

**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, 2012 to December 31, 2012



**FILED**  
08/08/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sharon K. Duke Mindy S. Wessel	01-01-11 to 12-31-12 01-01-13 to 12-31-14
Treasurer	Cendy Joslin Sharon K. Duke	01-01-09 to 12-31-12 01-01-13 to 12-31-16
Clerk	Lisa Clark-Benock	01-01-11 to 12-31-14
Sheriff	Michael Morris	01-01-11 to 12-31-14
Recorder	Brenda Hall	01-01-11 to 12-31-14
President of the Board of County Commissioners	Kevin Meyer Rowe Sargent	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the County Council	Steve Thais	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of Knox County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated July 10, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

*Other Information*

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana 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.



Bruce Hartman  
State Examiner

July 10, 2013



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

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Knox County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated July 10, 2013, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-01 and 2012-02 to be material weaknesses.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Knox County's Response to Findings***

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

***Purpose of This Report***

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



Bruce Hartman  
State Examiner

July 10, 2013

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## 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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
EMS GRANT	\$ 2	\$ -	\$ -	\$ 2
GENERAL FUND	2,874,640	9,711,102	9,627,936	2,957,806
ACCIDENT REPORT	377	635	-	1,012
CEDIT COUNTY SHARE	2,521,472	1,212,477	1,392,869	2,341,080
CEDIT SPECIAL LEGISLATION	3,258,958	1,963,641	932,000	4,290,599
CITY & TOWN COURT COST	14,472	21,582	-	36,054
CLERKS RECORDS PERPETUATION	102,710	20,199	75,663	47,246
COIT COUNTY DISTRIBUTED SHARES	7,221,094	3,283,151	2,208,293	8,295,952
COMMUNITY CORRECTIONS	18,758	-	18,759	(1)
COMM CORRECT TRANSITION PRO	45,734	30,091	25,490	50,335
CONGRESSIONAL SCHOOL INTEREST	38,196	-	1,705	36,491
CONGRESSIONAL SCHOOL PRINCIPAL	42,619	-	-	42,619
DOC HOUSING	524,051	227,497	127,328	624,220
SALES DISCLOSURE COUNTY SHARE	44,325	4,010	-	48,335
CUMULATIVE BRIDGE	603,489	592,629	1,009,311	186,807
DRUG FREE COMMUNITY	10,051	32,751	31,333	11,469
FIRE ARMS TRAINING	6,609	14,040	15,064	5,585
GENERAL DRAIN IMPROVEMENT	50	-	-	50
HEALTH	113,206	302,291	311,094	104,403
IDENTITY SECURITY PROTECTION	37,252	3,358	31,480	9,130
LEVY EXCESS	28,359	-	-	28,359
LOCAL HEALTH MAINTENANCE FUND	57,194	32,685	28,486	61,393
LOCAL ROAD AND STREET	316,760	823,203	837,888	302,075
JAIL MISDEMEANANT	43,515	28,693	24,194	48,014
MOTOR VEHICLE HIGHWAY	411,847	2,420,054	2,263,085	568,816
PARK NON-REVERTING CAPITAL	105,150	105,590	85,894	124,846
PARK NON REVERTING OPERATING	18,019	4,350	1,044	21,325
PLANNING AND ZONING IMPACT	92,051	26,372	105,279	13,144
PLAT BOOK	5,427	-	-	5,427
RAINY DAY FUND	4,360,277	1,855	-	4,362,132
REASSESSMENT 2009	677,712	-	269,694	408,018
REASSESSMENT 2015	235,476	272,654	-	508,130
RECORDERS RECORDS PERPETUATION	162,789	80,250	73,509	169,530
RIVERBOAT REVENUE SHARING	53,136	283,077	59,850	276,363
SOLID WASTE	12,862	113,132	113,436	12,558
SURPLUS TAX	212,913	183,441	116,265	280,089
SURVEYORS CORNER PERPETUATION	17,684	7,782	11,929	13,537
TAX SALE FEES	-	206,060	206,060	-
TAX SALE REDEMPTION	1,604	234,954	235,063	1,495
TAX SALE SURPLUS	439,070	396,554	489,721	345,903
IN HEALTH DEPART TRUST ACCOUNT	33,616	27,359	13,743	47,232
GUARDIAN Ad-Litem	1,832	-	-	1,832
GAL/CASA	-	20,000	20,000	-
AUDITOR'S INELIGIBLE DEDUCTION	-	10,963	-	10,963
ELECTED OFFICIAL TRAINING FUND	1,300	3,358	-	4,658
PARK & RECREATION	224,899	408,049	504,840	128,108
COUNTY 911	1,950	4,500	3,588	2,862
ADULT PROBATION ADMINISTRATION	17,616	46,491	49,351	14,756
LLOYD BOND DITCH	35,187	2,587	11,310	26,464
HEALTH SERVICE FEES	255	-	-	255
SELF INSURANCE	230,867	2,547,106	2,224,071	553,902
EMPLOYEE DEDUCTIONS	4,063	91,054	94,530	587
PAYROLL WITHHOLDING - FEDERAL	82	612,592	612,592	82
RETIREMENTS	132,535	610,251	729,173	13,613
PAYROLL WITHHOLDING - STATE	3	267,039	267,039	3
TAX SETTLEMENT	363	20,502,505	20,502,505	363
CVET AGENCY	54	354,493	354,493	54
OTHER ASSESS. SEWER/TRASH/MOWI	(617)	15,210	15,210	(617)
FINANCIAL INSTITUTION TAX	-	298,122	298,122	-
HEA 1001 STATE HOMESTEAD CREDIT	(722)	-	13	(735)
HOMESTEAD CREDIT REBATE FUND	30,119	-	99	30,020
STATE FINES & FORFEITURES	14,406	96,247	44,517	66,136
INFRACTION JUDGEMENT	-	5,746	-	5,746
OVERWEIGHT VEHICLES FINES	-	2,051	1,935	116

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, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
SPECIAL DEATH BENEFIT	325	3,780	3,550	555
SALES DISCLOSURE STATE - SHARE	310	4,010	4,045	275
CORONERS TRAINING & CONT EDUCA	340	4,275	4,359	256
RECOVERY FEES - STATE SHARE	348	3,493	3,538	303
VICTIM ASSISTANCE (HARBOR HOUSE)	103	-	-	103
INHERITANCE TAX	733,805	2,762,744	3,345,438	151,111
EDUCATION PLATE FEE DISTRIBUTI	94	938	938	94
RIVERBOAT REVENUE SHARING	-	227,716	227,716	-
Innkeepers Tax Collections	95,437	376,498	389,419	82,516
CEDIT DISTRIBUTION	-	3,836,232	3,836,232	-
COIT DISTRIBUTION	-	4,397,514	4,397,514	-
93.563 PROSECUTOR PCA	9,459	31,253	3,593	37,119
93.563 ARRA PROSEC IV-D INCENT	509	-	509	-
93.563 ARRA CLERK IV-D INCENTI	11,842	-	-	11,842
93.563 PROS IV-D INCENT P 99	35,193	18,345	35,104	18,434
93.563 CLERK 4-D INCENT P 99	23,606	39,413	8,753	54,266
JUVENILE ADMINISTRATION FEE	9,810	1,769	-	11,579
PRE-TRAIL DIVERSION FUND	4,086	-	-	4,086
BREVOORT CONSERVANCY	4,378	11,690	11,690	4,378
BREVOORT LEVEE	15,657	85,393	85,393	15,657
BREVOORT LEVEE SPECIAL	396	-	-	396
HIRAM BROWN	49,412	3,751	5,500	47,663
DUNN SPECIAL SURVEY	128	-	-	128
MARY FRICK DITCH	3,482	2,665	82	6,065
HERSCHEL GREEN DITCH	18,134	6,487	-	24,621
PETER HILL DITCH	3,817	2,529	-	6,346
#11 E. W. HOUSE DRAINAGE	77,745	9,313	200	86,858
KESSINGER DITCH	35,613	32,075	11,195	56,493
KLEIN SPECIAL SURVEY	150	-	-	150
THOMAS LANKFORD	16,691	379	-	17,070
MESKIMAN DITCH	42	-	-	42
MILL CREEK	16,297	2,419	9,345	9,371
MC ALLISTER DRAINAGE	265	-	-	265
MC GINNIS LEVEE	24,669	25,126	36,489	13,306
NIBLACK LEVEE MAINTENANCE	41,286	48,257	1,503	88,040
NIBLACK LEVEE REPAIR	47,117	79,804	29,229	97,692
PLASS DITCH	2,844	3,029	580	5,293
POLLARD DITCH	14	-	-	14
PRATHER DITCH	530	-	-	530
ROBERSON DITCH	6,002	3,925	3,158	6,769
SINGER DITCH	9,663	5,892	4,147	11,408
STEEN DITCH	870	-	-	870
STEEN DITCH SPECIAL	66	-	-	66
VIECK DITCH	46,661	42,987	56,685	32,963
WAGGONER LANKFORD ET AL	177	-	-	177
WAMPLER DITCH	129,463	12,185	6,213	135,435
JAMES W. WILLIAM DITCH	28,481	2,330	11,320	19,491
CIVIL WAR MONUMENT RESTORATION	2,899	-	-	2,899
DARE PROGRAM - KNOX COUNTY RURAL	9,828	-	856	8,972
KNOX COUNTY LAW ENFORCEMENT FUND	175	-	-	175
IN LIEN OF ROAD BOND	6,864	-	-	6,864
SUPERIOR COURT GROUP HOME	500	-	-	500
ADULT PROTECTIVE SERVICE	11,450	-	-	11,450
FINAL EXCISE TAX CUT REPLACEMENT	-	471,573	471,573	-
GOVERNORS TASK GRANT 2008	(3,664)	-	-	(3,664)
911	16,538	559,863	444,342	132,059
PAYROLL WITHHOLDING - FICA & MED	-	832,838	832,838	-
County Sheriff	48,510	1,172,622	1,226,270	(5,138)
Landfill Retainage	27,651	26	-	27,677
CIRCUIT COURT CLERK	1,020,282	3,056,765	2,998,341	1,078,706
SHERIFF'S INMATE TRUST/COMMISSARY	21,800	421,935	419,233	24,502
Major Moves	(1)	-	-	(1)
COUNTY TREASURER CASH	2,087,616	662,234	2,087,616	662,234
COMMUNITY CORRECTIONS - PETERSBURG	415	5,799	6,214	-

