

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF KNOX

STARKE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
10/15/2012



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeffery J. Houston	01-01-08 to 12-31-15
Mayor	Rick L. Chambers	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	Rick L. Chambers	01-01-08 to 12-31-15
President of the Common Council	Edward Blue Jeff V. Berg	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water Utility	Todd Gardner	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Kelly Clemons	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the City of Knox (City), for the year ended December 31, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Except as stated in the fourth paragraph, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City 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.

We were unable to verify the accuracy of the City Court fund balance of \$318,295, because the City Court reconciliation to the bank account balance was incomplete. The financial statement reports no City Court fund receipts and \$49,043 disbursements. The City Court's 2011 receipts report shows \$435,511 total receipts and the check register shows \$559,910 total checks. The City Court's records don't permit the application of other procedures to determine which amounts are fairly stated.

In our opinion, except for the effects on the financial statement of not accurately accounting for the City Court fund discussed in the preceding paragraph, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

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

This report is intended solely for the information and use of the City's management, City Council, and others within the entity 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

September 17, 2012

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## FINANCIAL STATEMENT

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

CITY OF KNOX  
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	\$ 335,898	\$ 1,341,469	\$ 1,404,441	\$ 272,926
Motor Vehicle Highway	107,013	290,889	297,238	100,664
Local Road And Street	28,000	17,219	20,258	24,961
Riverboat Revenue Distribution	51,666	23,286	7,333	67,619
Parks And Recreation	41,222	104,761	136,574	9,409
User Fee	64,980	76,385	43,990	97,375
Rainy Day	110,922	-	-	110,922
Cedit	462,544	446,028	339,869	568,703
Cumulative Capital Development	165,497	25,888	80,299	111,086
Police Equipment	2,373	25	921	1,477
Redevelopment Commission	1,194	-	-	1,194
Cumulative Fire Fighting	108,746	4,321	45,236	67,831
Cumulative Capital Improvement	28,176	10,686	15,000	23,862
Tif District	151,124	86,871	2,750	235,245
Police Pension	108,731	57,692	56,378	110,045
Knox City Court	367,338	-	49,043	318,295
City Annex	-	2,078	1,057	1,021
Park Planning Grant	-	29,700	29,700	-
Bond Proceeds (Fire Truck)	-	436,100	436,100	-
City Judge Cash	100	-	-	100
Gateway Depot Operation & Maint	304	11,200	7,978	3,526
Knox Police Continuing Education	3,286	1,110	1,632	2,764
City Judge Pre-Trial Diversion	6,281	3,091	3,152	6,220
Clerk's Record Perpetuation	11,201	3,203	-	14,404
Clerk-Treasurer Petty Cash	25	-	-	25
Clerk-Treasurer Cash Change	100	-	-	100
Community Center Opr & Maint	8,192	63,660	66,356	5,496
Economic Development Commission	13,469	31,845	-	45,314
Excess Levy	3,197	-	3,197	-
Seizure Award Reimbursement	645	-	-	645
Wastewater Treatment Grant	3,600	90,808	94,408	-
Lease Rental Payment	4,039	127,682	94,000	37,721
Fire Lease Payment	446,679	20,691	441,450	25,920
Wastewater Treatment Bonds	49,371	3,600	52,971	-
Cumulative Sewer Treatment	233,366	43,209	17,979	258,596
Girl Scout Cabin Operation & Maint	1,473	2,705	3,952	226
Payroll	16,186	1,178,839	1,178,630	16,395
Solid Waste Removal	2,353	223,185	218,224	7,314
Sewer Operating	77,238	467,545	436,368	108,415
Sewer Debt Service Reserve	199,862	40,620	-	240,482
Sewer Deposit	31,563	13,800	13,326	32,037
Sewer Improvement	85,686	-	-	85,686
Sewer Bond & Interest	66,079	203,480	204,533	65,026
Water Operating	66,078	310,165	318,951	57,292
Water Bond & Interest	96,971	162,625	163,215	96,381
Water Improvement	109,100	9,480	1,350	117,230
Water Deposit	83,493	17,000	13,714	86,779
Water Debt Service Reserve	99,467	-	-	99,467
<b>Totals</b>	<b>\$ 3,854,828</b>	<b>\$ 5,982,941</b>	<b>\$ 6,301,573</b>	<b>\$ 3,536,196</b>

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

CITY OF KNOX  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*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 statement. The aggregate receipts include the following sources:

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

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.

