

**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, 2017 to December 31, 2017



**FILED**  
12/06/2018



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                                     | <u>Official</u>   | <u>Term</u>          |
|---|-------------------|----------------------|
| County Auditor                                    | Lisa G. Madden    | 01-01-15 to 12-31-18 |
| County Treasurer                                  | Brenda Hall       | 01-01-16 to 12-31-19 |
| Clerk of the Circuit Court                        | Terri Allen       | 01-01-15 to 12-31-18 |
| County Sheriff                                    | Michael Morris    | 01-01-15 to 12-31-18 |
| County Recorder                                   | Lisa Clark-Benock | 01-01-15 to 12-31-18 |
| President of the Board of<br>County Commissioners | Kellie Streeter   | 01-01-17 to 12-31-18 |
| President of the<br>County Council                | Robert Lechner    | 01-01-17 to 12-31-18 |



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of Knox County (County), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to 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, 2017.

***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, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2018, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

November 14, 2018



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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, 2017, and the related notes to the financial statement, and have issued our report thereon dated November 14, 2018, 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.

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 County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002.

**Knox County's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

November 14, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

KNOX COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For The Year Ended December 31, 2017

| Fund                                     | Cash and<br>Investments<br>01-01-17 | Receipts   | Disbursements | Cash and<br>Investments<br>12-31-17 |
|--|-------------------------------------|------------|---------------|-------------------------------------|
| Treasurer Demand and Judgements          | \$ -                                | \$ 380     | \$ 295        | \$ 85                               |
| General                                  | 1,152,451                           | 12,854,177 | 11,852,962    | 2,153,666                           |
| Accident Report                          | 2,589                               | 318        | -             | 2,907                               |
| Bid Deposits and Bond Holding            | 2,858                               | 24,388     | 21,445        | 5,801                               |
| CEDIT County Share                       | 3,367,118                           | 1,624,574  | 1,504,204     | 3,487,488                           |
| CEDIT - Special Legislation              | 426,202                             | 800        | 348,179       | 78,823                              |
| City and Town Court Costs                | 50,048                              | 17,578     | 54,000        | 13,626                              |
| Clerk's Records Perpetuation             | 100,685                             | 29,255     | -             | 129,940                             |
| COIT County Distributive Shares          | 5,026,248                           | 159,165    | 2,466,621     | 2,718,792                           |
| Community Corrections                    | 37,700                              | 624,464    | 600,175       | 61,989                              |
| Community Transition Program             | 92,914                              | 21,575     | 22,767        | 91,722                              |
| Congressional School Interest            | 31,377                              | -          | 1,705         | 29,672                              |
| Congressional School Principal           | 42,619                              | -          | -             | 42,619                              |
| Prisoner Reimbursement for Incarceration | 220,939                             | 727,789    | 616,754       | 331,974                             |
| Sales Disclosure - County Share          | 37,475                              | 4,620      | -             | 42,095                              |
| Cummulative Bridge                       | 940,433                             | 712,780    | 518,334       | 1,134,879                           |
| Cummulative Drainage                     | 745,697                             | 887,141    | 843,314       | 789,524                             |
| Drug Free Community                      | 33,311                              | 21,357     | 30,000        | 24,668                              |
| Firearms Training                        | 6,921                               | 6,840      | 6,384         | 7,377                               |
| General Drain Improvement                | 171,044                             | 38,632     | 68,554        | 141,122                             |
| Health                                   | 175,875                             | 332,233    | 310,092       | 198,016                             |
| Identification Security Protection       | 21,689                              | 4,323      | -             | 26,012                              |
| Levy Excess                              | 28,359                              | -          | -             | 28,359                              |
| Local Health Maintenance                 | 93,928                              | 16,866     | 53,362        | 57,432                              |
| Local Road and Street                    | 335,474                             | 454,230    | 384,120       | 405,584                             |
| Misdemeanant                             | 42,965                              | 27,832     | 28,628        | 42,169                              |
| Motor Vehicle Highway                    | 1,347,690                           | 4,082,802  | 4,305,367     | 1,125,125                           |
| Park Nonreverting Capital                | 90,257                              | 103,301    | 40,651        | 152,907                             |
| Park Nonreverting Operating              | 13,530                              | 143,786    | 94,696        | 62,620                              |
| Planning and Zoning Impact               | 8,082                               | 141,240    | 110,307       | 39,015                              |
| Plat Book                                | 5,427                               | -          | -             | 5,427                               |
| Rainy Day                                | 4,496,216                           | 1,600,000  | 1,908,891     | 4,187,325                           |
| Reassessment - 2015                      | 1,122,146                           | 354,466    | 191,316       | 1,285,296                           |
| Recorder's Records Perpetuation          | 64,159                              | 73,205     | 95,765        | 41,599                              |
| Riverboat                                | -                                   | 83,077     | -             | 83,077                              |
| Solid Waste User Fees                    | 503                                 | 108,118    | 118,973       | (10,352)                            |
| Surplus Tax                              | 126,270                             | -          | 49,812        | 76,458                              |
| Surveyor's Corner Perpetuation           | 8,713                               | 16,525     | 1,659         | 23,579                              |
| Tax Sale Redemption                      | 11,980                              | 959,349    | 615,095       | 356,234                             |
| Tax Sale Surplus                         | 337,353                             | -          | 64,118        | 273,235                             |
| Local Health Department Trust Account    | 59,146                              | 11,166     | 27,433        | 42,879                              |
| Guardian Ad Litem                        | 1,832                               | -          | -             | 1,832                               |
| GAL/CASA                                 | -                                   | 43,801     | 43,801        | -                                   |
| Auditors Ineligible Deductions           | 10,963                              | -          | -             | 10,963                              |
| County Elected Officials Training        | 16,858                              | 4,323      | 366           | 20,815                              |
| Park and Recreation                      | 59,437                              | 729,068    | 537,731       | 250,774                             |
| Statewide 911                            | 446,948                             | 496,250    | 410,862       | 532,336                             |
| Adult Probation Administrative           | 20,814                              | 43,180     | 45,832        | 18,162                              |
| Juvenile Probation Administrative        | 11,647                              | -          | -             | 11,647                              |
| Prosecutors Seized Assets                | 28,508                              | 745        | 6,423         | 22,830                              |
| Donations                                | 705                                 | 1,505      | 1,685         | 525                                 |
| TIF - Capital Projects                   | 404,464                             | 1,037,666  | 958,446       | 483,684                             |
| Self-Insurance                           | 1,583,364                           | 3,068,563  | 2,485,827     | 2,166,100                           |

KNOX COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For The Year Ended December 31, 2017

| Fund  | Cash and<br>Investments<br>01-01-17 | Receipts   | Disbursements | Cash and<br>Investments<br>12-31-17 |
|---|-------------------------------------|------------|---------------|-------------------------------------|
| Payroll Clearing                              | 247                                 | 79,572     | 79,573        | 246                                 |
| Payroll Withholding - Federal                 | -                                   | 812,810    | 812,810       | -                                   |
| Payroll Withholding - FICA & Medicare         | -                                   | 1,260,061  | 1,260,061     | -                                   |
| Payroll Withholding - PERF                    | 13,519                              | 962,649    | 961,978       | 14,190                              |
| Payroll Withholding - State                   | -                                   | 366,730    | 366,730       | -                                   |
| Settlement                                    | 3,715                               | 43,050,574 | 43,035,152    | 19,137                              |
| CVET Agency                                   | -                                   | 322,630    | 322,630       | -                                   |
| Financial Institution Tax                     | -                                   | 393,594    | 393,594       | -                                   |
| Local Service Fee Revenue (BPP)               | -                                   | 3,600      | -             | 3,600                               |
| Homestead Credit Rebate                       | 30,173                              | -          | -             | 30,173                              |
| State Fines and Forfeitures                   | 342                                 | 8,577      | 8,520         | 399                                 |
| Infraction Judgements                         | 3,012                               | 43,698     | 42,862        | 3,848                               |
| Overweight Vehicle Fines                      | -                                   | 10         | 10            | -                                   |
| Special Death Benefit                         | 280                                 | 3,370      | 3,455         | 195                                 |
| Sales Disclosure - State Share                | 530                                 | 4,620      | 4,750         | 400                                 |
| Coroners Training & Con't Education           | 460                                 | 5,024      | 5,076         | 408                                 |
| Mortgage Recording Fees - State Share         | 273                                 | 3,040      | 3,008         | 305                                 |
| Forest Restoration                            | -                                   | 29         | -             | 29                                  |
| Inheritance Tax                               | 115,949                             | 471        | -             | 116,420                             |
| Education Plate Fees Agency                   | -                                   | 769        | 769           | -                                   |
| Riverboat Revenue Sharing                     | -                                   | 227,716    | 227,716       | -                                   |
| Innkeepers Tax Collections                    | 67,133                              | 338,865    | 346,405       | 59,593                              |
| COIT Distribution                             | 1,948                               | -          | 1,948         | -                                   |
| 93.563 Prosecutor PCA                         | 1,749                               | 3,806      | 3,940         | 1,615                               |
| 93.563 ARRA Clerk IV-D Incentive              | 11,842                              | -          | -             | 11,842                              |
| 93.563 Title IV-D Incentive                   | 84,331                              | 10,480     | 25,197        | 69,614                              |
| 93.563 Prosecutor IV-D Incentive-Post Oct '99 | 25,039                              | 15,876     | 19,554        | 21,361                              |
| 93.563 Clerk IV-D Incentive-Post Oct '99      | 60,498                              | 10,521     | 15,728        | 55,291                              |
| Court Recidivism Reduction                    | -                                   | 38,438     | 27,596        | 10,842                              |
| Problem Solving Grant                         | -                                   | 7,125      | 7,096         | 29                                  |
| Prosecutor Drug Grant                         | -                                   | 2,000      | -             | 2,000                               |
| TMA Audit - Assessor                          | 298,121                             | 223,741    | 305,885       | 215,977                             |
| MADD - Mother Against Drunk Drivers           | 3,525                               | -          | -             | 3,525                               |
| Pre-Trial Diversion Fund                      | 4,086                               | -          | -             | 4,086                               |
| KC Law Enforcement Donation                   | 175                                 | -          | -             | 175                                 |
| Park Donations - Christmas                    | 7,943                               | 4,365      | 10,696        | 1,612                               |
| Knox County Drug Court User                   | 1,601                               | 4,008      | 2,709         | 2,900                               |
| LIT Certified Shares                          | -                                   | 4,338,325  | 4,338,325     | -                                   |
| LIT Economic Development                      | -                                   | 3,039,527  | 3,039,527     | -                                   |
| NK Waste Water Plan Grant                     | 423                                 | -          | -             | 423                                 |
| Landfill                                      | 1,524                               | -          | -             | 1,524                               |
| Probation Users Fees - Adult                  | 6,818                               | 151,719    | 147,384       | 11,153                              |
| Probation Users Fees - Juvenile               | 2,859                               | 10,882     | -             | 13,741                              |
| Clerks User Fees                              | 11,088                              | 9,359      | 10,622        | 9,825                               |
| Prosecutor User Fees                          | 92,854                              | 113,017    | 164,362       | 41,509                              |
| Alcohol & Drug User Fees                      | 179,016                             | 141,360    | 120,588       | 199,788                             |
| Community Correction Project Income           | 398,562                             | 973,763    | 1,052,789     | 319,536                             |
| Superior II Bail Fund                         | 17,717                              | 17,995     | 5,264         | 30,448                              |
| Superior I Bail Agency Fund                   | 16,147                              | 3,450      | 245           | 19,352                              |
| Circuit Court Bail Agency Fund                | 14,995                              | -          | -             | 14,995                              |
| Tilly Ditch                                   | 35,275                              | 33,350     | 35,275        | 33,350                              |
| 904101 Sheriff Donation Fund                  | 10,870                              | 34,064     | 25,980        | 18,954                              |
| Donations - Monument Restoration              | 3,076                               | -          | -             | 3,076                               |