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, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
KNOX COUNTY BENEFIT TRUST	78,575	2,000,000	1,833,595	244,980
SHERIFF BUY MONEY	675	-	-	675
SETTLEMENT	-	15,475,706	15,475,706	-
COMMUNITY CORRECTION GRANT	7,597	-	7,597	-
JUVENILE ACCOUNTABILITY	(23)	23	-	-
ISETS INCENTIVE	32,603	-	32,604	(1)
ENHANCED 911	116,182	137,094	253,275	1
LANDFILL SITE	1,524	-	-	1,524
COMMUNITY CORRECTIONS GRANT	-	311,896	296,571	15,325
PROBATION USERS FEES - ADULT	100	182,478	180,931	1,647
PROBATION USERS FEES (JUVENILE)	48,569	3,858	9	52,418
CLERKS USER FEES	14,061	14,898	11,567	17,392
PROSECUTOR USER FEES	421,287	137,257	154,431	404,113
ALCOHOL & DRUG USER FEES	118,009	113,413	79,945	151,477
COMM CORR PROJECT INCOME	243,945	372,067	393,254	222,758
CIRCUIT COURT BAIL AGENCY FUND	7,598	2,370	298	9,670
SUPERIOR II BAIL AGENCY FUND	105,761	20,240	11,876	114,125
SUPERIOR I BAIL AGENCY FUND	7,225	1,941	3,195	5,971
16.593 KCJ REHAB 10RT004	-	16,735	16,735	-
SHERIFF DONATION	7,406	6,440	13,421	425
DONATION INMATE WORKFORCE	-	2,000	740	1,260
EMISON GIFT SPECIAL	46	4	49	1
SOLID WASTE FEE - AUDITOR	4,371	3,844	-	8,215
SOLID WASTE FEE - TREAS.	7,806	961	-	8,767
PROBATION HOME MONITORING	139,132	193,893	302,279	30,746
COMMISSIONERS CERTIFICATE SALE	3,985	57,431	57,431	3,985
DRUG SEIZURE	(50,777)	44,380	-	(6,397)
SURPLUS DOG TAX FUND	6,312	-	475	5,837
INFRACTION JUDGMENTS/RESTITUT	348	876	-	1,224
HAZARDOUS SUBSTANCE RESPONSE T	276	-	-	276
PTRC & "HC" HOLDING FUND	80	-	-	80
DRUG ABUSE PROSECUTION FUND	112,290	10,870	-	123,160
SWETA	-	26,086	26,086	-
HILLCREST INS. SETTLEMENT 2006	263,784	-	-	263,784
16.783 CITI PROJECT	-	30,615	30,615	-
20.601 BIG CITY/BIG CO ENFORCE	(2,312)	10,818	11,688	(3,182)
20.601 DUI TASK FORCE 2011	(1,646)	12,648	10,817	185
97.042 HOMELAND SECURITY	8,080	6,105	4,945	9,240
16.575 VICTIMS ASSISTANCE GRANT	(1,377)	1,891	-	514
20.600 OPO BANQUET EQUIP GRANT	-	3,000	3,000	-
93.283 CO. HEALTH - BIOTERRORISM	(792)	7,673	13,504	(6,623)
16.738 2012 JAG \$10k & UNDER	-	4,284	4,284	-
14.228 CDBG PROGRAM	-	580,305	580,305	-
93.563 TITLE IV-D INCENTIVE	129,942	-	94,262	35,680
H1N1 GRANT	1	-	-	1
VAN-GO	-	971,453	971,453	-
MADD - MOTHERS AGAINST DRUNK D	3,525	-	-	3,525
LOCAL EMERGENCY PLANNING & RIG	7,681	8,262	7,687	8,256
COMMUNITY CORRECTIONS GRANT	34,620	242,585	275,241	1,964
NK WASTE WATER PLAN GRANT	423	-	-	423
COMMUNITY CORRECTIONS GRANT	9,247	-	5,341	3,906
IN. CRIMINAL JUSTICE INSTITUTE	1,517	-	-	1,517
WRV DRUG TASK FORCE 95-96	2	-	-	2
EMERGENCY GAS AWARD	450	-	-	450
FEASIBILITY STUDY	260	-	-	260
OPO GRANT OP-09-01-01-98	408	-	-	408
OPO GRANT: OP-10-02-02-09	594	-	-	594
VICTIM ASSISTANCE (SUPERIOR CO)	12	-	-	12
WHITE RIVER VALLEY DRUG TASK F	670	-	-	670
PROBATION ~ LCC	6,101	3,000	9,000	101
HOME MANAGEMENT GRANT	1	-	-	1
PROSLINK IMPLEMENTATION PROJ.	2,496	-	-	2,496
DISASTER PUBLIC ASSISTANCE	1,142	-	-	1,142
JUVENILE ACCT GRANT 07-JB-017	14	-	14	-
Totals	<u>\$ 32,113,704</u>	<u>\$ 88,857,154</u>	<u>\$ 88,671,799</u>	<u>\$ 32,299,059</u>

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

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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 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.

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,

KNOX COUNTY  
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).

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

*E. Disbursements*

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

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

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

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

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

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

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

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
1 North 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.