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,

CITY OF KNOX  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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).

Utility fees which are comprised mostly of charges for current services and penalties.

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

*E. Disbursements*

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

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

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

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

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

Utility operating expenses which include all outflows for operating the utilities.

CITY OF KNOX  
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 City 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 City. 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 City. 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 City 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 City 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 City 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.

CITY OF KNOX  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the City 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 City 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 City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North Capital Street, 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.

CITY OF KNOX  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

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

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is 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 City. It is presented as intended by the City.

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

	General	Motor Vehicle Highway	Local Road And Street	Riverboat Revenue Distribution	Parks And Recreation	User Fee	Rainy Day
Cash and investments - beginning	\$ 335,898	\$ 107,013	\$ 28,000	\$ 51,666	\$ 41,222	\$ 64,980	\$ 110,922
Receipts:							
Taxes	844,878	177,928	-	-	93,835	-	-
Licenses and permits	29,308	1,595	-	-	-	-	-
Intergovernmental	280,450	110,149	17,219	23,286	6,278	-	-
Charges for services	26,676	1,200	-	-	4,410	-	-
Fines and forfeits	67,918	-	-	-	-	76,385	-
Utility fees	-	-	-	-	-	-	-
Other receipts	92,239	17	-	-	238	-	-
Total receipts	<u>1,341,469</u>	<u>290,889</u>	<u>17,219</u>	<u>23,286</u>	<u>104,761</u>	<u>76,385</u>	<u>-</u>
Disbursements:							
Personal services	978,649	173,432	-	-	53,588	-	-
Supplies	62,954	61,558	-	-	17,046	-	-
Other services and charges	284,186	55,403	20,258	2,100	22,647	152	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	21,316	6,845	-	5,233	43,293	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	57,336	-	-	-	-	43,838	-
Total disbursements	<u>1,404,441</u>	<u>297,238</u>	<u>20,258</u>	<u>7,333</u>	<u>136,574</u>	<u>43,990</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(62,972)</u>	<u>(6,349)</u>	<u>(3,039)</u>	<u>15,953</u>	<u>(31,813)</u>	<u>32,395</u>	<u>-</u>
Cash and investments - ending	<u>\$ 272,926</u>	<u>\$ 100,664</u>	<u>\$ 24,961</u>	<u>\$ 67,619</u>	<u>\$ 9,409</u>	<u>\$ 97,375</u>	<u>\$ 110,922</u>

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

	Cedit	Cumulative Capital Development	Police Equipment	Redevelopment Commission	Cumulative Fire Fighting	Cumulative Capital Improvement
Cash and investments - beginning	\$ 462,544	\$ 165,497	\$ 2,373	\$ 1,194	\$ 108,746	\$ 28,176
Receipts:						
Taxes	-	16,592	-	-	4,046	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	295,541	1,123	-	-	275	10,686
Charges for services	-	8,173	-	-	-	-
Fines and forfeits	-	-	25	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	150,487	-	-	-	-	-
Total receipts	<u>446,028</u>	<u>25,888</u>	<u>25</u>	<u>-</u>	<u>4,321</u>	<u>10,686</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	224	-	-	-	-	-
Other services and charges	199,552	-	921	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	28,250	80,299	-	-	45,236	15,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	111,843	-	-	-	-	-
Total disbursements	<u>339,869</u>	<u>80,299</u>	<u>921</u>	<u>-</u>	<u>45,236</u>	<u>15,000</u>
Excess (deficiency) of receipts over disbursements	<u>106,159</u>	<u>(54,411)</u>	<u>(896)</u>	<u>-</u>	<u>(40,915)</u>	<u>(4,314)</u>
Cash and investments - ending	<u>\$ 568,703</u>	<u>\$ 111,086</u>	<u>\$ 1,477</u>	<u>\$ 1,194</u>	<u>\$ 67,831</u>	<u>\$ 23,862</u>