KNOX COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For The Year Ended December 31, 2017

| Fund  | Cash and<br>Investments<br>01-01-17 | Receipts             | Disbursements        | Cash and<br>Investments<br>12-31-17 |
|---|-------------------------------------|----------------------|----------------------|-------------------------------------|
| DARE Program  | 1,649                               | -                    | 1,521                | 128                                 |
| Special Non-Reverting Fund for DOC Housing              | -                                   | 190,304              | 183,087              | 7,217                               |
| Sheriff Donation  | 100                                 | -                    | -                    | 100                                 |
| Solid Waste - Auditor                                   | 1,428                               | 4,612                | 676                  | 5,364                               |
| Solid Waste - Treas                                     | 5,891                               | 4,612                | 1,821                | 8,682                               |
| Probation Home Monitoring                               | 111,585                             | 270,764              | 277,703              | 104,646                             |
| In Lieu of Road Bond                                    | 6,864                               | -                    | -                    | 6,864                               |
| Solid Waste Fee - Assessor                              | 3,902                               | 4,612                | -                    | 8,514                               |
| Surplus Dog Tax Fund                                    | 2,302                               | -                    | -                    | 2,302                               |
| Health Clinic   | 255                                 | -                    | -                    | 255                                 |
| IDACS (E-911)   | 5,820                               | 3,500                | 1,398                | 7,922                               |
| Infraction Judgement                                    | 1,225                               | -                    | -                    | 1,225                               |
| Hazardous Substance Response                            | 276                                 | -                    | -                    | 276                                 |
| PTRC & "HC" Holding Fund                                | 80                                  | -                    | -                    | 80                                  |
| Victim Assistant  | 103                                 | -                    | -                    | 103                                 |
| Superior Court Group Home                               | 500                                 | -                    | -                    | 500                                 |
| Adult Protective Service                                | 11,450                              | -                    | -                    | 11,450                              |
| Drug Abuse Prosec.                                      | 123,610                             | 47,233               | 61,104               | 109,739                             |
| Hillcrest Ins. Settlement 2006                          | 222,911                             | -                    | -                    | 222,911                             |
| DUI Task Force 2011                                     | 1,481                               | 898                  | 881                  | 1,498                               |
| Victims Assistance Grant                                | 514                                 | -                    | -                    | 514                                 |
| Co. Health Bioterrorism                                 | 7,990                               | 16,251               | 23,867               | 374                                 |
| EMA Performance Grant                                   | 891                                 | 21,265               | 41,489               | (19,333)                            |
| Drug Abuse  | 36,223                              | 8,076                | 44,299               | -                                   |
| Van Go Grant  | -                                   | 487,072              | 487,072              | -                                   |
| Local Emergency Planning Grant                          | 4,033                               | 12,392               | 13,413               | 3,012                               |
| Community Correction Grant 09                           | 3,906                               | -                    | -                    | 3,906                               |
| IN Criminal Justice Institute                           | (4,974)                             | 38,121               | 53,688               | (20,541)                            |
| Operation Pull Over                                     | 204                                 | 12,845               | 11,344               | 1,705                               |
| White River Valley Drug Task Force                      | 670                                 | -                    | -                    | 670                                 |
| Probation LCC   | 4,592                               | 4,000                | 3,815                | 4,777                               |
| Proslink Implementation Project                         | 2,496                               | -                    | -                    | 2,496                               |
| Disaster Public Assistance                              | 1,142                               | -                    | -                    | 1,142                               |
| 2011 Homeland Security Grant                            | 210                                 | -                    | -                    | 210                                 |
| Court Interpreter Grant                                 | (156)                               | 1,000                | 435                  | 409                                 |
| CDBG-VU Grant   | -                                   | 129,756              | 129,756              | -                                   |
| Supplemental - Sheriff Inmate Trust                     | 2,215                               | 373,780              | 366,018              | 9,977                               |
| Supplemental - Sheriff Commissary                       | 17,680                              | 301,513              | 301,155              | 18,038                              |
| Supplemental - Sheriff Buy Money                        | 295                                 | -                    | -                    | 295                                 |
| Supplemental - Clerk Odyssey/Trust                      | 780,959                             | 2,359,989            | 2,399,655            | 741,293                             |
| Supplemental - Clerk ISETS                              | 5,050                               | 581,477              | 580,956              | 5,571                               |
| After Settlement Collections                            | 1,189,606                           | 1,208,614            | 1,189,606            | 1,208,614                           |
| Supplemental - Landfill Retainage                       | 27,734                              | 192                  | -                    | 27,926                              |
| Supplemental - Knox County Benefit Trust                | 277,314                             | 1,790,977            | 1,881,748            | 186,543                             |
| 2015 Economic Development Bonds Dispute Resolution Fund | 1,785,411                           | 8,057                | -                    | 1,793,468                           |
| <b>Totals</b>   | <b>\$ 29,637,083</b>                | <b>\$ 96,650,945</b> | <b>\$ 97,139,267</b> | <b>\$ 29,148,761</b>                |

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

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

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

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

**E. Disbursements**

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

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

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

*Debt service - principal and interest.* Amounts disbursed for 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.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

KNOX COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Funding Policy*

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

**C. County Police Benefit Plan**

*Plan Description*

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

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for either reimbursable grants or reimbursements from Knox County Solid Waste for payroll expenses. The reimbursement for expenditures made by the County were not received by December 31, 2017.

KNOX COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 (Continued)

**Note 8. Restatements**

For the year ended December 31, 2017, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances:

| Fund                      | Balance as of<br>December 31,<br>2016 | Prior Period<br>Adjustment | Balance as of<br>January 1,<br>2017 |
|---------------------------|---------------------------------------|----------------------------|-------------------------------------|
| Prosecutors Seized Assets | \$ 25,628                             | \$ 2,880                   | \$ 28,508                           |

**Note 9. Holding Corporation**

The County has entered into a capital lease with the Knox County Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related-party of the County. Lease payments during the year ended December 31, 2017, totaled \$260,000.