*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.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

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

**C. County Police Benefit Plan**

*Plan Description*

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

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

**Note 7. Restatement of County Offices**

Certain funds that were included on the prior year financial statement have been omitted from the current year financial statement to more accurately reflect the financial activity of the County. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and financial statement.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2012. Other funds with deficits in cash are due to revenues not being received by December 31, 2012.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	EMS GRANT	GENERAL FUND	ACCIDENT REPORT	CEDIT COUNTY SHARE	CEDIT SPECIAL LEGISLATION	CITY & TOWN COURT COST	CLERKS RECORDS PERPETUATION	COIT COUNTY DISTRIBUTED SHARES
Cash and investments - beginning	\$ 2	\$ 2,874,640	\$ 377	\$ 2,521,472	\$ 3,258,958	\$ 14,472	\$ 102,710	\$ 7,221,094
Receipts:								
Taxes	-	6,887,753	-	1,067,731	1,918,069	-	-	2,097,414
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	650,938	-	-	45,572	-	-	-
Charges for services	-	437,679	-	-	-	-	-	-
Fines and forfeits	-	198,964	635	-	-	21,582	-	-
Other receipts	-	1,535,768	-	144,746	-	-	20,199	1,185,737
Total receipts	-	9,711,102	635	1,212,477	1,963,641	21,582	20,199	3,283,151
Disbursements:								
Personal services	-	5,232,205	-	-	-	-	-	288,361
Supplies	-	517,622	-	-	-	-	75,663	87,611
Other services and charges	-	3,232,451	-	62,385	932,000	-	-	632,321
Debt service - principal and interest	-	-	-	259,595	-	-	-	-
Capital outlay	-	101,246	-	527,292	-	-	-	-
Other disbursements	-	544,412	-	543,597	-	-	-	1,200,000
Total disbursements	-	9,627,936	-	1,392,869	932,000	-	75,663	2,208,293
Excess (deficiency) of receipts over disbursements	-	83,166	635	(180,392)	1,031,641	21,582	(55,464)	1,074,858
Cash and investments - ending	\$ 2	\$ 2,957,806	\$ 1,012	\$ 2,341,080	\$ 4,290,599	\$ 36,054	\$ 47,246	\$ 8,295,952

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	COMMUNITY CORRECTIONS	COMM CORRECT TRANSITION PRO	CONGRESSIONAL SCHOOL INTEREST	CONGRESSIONAL SCHOOL PRINCIPAL	DOC HOUSING	SALES DISCLOSURE COUNTY SHARE	CUMULATIVE BRIDGE	DRUG FREE COMMUNITY
Cash and investments - beginning	\$ 18,758	\$ 45,734	\$ 38,196	\$ 42,619	\$ 524,051	\$ 44,325	\$ 603,489	\$ 10,051
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	30,091	-	-	-	-	436,627	-
Charges for services	-	-	-	-	227,497	4,010	-	-
Fines and forfeits	-	-	-	-	-	-	-	32,751
Other receipts	-	-	-	-	-	-	156,002	-
Total receipts	-	30,091	-	-	227,497	4,010	592,629	32,751
Disbursements:								
Personal services	-	-	-	-	37,572	-	-	-
Supplies	-	-	-	-	-	-	6,855	-
Other services and charges	3,676	21,584	-	-	10,000	-	60,762	1,250
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	79,756	-	811,694	-
Other disbursements	15,083	3,906	1,705	-	-	-	130,000	30,083
Total disbursements	18,759	25,490	1,705	-	127,328	-	1,009,311	31,333
Excess (deficiency) of receipts over disbursements	(18,759)	4,601	(1,705)	-	100,169	4,010	(416,682)	1,418
Cash and investments - ending	\$ (1)	\$ 50,335	\$ 36,491	\$ 42,619	\$ 624,220	\$ 48,335	\$ 186,807	\$ 11,469

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	FIRE ARMS TRAINING	GENERAL DRAIN IMPROVEMENT	HEALTH	IDENTITY SECURITY PROTECTION	LEVY EXCESS	LOCAL HEALTH MAINTENANCE FUND	LOCAL ROAD AND STREET	JAIL MISDEMEANANT
Cash and investments - beginning	\$ 6,609	\$ 50	\$ 113,206	\$ 37,252	\$ 28,359	\$ 57,194	\$ 316,760	\$ 43,515
Receipts:								
Taxes	-	-	135,599	-	-	-	-	-
Licenses and permits	-	-	76,112	-	-	-	-	-
Intergovernmental	-	-	13,121	-	-	32,672	-	28,693
Charges for services	-	-	77,459	3,358	-	-	5,200	-
Fines and forfeits	14,040	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	13	818,003	-
Total receipts	<u>14,040</u>	<u>-</u>	<u>302,291</u>	<u>3,358</u>	<u>-</u>	<u>32,685</u>	<u>823,203</u>	<u>28,693</u>
Disbursements:								
Personal services	-	-	292,796	-	-	10,381	-	24,194
Supplies	-	-	7,973	-	-	10,487	837,888	-
Other services and charges	15,064	-	10,325	31,480	-	7,618	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>15,064</u>	<u>-</u>	<u>311,094</u>	<u>31,480</u>	<u>-</u>	<u>28,486</u>	<u>837,888</u>	<u>24,194</u>
Excess (deficiency) of receipts over disbursements	<u>(1,024)</u>	<u>-</u>	<u>(8,803)</u>	<u>(28,122)</u>	<u>-</u>	<u>4,199</u>	<u>(14,685)</u>	<u>4,499</u>
Cash and investments - ending	<u>\$ 5,585</u>	<u>\$ 50</u>	<u>\$ 104,403</u>	<u>\$ 9,130</u>	<u>\$ 28,359</u>	<u>\$ 61,393</u>	<u>\$ 302,075</u>	<u>\$ 48,014</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	MOTOR VEHICLE HIGHWAY	PARK NON-REVERTING CAPITAL	PARK NON REVERTING OPERATING	PLANNING AND ZONING IMPACT	PLAT BOOK	RAINY DAY FUND	REASSESSMENT 2009	REASSESSMENT 2015
Cash and investments - beginning	\$ 411,847	\$ 105,150	\$ 18,019	\$ 92,051	\$ 5,427	\$ 4,360,277	\$ 677,712	\$ 235,476
Receipts:								
Taxes	-	-	-	13,908	-	1,855	-	248,599
Licenses and permits	-	-	-	10,740	-	-	-	-
Intergovernmental	2,258,944	-	-	1,346	-	-	-	24,055
Charges for services	-	27,500	4,350	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	161,110	78,090	-	378	-	-	-	-
Total receipts	2,420,054	105,590	4,350	26,372	-	1,855	-	272,654
Disbursements:								
Personal services	1,245,200	6,695	-	91,497	-	-	5,921	-
Supplies	540,741	-	-	1,743	-	-	1,029	-
Other services and charges	298,242	-	-	11,609	-	-	262,744	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	178,902	-	-	430	-	-	-	-
Other disbursements	-	79,199	1,044	-	-	-	-	-
Total disbursements	2,263,085	85,894	1,044	105,279	-	-	269,694	-
Excess (deficiency) of receipts over disbursements	156,969	19,696	3,306	(78,907)	-	1,855	(269,694)	272,654
Cash and investments - ending	\$ 568,816	\$ 124,846	\$ 21,325	\$ 13,144	\$ 5,427	\$ 4,362,132	\$ 408,018	\$ 508,130