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

	Tif District	Police Pension	Knox City Court	City Annex	Park Planning Grant	Bond Proceeds (Fire Truck)
Cash and investments - beginning	\$ 151,124	\$ 108,731	\$ 367,338	\$ -	\$ -	\$ -
Receipts:						
Taxes	86,871	57,692	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	2,078	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	29,700	436,100
Total receipts	<u>86,871</u>	<u>57,692</u>	<u>-</u>	<u>2,078</u>	<u>29,700</u>	<u>436,100</u>
Disbursements:						
Personal services	-	2	-	-	-	-
Supplies	-	57	-	-	-	-
Other services and charges	2,750	56,319	49,043	1,057	29,700	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	398,725
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	37,375
Total disbursements	<u>2,750</u>	<u>56,378</u>	<u>49,043</u>	<u>1,057</u>	<u>29,700</u>	<u>436,100</u>
Excess (deficiency) of receipts over disbursements	<u>84,121</u>	<u>1,314</u>	<u>(49,043)</u>	<u>1,021</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 235,245</u>	<u>\$ 110,045</u>	<u>\$ 318,295</u>	<u>\$ 1,021</u>	<u>\$ -</u>	<u>\$ -</u>

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

	City Judge Cash	Gateway Depot Operation & Maint	Knox Police Continuing Education	City Judge Pre-Trial Diversion	Clerk's Record Perpetuation	Clerk-Treasurer Petty Cash
Cash and investments - beginning	\$ 100	\$ 304	\$ 3,286	\$ 6,281	\$ 11,201	\$ 25
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	1,110	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	2,400	-	-	-	-
Fines and forfeits	-	-	-	3,091	3,203	-
Utility fees	-	-	-	-	-	-
Other receipts	-	8,800	-	-	-	-
Total receipts	-	11,200	1,110	3,091	3,203	-
Disbursements:						
Personal services	-	-	-	381	-	-
Supplies	-	134	-	-	-	-
Other services and charges	-	7,844	1,632	2,771	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	7,978	1,632	3,152	-	-
Excess (deficiency) of receipts over disbursements	-	3,222	(522)	(61)	3,203	-
Cash and investments - ending	\$ 100	\$ 3,526	\$ 2,764	\$ 6,220	\$ 14,404	\$ 25

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

	Clerk-Treasurer Cash Change	Community Center Opr & Maint	Economic Development Commission	Excess Levy	Seizure Award Reimbursement	Wastewater Treatment Grant
Cash and investments - beginning	\$ 100	\$ 8,192	\$ 13,469	\$ 3,197	\$ 645	\$ 3,600
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	62,379	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,281	31,845	-	-	90,808
<b>Total receipts</b>	<b>-</b>	<b>63,660</b>	<b>31,845</b>	<b>-</b>	<b>-</b>	<b>90,808</b>
Disbursements:						
Personal services	-	11,719	-	-	-	-
Supplies	-	8,115	-	-	-	-
Other services and charges	-	46,522	-	-	-	90,808
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	3,197	-	3,600
<b>Total disbursements</b>	<b>-</b>	<b>66,356</b>	<b>-</b>	<b>3,197</b>	<b>-</b>	<b>94,408</b>
Excess (deficiency) of receipts over disbursements	-	(2,696)	31,845	(3,197)	-	(3,600)
Cash and investments - ending	<u>\$ 100</u>	<u>\$ 5,496</u>	<u>\$ 45,314</u>	<u>\$ -</u>	<u>\$ 645</u>	<u>\$ -</u>