#### OTHER INFORMATION - UNAUDITED

The County's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

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

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|  | Treasurer<br>Demand<br>and<br>Judgements | General      | Accident<br>Report | Bid<br>Deposits<br>and<br>Bond<br>Holding | CEDIT<br>County<br>Share | CEDIT -<br>Special<br>Legislation | City and<br>Town<br>Court<br>Costs |
|--|--|--------------|--------------------|---|--------------------------|-----------------------------------|------------------------------------|
| Cash and investments - beginning                   | \$ -                                     | \$ 1,152,451 | \$ 2,589           | \$ 2,858                                  | \$ 3,367,118             | \$ 426,202                        | \$ 50,048                          |
| Receipts:  |  |              |                    |   |                          |                                   |                                    |
| Taxes  | -  | 7,200,182    | -                  | -   | 1,604,574                | 800                               | -                                  |
| Licenses and permits                               | -  | 21,728       | -                  | -   | -                        | -                                 | -                                  |
| Intergovernmental receipts                         | -  | 2,308,299    | -                  | -   | -                        | -                                 | -                                  |
| Charges for services                               | 380                                      | 858,025      | -                  | -   | -                        | -                                 | -                                  |
| Fines and forfeits                                 | -  | 149,911      | 318                | 24,388                                    | -                        | -                                 | 17,578                             |
| Other receipts                                     | -  | 2,316,032    | -                  | -   | 20,000                   | -                                 | -                                  |
| Total receipts                                     | 380                                      | 12,854,177   | 318                | 24,388                                    | 1,624,574                | 800                               | 17,578                             |
| Disbursements:                                     |  |              |                    |   |                          |                                   |                                    |
| Personal services                                  | -  | 6,734,478    | -                  | -   | -                        | 102,383                           | -                                  |
| Supplies   | -  | 772,416      | -                  | -   | -                        | 149,996                           | -                                  |
| Other services and charges                         | -  | 2,997,901    | -                  | -   | 517,196                  | 95,800                            | -                                  |
| Debt service - principal and interest              | -  | -            | -                  | -   | 50,000                   | -                                 | -                                  |
| Capital outlay                                     | -  | 148,167      | -                  | -   | 937,008                  | -                                 | -                                  |
| Other disbursements                                | 295                                      | 1,200,000    | -                  | 21,445                                    | -                        | -                                 | 54,000                             |
| Total disbursements                                | 295                                      | 11,852,962   | -                  | 21,445                                    | 1,504,204                | 348,179                           | 54,000                             |
| Excess (deficiency) of receipts over disbursements | 85                                       | 1,001,215    | 318                | 2,943                                     | 120,370                  | (347,379)                         | (36,422)                           |
| Cash and investments - ending                      | \$ 85                                    | \$ 2,153,666 | \$ 2,907           | \$ 5,801                                  | \$ 3,487,488             | \$ 78,823                         | \$ 13,626                          |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Clerk's<br>Records<br>Perpetuation | COIT<br>County<br>Distributive<br>Shares | Community<br>Corrections | Community<br>Transition<br>Program | Congressional<br>School<br>Interest | Congressional<br>School<br>Principal | Prisoner<br>Reimbursement<br>for<br>Incarceration |
|---|------------------------------------|--|--------------------------|------------------------------------|-------------------------------------|--------------------------------------|---|
| Cash and investments - beginning                      | \$ 100,685                         | \$ 5,026,248                             | \$ 37,700                | \$ 92,914                          | \$ 31,377                           | \$ 42,619                            | \$ 220,939  |
| Receipts:   |                                    |  |                          |                                    |                                     |                                      |   |
| Taxes   | -                                  | -  | -                        | -                                  | -                                   | -                                    | -   |
| Licenses and permits                                  | -                                  | -  | -                        | -                                  | -                                   | -                                    | -   |
| Intergovernmental receipts                            | -                                  | -  | 624,464                  | 21,575                             | -                                   | -                                    | -   |
| Charges for services                                  | -                                  | 16,145                                   | -                        | -                                  | -                                   | -                                    | 727,760   |
| Fines and forfeits                                    | -                                  | -  | -                        | -                                  | -                                   | -                                    | -   |
| Other receipts  | 29,255                             | 143,020                                  | -                        | -                                  | -                                   | -                                    | 29  |
| Total receipts  | 29,255                             | 159,165                                  | 624,464                  | 21,575                             | -                                   | -                                    | 727,789   |
| Disbursements:  |                                    |  |                          |                                    |                                     |                                      |   |
| Personal services                                     | -                                  | 1,175,740                                | 599,233                  | -                                  | -                                   | -                                    | 43,593  |
| Supplies  | -                                  | 229,502                                  | 691                      | -                                  | -                                   | -                                    | 159,021   |
| Other services and charges                            | -                                  | 805,515                                  | 226                      | 22,767                             | -                                   | -                                    | 109,128   |
| Debt service - principal and interest                 | -                                  | -  | -                        | -                                  | -                                   | -                                    | -   |
| Capital outlay  | -                                  | 65,864                                   | -                        | -                                  | -                                   | -                                    | 114,708   |
| Other disbursements                                   | -                                  | 190,000                                  | 25                       | -                                  | 1,705                               | -                                    | 190,304   |
| Total disbursements                                   | -                                  | 2,466,621                                | 600,175                  | 22,767                             | 1,705                               | -                                    | 616,754   |
| Excess (deficiency) of receipts over<br>disbursements | 29,255                             | (2,307,456)                              | 24,289                   | (1,192)                            | (1,705)                             | -                                    | 111,035   |
| Cash and investments - ending                         | \$ 129,940                         | \$ 2,718,792                             | \$ 61,989                | \$ 91,722                          | \$ 29,672                           | \$ 42,619                            | \$ 331,974  |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Sales<br>Disclosure -<br>County<br>Share | Cummulative<br>Bridge | Cummulative<br>Drainage | Drug<br>Free<br>Community | Firearms<br>Training | General<br>Drain<br>Improvement |
|---|--|-----------------------|-------------------------|---------------------------|----------------------|---------------------------------|
| Cash and investments - beginning                      | \$ 37,475                                | \$ 940,433            | \$ 745,697              | \$ 33,311                 | \$ 6,921             | \$ 171,044                      |
| Receipts:   |  |                       |                         |                           |                      |                                 |
| Taxes   | -  | -                     | 887,141                 | -                         | -                    | -                               |
| Licenses and permits                                  | -  | -                     | -                       | -                         | -                    | -                               |
| Intergovernmental receipts                            | -  | 467,392               | -                       | -                         | -                    | -                               |
| Charges for services                                  | 4,620                                    | 182,440               | -                       | -                         | -                    | -                               |
| Fines and forfeits                                    | -  | -                     | -                       | 21,357                    | 6,840                | -                               |
| Other receipts  | -  | 62,948                | -                       | -                         | -                    | 38,632                          |
| Total receipts  | 4,620                                    | 712,780               | 887,141                 | 21,357                    | 6,840                | 38,632                          |
| Disbursements:  |  |                       |                         |                           |                      |                                 |
| Personal services                                     | -  | 121,527               | -                       | -                         | -                    | -                               |
| Supplies  | -  | 153,498               | -                       | -                         | -                    | -                               |
| Other services and charges                            | -  | 116,278               | 843,314                 | 30,000                    | 6,384                | 63,162                          |
| Debt service - principal and interest                 | -  | -                     | -                       | -                         | -                    | -                               |
| Capital outlay  | -  | 127,031               | -                       | -                         | -                    | -                               |
| Other disbursements                                   | -  | -                     | -                       | -                         | -                    | 5,392                           |
| Total disbursements                                   | -  | 518,334               | 843,314                 | 30,000                    | 6,384                | 68,554                          |
| Excess (deficiency) of receipts over<br>disbursements | 4,620                                    | 194,446               | 43,827                  | (8,643)                   | 456                  | (29,922)                        |
| Cash and investments - ending                         | \$ 42,095                                | \$ 1,134,879          | \$ 789,524              | \$ 24,668                 | \$ 7,377             | \$ 141,122                      |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Health     | Identification<br>Security<br>Protection | Levy<br>Excess | Local<br>Health<br>Maintenance | Local<br>Road<br>and<br>Street | Misdemeanant |
|---|------------|--|----------------|--------------------------------|--------------------------------|--------------|
| Cash and investments - beginning                      | \$ 175,875 | \$ 21,689                                | \$ 28,359      | \$ 93,928                      | \$ 335,474                     | \$ 42,965    |
| Receipts:   |            |  |                |                                |                                |              |
| Taxes   | 126,106    | -  | -              | -                              | -                              | -            |
| Licenses and permits                                  | 117,150    | -  | -              | -                              | -                              | -            |
| Intergovernmental receipts                            | 5,227      | -  | -              | 16,570                         | -                              | 27,832       |
| Charges for services                                  | 83,191     | 4,323                                    | -              | -                              | 6,200                          | -            |
| Fines and forfeits                                    | -          | -  | -              | -                              | -                              | -            |
| Other receipts  | 559        | -  | -              | 296                            | 448,030                        | -            |
| Total receipts  | 332,233    | 4,323                                    | -              | 16,866                         | 454,230                        | 27,832       |
| Disbursements:  |            |  |                |                                |                                |              |
| Personal services                                     | 297,080    | -  | -              | 8,919                          | -                              | 28,628       |
| Supplies  | 6,958      | -  | -              | 4,552                          | 296,337                        | -            |
| Other services and charges                            | 6,054      | -  | -              | 7,417                          | 5,400                          | -            |
| Debt service - principal and interest                 | -          | -  | -              | -                              | -                              | -            |
| Capital outlay  | -          | -  | -              | 32,474                         | 82,383                         | -            |
| Other disbursements                                   | -          | -  | -              | -                              | -                              | -            |
| Total disbursements                                   | 310,092    | -  | -              | 53,362                         | 384,120                        | 28,628       |
| Excess (deficiency) of receipts over<br>disbursements | 22,141     | 4,323                                    | -              | (36,496)                       | 70,110                         | (796)        |
| Cash and investments - ending                         | \$ 198,016 | \$ 26,012                                | \$ 28,359      | \$ 57,432                      | \$ 405,584                     | \$ 42,169    |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|  | Motor<br>Vehicle<br>Highway | Park<br>Nonreverting<br>Capital | Park<br>Nonreverting<br>Operating | Planning<br>and<br>Zoning<br>Impact | Plat<br>Book | Rainy<br>Day |
|--|-----------------------------|---------------------------------|-----------------------------------|-------------------------------------|--------------|--------------|
| Cash and investments - beginning                   | \$ 1,347,690                | \$ 90,257                       | \$ 13,530                         | \$ 8,082                            | \$ 5,427     | \$ 4,496,216 |
| Receipts:  |                             |                                 |                                   |                                     |              |              |
| Taxes  | -                           | -                               | -                                 | 74,180                              | -            | -            |
| Licenses and permits                               | -                           | -                               | -                                 | 13,985                              | -            | -            |
| Intergovernmental receipts                         | 3,388,550                   | -                               | -                                 | 3,075                               | -            | -            |
| Charges for services                               | -                           | 67,939                          | -                                 | -                                   | -            | -            |
| Fines and forfeits                                 | -                           | -                               | -                                 | -                                   | -            | -            |
| Other receipts                                     | 694,252                     | 35,362                          | 143,786                           | 50,000                              | -            | 1,600,000    |
| Total receipts                                     | 4,082,802                   | 103,301                         | 143,786                           | 141,240                             | -            | 1,600,000    |
| Disbursements:                                     |                             |                                 |                                   |                                     |              |              |
| Personal services                                  | 1,362,833                   | -                               | -                                 | 103,800                             | -            | -            |
| Supplies   | 740,390                     | 6,792                           | -                                 | 1,824                               | -            | -            |
| Other services and charges                         | 862,840                     | 31,020                          | -                                 | 4,603                               | -            | -            |
| Debt service - principal and interest              | -                           | -                               | -                                 | -                                   | -            | -            |
| Capital outlay                                     | 1,339,304                   | 2,839                           | -                                 | 80                                  | -            | -            |
| Other disbursements                                | -                           | -                               | 94,696                            | -                                   | -            | 1,908,891    |
| Total disbursements                                | 4,305,367                   | 40,651                          | 94,696                            | 110,307                             | -            | 1,908,891    |
| Excess (deficiency) of receipts over disbursements | (222,565)                   | 62,650                          | 49,090                            | 30,933                              | -            | (308,891)    |
| Cash and investments - ending                      | \$ 1,125,125                | \$ 152,907                      | \$ 62,620                         | \$ 39,015                           | \$ 5,427     | \$ 4,187,325 |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Reassessment -<br>2015 | Recorder's<br>Records<br>Perpetuation | Riverboat | Solid<br>Waste<br>User<br>Fees | Surplus<br>Tax | Surveyor's<br>Corner<br>Perpetuation |
|---|------------------------|---------------------------------------|-----------|--------------------------------|----------------|--------------------------------------|
| Cash and investments - beginning                      | \$ 1,122,146           | \$ 64,159                             | \$ -      | \$ 503                         | \$ 126,270     | \$ 8,713                             |
| Receipts:   |                        |                                       |           |                                |                |                                      |
| Taxes   | 337,519                | -                                     | -         | -                              | -              | -                                    |
| Licenses and permits                                  | -                      | -                                     | -         | -                              | -              | -                                    |
| Intergovernmental receipts                            | 13,991                 | -                                     | 83,077    | -                              | -              | -                                    |
| Charges for services                                  | -                      | 73,205                                | -         | -                              | -              | 16,525                               |
| Fines and forfeits                                    | -                      | -                                     | -         | -                              | -              | -                                    |
| Other receipts  | 2,956                  | -                                     | -         | 108,118                        | -              | -                                    |
| Total receipts  | 354,466                | 73,205                                | 83,077    | 108,118                        | -              | 16,525                               |
| Disbursements:  |                        |                                       |           |                                |                |                                      |
| Personal services                                     | 36,144                 | 32,876                                | -         | 118,973                        | -              | 384                                  |
| Supplies  | -                      | -                                     | -         | -                              | -              | -                                    |
| Other services and charges                            | 151,572                | -                                     | -         | -                              | -              | 1,275                                |