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	RECORDERS RECORDS PERPETUATION	RIVERBOAT REVENUE SHARING	SOLID WASTE	SURPLUS TAX	SURVEYORS CORNER PERPETUATION	TAX SALE FEES	TAX SALE REDEMPTION
Cash and investments - beginning	\$ 162,789	\$ 53,136	\$ 12,862	\$ 212,913	\$ 17,684	\$ -	\$ 1,604
Receipts:							
Taxes	-	-	-	183,441	-	206,060	234,954
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	83,077	-	-	-	-	-
Charges for services	80,250	-	-	-	7,782	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	200,000	113,132	-	-	-	-
Total receipts	<u>80,250</u>	<u>283,077</u>	<u>113,132</u>	<u>183,441</u>	<u>7,782</u>	<u>206,060</u>	<u>234,954</u>
Disbursements:							
Personal services	27,459	24,801	113,399	-	11,090	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	12,237	37	-	839	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	22,812	-	-	-	-	-
Other disbursements	46,050	-	-	116,265	-	206,060	235,063
Total disbursements	<u>73,509</u>	<u>59,850</u>	<u>113,436</u>	<u>116,265</u>	<u>11,929</u>	<u>206,060</u>	<u>235,063</u>
Excess (deficiency) of receipts over disbursements	<u>6,741</u>	<u>223,227</u>	<u>(304)</u>	<u>67,176</u>	<u>(4,147)</u>	<u>-</u>	<u>(109)</u>
Cash and investments - ending	<u>\$ 169,530</u>	<u>\$ 276,363</u>	<u>\$ 12,558</u>	<u>\$ 280,089</u>	<u>\$ 13,537</u>	<u>\$ -</u>	<u>\$ 1,495</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	TAX SALE SURPLUS	IN HEALTH DEPART TRUST ACCOUNT	GUARDIAN Ad-Litem	GAL/CASA	AUDITOR'S INELIGIBLE DEDUCTION	ELECTED OFFICIAL TRAINING FUND	PARK & RECREATION
Cash and investments - beginning	\$ 439,070	\$ 33,616	\$ 1,832	\$ -	\$ -	\$ 1,300	\$ 224,899
Receipts:							
Taxes	14,477	-	-	-	-	-	372,029
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	27,359	-	20,000	-	-	35,998
Charges for services	-	-	-	-	10,963	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	382,077	-	-	-	-	3,358	22
Total receipts	<u>396,554</u>	<u>27,359</u>	<u>-</u>	<u>20,000</u>	<u>10,963</u>	<u>3,358</u>	<u>408,049</u>
Disbursements:							
Personal services	-	-	-	-	-	-	258,296
Supplies	-	4,680	-	-	-	-	33,339
Other services and charges	-	1,733	-	-	-	-	42,062
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	7,330	-	-	-	-	21,143
Other disbursements	489,721	-	-	20,000	-	-	150,000
Total disbursements	<u>489,721</u>	<u>13,743</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>504,840</u>
Excess (deficiency) of receipts over disbursements	<u>(93,167)</u>	<u>13,616</u>	<u>-</u>	<u>-</u>	<u>10,963</u>	<u>3,358</u>	<u>(96,791)</u>
Cash and investments - ending	<u>\$ 345,903</u>	<u>\$ 47,232</u>	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ 10,963</u>	<u>\$ 4,658</u>	<u>\$ 128,108</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	COUNTY 911	ADULT PROBATION ADMINISTRATION	LLOYD BOND DITCH	HEALTH SERVICE FEES	SELF INSURANCE	EMPLOYEE DEDUCTIONS	PAYROLL WITHHOLDING - FEDERAL
Cash and investments - beginning	\$ 1,950	\$ 17,616	\$ 35,187	\$ 255	\$ 230,867	\$ 4,063	\$ 82
Receipts:							
Taxes	-	-	2,587	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	4,500	46,491	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	2,547,106	91,054	612,592
Total receipts	<u>4,500</u>	<u>46,491</u>	<u>2,587</u>	<u>-</u>	<u>2,547,106</u>	<u>91,054</u>	<u>612,592</u>
Disbursements:							
Personal services	-	49,251	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	11,310	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,588	100	-	-	2,224,071	94,530	612,592
Total disbursements	<u>3,588</u>	<u>49,351</u>	<u>11,310</u>	<u>-</u>	<u>2,224,071</u>	<u>94,530</u>	<u>612,592</u>
Excess (deficiency) of receipts over disbursements	<u>912</u>	<u>(2,860)</u>	<u>(8,723)</u>	<u>-</u>	<u>323,035</u>	<u>(3,476)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,862</u>	<u>\$ 14,756</u>	<u>\$ 26,464</u>	<u>\$ 255</u>	<u>\$ 553,902</u>	<u>\$ 587</u>	<u>\$ 82</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	RETIREMENTS	PAYROLL WITHHOLDING - STATE	TAX SETTLEMENT	CVET AGENCY	OTHER ASSESS. SEWER/ TRASH/MOWI	FINANCIAL INSTITUTION TAX	HEA 1001 STATE HOMESTEAD CREDIT
Cash and investments - beginning	\$ 132,535	\$ 3	\$ 363	\$ 54	\$ (617)	\$ -	\$ (722)
Receipts:							
Taxes	-	-	19,155,142	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	1,347,363	354,493	-	298,122	-
Charges for services	-	-	-	-	15,210	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	610,251	267,039	-	-	-	-	-
Total receipts	610,251	267,039	20,502,505	354,493	15,210	298,122	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	729,173	267,039	20,502,505	354,493	15,210	298,122	13
Total disbursements	729,173	267,039	20,502,505	354,493	15,210	298,122	13
Excess (deficiency) of receipts over disbursements	(118,922)	-	-	-	-	-	(13)
Cash and investments - ending	\$ 13,613	\$ 3	\$ 363	\$ 54	\$ (617)	\$ -	\$ (735)

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	HOMESTEAD CREDIT REBATE FUND	STATE FINES & FORFEITURES	INFRACTION JUDGEMENT	OVERWEIGHT VEHICLES FINES	SPECIAL DEATH BENEFIT	SALES DISCLOSURE STATE - SHARE	CORONERS TRAINING & CONT EDUCA
Cash and investments - beginning	\$ 30,119	\$ 14,406	\$ -	\$ -	\$ 325	\$ 310	\$ 340
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	4,010	4,275
Fines and forfeits	-	96,247	5,378	2,051	-	-	-
Other receipts	-	-	368	-	3,780	-	-
Total receipts	-	96,247	5,746	2,051	3,780	4,010	4,275
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	99	44,517	-	1,935	3,550	4,045	4,359
Total disbursements	99	44,517	-	1,935	3,550	4,045	4,359
Excess (deficiency) of receipts over disbursements	(99)	51,730	5,746	116	230	(35)	(84)
Cash and investments - ending	\$ 30,020	\$ 66,136	\$ 5,746	\$ 116	\$ 555	\$ 275	\$ 256

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	RECOVERY FEES - STATE SHARE	VICTIM ASSISTANCE (HARBOR HOUSE)	INHERITANCE TAX	EDUCATION PLATE FEE DISTRIBUTI	RIVERBOAT REVENUE SHARING	Innkeepers Tax Collections	CEDIT DISTRIBUTION
Cash and investments - beginning	\$ 348	\$ 103	\$ 733,805	\$ 94	\$ -	\$ 95,437	\$ -
Receipts:							
Taxes	-	-	-	-	-	376,498	3,836,232
Licenses and permits	-	-	-	938	-	-	-
Intergovernmental	-	-	2,762,744	-	227,716	-	-
Charges for services	3,493	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	3,493	-	2,762,744	938	227,716	376,498	3,836,232
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	938	-	389,419	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,538	-	3,345,438	-	227,716	-	3,836,232
Total disbursements	3,538	-	3,345,438	938	227,716	389,419	3,836,232
Excess (deficiency) of receipts over disbursements	(45)	-	(582,694)	-	-	(12,921)	-
Cash and investments - ending	\$ 303	\$ 103	\$ 151,111	\$ 94	\$ -	\$ 82,516	\$ -