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

	Lease Rental Payment	Fire Lease Payment	Wastewater Treatment Bonds	Cumulative Sewer Treatment	Girl Scout Cabin Operation & Maint	Payroll
Cash and investments - beginning	\$ 4,039	\$ 446,679	\$ 49,371	\$ 233,366	\$ 1,473	\$ 16,186
Receipts:						
Taxes	119,563	-	-	40,461	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	8,119	-	-	2,748	-	-
Charges for services	-	-	-	-	2,555	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	20,691	3,600	-	150	1,178,839
Total receipts	<u>127,682</u>	<u>20,691</u>	<u>3,600</u>	<u>43,209</u>	<u>2,705</u>	<u>1,178,839</u>
Disbursements:						
Personal services	-	-	-	-	140	-
Supplies	-	-	-	-	171	-
Other services and charges	-	5,350	52,971	17,979	3,641	-
Debt service - principal and interest	94,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	436,100	-	-	-	1,178,630
Total disbursements	<u>94,000</u>	<u>441,450</u>	<u>52,971</u>	<u>17,979</u>	<u>3,952</u>	<u>1,178,630</u>
Excess (deficiency) of receipts over disbursements	<u>33,682</u>	<u>(420,759)</u>	<u>(49,371)</u>	<u>25,230</u>	<u>(1,247)</u>	<u>209</u>
Cash and investments - ending	<u>\$ 37,721</u>	<u>\$ 25,920</u>	<u>\$ -</u>	<u>\$ 258,596</u>	<u>\$ 226</u>	<u>\$ 16,395</u>

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

	Solid Waste Removal	Sewer Operating	Sewer Debt Service Reserve	Sewer Deposit	Sewer Improvement	Sewer Bond & Interest
Cash and investments - beginning	\$ 2,353	\$ 77,238	\$ 199,862	\$ 31,563	\$ 85,686	\$ 66,079
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	209,832	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	461,650	40,620	13,800	-	203,480
Other receipts	13,353	5,895	-	-	-	-
Total receipts	<u>223,185</u>	<u>467,545</u>	<u>40,620</u>	<u>13,800</u>	<u>-</u>	<u>203,480</u>
Disbursements:						
Personal services	4,142	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	208,249	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	204,533
Capital outlay	-	1,094	-	-	-	-
Utility operating expenses	-	397,229	-	-	-	-
Other disbursements	5,833	38,045	-	13,326	-	-
Total disbursements	<u>218,224</u>	<u>436,368</u>	<u>-</u>	<u>13,326</u>	<u>-</u>	<u>204,533</u>
Excess (deficiency) of receipts over disbursements	<u>4,961</u>	<u>31,177</u>	<u>40,620</u>	<u>474</u>	<u>-</u>	<u>(1,053)</u>
Cash and investments - ending	<u>\$ 7,314</u>	<u>\$ 108,415</u>	<u>\$ 240,482</u>	<u>\$ 32,037</u>	<u>\$ 85,686</u>	<u>\$ 65,026</u>