| Debt service - principal and interest                 | -                      | -                                     | -         | -                              | -              | -                                    |
| Capital outlay  | 3,600                  | -                                     | -         | -                              | -              | -                                    |
| Other disbursements                                   | -                      | 62,889                                | -         | -                              | 49,812         | -                                    |
| Total disbursements                                   | 191,316                | 95,765                                | -         | 118,973                        | 49,812         | 1,659                                |
| Excess (deficiency) of receipts over<br>disbursements | 163,150                | (22,560)                              | 83,077    | (10,855)                       | (49,812)       | 14,866                               |
| Cash and investments - ending                         | \$ 1,285,296           | \$ 41,599                             | \$ 83,077 | \$ (10,352)                    | \$ 76,458      | \$ 23,579                            |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|  | Tax<br>Sale<br>Redemption | Tax<br>Sale<br>Surplus | Local<br>Health<br>Department<br>Trust<br>Account | Guardian<br>Ad<br>Litem | GAL/CASA | Auditors<br>Ineligible<br>Deductions |
|--|---------------------------|------------------------|---|-------------------------|----------|--------------------------------------|
| Cash and investments - beginning                   | \$ 11,980                 | \$ 337,353             | \$ 59,146   | \$ 1,832                | \$ -     | \$ 10,963                            |
| Receipts:  |                           |                        |   |                         |          |                                      |
| Taxes  | 959,349                   | -                      | -   | -                       | -        | -                                    |
| Licenses and permits                               | -                         | -                      | -   | -                       | -        | -                                    |
| Intergovernmental receipts                         | -                         | -                      | 11,166  | -                       | 43,801   | -                                    |
| Charges for services                               | -                         | -                      | -   | -                       | -        | -                                    |
| Fines and forfeits                                 | -                         | -                      | -   | -                       | -        | -                                    |
| Other receipts                                     | -                         | -                      | -   | -                       | -        | -                                    |
| Total receipts                                     | 959,349                   | -                      | 11,166  | -                       | 43,801   | -                                    |
| Disbursements:                                     |                           |                        |   |                         |          |                                      |
| Personal services                                  | -                         | -                      | 9,123   | -                       | -        | -                                    |
| Supplies   | -                         | -                      | 3,523   | -                       | -        | -                                    |
| Other services and charges                         | 183,853                   | -                      | 4,757   | -                       | -        | -                                    |
| Debt service - principal and interest              | -                         | -                      | -   | -                       | -        | -                                    |
| Capital outlay                                     | -                         | -                      | 10,030  | -                       | -        | -                                    |
| Other disbursements                                | 431,242                   | 64,118                 | -   | -                       | 43,801   | -                                    |
| Total disbursements                                | 615,095                   | 64,118                 | 27,433  | -                       | 43,801   | -                                    |
| Excess (deficiency) of receipts over disbursements | 344,254                   | (64,118)               | (16,267)  | -                       | -        | -                                    |
| Cash and investments - ending                      | \$ 356,234                | \$ 273,235             | \$ 42,879   | \$ 1,832                | \$ -     | \$ 10,963                            |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|  | County<br>Elected<br>Officials<br>Training | Park<br>and<br>Recreation | Statewide<br>911 | Adult<br>Probation<br>Administrative | Juvenile<br>Probation<br>Administrative | Prosecutors<br>Seized<br>Assets |
|--|--|---------------------------|------------------|--------------------------------------|---|---------------------------------|
| Cash and investments - beginning                   | \$ 16,858                                  | \$ 59,437                 | \$ 446,948       | \$ 20,814                            | \$ 11,647                               | \$ 28,508                       |
| Receipts:  |  |                           |                  |                                      |   |                                 |
| Taxes  | -  | 565,622                   | -                | -                                    | -                                       | -                               |
| Licenses and permits                               | -  | -                         | -                | -                                    | -                                       | -                               |
| Intergovernmental receipts                         | -  | 23,446                    | -                | -                                    | -                                       | -                               |
| Charges for services                               | -  | -                         | 460,120          | 43,180                               | -                                       | -                               |
| Fines and forfeits                                 | -  | -                         | -                | -                                    | -                                       | -                               |
| Other receipts                                     | 4,323                                      | 140,000                   | 36,130           | -                                    | -                                       | 745                             |
| Total receipts                                     | 4,323                                      | 729,068                   | 496,250          | 43,180                               | -                                       | 745                             |
| Disbursements:                                     |  |                           |                  |                                      |   |                                 |
| Personal services                                  | -  | 272,894                   | 145,572          | 45,832                               | -                                       | -                               |
| Supplies   | -  | 39,055                    | -                | -                                    | -                                       | -                               |
| Other services and charges                         | -  | 46,479                    | 210,512          | -                                    | -                                       | -                               |
| Debt service - principal and interest              | -  | -                         | -                | -                                    | -                                       | -                               |
| Capital outlay                                     | -  | 39,303                    | 54,778           | -                                    | -                                       | -                               |
| Other disbursements                                | 366  | 140,000                   | -                | -                                    | -                                       | 6,423                           |
| Total disbursements                                | 366  | 537,731                   | 410,862          | 45,832                               | -                                       | 6,423                           |
| Excess (deficiency) of receipts over disbursements | 3,957                                      | 191,337                   | 85,388           | (2,652)                              | -                                       | (5,678)                         |
| Cash and investments - ending                      | \$ 20,815                                  | \$ 250,774                | \$ 532,336       | \$ 18,162                            | \$ 11,647                               | \$ 22,830                       |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Donations | TIF -<br>Capital<br>Projects | Self-Insurance | Payroll<br>Clearing | Payroll<br>Withholding -<br>Federal | Payroll<br>Withholding -<br>FICA<br>& Medicare |
|---|-----------|------------------------------|----------------|---------------------|-------------------------------------|--|
| Cash and investments - beginning                      | \$ 705    | \$ 404,464                   | \$ 1,583,364   | \$ 247              | \$ -                                | \$ -   |
| Receipts:   |           |                              |                |                     |                                     |  |
| Taxes   | -         | 1,012,010                    | -              | -                   | -                                   | -  |
| Licenses and permits                                  | -         | -                            | -              | -                   | -                                   | -  |
| Intergovernmental receipts                            | -         | -                            | -              | -                   | -                                   | -  |
| Charges for services                                  | -         | -                            | -              | -                   | -                                   | -  |
| Fines and forfeits                                    | -         | -                            | -              | -                   | -                                   | -  |
| Other receipts  | 1,505     | 25,656                       | 3,068,563      | 79,572              | 812,810                             | 1,260,061                                      |
| Total receipts  | 1,505     | 1,037,666                    | 3,068,563      | 79,572              | 812,810                             | 1,260,061                                      |
| Disbursements:  |           |                              |                |                     |                                     |  |
| Personal services                                     | -         | -                            | 2,485,827      | -                   | -                                   | -  |
| Supplies  | -         | -                            | -              | -                   | -                                   | -  |
| Other services and charges                            | 958       | 954,090                      | -              | -                   | -                                   | -  |
| Debt service - principal and interest                 | -         | -                            | -              | -                   | -                                   | -  |
| Capital outlay  | -         | -                            | -              | -                   | -                                   | -  |
| Other disbursements                                   | 727       | 4,356                        | -              | 79,573              | 812,810                             | 1,260,061                                      |
| Total disbursements                                   | 1,685     | 958,446                      | 2,485,827      | 79,573              | 812,810                             | 1,260,061                                      |
| Excess (deficiency) of receipts over<br>disbursements | (180)     | 79,220                       | 582,736        | (1)                 | -                                   | -  |
| Cash and investments - ending                         | \$ 525    | \$ 483,684                   | \$ 2,166,100   | \$ 246              | \$ -                                | \$ -   |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Payroll<br>Withholding -<br>PERF | Payroll<br>Withholding -<br>State | Settlement | CVET<br>Agency | Financial<br>Institution<br>Tax | Local<br>Service<br>Fee<br>Revenue<br>(BPP) |
|---|----------------------------------|-----------------------------------|------------|----------------|---------------------------------|---|
| Cash and investments - beginning                      | \$ 13,519                        | \$ -                              | \$ 3,715   | \$ -           | \$ -                            | \$ -  |
| Receipts:   |                                  |                                   |            |                |                                 |   |
| Taxes   | -                                | -                                 | 43,050,574 | -              | -                               | -   |
| Licenses and permits                                  | -                                | -                                 | -          | -              | -                               | -   |
| Intergovernmental receipts                            | -                                | -                                 | -          | 322,630        | 393,594                         | -   |
| Charges for services                                  | -                                | -                                 | -          | -              | -                               | -   |
| Fines and forfeits                                    | -                                | -                                 | -          | -              | -                               | 3,600                                       |
| Other receipts  | 962,649                          | 366,730                           | -          | -              | -                               | -   |
| Total receipts  | 962,649                          | 366,730                           | 43,050,574 | 322,630        | 393,594                         | 3,600                                       |
| Disbursements:  |                                  |                                   |            |                |                                 |   |
| Personal services                                     | 961,978                          | -                                 | -          | -              | -                               | -   |
| Supplies  | -                                | -                                 | -          | -              | -                               | -   |
| Other services and charges                            | -                                | -                                 | -          | -              | -                               | -   |
| Debt service - principal and interest                 | -                                | -                                 | -          | -              | -                               | -   |
| Capital outlay  | -                                | -                                 | -          | -              | -                               | -   |
| Other disbursements                                   | -                                | 366,730                           | 43,035,152 | 322,630        | 393,594                         | -   |
| Total disbursements                                   | 961,978                          | 366,730                           | 43,035,152 | 322,630        | 393,594                         | -   |
| Excess (deficiency) of receipts over<br>disbursements | 671                              | -                                 | 15,422     | -              | -                               | 3,600                                       |
| Cash and investments - ending                         | \$ 14,190                        | \$ -                              | \$ 19,137  | \$ -           | \$ -                            | \$ 3,600                                    |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Homestead<br>Credit<br>Rebate | State<br>Fines<br>and<br>Forfeitures | Infraction<br>Judgements | Overweight<br>Vehicle<br>Fines | Special<br>Death<br>Benefit | Sales<br>Disclosure -<br>State<br>Share |
|---|-------------------------------|--------------------------------------|--------------------------|--------------------------------|-----------------------------|---|
| Cash and investments - beginning                      | \$ 30,173                     | \$ 342                               | \$ 3,012                 | \$ -                           | \$ 280                      | \$ 530                                  |
| Receipts:   |                               |                                      |                          |                                |                             |   |
| Taxes   | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Licenses and permits                                  | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Intergovernmental receipts                            | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Charges for services                                  | -                             | -                                    | -                        | -                              | -                           | 4,620                                   |
| Fines and forfeits                                    | -                             | 8,577                                | 43,493                   | 10                             | -                           | -                                       |
| Other receipts  | -                             | -                                    | 205                      | -                              | 3,370                       | -                                       |
| Total receipts  | -                             | 8,577                                | 43,698                   | 10                             | 3,370                       | 4,620                                   |
| Disbursements:  |                               |                                      |                          |                                |                             |   |
| Personal services                                     | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Supplies  | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Other services and charges                            | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Debt service - principal and interest                 | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Capital outlay  | -                             | -                                    | -                        | -                              | -                           | -                                       |
| Other disbursements                                   | -                             | 8,520                                | 42,862                   | 10                             | 3,455                       | 4,750                                   |
| Total disbursements                                   | -                             | 8,520                                | 42,862                   | 10                             | 3,455                       | 4,750                                   |
| Excess (deficiency) of receipts over<br>disbursements | -                             | 57                                   | 836                      | -                              | (85)                        | (130)                                   |
| Cash and investments - ending                         | \$ 30,173                     | \$ 399                               | \$ 3,848                 | \$ -                           | \$ 195                      | \$ 400                                  |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Coroners<br>Training &<br>Con't<br>Education | Mortgage<br>Recording<br>Fees -<br>State Share | Forest<br>Restoration | Inheritance<br>Tax | Education<br>Plate<br>Fees<br>Agency | Riverboat<br>Revenue<br>Sharing |
|---|--|--|-----------------------|--------------------|--------------------------------------|---------------------------------|
| Cash and investments - beginning                      | \$ 460                                       | \$ 273   | \$ -                  | \$ 115,949         | \$ -                                 | \$ -                            |
| Receipts:   |  |  |                       |                    |                                      |                                 |
| Taxes   | -  | -  | -                     | -                  | -                                    | -                               |
| Licenses and permits                                  | -  | -  | -                     | -                  | 769                                  | -                               |
| Intergovernmental receipts                            | -  | -  | -                     | 471                | -                                    | 227,716                         |
| Charges for services                                  | 5,024  | 3,040  | -                     | -                  | -                                    | -                               |
| Fines and forfeits                                    | -  | -  | -                     | -                  | -                                    | -                               |
| Other receipts  | -  | -  | 29                    | -                  | -                                    | -                               |
| Total receipts  | 5,024  | 3,040  | 29                    | 471                | 769                                  | 227,716                         |
| Disbursements:  |  |  |                       |                    |                                      |                                 |
| Personal services                                     | -  | -  | -                     | -                  | -                                    | -                               |
| Supplies  | -  | -  | -                     | -                  | -                                    | -                               |
| Other services and charges                            | -  | -  | -                     | -                  | 769                                  | -                               |
| Debt service - principal and interest                 | -  | -  | -                     | -                  | -                                    | -                               |
| Capital outlay  | -  | -  | -                     | -                  | -                                    | -                               |
| Other disbursements                                   | 5,076  | 3,008  | -                     | -                  | -                                    | 227,716                         |
| Total disbursements                                   | 5,076  | 3,008  | -                     | -                  | 769                                  | 227,716                         |
| Excess (deficiency) of receipts over<br>disbursements | (52)   | 32   | 29                    | 471                | -                                    | -                               |
| Cash and investments - ending                         | \$ 408                                       | \$ 305   | \$ 29                 | \$ 116,420         | \$ -                                 | \$ -                            |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Innkeepers<br>Tax<br>Collections | COIT<br>Distribution | 93.563<br>Prosecutor<br>PCA | 93.563<br>ARRA<br>Clerk<br>IV-D<br>Incentive | 93.563<br>Title<br>IV-D<br>Incentive | 93.563<br>Prosecutor<br>IV-D<br>Incentive-Post<br>Oct '99 |