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	COIT DISTRIBUTION	93.563 PROSECUTOR PCA	93.563 ARRA PROSEC IV-D INCENT	93.563 ARRA CLERK IV-D INCENTI	93.563 PROS IV-D INCENT P 99	93.563 CLERK 4-D INCENT P 99	JUVENILE ADMINISTRATION FEE
Cash and investments - beginning	\$ -	\$ 9,459	\$ 509	\$ 11,842	\$ 35,193	\$ 23,606	\$ 9,810
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,397,514	-	-	-	-	-	-
Charges for services	-	-	-	-	18,345	5,224	-
Fines and forfeits	-	31,253	-	-	-	6,850	1,769
Other receipts	-	-	-	-	-	27,339	-
Total receipts	<u>4,397,514</u>	<u>31,253</u>	<u>-</u>	<u>-</u>	<u>18,345</u>	<u>39,413</u>	<u>1,769</u>
Disbursements:							
Personal services	-	-	509	-	20,079	5,493	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	3,593	-	-	-	3,260	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>4,397,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,025</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>4,397,514</u>	<u>3,593</u>	<u>509</u>	<u>-</u>	<u>35,104</u>	<u>8,753</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>27,660</u>	<u>(509)</u>	<u>-</u>	<u>(16,759)</u>	<u>30,660</u>	<u>1,769</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 37,119</u>	<u>\$ -</u>	<u>\$ 11,842</u>	<u>\$ 18,434</u>	<u>\$ 54,266</u>	<u>\$ 11,579</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	PRE-TRAIL DIVERSION FUND	BREVOORT CONSERVANCY	BREVOORT LEVEE	BREVOORT LEVEE SPECIAL	HIRAM BROWN	DUNN SPECIAL SURVEY	MARY FRICK DITCH
Cash and investments - beginning	\$ 4,086	\$ 4,378	\$ 15,657	\$ 396	\$ 49,412	\$ 128	\$ 3,482
Receipts:							
Taxes	-	11,690	85,393	-	3,751	-	2,665
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	11,690	85,393	-	3,751	-	2,665
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	82
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	11,690	85,393	-	5,500	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	11,690	85,393	-	5,500	-	82
Excess (deficiency) of receipts over disbursements	-	-	-	-	(1,749)	-	2,583
Cash and investments - ending	<u>\$ 4,086</u>	<u>\$ 4,378</u>	<u>\$ 15,657</u>	<u>\$ 396</u>	<u>\$ 47,663</u>	<u>\$ 128</u>	<u>\$ 6,065</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	HERSCHEL GREEN DITCH	PETER HILL DITCH	#11 E. W. HOUSE DRAINAGE	KESSINGER DITCH	KLEIN SPECIAL SURVEY	THOMAS LANKFORD	MESKIMAN DITCH
Cash and investments - beginning	\$ 18,134	\$ 3,817	\$ 77,745	\$ 35,613	\$ 150	\$ 16,691	\$ 42
Receipts:							
Taxes	6,487	2,529	8,320	32,075	-	379	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	993	-	-	-	-
Total receipts	<u>6,487</u>	<u>2,529</u>	<u>9,313</u>	<u>32,075</u>	<u>-</u>	<u>379</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	11,195	-	-	-
Other disbursements	-	-	200	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>200</u>	<u>11,195</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>6,487</u>	<u>2,529</u>	<u>9,113</u>	<u>20,880</u>	<u>-</u>	<u>379</u>	<u>-</u>
Cash and investments - ending	<u>\$ 24,621</u>	<u>\$ 6,346</u>	<u>\$ 86,858</u>	<u>\$ 56,493</u>	<u>\$ 150</u>	<u>\$ 17,070</u>	<u>\$ 42</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	MILL CREEK	MC ALLISTER DRAINAGE	MC GINNIS LEVEE	NIBLACK LEVEE MAINTENANCE	NIBLACK LEVEE REPAIR	PLASS DITCH	POLLARD DITCH
Cash and investments - beginning	\$ 16,297	\$ 265	\$ 24,669	\$ 41,286	\$ 47,117	\$ 2,844	\$ 14
Receipts:							
Taxes	2,419	-	25,126	48,257	79,804	3,029	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>2,419</u>	<u>-</u>	<u>25,126</u>	<u>48,257</u>	<u>79,804</u>	<u>3,029</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	9,345	-	36,489	1,503	29,229	580	-
Total disbursements	<u>9,345</u>	<u>-</u>	<u>36,489</u>	<u>1,503</u>	<u>29,229</u>	<u>580</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(6,926)</u>	<u>-</u>	<u>(11,363)</u>	<u>46,754</u>	<u>50,575</u>	<u>2,449</u>	<u>-</u>
Cash and investments - ending	<u>\$ 9,371</u>	<u>\$ 265</u>	<u>\$ 13,306</u>	<u>\$ 88,040</u>	<u>\$ 97,692</u>	<u>\$ 5,293</u>	<u>\$ 14</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	PRATHER DITCH	ROBERSON DITCH	SINGER DITCH	STEEN DITCH	STEEN DITCH SPECIAL	VIECK DITCH	WAGGONER LANKFORD ET AL
Cash and investments - beginning	\$ 530	\$ 6,002	\$ 9,663	\$ 870	\$ 66	\$ 46,661	\$ 177
Receipts:							
Taxes	-	3,925	5,892	-	-	42,987	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	3,925	5,892	-	-	42,987	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	3,158	4,147	-	-	56,685	-
Total disbursements	-	3,158	4,147	-	-	56,685	-
Excess (deficiency) of receipts over disbursements	-	767	1,745	-	-	(13,698)	-
Cash and investments - ending	<u>\$ 530</u>	<u>\$ 6,769</u>	<u>\$ 11,408</u>	<u>\$ 870</u>	<u>\$ 66</u>	<u>\$ 32,963</u>	<u>\$ 177</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	WAMPLER DITCH	JAMES W. WILLIAM DITCH	CIVIL WAR MONUMENT RESTORATION	DARE PROGRAM - KNOX COUNTY RURAL	KNOX COUNTY LAW ENFORCEMENT FUND	IN LIEN OF ROAD BOND	SUPERIOR COURT GROUP HOME
Cash and investments - beginning	\$ 129,463	\$ 28,481	\$ 2,899	\$ 9,828	\$ 175	\$ 6,864	\$ 500
Receipts:							
Taxes	11,857	2,330	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	328	-	-	-	-	-	-
Total receipts	<u>12,185</u>	<u>2,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	6,213	11,320	-	856	-	-	-
Total disbursements	<u>6,213</u>	<u>11,320</u>	<u>-</u>	<u>856</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>5,972</u>	<u>(8,990)</u>	<u>-</u>	<u>(856)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 135,435</u>	<u>\$ 19,491</u>	<u>\$ 2,899</u>	<u>\$ 8,972</u>	<u>\$ 175</u>	<u>\$ 6,864</u>	<u>\$ 500</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	ADULT PROTECTIVE SERVICE	FINAL EXCISE TAX CUT REPLACEMENT	GOVERNORS TASK GRANT 2008	911	PAYROLL WITHHOLDING - FICA & MED	County Sheriff	Landfill Retainage
Cash and investments - beginning	\$ 11,450	\$ -	\$ (3,664)	\$ 16,538	\$ -	\$ 48,510	\$ 27,651
Receipts:							
Taxes	-	471,573	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	383,336	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	176,527	832,838	1,172,622	26
Total receipts	-	471,573	-	559,863	832,838	1,172,622	26
Disbursements:							
Personal services	-	-	-	354,359	-	-	-
Supplies	-	-	-	541	-	-	-
Other services and charges	-	-	-	44,238	-	-	-
Debt service - principal and interest	-	-	-	38,020	-	-	-
Capital outlay	-	-	-	7,184	-	-	-
Other disbursements	-	471,573	-	-	832,838	1,226,270	-
Total disbursements	-	471,573	-	444,342	832,838	1,226,270	-
Excess (deficiency) of receipts over disbursements	-	-	-	115,521	-	(53,648)	26
Cash and investments - ending	<u>\$ 11,450</u>	<u>\$ -</u>	<u>\$ (3,664)</u>	<u>\$ 132,059</u>	<u>\$ -</u>	<u>\$ (5,138)</u>	<u>\$ 27,677</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CIRCUIT COURT CLERK	SHERIFF'S INMATE TRUST/ COMMISSARY	Major Moves	COUNTY TREASURER CASH	COMMUNITY CORRECTIONS - PETERSBURG	KNOX COUNTY BENEFIT TRUST	SHERIFF BUY MONEY
Cash and investments - beginning	\$ 1,020,282	\$ 21,800	\$ (1)	\$ 2,087,616	\$ 415	\$ 78,575	\$ 675
Receipts:							
Taxes	-	-	-	662,234	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	5,799	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,056,765	421,935	-	-	-	2,000,000	-
Total receipts	<u>3,056,765</u>	<u>421,935</u>	<u>-</u>	<u>662,234</u>	<u>5,799</u>	<u>2,000,000</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,998,341	419,233	-	2,087,616	6,214	1,833,595	-
Total disbursements	<u>2,998,341</u>	<u>419,233</u>	<u>-</u>	<u>2,087,616</u>	<u>6,214</u>	<u>1,833,595</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>58,424</u>	<u>2,702</u>	<u>-</u>	<u>(1,425,382)</u>	<u>(415)</u>	<u>166,405</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,078,706</u>	<u>\$ 24,502</u>	<u>\$ (1)</u>	<u>\$ 662,234</u>	<u>\$ -</u>	<u>\$ 244,980</u>	<u>\$ 675</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SETTLEMENT	COMMUNITY CORRECTION GRANT	JUVENILE ACCOUNTABILITY	ISETS INCENTIVE	ENHANCED 911	LANDFILL SITE	COMMUNITY CORRECTIONS GRANT
Cash and investments - beginning	\$ -	\$ 7,597	\$ (23)	\$ 32,603	\$ 116,182	\$ 1,524	\$ -
Receipts:							
Taxes	13,481,039	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,975,375	-	-	-	-	-	311,896
Charges for services	19,283	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	9	-	23	-	137,094	-	-
Total receipts	<u>15,475,706</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>137,094</u>	<u>-</u>	<u>311,896</u>
Disbursements:							
Personal services	-	-	-	5,265	69,299	-	271,946
Supplies	-	-	-	-	486	-	14,804
Other services and charges	-	-	-	-	22,462	-	9,821
Debt service - principal and interest	-	-	-	-	30,416	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	15,475,706	7,597	-	27,339	130,612	-	-
Total disbursements	<u>15,475,706</u>	<u>7,597</u>	<u>-</u>	<u>32,604</u>	<u>253,275</u>	<u>-</u>	<u>296,571</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(7,597)</u>	<u>23</u>	<u>(32,604)</u>	<u>(116,181)</u>	<u>-</u>	<u>15,325</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ 1,524</u>	<u>\$ 15,325</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	PROBATION USERS FEES - ADULT	PROBATION USERS FEES (JUVENILE)	CLERKS USER FEES	PROSECUTOR USER FEES	ALCOHOL & DRUG USER FEES	COMM CORR PROJECT INCOME	CIRCUIT COURT BAIL AGENCY FUND
Cash and investments - beginning	\$ 100	\$ 48,569	\$ 14,061	\$ 421,287	\$ 118,009	\$ 243,945	\$ 7,598
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	52	-	-	-	-
Fines and forfeits	182,478	3,858	6,637	137,257	110,913	368,375	2,370
Other receipts	-	-	8,209	-	2,500	3,692	-
Total receipts	182,478	3,858	14,898	137,257	113,413	372,067	2,370
Disbursements:							
Personal services	165,863	-	3,100	100,397	57,571	253,558	-
Supplies	9,960	-	-	11,205	775	53,746	-
Other services and charges	4,218	9	8,467	27,084	15,803	49,396	298
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	15,745	5,796	36,554	-
Other disbursements	890	-	-	-	-	-	-
Total disbursements	180,931	9	11,567	154,431	79,945	393,254	298
Excess (deficiency) of receipts over disbursements	1,547	3,849	3,331	(17,174)	33,468	(21,187)	2,072
Cash and investments - ending	\$ 1,647	\$ 52,418	\$ 17,392	\$ 404,113	\$ 151,477	\$ 222,758	\$ 9,670

