	293	365,000	32,019,754	-
Total disbursements	-	3,292,864	3,210	353,455	245,665	147	293	1,312,042	32,019,754	277,275
Excess (deficiency) of receipts over disbursements	3,525	-	8	-	-	(147)	(293)	1,435,710	-	34,621
Cash and investments - ending	\$ 3,525	\$ -	\$ 348	\$ 54	\$ -	\$ 30,119	\$ (722)	\$ 7,221,094	\$ 363	\$ 34,621

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Probation	Van-Go	Enhanced E-911	Convention And Tourism	Property Reassessment	Probation Users Fees	Solid Waste Planning	Sheriff Donation Fund	Juvenile Grant 07-Jb-017	Governor's Task Force 2008
Cash and investments - beginning	\$ 7,887	\$ -	\$ 59,721	\$ 78,577	\$ 1,005,563	\$ 14,771	\$ 22,027	\$ 10,674	\$ 14	\$ (3,664)
Receipts:										
Taxes	-	-	-	345,593	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	1,923	-	248,141	-	-	47,799	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	256,703	-	-	-
Other receipts	-	617,010	-	-	537	-	99,339	5,077	-	-
Total receipts	1,923	617,010	248,141	345,593	537	47,799	356,042	5,077	-	-
Disbursements:										
Personal services	-	-	188,631	-	11,672	44,954	108,202	-	-	-
Supplies	-	-	2,244	-	938	-	-	-	-	-
Other services and charges	-	-	805	328,733	315,778	-	301	8,345	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	617,010	-	-	-	-	256,703	-	-	-
Total disbursements	-	617,010	191,680	328,733	328,388	44,954	365,206	8,345	-	-
Excess (deficiency) of receipts over disbursements	1,923	-	56,461	16,860	(327,851)	2,845	(9,164)	(3,268)	-	-
Cash and investments - ending	\$ 9,810	\$ -	\$ 116,182	\$ 95,437	\$ 677,712	\$ 17,616	\$ 12,863	\$ 7,406	\$ 14	\$ (3,664)

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Emison Gift Special	Health Bioterrorism	Home Management Grant	Proslink Implementation Pro	Grant Misc	Lloyd Bond Ditch	Breevort Conservancy	Breevort Levee	Breevort Levee Special	Hiram Brown
Cash and investments - beginning	\$ 40	\$ 181	\$ 1	\$ 2,496	\$ 260	\$ 32,929	\$ 4,378	\$ 15,657	\$ 396	\$ 48,700
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,558	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	6	11,633	-	-	-	-	28,659	295,884	-	4,912
Total receipts	6	11,633	-	-	-	2,558	28,659	295,884	-	4,912
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	12,606	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	300	28,659	295,884	-	4,200
Total disbursements	-	12,606	-	-	-	300	28,659	295,884	-	4,200
Excess (deficiency) of receipts over disbursements	6	(973)	-	-	-	2,258	-	-	-	712
Cash and investments - ending	\$ 46	\$ (792)	\$ 1	\$ 2,496	\$ 260	\$ 35,187	\$ 4,378	\$ 15,657	\$ 396	\$ 49,412

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Dunn Special Survey	Mary Frick Ditch	Herschel Green Ditch	Peter Hill Ditch	E.W. House Drainage	Kessinger Ditch	Thomas Lankford	Meskiman Ditch	Prather Ditch
Cash and investments - beginning	\$ 128	\$ 18,588	\$ 26,935	\$ 13,452	\$ 69,841	\$ 46,349	\$ 14,694	\$ 42	\$ 530
Receipts:									
Taxes	-	-	-	-	8,247	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other receipts	-	2,666	6,418	2,529	112	31,458	2,852	-	-
Total receipts	-	2,666	6,418	2,529	8,359	31,458	2,852	-	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Other disbursements	-	17,772	15,218	12,163	455	42,194	855	-	-
Total disbursements	-	17,772	15,218	12,163	455	42,194	855	-	-
Excess (deficiency) of receipts over disbursements	-	(15,106)	(8,800)	(9,634)	7,904	(10,736)	1,997	-	-
Cash and investments - ending	\$ 128	\$ 3,482	\$ 18,135	\$ 3,818	\$ 77,745	\$ 35,613	\$ 16,691	\$ 42	\$ 530