|---|----------------------------------|----------------------|-----------------------------|--|--------------------------------------|---|
| Cash and investments - beginning                      | \$ 67,133                        | \$ 1,948             | \$ 1,749                    | \$ 11,842                                    | \$ 84,331                            | \$ 25,039   |
| Receipts:   |                                  |                      |                             |  |                                      |   |
| Taxes   | 338,865                          | -                    | -                           | -  | -                                    | -   |
| Licenses and permits                                  | -                                | -                    | -                           | -  | -                                    | -   |
| Intergovernmental receipts                            | -                                | -                    | -                           | -  | -                                    | -   |
| Charges for services                                  | -                                | -                    | -                           | -  | 10,480                               | 15,876  |
| Fines and forfeits                                    | -                                | -                    | 3,806                       | -  | -                                    | -   |
| Other receipts  | -                                | -                    | -                           | -  | -                                    | -   |
| Total receipts  | <u>338,865</u>                   | <u>-</u>             | <u>3,806</u>                | <u>-</u>                                     | <u>10,480</u>                        | <u>15,876</u>   |
| Disbursements:  |                                  |                      |                             |  |                                      |   |
| Personal services                                     | -                                | -                    | -                           | -  | -                                    | -   |
| Supplies  | -                                | -                    | -                           | -  | -                                    | -   |
| Other services and charges                            | 346,405                          | -                    | 3,940                       | -  | 25,197                               | -   |
| Debt service - principal and interest                 | -                                | -                    | -                           | -  | -                                    | -   |
| Capital outlay  | -                                | -                    | -                           | -  | -                                    | -   |
| Other disbursements                                   | -                                | 1,948                | -                           | -  | -                                    | 19,554  |
| Total disbursements                                   | <u>346,405</u>                   | <u>1,948</u>         | <u>3,940</u>                | <u>-</u>                                     | <u>25,197</u>                        | <u>19,554</u>   |
| Excess (deficiency) of receipts over<br>disbursements | <u>(7,540)</u>                   | <u>(1,948)</u>       | <u>(134)</u>                | <u>-</u>                                     | <u>(14,717)</u>                      | <u>(3,678)</u>  |
| Cash and investments - ending                         | <u>\$ 59,593</u>                 | <u>\$ -</u>          | <u>\$ 1,615</u>             | <u>\$ 11,842</u>                             | <u>\$ 69,614</u>                     | <u>\$ 21,361</u>  |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | 93.563<br>Clerk<br>IV-D<br>Incentive-Post<br>Oct '99 | Court<br>Recidivism<br>Reduction | Problem<br>Solving<br>Grant | Prosecutor<br>Drug<br>Grant | TMA<br>Audit -<br>Assessor | MADD -<br>Mother<br>Against<br>Drunk Drivers |
|---|--|----------------------------------|-----------------------------|-----------------------------|----------------------------|--|
| Cash and investments - beginning                      | \$ 60,498  | \$ -                             | \$ -                        | \$ -                        | \$ 298,121                 | \$ 3,525                                     |
| Receipts:   |  |                                  |                             |                             |                            |  |
| Taxes   | -  | -                                | -                           | -                           | 223,741                    | -  |
| Licenses and permits                                  | -  | -                                | -                           | -                           | -                          | -  |
| Intergovernmental receipts                            | -  | 38,438                           | -                           | 2,000                       | -                          | -  |
| Charges for services                                  | -  | -                                | 7,125                       | -                           | -                          | -  |
| Fines and forfeits                                    | 10,521   | -                                | -                           | -                           | -                          | -  |
| Other receipts  | -  | -                                | -                           | -                           | -                          | -  |
| Total receipts  | <u>10,521</u>  | <u>38,438</u>                    | <u>7,125</u>                | <u>2,000</u>                | <u>223,741</u>             | <u>-</u>                                     |
| Disbursements:  |  |                                  |                             |                             |                            |  |
| Personal services                                     | 15,728   | 27,596                           | -                           | -                           | -                          | -  |
| Supplies  | -  | -                                | -                           | -                           | -                          | -  |
| Other services and charges                            | -  | -                                | -                           | -                           | 305,885                    | -  |
| Debt service - principal and interest                 | -  | -                                | -                           | -                           | -                          | -  |
| Capital outlay  | -  | -                                | -                           | -                           | -                          | -  |
| Other disbursements                                   | -  | -                                | 7,096                       | -                           | -                          | -  |
| Total disbursements                                   | <u>15,728</u>  | <u>27,596</u>                    | <u>7,096</u>                | <u>-</u>                    | <u>305,885</u>             | <u>-</u>                                     |
| Excess (deficiency) of receipts over<br>disbursements | <u>(5,207)</u>                                       | <u>10,842</u>                    | <u>29</u>                   | <u>2,000</u>                | <u>(82,144)</u>            | <u>-</u>                                     |
| Cash and investments - ending                         | <u>\$ 55,291</u>                                     | <u>\$ 10,842</u>                 | <u>\$ 29</u>                | <u>\$ 2,000</u>             | <u>\$ 215,977</u>          | <u>\$ 3,525</u>                              |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Pre-Trial<br>Diversion<br>Fund | KC Law<br>Enforcement<br>Donation | Park<br>Donations -<br>Christmas | Knox<br>County<br>Drug<br>Court<br>User | LIT<br>Certified<br>Shares | LIT<br>Economic<br>Development |
|---|--------------------------------|-----------------------------------|----------------------------------|---|----------------------------|--------------------------------|
| Cash and investments - beginning                      | \$ 4,086                       | \$ 175                            | \$ 7,943                         | \$ 1,601                                | \$ -                       | \$ -                           |
| Receipts:   |                                |                                   |                                  |   |                            |                                |
| Taxes   | -                              | -                                 | -                                | -                                       | 4,338,325                  | 3,039,527                      |
| Licenses and permits                                  | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Intergovernmental receipts                            | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Charges for services                                  | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Fines and forfeits                                    | -                              | -                                 | -                                | 4,008                                   | -                          | -                              |
| Other receipts  | -                              | -                                 | 4,365                            | -                                       | -                          | -                              |
| Total receipts  | -                              | -                                 | 4,365                            | 4,008                                   | 4,338,325                  | 3,039,527                      |
| Disbursements:  |                                |                                   |                                  |   |                            |                                |
| Personal services                                     | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Supplies  | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Other services and charges                            | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Debt service - principal and interest                 | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Capital outlay  | -                              | -                                 | -                                | -                                       | -                          | -                              |
| Other disbursements                                   | -                              | -                                 | 10,696                           | 2,709                                   | 4,338,325                  | 3,039,527                      |
| Total disbursements                                   | -                              | -                                 | 10,696                           | 2,709                                   | 4,338,325                  | 3,039,527                      |
| Excess (deficiency) of receipts over<br>disbursements | -                              | -                                 | (6,331)                          | 1,299                                   | -                          | -                              |
| Cash and investments - ending                         | \$ 4,086                       | \$ 175                            | \$ 1,612                         | \$ 2,900                                | \$ -                       | \$ -                           |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | NK Waste<br>Water<br>Plan<br>Grant | Landfill | Probation<br>Users<br>Fees -<br>Adult | Probation<br>Users<br>Fees -<br>Juvenile | Clerks<br>User<br>Fees | Prosecutor<br>User<br>Fees |
|---|------------------------------------|----------|---------------------------------------|--|------------------------|----------------------------|
| Cash and investments - beginning                      | \$ 423                             | \$ 1,524 | \$ 6,818                              | \$ 2,859                                 | \$ 11,088              | \$ 92,854                  |
| Receipts:   |                                    |          |                                       |  |                        |                            |
| Taxes   | -                                  | -        | -                                     | -  | -                      | -                          |
| Licenses and permits                                  | -                                  | -        | -                                     | -  | -                      | -                          |
| Intergovernmental receipts                            | -                                  | -        | -                                     | -  | -                      | -                          |
| Charges for services                                  | -                                  | -        | -                                     | -  | -                      | -                          |
| Fines and forfeits                                    | -                                  | -        | 151,673                               | 10,882                                   | -                      | 112,889                    |
| Other receipts  | -                                  | -        | 46                                    | -  | 9,359                  | 128                        |
| Total receipts  | -                                  | -        | 151,719                               | 10,882                                   | 9,359                  | 113,017                    |
| Disbursements:  |                                    |          |                                       |  |                        |                            |
| Personal services                                     | -                                  | -        | 137,747                               | -  | 3,882                  | 129,033                    |
| Supplies  | -                                  | -        | 4,227                                 | -  | -                      | 9,367                      |
| Other services and charges                            | -                                  | -        | 4,930                                 | -  | 6,740                  | 25,448                     |
| Debt service - principal and interest                 | -                                  | -        | -                                     | -  | -                      | -                          |
| Capital outlay  | -                                  | -        | -                                     | -  | -                      | 514                        |
| Other disbursements                                   | -                                  | -        | 480                                   | -  | -                      | -                          |
| Total disbursements                                   | -                                  | -        | 147,384                               | -  | 10,622                 | 164,362                    |
| Excess (deficiency) of receipts over<br>disbursements | -                                  | -        | 4,335                                 | 10,882                                   | (1,263)                | (51,345)                   |
| Cash and investments - ending                         | \$ 423                             | \$ 1,524 | \$ 11,153                             | \$ 13,741                                | \$ 9,825               | \$ 41,509                  |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Alcohol &<br>Drug<br>User<br>Fees | Community<br>Correction<br>Project<br>Income | Superior II<br>Bail<br>Fund | Superior I<br>Bail<br>Agency<br>Fund | Circuit<br>Court<br>Bail<br>Agency<br>Fund | Tilly<br>Ditch |
|---|-----------------------------------|--|-----------------------------|--------------------------------------|--|----------------|
| Cash and investments - beginning                      | \$ 179,016                        | \$ 398,562                                   | \$ 17,717                   | \$ 16,147                            | \$ 14,995                                  | \$ 35,275      |
| Receipts:   |                                   |  |                             |                                      |  |                |
| Taxes   | -                                 | -  | -                           | -                                    | -  | 33,350         |
| Licenses and permits                                  | -                                 | -  | -                           | -                                    | -  | -              |
| Intergovernmental receipts                            | -                                 | -  | -                           | -                                    | -  | -              |
| Charges for services                                  | -                                 | -  | -                           | -                                    | -  | -              |
| Fines and forfeits                                    | 121,616                           | 973,738                                      | 17,995                      | 3,450                                | -  | -              |
| Other receipts  | 19,744                            | 25   | -                           | -                                    | -  | -              |
| Total receipts  | 141,360                           | 973,763                                      | 17,995                      | 3,450                                | -  | 33,350         |
| Disbursements:  |                                   |  |                             |                                      |  |                |
| Personal services                                     | 89,050                            | 488,404                                      | -                           | -                                    | -  | -              |
| Supplies  | 20,370                            | 173,618                                      | -                           | -                                    | -  | -              |
| Other services and charges                            | 10,644                            | 355,272                                      | 5,264                       | 245                                  | -  | -              |
| Debt service - principal and interest                 | -                                 | -  | -                           | -                                    | -  | -              |
| Capital outlay  | 524                               | 35,356                                       | -                           | -                                    | -  | -              |
| Other disbursements                                   | -                                 | 139  | -                           | -                                    | -  | 35,275         |
| Total disbursements                                   | 120,588                           | 1,052,789                                    | 5,264                       | 245                                  | -  | 35,275         |
| Excess (deficiency) of receipts over<br>disbursements | 20,772                            | (79,026)                                     | 12,731                      | 3,205                                | -  | (1,925)        |
| Cash and investments - ending                         | \$ 199,788                        | \$ 319,536                                   | \$ 30,448                   | \$ 19,352                            | \$ 14,995                                  | \$ 33,350      |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | 904101<br>Sheriff<br>Donation<br>Fund | Donations -<br>Monument<br>Restoration | DARE<br>Program | Special<br>Non-Reverting<br>Fund<br>for<br>DOC Housing | Sheriff<br>Donation | Solid<br>Waste -<br>Auditor |
|---|---------------------------------------|--|-----------------|--|---------------------|-----------------------------|
| Cash and investments - beginning                      | \$ 10,870                             | \$ 3,076                               | \$ 1,649        | \$ -   | \$ 100              | \$ 1,428                    |
| Receipts:   |                                       |  |                 |  |                     |                             |
| Taxes   | -                                     | -                                      | -               | -  | -                   | -                           |
| Licenses and permits                                  | -                                     | -                                      | -               | -  | -                   | -                           |
| Intergovernmental receipts                            | -                                     | -                                      | -               | -  | -                   | -                           |
| Charges for services                                  | -                                     | -                                      | -               | -  | -                   | 4,612                       |
| Fines and forfeits                                    | 784                                   | -                                      | -               | -  | -                   | -                           |
| Other receipts  | 33,280                                | -                                      | -               | 190,304  | -                   | -                           |
| Total receipts  | 34,064                                | -                                      | -               | 190,304  | -                   | 4,612                       |
| Disbursements:  |                                       |  |                 |  |                     |                             |
| Personal services                                     | -                                     | -                                      | -               | -  | -                   | -                           |
| Supplies  | -                                     | -                                      | -               | -  | -                   | 361                         |
| Other services and charges                            | 25,980                                | -                                      | 1,521           | -  | -                   | -                           |
| Debt service - principal and interest                 | -                                     | -                                      | -               | -  | -                   | -                           |
| Capital outlay  | -                                     | -                                      | -               | 183,087  | -                   | -                           |
| Other disbursements                                   | -                                     | -                                      | -               | -  | -                   | 315                         |
| Total disbursements                                   | 25,980                                | -                                      | 1,521           | 183,087  | -                   | 676                         |
| Excess (deficiency) of receipts over<br>disbursements | 8,084                                 | -                                      | (1,521)         | 7,217  | -                   | 3,936                       |
| Cash and investments - ending                         | \$ 18,954                             | \$ 3,076                               | \$ 128          | \$ 7,217   | \$ 100              | \$ 5,364                    |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|  | Solid<br>Waste -<br>Treas | Probation<br>Home<br>Monitoring | In Lieu<br>of Road<br>Bond | Solid<br>Waste<br>Fee -<br>Assessor | Surplus<br>Dog<br>Tax<br>Fund | Health<br>Clinic |
|--|---------------------------|---------------------------------|----------------------------|-------------------------------------|-------------------------------|------------------|
| Cash and investments - beginning                   | \$ 5,891                  | \$ 111,585                      | \$ 6,864                   | \$ 3,902                            | \$ 2,302                      | \$ 255           |