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

	Water Operating	Water Bond & Interest	Water Improvement	Water Deposit	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 66,078	\$ 96,971	\$ 109,100	\$ 83,493	\$ 99,467	\$ 3,854,828
Receipts:						
Taxes	-	-	-	-	-	1,441,866
Licenses and permits	-	-	-	-	-	32,013
Intergovernmental	-	-	-	-	-	755,874
Charges for services	-	-	-	-	-	319,703
Fines and forfeits	-	-	-	-	-	150,622
Utility fees	206,804	162,625	9,480	17,000	-	1,115,459
Other receipts	103,361	-	-	-	-	2,167,404
Total receipts	<u>310,165</u>	<u>162,625</u>	<u>9,480</u>	<u>17,000</u>	<u>-</u>	<u>5,982,941</u>
Disbursements:						
Personal services	-	-	-	-	-	1,222,053
Supplies	-	-	-	-	-	150,259
Other services and charges	-	-	-	-	-	1,161,855
Debt service - principal and interest	-	162,865	-	-	-	461,398
Capital outlay	-	-	-	-	-	645,291
Utility operating expenses	307,073	-	350	-	-	704,652
Other disbursements	11,878	350	1,000	13,714	-	1,956,065
Total disbursements	<u>318,951</u>	<u>163,215</u>	<u>1,350</u>	<u>13,714</u>	<u>-</u>	<u>6,301,573</u>
Excess (deficiency) of receipts over disbursements	<u>(8,786)</u>	<u>(590)</u>	<u>8,130</u>	<u>3,286</u>	<u>-</u>	<u>(318,632)</u>
Cash and investments - ending	<u>\$ 57,292</u>	<u>\$ 96,381</u>	<u>\$ 117,230</u>	<u>\$ 86,779</u>	<u>\$ 99,467</u>	<u>\$ 3,536,196</u>

CITY OF KNOX  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 6,662	\$ -
Solid Waste	17,247	3,184
Wastewater	777	9,520
Water	<u>1,403</u>	<u>2,548</u>
Totals	<u>\$ 26,089</u>	<u>\$ 15,252</u>

CITY OF KNOX  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: First National Bank of Monterey	Community Center Payment	<u>\$ 94,000</u>	07-15-97	01-15-19

  

Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities: General obligation bonds	Fire Truck	<u>\$ 445,000</u>	<u>\$ 48,819</u>
Wastewater: Revenue bonds	Wastewater Improvements	<u>2,230,000</u>	<u>201,920</u>
Water: Revenue bonds	Waterworks Improvements	1,061,000	94,050
Revenue bonds	Waterworks Improvements	<u>705,000</u>	<u>67,378</u>
Total Water		<u>1,766,000</u>	<u>161,428</u>
Totals		<u>\$ 4,441,000</u>	<u>\$ 412,167</u>

CITY OF KNOX  
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	\$ 311,939
Infrastructure	1,620,589
Buildings	4,504,974
Improvements other than buildings	475,411
Machinery, equipment and vehicles	2,519,686
Total governmental activities	9,432,599
Wastewater:	
Land	9,540
Infrastructure	4,670,551
Buildings	3,929,211
Improvements other than buildings	5,932,528
Machinery, equipment and vehicles	919,240
Total Wastewater	15,461,070
Water:	
Land	21,331
Infrastructure	16,031,332
Buildings	421,087
Improvements other than buildings	2,593,560
Machinery, equipment and vehicles	163,482
Total Water	19,230,792
Total capital assets	\$ 44,124,461

CITY OF KNOX  
OTHER REPORT

The report presented herein was prepared in addition to other official report prepared for the individual City office listed below:

City Court

CITY OF KNOX  
EXAMINATION RESULT AND COMMENT

***RECEIPT DEPOSITS***

Our tests indicated that the Clerk-Treasurer is not reconciling the amount of cash and checks collected with the amount of cash and checks deposited. For instance, cash amounts on receipts dated December 12, 2011, totaled \$1,276 compared to the corresponding deposit which included \$1,456 cash, or \$180 more. Receipts dated December 14, 2011, included cash totaling \$1,287 compared to the corresponding deposit which included \$1,428 cash, or \$141 more. For all days tested, the total receipts agreed to the total deposit. A similar exception was included in the prior report, file number B38982.

The Clerk-Treasurer and his staff have created a form which is being used to reconcile cash and checks collected with the amounts deposited.

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF KNOX  
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2012, with Jeffery J. Houston, Clerk-Treasurer; Rick L. Chambers, Mayor; and Jeff V. Berg, President of the Common Council. The officials concurred with our finding.