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SUPERIOR II BAIL AGENCY FUND	SUPERIOR I BAIL AGENCY FUND	16.593 KCJ REHAB 10RT004	SHERIFF DONATION	DONATION INMATE WORKFORCE	EMISON GIFT SPECIAL	SOLID WASTE FEE - AUDITOR
Cash and investments - beginning	\$ 105,761	\$ 7,225	\$ -	\$ 7,406	\$ -	\$ 46	\$ 4,371
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	16,735	-	-	-	-
Charges for services	-	-	-	-	-	-	3,844
Fines and forfeits	20,240	1,941	-	-	-	-	-
Other receipts	-	-	-	6,440	2,000	4	-
Total receipts	<u>20,240</u>	<u>1,941</u>	<u>16,735</u>	<u>6,440</u>	<u>2,000</u>	<u>4</u>	<u>3,844</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	11,876	3,195	-	13,421	740	49	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	16,735	-	-	-	-
Total disbursements	<u>11,876</u>	<u>3,195</u>	<u>16,735</u>	<u>13,421</u>	<u>740</u>	<u>49</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,364</u>	<u>(1,254)</u>	<u>-</u>	<u>(6,981)</u>	<u>1,260</u>	<u>(45)</u>	<u>3,844</u>
Cash and investments - ending	<u>\$ 114,125</u>	<u>\$ 5,971</u>	<u>\$ -</u>	<u>\$ 425</u>	<u>\$ 1,260</u>	<u>\$ 1</u>	<u>\$ 8,215</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SOLID SOLID WASTE FEE - TREAS.	PROBATION HOME MONITORING	COMMISSIONERS CERTIFICATE SALE	DRUG SEIZURE	SURPLUS DOG TAX FUND	INFRACTION JUDGMENTS/ RESTITUT	HAZARDOUS SUBSTANCE RESPONSE T
Cash and investments - beginning	\$ 7,806	\$ 139,132	\$ 3,985	\$ (50,777)	\$ 6,312	\$ 348	\$ 276
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	961	-	57,431	-	-	-	-
Fines and forfeits	-	-	-	-	-	876	-
Other receipts	-	193,893	-	44,380	-	-	-
Total receipts	961	193,893	57,431	44,380	-	876	-
Disbursements:							
Personal services	-	148,915	-	-	-	-	-
Supplies	-	153,364	-	-	-	-	-
Other services and charges	-	-	57,431	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	475	-	-
Total disbursements	-	302,279	57,431	-	475	-	-
Excess (deficiency) of receipts over disbursements	961	(108,386)	-	44,380	(475)	876	-
Cash and investments - ending	\$ 8,767	\$ 30,746	\$ 3,985	\$ (6,397)	\$ 5,837	\$ 1,224	\$ 276

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	PTRC & "HC" HOLDING FUND	DRUG ABUSE PROSECUTION FUND	SWETA	HILLCREST INS. SETTLEMENT 2006	16.783 CITI PROJECT	20.601 BIG CITY/BIG CO ENFORCE	20.601 DUI TASK FORCE 2011
Cash and investments - beginning	\$ 80	\$ 112,290	\$ -	\$ 263,784	\$ -	\$ (2,312)	\$ (1,646)
Receipts:							
Taxes	-	-	26,086	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	30,615	10,818	12,648
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	10,870	-	-	-	-	-
Total receipts	-	10,870	26,086	-	30,615	10,818	12,648
Disbursements:							
Personal services	-	-	-	-	-	11,688	10,817
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	30,615	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	26,086	-	-	-	-
Total disbursements	-	-	26,086	-	30,615	11,688	10,817
Excess (deficiency) of receipts over disbursements	-	10,870	-	-	-	(870)	1,831
Cash and investments - ending	\$ 80	\$ 123,160	\$ -	\$ 263,784	\$ -	\$ (3,182)	\$ 185

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	97.042 HOMELAND SECURITY	16.575 VICTIMS ASSISTANCE GRANT	20.600 OPO BANQUET EQUIP GRANT	93.283 CO. HEALTH - BIOTERRORISM	16.738 2012 JAG \$10k & UNDER	14.228 CDBG PROGRAM	93.563 TITLE IV-D INCENTIVE
Cash and investments - beginning	\$ 8,080	\$ (1,377)	\$ -	\$ (792)	\$ -	\$ -	\$ 129,942
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	6,105	1,891	3,000	6,006	4,284	580,305	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	1,667	-	-	-
<b>Total receipts</b>	<b>6,105</b>	<b>1,891</b>	<b>3,000</b>	<b>7,673</b>	<b>4,284</b>	<b>580,305</b>	<b>-</b>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	50	-	-	-
Other services and charges	-	-	-	13,454	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,945	-	3,000	-	4,284	580,305	-
Other disbursements	-	-	-	-	-	-	94,262
<b>Total disbursements</b>	<b>4,945</b>	<b>-</b>	<b>3,000</b>	<b>13,504</b>	<b>4,284</b>	<b>580,305</b>	<b>94,262</b>
Excess (deficiency) of receipts over disbursements	1,160	1,891	-	(5,831)	-	-	(94,262)
Cash and investments - ending	<u>\$ 9,240</u>	<u>\$ 514</u>	<u>\$ -</u>	<u>\$ (6,623)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,680</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	H1N1 GRANT	VAN-GO	MADD - MOTHERS AGAINST DRUNK D	LOCAL EMERGENCY PLANNING & RIG	COMMUNITY CORRECTIONS GRANT	NK WASTE WATER PLAN GRANT	COMMUNITY CORRECTIONS GRANT
Cash and investments - beginning	\$ 1	\$ -	\$ 3,525	\$ 7,681	\$ 34,620	\$ 423	\$ 9,247
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	971,453	-	7,364	242,585	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	898	-	-	-
Total receipts	-	971,453	-	8,262	242,585	-	-
Disbursements:							
Personal services	-	-	-	-	253,737	-	-
Supplies	-	-	-	263	10,574	-	-
Other services and charges	-	-	-	6,444	10,930	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	980	-	-	-
Other disbursements	-	971,453	-	-	-	-	5,341
Total disbursements	-	971,453	-	7,687	275,241	-	5,341
Excess (deficiency) of receipts over disbursements	-	-	-	575	(32,656)	-	(5,341)
Cash and investments - ending	\$ 1	\$ -	\$ 3,525	\$ 8,256	\$ 1,964	\$ 423	\$ 3,906