| Receipts:  |                           |                                 |                            |                                     |                               |                  |
| Taxes  | -                         | -                               | -                          | -                                   | -                             | -                |
| Licenses and permits                               | -                         | -                               | -                          | -                                   | -                             | -                |
| Intergovernmental receipts                         | -                         | -                               | -                          | -                                   | -                             | -                |
| Charges for services                               | 4,612                     | -                               | -                          | 4,612                               | -                             | -                |
| Fines and forfeits                                 | -                         | -                               | -                          | -                                   | -                             | -                |
| Other receipts                                     | -                         | 270,764                         | -                          | -                                   | -                             | -                |
| Total receipts                                     | <u>4,612</u>              | <u>270,764</u>                  | <u>-</u>                   | <u>4,612</u>                        | <u>-</u>                      | <u>-</u>         |
| Disbursements:                                     |                           |                                 |                            |                                     |                               |                  |
| Personal services                                  | -                         | 272,114                         | -                          | -                                   | -                             | -                |
| Supplies   | -                         | 784                             | -                          | -                                   | -                             | -                |
| Other services and charges                         | -                         | 4,805                           | -                          | -                                   | -                             | -                |
| Debt service - principal and interest              | -                         | -                               | -                          | -                                   | -                             | -                |
| Capital outlay                                     | 1,821                     | -                               | -                          | -                                   | -                             | -                |
| Other disbursements                                | -                         | -                               | -                          | -                                   | -                             | -                |
| Total disbursements                                | <u>1,821</u>              | <u>277,703</u>                  | <u>-</u>                   | <u>-</u>                            | <u>-</u>                      | <u>-</u>         |
| Excess (deficiency) of receipts over disbursements | <u>2,791</u>              | <u>(6,939)</u>                  | <u>-</u>                   | <u>4,612</u>                        | <u>-</u>                      | <u>-</u>         |
| Cash and investments - ending                      | <u>\$ 8,682</u>           | <u>\$ 104,646</u>               | <u>\$ 6,864</u>            | <u>\$ 8,514</u>                     | <u>\$ 2,302</u>               | <u>\$ 255</u>    |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | IDACS<br>(E-911) | Infraction<br>Judgement | Hazardous<br>Substance<br>Response | PTRC &<br>"HC"<br>Holding<br>Fund | Victim<br>Assistant | Superior<br>Court<br>Group<br>Home |
|---|------------------|-------------------------|------------------------------------|-----------------------------------|---------------------|------------------------------------|
| Cash and investments - beginning                      | \$ 5,820         | \$ 1,225                | \$ 276                             | \$ 80                             | \$ 103              | \$ 500                             |
| Receipts:   |                  |                         |                                    |                                   |                     |                                    |
| Taxes   | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Licenses and permits                                  | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Intergovernmental receipts                            | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Charges for services                                  | 3,500            | -                       | -                                  | -                                 | -                   | -                                  |
| Fines and forfeits                                    | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Other receipts  | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Total receipts  | 3,500            | -                       | -                                  | -                                 | -                   | -                                  |
| Disbursements:  |                  |                         |                                    |                                   |                     |                                    |
| Personal services                                     | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Supplies  | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Other services and charges                            | 1,398            | -                       | -                                  | -                                 | -                   | -                                  |
| Debt service - principal and interest                 | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Capital outlay  | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Other disbursements                                   | -                | -                       | -                                  | -                                 | -                   | -                                  |
| Total disbursements                                   | 1,398            | -                       | -                                  | -                                 | -                   | -                                  |
| Excess (deficiency) of receipts over<br>disbursements | 2,102            | -                       | -                                  | -                                 | -                   | -                                  |
| Cash and investments - ending                         | \$ 7,922         | \$ 1,225                | \$ 276                             | \$ 80                             | \$ 103              | \$ 500                             |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Adult<br>Protective<br>Service | Drug<br>Abuse<br>Prosec. | Hillcrest<br>Ins.<br>Settlement<br>2006 | DUI<br>Task<br>Force<br>2011 | Victims<br>Assistance<br>Grant | Co.<br>Health<br>Bioterrorism |
|---|--------------------------------|--------------------------|---|------------------------------|--------------------------------|-------------------------------|
| Cash and investments - beginning                      | \$ 11,450                      | \$ 123,610               | \$ 222,911                              | \$ 1,481                     | \$ 514                         | \$ 7,990                      |
| Receipts:   |                                |                          |   |                              |                                |                               |
| Taxes   | -                              | -                        | -                                       | -                            | -                              | -                             |
| Licenses and permits                                  | -                              | -                        | -                                       | -                            | -                              | -                             |
| Intergovernmental receipts                            | -                              | -                        | -                                       | 898                          | -                              | 16,251                        |
| Charges for services                                  | -                              | -                        | -                                       | -                            | -                              | -                             |
| Fines and forfeits                                    | -                              | -                        | -                                       | -                            | -                              | -                             |
| Other receipts  | -                              | 47,233                   | -                                       | -                            | -                              | -                             |
| Total receipts  | -                              | 47,233                   | -                                       | 898                          | -                              | 16,251                        |
| Disbursements:  |                                |                          |   |                              |                                |                               |
| Personal services                                     | -                              | 51,718                   | -                                       | 881                          | -                              | -                             |
| Supplies  | -                              | 2,778                    | -                                       | -                            | -                              | -                             |
| Other services and charges                            | -                              | 5,153                    | -                                       | -                            | -                              | 23,500                        |
| Debt service - principal and interest                 | -                              | -                        | -                                       | -                            | -                              | -                             |
| Capital outlay  | -                              | 1,455                    | -                                       | -                            | -                              | 367                           |
| Other disbursements                                   | -                              | -                        | -                                       | -                            | -                              | -                             |
| Total disbursements                                   | -                              | 61,104                   | -                                       | 881                          | -                              | 23,867                        |
| Excess (deficiency) of receipts over<br>disbursements | -                              | (13,871)                 | -                                       | 17                           | -                              | (7,616)                       |
| Cash and investments - ending                         | \$ 11,450                      | \$ 109,739               | \$ 222,911                              | \$ 1,498                     | \$ 514                         | \$ 374                        |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|  | EMA<br>Performance<br>Grant | Drug<br>Abuse   | Van<br>Go<br>Grant | Local<br>Emergency<br>Planning<br>Grant | Community<br>Correction<br>Grant<br>09 | IN<br>Criminal<br>Justice<br>Institute |
|--|-----------------------------|-----------------|--------------------|---|--|--|
| Cash and investments - beginning                   | \$ 891                      | \$ 36,223       | \$ -               | \$ 4,033                                | \$ 3,906                               | \$ (4,974)                             |
| Receipts:  |                             |                 |                    |   |  |  |
| Taxes  | -                           | -               | -                  | -                                       | -                                      | -                                      |
| Licenses and permits                               | -                           | -               | -                  | -                                       | -                                      | -                                      |
| Intergovernmental receipts                         | 21,265                      | -               | 487,072            | 12,392                                  | -                                      | 38,121                                 |
| Charges for services                               | -                           | -               | -                  | -                                       | -                                      | -                                      |
| Fines and forfeits                                 | -                           | 8,076           | -                  | -                                       | -                                      | -                                      |
| Other receipts                                     | -                           | -               | -                  | -                                       | -                                      | -                                      |
| Total receipts                                     | <u>21,265</u>               | <u>8,076</u>    | <u>487,072</u>     | <u>12,392</u>                           | <u>-</u>                               | <u>38,121</u>                          |
| Disbursements:                                     |                             |                 |                    |   |  |  |
| Personal services                                  | -                           | -               | -                  | -                                       | -                                      | 53,688                                 |
| Supplies   | -                           | -               | -                  | 812                                     | -                                      | -                                      |
| Other services and charges                         | -                           | -               | -                  | 12,576                                  | -                                      | -                                      |
| Debt service - principal and interest              | -                           | -               | -                  | -                                       | -                                      | -                                      |
| Capital outlay                                     | 41,489                      | -               | -                  | -                                       | -                                      | -                                      |
| Other disbursements                                | -                           | 44,299          | 487,072            | 25                                      | -                                      | -                                      |
| Total disbursements                                | <u>41,489</u>               | <u>44,299</u>   | <u>487,072</u>     | <u>13,413</u>                           | <u>-</u>                               | <u>53,688</u>                          |
| Excess (deficiency) of receipts over disbursements | <u>(20,224)</u>             | <u>(36,223)</u> | <u>-</u>           | <u>(1,021)</u>                          | <u>-</u>                               | <u>(15,567)</u>                        |
| Cash and investments - ending                      | <u>\$ (19,333)</u>          | <u>\$ -</u>     | <u>\$ -</u>        | <u>\$ 3,012</u>                         | <u>\$ 3,906</u>                        | <u>\$ (20,541)</u>                     |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Operation<br>Pull<br>Over | White<br>River<br>Valley<br>Drug<br>Task Force | Probation<br>LCC | Proslink<br>Implementation<br>Project | Disaster<br>Public<br>Assistance | 2011<br>Homeland<br>Security<br>Grant |
|---|---------------------------|--|------------------|---------------------------------------|----------------------------------|---------------------------------------|
| Cash and investments - beginning                      | \$ 204                    | \$ 670   | \$ 4,592         | \$ 2,496                              | \$ 1,142                         | \$ 210                                |
| Receipts:   |                           |  |                  |                                       |                                  |                                       |
| Taxes   | -                         | -  | -                | -                                     | -                                | -                                     |
| Licenses and permits                                  | -                         | -  | -                | -                                     | -                                | -                                     |
| Intergovernmental receipts                            | 12,845                    | -  | -                | -                                     | -                                | -                                     |
| Charges for services                                  | -                         | -  | -                | -                                     | -                                | -                                     |
| Fines and forfeits                                    | -                         | -  | -                | -                                     | -                                | -                                     |
| Other receipts  | -                         | -  | 4,000            | -                                     | -                                | -                                     |
| Total receipts  | 12,845                    | -  | 4,000            | -                                     | -                                | -                                     |
| Disbursements:  |                           |  |                  |                                       |                                  |                                       |
| Personal services                                     | 11,344                    | -  | -                | -                                     | -                                | -                                     |
| Supplies  | -                         | -  | 3,815            | -                                     | -                                | -                                     |
| Other services and charges                            | -                         | -  | -                | -                                     | -                                | -                                     |
| Debt service - principal and interest                 | -                         | -  | -                | -                                     | -                                | -                                     |
| Capital outlay  | -                         | -  | -                | -                                     | -                                | -                                     |
| Other disbursements                                   | -                         | -  | -                | -                                     | -                                | -                                     |
| Total disbursements                                   | 11,344                    | -  | 3,815            | -                                     | -                                | -                                     |
| Excess (deficiency) of receipts over<br>disbursements | 1,501                     | -  | 185              | -                                     | -                                | -                                     |
| Cash and investments - ending                         | \$ 1,705                  | \$ 670   | \$ 4,777         | \$ 2,496                              | \$ 1,142                         | \$ 210                                |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Court<br>Interpreter<br>Grant | CDBG-VU<br>Grant | Supplemental -<br>Sheriff<br>Inmate<br>Trust | Supplemental -<br>Sheriff<br>Commissary | Supplemental -<br>Sheriff<br>Buy<br>Money | Supplemental -<br>Clerk<br>Odyssey/Trust |
|---|-------------------------------|------------------|--|---|---|--|
| Cash and investments - beginning                      | \$ (156)                      | \$ -             | \$ 2,215                                     | \$ 17,680                               | \$ 295                                    | \$ 780,959                               |
| Receipts:   |                               |                  |  |   |   |  |
| Taxes   | -                             | -                | -  | -                                       | -   | -  |
| Licenses and permits                                  | -                             | -                | -  | -                                       | -   | -  |
| Intergovernmental receipts                            | 1,000                         | 129,756          | -  | -                                       | -   | -  |
| Charges for services                                  | -                             | -                | -  | -                                       | -   | -  |
| Fines and forfeits                                    | -                             | -                | -  | -                                       | -   | -  |
| Other receipts  | -                             | -                | 373,780                                      | 301,513                                 | -   | 2,359,989                                |
| Total receipts  | 1,000                         | 129,756          | 373,780                                      | 301,513                                 | -   | 2,359,989                                |
| Disbursements:  |                               |                  |  |   |   |  |
| Personal services                                     | -                             | -                | -  | -                                       | -   | -  |
| Supplies  | -                             | -                | -  | -                                       | -   | -  |
| Other services and charges                            | -                             | 129,756          | -  | -                                       | -   | -  |
| Debt service - principal and interest                 | -                             | -                | -  | -                                       | -   | -  |
| Capital outlay  | -                             | -                | -  | -                                       | -   | -  |
| Other disbursements                                   | 435                           | -                | 366,018                                      | 301,155                                 | -   | 2,399,655                                |
| Total disbursements                                   | 435                           | 129,756          | 366,018                                      | 301,155                                 | -   | 2,399,655                                |
| Excess (deficiency) of receipts over<br>disbursements | 565                           | -                | 7,762  | 358                                     | -   | (39,666)                                 |
| Cash and investments - ending                         | \$ 409                        | \$ -             | \$ 9,977                                     | \$ 18,038                               | \$ 295                                    | \$ 741,293                               |