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Roberson Ditch	Mcallister Drainage	Steen Ditch	Niblack Levee Maintenance	Niblack Levee Repair	Waggoner Lankford Etal	Wampler Ditch	James W Williams Ditch	Pollard Ditch
Cash and investments - beginning	\$ 9,859	\$ 265	\$ 870	\$ 21,176	\$ 47,818	\$ 177	\$ 119,020	\$ 26,627	\$ 14
Receipts:									
Taxes	-	-	-	-	-	-	11,943	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other receipts	3,972	-	-	66,107	115,519	-	325	2,327	-
Total receipts	3,972	-	-	66,107	115,519	-	12,268	2,327	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Other disbursements	7,828	-	-	45,998	116,219	-	1,825	472	-
Total disbursements	7,828	-	-	45,998	116,219	-	1,825	472	-
Excess (deficiency) of receipts over disbursements	(3,856)	-	-	20,109	(700)	-	10,443	1,855	-
Cash and investments - ending	\$ 6,003	\$ 265	\$ 870	\$ 41,285	\$ 47,118	\$ 177	\$ 129,463	\$ 28,482	\$ 14

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Law Enforcement	Drug Abuse Interdiction	Project Income	County Corrections	Criminal Justice Institute Grant	Dare	Community Corrections Grant	Probation-Llc	Disaster Public Assist
Cash and investments - beginning	\$ 175	\$ 99,980	\$ 145,168	\$ 18,758	\$ 1,517	\$ 8,219	\$ 9,247	\$ 3,101	\$ 1,142
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	3,000	-
Fines and forfeits	-	12,310	655,619	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,850	-	-	-
Total receipts	-	12,310	655,619	-	-	4,850	-	3,000	-
Disbursements:									
Personal services	-	-	355,340	-	-	-	-	-	-
Supplies	-	-	67,235	-	-	-	-	-	-
Other services and charges	-	-	97,391	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	36,793	-	-	-	-	-	-
Other disbursements	-	-	84	-	-	3,241	-	-	-
Total disbursements	-	-	556,843	-	-	3,241	-	-	-
Excess (deficiency) of receipts over disbursements	-	12,310	98,776	-	-	1,609	-	3,000	-
Cash and investments - ending	\$ 175	\$ 112,290	\$ 243,944	\$ 18,758	\$ 1,517	\$ 9,828	\$ 9,247	\$ 6,101	\$ 1,142

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	EMS Grant	Surplus Dog Tax Special Revenue	Homeland Security	Emergency Gas Award	Drainage Task Force	Opo Grant 10-02-02-09	Emergency Preparedness	Adult Protective Services	Health Environmental
Cash and investments - beginning	\$ 2	\$ 6,312	\$ 8,080	\$ 450	\$ 50	\$ 666	\$ 5,187	\$ 11,450	\$ 255
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other receipts	-	-	3,720	-	-	-	-	-	-
Total receipts	-	-	3,720	-	-	-	-	-	-
Disbursements:									
Personal services	-	-	-	-	-	72	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	3,720	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	5,186	-	-
Total disbursements	-	-	3,720	-	-	72	5,186	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(72)	(5,186)	-	-
Cash and investments - ending	\$ 2	\$ 6,312	\$ 8,080	\$ 450	\$ 50	\$ 594	\$ 1	\$ 11,450	\$ 255