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	IN. CRIMINAL JUSTICE INSTITUTE	WRV DRUG TASK FORCE 95-96	EMERGENCY GAS AWARD	FEASIBILITY STUDY	OPO GRANT OP-09-01-01-98	OPO GRANT: OP-10-02-02-09	VICTIM ASSISTANCE (SUPERIOR CO)
Cash and investments - beginning	\$ 1,517	\$ 2	\$ 450	\$ 260	\$ 408	\$ 594	\$ 12
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ 1,517</u>	<u>\$ 2</u>	<u>\$ 450</u>	<u>\$ 260</u>	<u>\$ 408</u>	<u>\$ 594</u>	<u>\$ 12</u>

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	WHITE RIVER VALLEY DRUG TASK F	PROBATION ~ LCC	HOME MANAGEMENT GRANT	PROSLINK IMPLEMENTATION PROJ.	DISASTER PUBLIC ASSISTANCE	JUVENILE ACCT GRANT 07-JB-017	Totals
Cash and investments - beginning	\$ 670	\$ 6,101	\$ 1	\$ 2,496	\$ 1,142	\$ 14	\$ 32,113,704
Receipts:							
Taxes	-	-	-	-	-	-	51,772,195
Licenses and permits	-	-	-	-	-	-	87,790
Intergovernmental	-	-	-	-	-	-	17,257,525
Charges for services	-	-	-	-	-	-	1,458,302
Fines and forfeits	-	-	-	-	-	-	1,246,465
Other receipts	-	3,000	-	-	-	-	17,034,877
Total receipts	-	3,000	-	-	-	-	88,857,154
Disbursements:							
Personal services	-	-	-	-	-	-	9,451,714
Supplies	-	9,000	-	-	-	-	2,390,399
Other services and charges	-	-	-	-	-	-	6,388,972
Debt service - principal and interest	-	-	-	-	-	-	328,031
Capital outlay	-	-	-	-	-	-	2,523,176
Other disbursements	-	-	-	-	-	14	67,589,507
Total disbursements	-	9,000	-	-	-	14	88,671,799
Excess (deficiency) of receipts over disbursements	-	(6,000)	-	-	-	(14)	185,355
Cash and investments - ending	\$ 670	\$ 101	\$ 1	\$ 2,496	\$ 1,142	\$ -	\$ 32,299,059

KNOX COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 574,906</u>	<u>\$ -</u>

KNOX COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

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	\$ 1,760,000	\$ 122,693
General obligation bonds	New Jail - 2005 special edit	7,225,000	462,166
Revenue bonds	Land for Industrial Park - 2001	120,000	125,760
Notes and loans payable	Enhanced 911 Loan	508,758	91,249
Notes and loans payable	Kessinger Ditch	<u>30,168</u>	<u>9,736</u>
	Total governmental activities	<u>9,643,926</u>	<u>811,604</u>
Totals		<u>\$ 9,643,926</u>	<u>\$ 811,604</u>

KNOX COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

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

	Ending Balance
Governmental activities:	
Land	\$ 1,286,217
Infrastructure	73,604,009
Buildings	10,434,570
Improvements other than buildings	4,129,528
Machinery, equipment, and vehicles	24,040,335
Total governmental activities	113,494,659
Total capital assets	\$ 113,494,659

KNOX COUNTY  
OTHER REPORTS

The annual report presented herein was prepared in addition to the other official reports prepared for the individual County offices listed below:

County Sheriff  
County Auditor  
Clerk of the Circuit Court  
County Treasurer  
County Commissioners

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited Knox County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A - 133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-05. Our opinion on each major federal program is not modified with respect to this matter.

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

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

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-03, 2012-04, and 2012-05 to be material weaknesses.

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

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



Bruce Hartman  
State Examiner

July 10, 2013

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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, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Farbest	IN Office of Community & Rural Affairs	14.228	B13DC180001DR2-09-223	<u>\$ 580,305</u>
Total - CDBG - State-Administered CDBG Cluster				<u>580,305</u>
Total - Department of Housing and Urban Development				<u>580,305</u>
<u>Department of Justice</u>				
JAG Program Cluster Edward Byrne Memorial Justice Assistance Grant Program Citi Project JAG #10k & under	IN Criminal Justice Institute	16.738 16.738	2009-DJ-BX-0049 OPO	<u>30,615</u> <u>4,284</u>
Total - JAG Program				<u>34,899</u>
Total - JAG Program Cluster				<u>34,899</u>
Crime Victim Assistance Victim Assistance	IN Criminal Justice Institute	16.575	11VAPR146	<u>1,891</u>
Residential Substance Abuse Treatment for State Prisoners KCJ Rehab	IN Criminal Justice Institute	16.593	10-RT-004	<u>16,735</u>
Total - Department of Justice				<u>53,525</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Cum Bridge	IN Dept of Transportation	20.205	DES #0901460	<u>17,360</u>
Total - Highway Planning and Construction Cluster				<u>17,360</u>
Highway Safety Cluster State and Community Highway Safety Big City/Big Country Operation Pull Over OPO Banquet Equipment	IN Criminal Justice Institute	20.600 20.600 20.600	032NHTSA4022012 D3-13-7321 K4-2012-09-03-12	<u>10,818</u> <u>1,697</u> <u>3,000</u>
Total - State & Community Highway Safety				<u>15,515</u>
Alcohol Impaired Driving Countermeasures Incentive Grants 1 DUI Task Force	IN Criminal Justice Institute	20.601	D3-12-6211	<u>9,381</u>
Alcohol Impaired Driving Countermeasures Incentive Grants 1 DUI Task Force	IN Criminal Justice Institute	20.601	D3-13-7253	<u>1,569</u>
Total - Alcohol Impaired Driving Countermeasures Incentive Grants 1				<u>10,950</u>
Total - Highway Safety Cluster				<u>26,465</u>
Transit Services Programs Cluster Job Access Reverse Commute Van Go	IN Dept of Transportation	20.516	A249-12-320336	<u>30,084</u>
New Freedom Program Van Go	IN Dept of Transportation	20.521	2011	<u>13,869</u>
New Freedom Program Van Go	IN Dept of Transportation	20.521	A249-12-320339	<u>44,832</u>
Total - New Freedom Program				<u>58,701</u>
Total - Transit Services Programs Cluster				<u>88,785</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, 2012  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>				
ARRA - Formula Grants for Other Than Urbanized Areas Van Go	IN Dept of Transportation	20.509	A249-10-321073	<u>335,904</u>
Formula Grants for Other Than Urbanized Areas Van Go	IN Dept of Transportation	20.509	2011	<u>70,384</u>
Formula Grants for Other Than Urbanized Areas Van Go	IN Dept of Transportation	20.509	A249-12-320302A	<u>272,142</u>
Total - Formula Grants for Other Than Urbanized Areas				<u>342,526</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants Local Emergency Planning	IN Dept of Homeland Security	20.703	C44P-2-248A	<u>4,542</u>
Total - Department of Transportation				<u>815,582</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness Bioterrorism	In Dept of Health	93.069	A70-3-0531954	<u>6,036</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Bioterrorism	IN Dept of Health	93.074	A70-3-0531954	<u>5,028</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance Bioterrorism	IN Dept of Health	93.283	A70-2-0531821	<u>1,637</u>
Child Support Enforcement County Prosecutor's Expense	IN Dept of Child Services	93.563		87,368
Clerk's Expense		93.563		27,215
Indirect Costs		93.563		21,335
Collection Incentives Prosecutor		93.563		31,410
Collection Incentives Clerk		93.563		<u>8,753</u>
Total - Child Support Enforcement				<u>176,081</u>
Total - Department of Health and Human Services				<u>188,782</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Local Roads & Street	IN Criminal Justice Institute	97.036	DRINP	<u>97,074</u>
Total - Disaster Grants - Public Assistance				<u>97,074</u>
Emergency Management Performance Grants Homeland Security	IN Dept of Homeland Security	97.042	C44P-2-103A	3,623
Homeland Security		97.042	C44P-2-349A	<u>8,362</u>
Total - Emergency Management Performance				<u>11,985</u>
Total - Department of Homeland Security				<u>109,059</u>
Total federal awards expended				<u>\$ 1,747,253</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 statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2012:

Program Title	Federal CFDA Number	2012
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	\$ 335,904
Formula Grants for Other Than Urbanized Areas	20.509	342,526
Job Access - Reverse Commute	20.516	30,084
New Freedom Program	20.521	58,701
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	580,305

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2012-01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - ANNUAL REPORT**

We noted several deficiencies in the internal control system of Knox County related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statements and then determining how those identified risks should be managed. The County has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The financial statement for the County, as presented for audit, was materially incorrect. There were several errors including incorrect beginning balances, incorrect ending balances, investments not reported, and errors in reporting the total receipts and total disbursements. Audit adjustments were proposed, accepted by the County, and made to the financial statement presented in this report. These adjustments resulted in a presentation of the financial statement that is materially correct.