KNOX COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2017

|   | Supplemental -<br>Clerk<br>ISETS | After<br>Settlement<br>Collections | Supplemental -<br>Landfill<br>Retainage | Supplemental -<br>Knox<br>County<br>Benefit Trust | 2015<br>Economic<br>Development<br>Bonds Dispute<br>Resolution Fund | Totals        |
|---|----------------------------------|------------------------------------|---|---|---|---------------|
| Cash and investments - beginning                      | \$ 5,050                         | \$ 1,189,606                       | \$ 27,734                               | \$ 277,314  | \$ 1,785,411  | \$ 29,637,083 |
| Receipts:   |                                  |                                    |   |   |   |               |
| Taxes   | -                                | -                                  | -                                       | -   | -   | 63,791,865    |
| Licenses and permits                                  | -                                | -                                  | -                                       | -   | -   | 153,632       |
| Intergovernmental receipts                            | -                                | -                                  | -                                       | -   | -   | 8,742,914     |
| Charges for services                                  | -                                | -                                  | -                                       | -   | -   | 2,607,554     |
| Fines and forfeits                                    | -                                | -                                  | -                                       | -   | -   | 1,695,510     |
| Other receipts  | 581,477                          | 1,208,614                          | 192                                     | 1,790,977   | 8,057   | 19,659,470    |
| Total receipts  | 581,477                          | 1,208,614                          | 192                                     | 1,790,977   | 8,057   | 96,650,945    |
| Disbursements:  |                                  |                                    |   |   |   |               |
| Personal services                                     | -                                | -                                  | -                                       | -   | -   | 15,969,002    |
| Supplies  | -                                | -                                  | -                                       | -   | -   | 2,780,687     |
| Other services and charges                            | -                                | -                                  | -                                       | -   | -   | 9,373,929     |
| Debt service - principal and interest                 | -                                | -                                  | -                                       | -   | -   | 50,000        |
| Capital outlay  | -                                | -                                  | -                                       | -   | -   | 3,222,182     |
| Other disbursements                                   | 580,956                          | 1,189,606                          | -                                       | 1,881,748   | -   | 65,743,467    |
| Total disbursements                                   | 580,956                          | 1,189,606                          | -                                       | 1,881,748   | -   | 97,139,267    |
| Excess (deficiency) of receipts over<br>disbursements | 521                              | 19,008                             | 192                                     | (90,771)  | 8,057   | (488,322)     |
| Cash and investments - ending                         | \$ 5,571                         | \$ 1,208,614                       | \$ 27,926                               | \$ 186,543  | \$ 1,793,468  | \$ 29,148,761 |

KNOX COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2017

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-------------------------|----------------------------|
| Governmental activities         | <u>\$ 998,821</u>       | <u>\$ 10,351</u>           |

KNOX COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2017

| Lessor                          | Purpose                         | Annual<br>Lease<br>Payment | Lease<br>Beginning<br>Date | Lease<br>Ending<br>Date |
|---------------------------------|---------------------------------|----------------------------|----------------------------|-------------------------|
| Governmental activities:        |                                 |                            |                            |                         |
| Caterpillar                     | 140M3 Grader                    | \$ 22,321                  | 01/26/2016                 | 01/26/2019              |
| Caterpillar                     | 140 Caterpillar Motor Grader    | 22,813                     | 03/23/2017                 | 04/03/2020              |
| Knox County Holding Corporation | Land for Industrial Park - 2001 | 256,000                    | 01/15/2012                 | 01/15/2021              |
| John Deere                      | Tractor Loader Boom             | <u>16,706</u>              | 04/03/2014                 | 04/03/2019              |
| Total of annual lease payments  |                                 | <u>\$ 317,840</u>          |                            |                         |

| Type  | Description of Debt | Purpose | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|---|---------------------|---------|--------------------------------|---|
| Governmental activities:                        |                     |         |                                |   |
| 2015 Taxable Economic Development Revenue Bonds | Duke Energy Project |         | \$ 27,000,000                  | \$ 1,282,500  |
| Notes and loans payable                         | Enhanced E911 Loan  |         | <u>69,097</u>                  | <u>69,097</u>                                       |
| Totals  |                     |         | <u>\$ 27,069,097</u>           | <u>\$ 1,351,597</u>                                 |