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Excess Tax Sale Costs	Coroners Education	Circuit Court Bail	Superior Court Bail	Superior Court Two Bail	Group Home	Drug Task Force #2	Solid Waste Fees Treasurer	Mill Creek
Cash and investments - beginning	\$ 237,677	\$ 569	\$ 11,957	\$ 6,210	\$ 93,386	\$ 500	\$ 2	\$ 6,165	\$ 13,779
Receipts:									
Taxes	77,229	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	1,641	-
Fines and forfeits	-	-	1,185	3,800	21,380	-	-	-	-
Other receipts	-	5,283	-	-	-	-	-	-	2,518
Total receipts	77,229	5,283	1,185	3,800	21,380	-	-	1,641	2,518
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Other disbursements	101,993	5,512	5,544	2,785	9,005	-	-	-	-
Total disbursements	101,993	5,512	5,544	2,785	9,005	-	-	-	-
Excess (deficiency) of receipts over disbursements	(24,764)	(229)	(4,359)	1,015	12,375	-	-	1,641	2,518
Cash and investments - ending	\$ 212,913	\$ 340	\$ 7,598	\$ 7,225	\$ 105,761	\$ 500	\$ 2	\$ 7,806	\$ 16,297

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Singer Ditch	Mcginnis Levee	Steen Ditch	Vieck Ditch	Plass Ditch	Operation Pull Over	Juvenile Grant 2009	Big City/Big County Enforce	Dui Task Force 2011
Cash and investments - beginning	\$ 22,446	\$ 13,579	\$ 66	\$ 18,037	\$ 10,202	\$ 359	\$ 14,500	\$ (882)	\$ (1,489)
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	14,663
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other receipts	5,539	24,492	-	42,259	3,208	49	-	8,991	-
Total receipts	5,539	24,492	-	42,259	3,208	49	-	8,991	14,663
Disbursements:									
Personal services	-	-	-	-	-	-	-	10,421	11,668
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Other disbursements	18,322	13,403	-	13,636	10,567	-	14,500	-	3,151
Total disbursements	18,322	13,403	-	13,636	10,567	-	14,500	10,421	14,819
Excess (deficiency) of receipts over disbursements	(12,783)	11,089	-	28,623	(7,359)	49	(14,500)	(1,430)	(156)
Cash and investments - ending	\$ 9,663	\$ 24,668	\$ 66	\$ 46,660	\$ 2,843	\$ 408	\$ -	\$ (2,312)	\$ (1,645)

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Sheriff's Pension Fund	Health Immunization	Juvenile Accountability	Idacs (E-911)	Welfare Excise Tax All	Comm Corrections	Fed Grant	General Obligation Bond	Non-Reverting Park And Rec
Cash and investments - beginning	\$ 1,328,487	\$ (2,224)	\$ (59)	\$ 822	\$ -	\$ 50,615	\$ (949)	\$ 6,864	\$ 28,741
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	5,000	-	-	-	-	3,867
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other receipts	213,017	4,189	37	-	89,212	242,585	12,699	-	-
Total receipts	213,017	4,189	37	5,000	89,212	242,585	12,699	-	3,867
Disbursements:									
Personal services	116,581	-	-	-	-	254,340	13,126	-	-
Supplies	-	1,965	-	-	-	11,251	-	-	-
Other services and charges	-	-	-	-	-	20,013	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	3,872	89,212	-	-	-	14,589
Total disbursements	116,581	1,965	-	3,872	89,212	285,604	13,126	-	14,589
Excess (deficiency) of receipts over disbursements	96,436	2,224	37	1,128	-	(43,019)	(427)	-	(10,722)
Cash and investments - ending	\$ 1,424,923	\$ -	\$ (22)	\$ 1,950	\$ -	\$ 7,596	\$ (1,376)	\$ 6,864	\$ 18,019

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	State Grant Capital Project	Clerk's Users Fees	Victim Assist. Superior Ct	Prop Replacement & Homestead Credit	Probation Home Monitoring	Employee Deductions	Perf	Payroll Withholding - Federal	Payroll Withholding - State
Cash and investments - beginning	\$ 423	\$ 10,587	\$ 12	\$ 80	\$ 201,497	\$ 4,452	\$ 123,954	\$ 82	\$ 3
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	602,365	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	17,455	-	-	229,599	-	-	-	-
Other receipts	-	-	-	-	40,000	107,513	531,813	-	259,622
Total receipts	-	17,455	-	-	269,599	107,513	531,813	602,365	259,622
Disbursements:									
Personal services	-	3,742	-	-	168,191	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	10,239	-	-	163,773	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	107,902	523,232	602,365	259,622
Total disbursements	-	13,981	-	-	331,964	107,902	523,232	602,365	259,622
Excess (deficiency) of receipts over disbursements	-	3,474	-	-	(62,365)	(389)	8,581	-	-
Cash and investments - ending	\$ 423	\$ 14,061	\$ 12	\$ 80	\$ 139,132	\$ 4,063	\$ 132,535	\$ 82	\$ 3