2. **Monitoring of Controls:** Effective internal control over financial reporting requires the County to monitor and assess the quality of the County's system of internal control. The County has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***FINDING 2012-02 - INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

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

During the audit of the SEFA, we noted the following errors: state grants were included, not all federal grants were listed, not all CFDA numbers were provided, program titles were not always correct, and the expenditures for some federal grants were incorrect. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statements.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate record, and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2012-03 - INTERNAL CONTROLS OVER ACTIVITIES ALLOWED AND ALLOWABLE COSTS**

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

CFDA Number: 14.228

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

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

Management of Knox County has not established an effective internal control system related to activities allowed and allowable costs. The failure to establish an effective internal control system places Knox County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of oversight within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Knox County.

We recommended that Knox County's management establish controls related to the compliance requirements for activities allowed and allowable costs.

**FINDING 2012-04 - INTERNAL CONTROLS OVER SUBRECIPIENT MONITORING**

Federal Agency: U.S. Department of Transportation  
Federal Program: Formula Grants for Other than Urbanized Areas  
CFDA Number: 20.509

Federal Award Number and Year (or Other Identifying Number): A249-12-320302A, A249-10-321073, 2011

Pass-Through Entity: Indiana Department of Transportation

Management of Knox County has not established an effective internal control system related to sub-recipient monitoring. The failure to establish an effective internal control system places Knox County at risk of noncompliance with the grant agreement, subrecipient agreement, and the compliance requirements.

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls related to the compliance requirements for subrecipient monitoring.

***FINDING 2012-05 - INTERNAL CONTROLS OVER ARRA ACCOUNTING***

Federal Agency: U.S. Department of Transportation  
Federal Program: Formula Grants for Other than Urbanized Areas  
CFDA Number: 20.509  
Federal Award Number and Year (or Other Identifying Number): A249-10-321073  
Pass-Through Entity: Indiana Department of Transportation

Management of Knox County has not established an effective internal control system related to special tests and provisions. The failure to establish an effective internal control system places Knox County at risk of noncompliance with the grant agreement and the compliance requirements. Knox County did not separately identify ARRA funding in their records.

2CFR 176.200 states in part: "(a) . . . recipients agree to maintain records that identify adequately the source application of Recovery Act funds."

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls related to the compliance requirements related to all provisions of the grant.

# KNOX COUNTY Auditor

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502



## KNOX COUNTY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### Section II – Financial Statement Findings

#### FINDINGS 2012-01-INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING-ANNUAL REPORT.

**Corrective Action Plan:** Knox County will develop internal controls to provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Internal controls over the receipting, disbursing, recording and accounting for the financial activities to avoid risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. Also, controls providing for segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing will be established.

**Title of contact person:** Mindy S Wessel, Auditor

**Phone Number:** 812-885-2502

*Mindy Wessel, Auditor*  
*7-18-13*

# KNOX COUNTY AUDITOR

Mindy S. Wessel

COURTHOUSE

111 N. SEVENTH STREET, STE. 7

VINCENNES, IN 47591

(812) 885-2502



## FINDINGS 2012-02 INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

**Corrective Action Plan** As of May 2013 Knox County has designed and implemented an internal control structure that provides reasonable assurance that the SEFA will be accurate. Knox County has developed an excel spreadsheet on all Federal Grants to help maintain and comply with laws, regulations and the provisions of contracts or grant agreements related to each of its Federal Programs. The spreadsheet lists Federal Agency, Federal Program, CFDA Number, Federal Award Number and Year, and Pass-Through Agency. Knox County Auditor has control over the receipting and disbursing, recording and accounting for the financial activities to avoid substantial risk of invalid transactions, inaccurate records, and financial statements and incorrect decision making. The Knox Auditor verifies every EFT and check that is issued on federal grants.

**Title of contact person:** Mindy S Wessel, Auditor

**Phone Number:** 812-885-2502

*Mindy Wessel, Auditor*

*7-18-13*

# KNOX COUNTY AUDITOR

Mindy S. Wessel

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## KNOX COUNTY SCHEDULE OF FINDINGS AND QUESTIONS COSTS

### Section III-Federal Award Findings and Questions Costs.

#### FINDING 2012-03-INTERNAL CONTROLS OVER ACTIVITIES ALL ALLOWED AND ALLOWABLE COST.

**Federal Agency:** US Department of Housing and Urban Development

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

**CFDA Number:** 14.228

**Federal Award Number and Year (or Other Identifying Number):**B1 3DC180001DR2-09-223

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

**Title of Contact Person:** Mindy S. Wessel, Auditor

**Phone Number:** 812-885-2502

**Corrective Action Planned:** As of May 2013 Knox County has establish an effective internal control system, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; activities allowed and allowable cost. In the future all Claims for payment on grants will be approved by the Knox County Auditor and the Knox County Commissioners before all checks are issued.

*Mindy Wessel  
Auditor*

# KNOX COUNTY AUDITOR

Mindy S. Wessel

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## **FINDING 2012-04-INTERNAL CONTROLS OVER SUBRECIPIENT MONITORING.**

**Federal Agency:** US Department of Transportation

**Federal Program:** Formula Grants for Other than Urbanized Area

**CFDA Number:** 20.509

**Federal Award Number and Year (or Other Identifying Number):** A249-12-320302A

**Pass-Through Entity:** Indiana Department of Transportation

**Title of Contact Person:** Mindy S Wessel, Auditor

**Phone Number:** 812-885-2502

**Corrective Action Planned:** As of May 2013 Knox County has establish controls, related to the grant agreement and all compliance requirements that have a direct and material effect to the program. By keeping tract on Van Go's operating grant. The Knox County Commissioners will sign off on all Indiana Department of Transportation Contract Invoices-Vouchers and a excel spreadsheet will show all funds received both state & federal. All receipts and disbursement will be signed and approved by the Knox County Auditor.

*Mindy Wessel*  
*Auditor*

# KNOX COUNTY AUDITOR

Mindy S. Wessel

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111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

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## **FINDING 2012-05-INTERNAL CONTROLS OVER ARRA ACCOUNTING**

**Federal Agency:** US Department of Transportation

**Federal Program:** Formula Grants for Other than Urbanized Area

**CFDA Number:** 20.509

**Federal Award Number and Year (or Other Identifying Number):** A249-12-320302A

**Pass-Through Entity:** Indiana Department of Transportation

**Title of Contact Person:** Mindy S Wessel, Auditor

**Phone Number:** 812-885-2502

**Corrective Action Planned:** As of May 2013 Knox County has established controls, related to the grant agreement and all compliance requirements that have a direct and material effect to the program. By keeping track on Van Go's operating grant. The Knox County Commissioners will sign off on all Indiana Department of Transportation Contract Invoices-Vouchers and a excel spreadsheet will show all funds received both state & federal. All receipts and disbursement will be signed and approved by the Knox County Auditor.

*Mindy Wessel*  
*Auditor*

KNOX COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2013, with Don Halter, County Commissioner; Steve Thais, President of County Council; and Mindy S. Wessel, Auditor. The officials concurred with our audit findings.