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Payroll Withholding - Oasi	Payroll Withholding - Insurance	Isets Incentive	Park And Recreation Agency	Commissioner's Certificate Sale	Donation Agency	Knox County Benefit Trust	School Excise Tax Allocation	County Recorder Cash
Cash and investments - beginning	\$ -	\$ 263,784	\$ 61,091	\$ 14,769	\$ 3,985	\$ 2,552	\$ 512,686	\$ -	\$ 22,290
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	106,147	-	-	-	-	217,814
Fines and forfeits	-	-	-	-	-	-	2,949,221	-	-
Other receipts	771,174	-	-	-	-	347	-	374,614	-
Total receipts	771,174	-	-	106,147	-	347	2,949,221	374,614	217,814
Disbursements:									
Personal services	-	-	11,312	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	8,343	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Other disbursements	771,174	-	8,833	95,368	-	-	3,231,040	374,614	223,313
Total disbursements	771,174	-	28,488	95,368	-	-	3,231,040	374,614	223,313
Excess (deficiency) of receipts over disbursements	-	-	(28,488)	10,779	-	347	(281,819)	-	(5,499)
Cash and investments - ending	\$ -	\$ 263,784	\$ 32,603	\$ 25,548	\$ 3,985	\$ 2,899	\$ 230,867	\$ -	\$ 16,791

KNOX COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	County Treasurer Cash	Community Community Corrections - Petersburg	Circuit Court Clerk	Knox County Benefit Trust	Sheriff Buy Money	Probation Department	County Sheriff	Landfill Retainage	Totals
Cash and investments - beginning	\$ 819,114	\$ 270	\$ 915,707	\$ 104,481	\$ 675	\$ 30,954	\$ 11,948	\$ 27,651	\$ 30,474,414
Receipts:									
Taxes	37,086,259	-	-	-	-	-	-	-	85,510,717
Licenses and permits	-	-	-	-	-	-	-	-	10,690
Intergovernmental	-	-	-	-	-	-	-	-	7,442,126
Charges for services	-	7,905	-	-	-	-	-	-	2,374,757
Fines and forfeits	-	-	3,455,984	-	-	-	-	-	8,441,023
Other receipts	-	-	-	1,715,555	-	468,287	994,304	-	11,573,663
Total receipts	37,086,259	7,905	3,455,984	1,715,555	-	468,287	994,304	-	115,352,976
Disbursements:									
Personal services	-	-	-	1,785,322	-	-	-	-	11,251,656
Supplies	-	-	-	-	-	-	-	-	2,990,712
Other services and charges	-	-	-	-	-	-	-	-	5,195,376
Debt service - principal and interest	-	-	-	-	-	-	-	-	1,194,888
Capital outlay	-	-	-	-	-	-	-	-	1,214,949
Other disbursements	35,817,757	7,760	3,351,409	-	-	465,605	957,742	-	90,409,074
Total disbursements	35,817,757	7,760	3,351,409	1,785,322	-	465,605	957,742	-	112,256,655
Excess (deficiency) of receipts over disbursements	1,268,502	145	104,575	(69,767)	-	2,682	36,562	-	3,096,321
Cash and investments - ending	\$ 2,087,616	\$ 415	\$ 1,020,282	\$ 34,714	\$ 675	\$ 33,636	\$ 48,510	\$ 27,651	\$ 33,570,735

KNOX COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 523,708</u>	<u>\$ 150,000</u>

KNOX COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Land and Utilities for Industrial Park-2011 refinanced	\$ 1,845,000	\$ 126,481
General obligation bonds	New Jail-2005 special edit	8,050,000	927,981
Revenue bonds	Land for Industrial Park-2001	<u>235,000</u>	<u>128,236</u>
Total governmental activities		<u>10,130,000</u>	<u>1,182,698</u>
Totals		<u>\$ 10,130,000</u>	<u>\$ 1,182,698</u>

KNOX COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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

	Ending Balance
Governmental activities:	
Land	\$ 1,286,217
Infrastructure	72,877,584
Buildings	10,423,023
Improvements other than buildings	4,129,528
Machinery, equipment and vehicles	23,931,430
Total governmental activities	112,647,782
Total capital assets	\$ 112,647,782

KNOX COUNTY
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual County office listed below:

County Auditor

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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 WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

Compliance

We have audited the compliance of the Knox County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2011. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
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(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County's management, Board of County Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 16, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance FY 2010	16.575		\$ 12,699
Residential Substance Abuse Treatment for State Prisoners Life After Meth	16.593	09-RT-002 10-RT-004	55,884 <u>36,650</u>
Total for program			<u>92,534</u>
JAG Program Cluster Edward Byrne Memorial Justice Assistance Grant Program Interact Public Safety	16.738		<u>62,085</u>
Total for federal grantor agency			<u>167,318</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspections Replacement of Freelandville Bridge	20.205		33,873 <u>58,815</u>
Total for cluster			<u>92,688</u>
Transit Services Programs Cluster Job Access - Reverse Commute FY 2010 FY 2011	20.516		13,577 <u>33,855</u>
Total for program			47,432
New Freedom Program FY 2010 FY 2011	20.521		16,779 <u>32,575</u>
Total for program			<u>49,354</u>
Total for cluster			<u>96,786</u>
Highway Safety Cluster State and Community Highway Safety FY 2011 FY 2012	20.600	PT-11-04-04-47 PT-12-11-04-44	7,808 <u>1,183</u>
Total for program			<u>8,991</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I FY 2011 FY 2012	20.601	K8-2011-03 K8-2012-03	11,469 <u>3,194</u>
Total for program			<u>14,663</u>
Total for cluster			<u>23,654</u>
Formula Grants for Other than Urbanized Areas Knox County Van-Go Project FY 2011 FY 2012	20.509		83,243 <u>243,188</u>

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

KNOX COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass Through Indiana Department of Transportation ARRA - Formula Grants for other than Urbanized Areas ARRA - FY 2011	20.509		<u>16,751</u>
Total for program			<u>343,182</u>
Total for federal grantor agency			<u>556,310</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Immunization Cluster Immunization Grants	93.268	A70-1-073062	<u>4,189</u>
Total for cluster			<u>4,189</u>
Public Health Emergency Preparedness	93.069		<u>2,751</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		<u>5,432</u>
Pass-Through Indiana Family and Social Services Administration Child Support Enforcement	93.563		
County Clerk's Expenditures			15,833
County Prosecutor's Expenditures			87,807
Indirect Costs Reimbursement			46,632
Prosecutor Incentives			34,300
Clerk Incentives			23,605
ARRA - Child Support Enforcement ARRA - Prosecutor	93.563		<u>6,057</u>
Total for program			<u>214,234</u>
Total for federal grantor agency			<u>226,606</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) FY 2011	97.036		<u>18,877</u>
Emergency Management Performance Grants	97.042	C44P-1-331A C44P-1-124A	<u>10,050</u> <u>3,720</u>
Total for program			<u>13,770</u>
Total for federal grantor agency			<u>32,647</u>
Total federal awards expended			<u>\$ 982,881</u>

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

KNOX COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2011:

Program Title	Federal CFDA Number	2011
Formula Grants for Other than Urbanized Areas	20.509	\$ 343,182
Job Access – Reverse Commute	20.516	47,432
New Freedom Program	20.521	49,354

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

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

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

KNOX COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

KNOX COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 16, 2012, with Sharon K. Duke, Auditor; Kevin Meyer, President of the Board of County Commissioners; and Steve Thais, President of the County Council. Our audit disclosed no material items that warrant comment at this time.