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

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

We have audited Knox County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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

**Report on Internal Control over Compliance**


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003, that we consider to be a material weakness.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

November 14, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

KNOX COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2017

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title   | Pass-Through Entity or Direct Grant           | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number       | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended                      |
|---|---|---------------------------|--|-----------------------------------|--|
| <u>Department of Housing and Urban Development</u>  |   |                           |  |                                   |  |
| Community Development Block Grants/State's program and<br>Non-Entitlement Grants in Hawaii<br>CDBG - SIDC Workforce Development   | Indiana Office of Community and Rural Affairs | 14.228                    | 38-DR2-09-283  | \$ -                              | \$ 129,756   |
| Total - Department of Housing and Urban Development   |   |                           |  | -                                 | 129,756  |
| <u>Department of the Interior</u>   |   |                           |  |                                   |  |
| Outdoor Recreation Acquisition, Development and Planning<br>Fox Ridge Park  | Indiana Department of Natural Resources       | 15.916                    | 3000R1180058900  | -                                 | 113,721  |
| Total - Department of the Interior  |   |                           |  | -                                 | 113,721  |
| <u>Department of Justice</u>  |   |                           |  |                                   |  |
| Crime Victim Assistance<br>2016 Victim Assistance   | Indiana Criminal Justice Institute            | 16.575                    | 03215VAGX006403  | -                                 | 38,121   |
| Total - Department of Justice   |   |                           |  | -                                 | 38,121   |
| <u>Department of Transportation</u>   |   |                           |  |                                   |  |
| Highway Planning and Construction Cluster<br>Highway Planning and Construction<br>Bridge #45 Repair<br>Bridge Inspection<br>Signs<br>Signs  | Indiana Department of Transportation          | 20.205                    | DES # 0301044<br>DES # 1297771<br>DES # 1383643<br>DES # 1400812 | -<br>-<br>-<br>-                  | 144,309<br>32,053<br>39,087<br>14,148                    |
| Total - Highway Planning and Construction Cluster   |   |                           |  | -                                 | 229,597  |
| Highway Safety Cluster<br>State and Community Highway Safety  | Indiana Criminal Justice Institute            | 20.600                    | 32NHTSA4022017   | -                                 | 12,844   |
| Alcohol Impaired Driving Countermeasures Incentive Grants I   | Indiana Criminal Justice Institute            | 20.601                    | 32NHTS405D2017   | -                                 | 898  |
| Total - Highway Safety Cluster  |   |                           |  | -                                 | 13,742   |
| Formula Grants for Rural Areas<br>Van Go Operating - 2016<br>Van Go Operating- 2017   | Indiana Department of Transportation          | 20.509                    | A249-16-G150146<br>A249-17-G160268                               | 83,663<br>267,260                 | 83,663<br>267,260  |
| Total - Formula Grants for Rural Areas  |   |                           |  | 350,923                           | 350,923  |
| Interagency Hazardous Materials Public Sector Training and Planning Grants<br>2016 HEMP   | Indiana Department of Homeland Security       | 20.703                    | 38517HMEPPLAN00  | -                                 | 6,135  |
| Total - Department of Transportation  |   |                           |  | 350,923                           | 600,397  |
| <u>Department of Health and Human Services</u>  |   |                           |  |                                   |  |
| Public Health Emergency Preparedness<br>2016 Cooperative Agreement<br>2017 Cooperative Agreement  | Indiana Department of Health                  | 93.069                    | 40093074PHEPA17<br>40093074PHEPA18                               | -<br>-                            | 7,251<br>9,000   |
| Total - Public Health Emergency Preparedness  |   |                           |  | -                                 | 16,251   |
| Child Support Enforcement<br>Prosecutor IV-D Expenditures<br>Clerk IV-D Expenditures<br>County General IV-D Indirect Costs<br>Prosecutor IV-D Incentives<br>Clerk IV-D Incentives<br>County IV-D Incentives | Indiana Department of Child Services          | 93.563                    | FY 2017<br>FY 2017<br>FY 2017<br>FY 2017<br>FY 2017<br>FY 2017   | -<br>-<br>-<br>-<br>-<br>-        | 97,811<br>20,371<br>36,839<br>19,554<br>15,728<br>25,197 |
| Total - Child Support Enforcement   |   |                           |  | -                                 | 215,500  |
| Total - Department of Health and Human Services   |   |                           |  | -                                 | 231,751  |
| <u>Department of Homeland Security</u>  |   |                           |  |                                   |  |
| Emergency Management Performance Grants<br>2016 Performance Grant   | Indiana Department of Homeland Security       | 97.042                    | 38516EMPG000000  | -                                 | 28,037   |
| Total - Department of Homeland Security   |   |                           |  | -                                 | 28,037   |
| Total federal awards expended   |   |                           |  | \$ 350,923                        | \$ 1,141,783   |

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

KNOX COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 deficiency identified?                   | none reported   |
| Noncompliance material to financial statement noted? | yes   |

Federal Awards:

|   |               |
|---|---------------|
| Internal control over major programs:   |               |
| Material weakness identified?   | yes           |
| Significant deficiency identified?  | none reported |
| Any audit findings disclosed that is required to be reported in accordance with section 2 CFR 200.516(a)? | yes           |

Identification of Major Programs and type of auditor's report issued on compliance for each:

| CFDA<br>Number | Name of Federal Program or Cluster  | Opinion<br>Issued        |
|----------------|---|--------------------------|
| 20.509         | Highway Planning and Construction Cluster<br>Formula Grants for Rural Areas | Unmodified<br>Unmodified |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

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

*Context*

The SEFA presented for audit contained the following errors:

1. Two federal programs with expenditures of \$343,318 were omitted.
2. Eight state grants with expenditures of \$256,544 were included in error.
3. Two federal programs' expenditures were overstated by \$14,247 in total.
4. Two federal programs' expenditures were understated by \$22,552 in total.
5. There were numerous errors in program names, project names, and/or identifying numbers.

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

*Criteria*

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

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

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

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

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

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

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*Recommendation*

We recommended that the County's management establish controls related to the preparation of the SEFA.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

*Condition*

The County did not have a proper system of internal control in place to ensure the completeness and accuracy of the transactions recorded in the funds ledger maintained by the County Auditor and to prevent, or detect and correct, errors on the Annual Financial Report (AFR) and the financial statement.

The County Auditor entered and submitted the financial information for the County into the Indiana Gateway for Government Units (Gateway) financial reporting system. This information was used to compile the County's AFR and financial statement. There was no evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the information entered and submitted into Gateway.

There was no evidence of a control, such as an oversight, review, or approval process to ensure that all funds of the County were recorded in the funds ledger. The cash and investment transactions of several county funds were not recorded in the funds ledger maintained by the County Auditor. Receipts, disbursements, and cash and investment balances of the Supplemental - Landfill Retainage fund, Supplemental - Knox County Benefit Trust fund, and the 2015 Economic Development Bonds Dispute Resolution Fund were not recorded. In addition, investments of the Cumulative Drainage and the Reassessment - 2015 funds, including interest earned and any investment gains/losses, were not recorded.

*Context*

Due to the lack of controls, the following errors occurred on the financial statement:

1. The disbursements reported for one fund was incorrect and did not agree with the records maintained and resulted in an incorrect ending balance.

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. The receipts, disbursements, and balances for all supplemental departments were not reported in the financial statement.
3. Investments for the Cumulative Drainage and Reassessment - 2015 funds, in addition to interest earned on those investments, were not reported.
4. The receipts, disbursements, and cash and investment balance of the 2015 Economic Development Bonds Dispute Resolution Fund were not reported.

The net difference of the errors resulted in an understatement of reported receipts and disbursements of \$6,625,631 and \$6,896,638, respectively; an understatement of the beginning cash and investment balance of \$4,752,170, and an understatement of the ending balance of \$4,481,163.

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

*Criteria*

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

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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

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

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management of the County had not established a proper system of internal control to ensure that all transactions of the County's funds were recorded in the funds ledger and that the information reported in the AFR and financial statement was accurate.

*Effect*

The failure to establish controls enabled the County's funds ledger to be incomplete and enabled misstatements of the AFR and financial statement to remain undetected. The errors are identified in the *Context*.

*Recommendation*

We recommended that the County establish a system of internal controls related to financial transactions and reporting.

*Views of Responsible Officials*

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

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

**FINDING 2017-003**

Subject: Highway Planning and Construction Cluster - Cash Management

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): DES # 0301044, DES # 1297771,  
DES # 1383643, DES # 1400812

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Cash Management

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-003.

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

The County was required to request reimbursement from the Indiana Department of Transportation using the LPA Invoice-Voucher (voucher). The vouchers listed the gross amount of the claims paid by the County and calculated the percentage of federal share that was reimbursable. The Employee in Responsible Charge (ERC) prepared the vouchers and signed them. There were no procedures in place, such as an oversight, review, or approval process, to ensure the accuracy of the vouchers.

KNOX COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls was a systemic issue throughout the audit period.

*Criteria*

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the Cash Management compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



# KNOX COUNTY AUDITOR

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-001**

Fiscal year in which the finding initially occurred: 2014

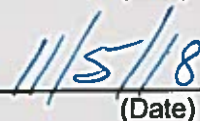
Contact Person Responsible for Corrective Action: Lisa Madden, Knox County Auditor

Contact Phone Number: 812-885-2502

Status of Audit Finding: The corrective action is still in progress and should be achieved for the next audited year of 2018.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



# KNOX COUNTY AUDITOR

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 7

VINCENNES, IN 47591

(812) 885-2502

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-002**

Fiscal year in which the finding initially occurred: 2014

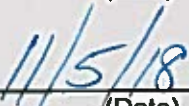
Contact Person Responsible for Corrective Action: Lisa Madden, Knox County Auditor

Contact Phone Number: 812-885-2502

Status of Audit Finding: The corrective action is still in progress and should be achieved for the next audited year of 2018. .

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



# Knox County Highway Department

1472 North State Road 67, Vincennes, IN 47591 Office: 812.882.2884 Fax: 812.882.2496

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-003**

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Transportation

Contact Person Responsible for Corrective Action: Bill Horner

Contact Phone Number: 812-882-2884

Status of Audit Finding:

Internal controls were already put in place during the 2018 calendar year.

  
\_\_\_\_\_  
(Signature)

Administrative Assistant  
(Title)

10-25-18  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



## KNOX COUNTY Auditor

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502

### CORRECTIVE ACTION PLAN

#### **FINDING 2017-001**

Contact Person Responsible for Corrective Action: Lisa Madden, Knox County Auditor  
Contact Phone Number: 812-885-2502

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


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

2017-001: 1) As Auditor, along with my Deputy Auditor, we will be working together to ensure accurate reporting on the SEFA.

Anticipated Completion Date: 11/14/18

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



# KNOX COUNTY AUDITOR

LISA G. MADDEN

COURTHOUSE

111 N. SEVENTH STREET, STE. 5

VINCENNES, IN 47591

(812) 885-2502

## CORRECTIVE ACTION PLAN

### **FINDING 2017-002**

Contact Person Responsible for Corrective Action: Lisa Madden, Knox County Auditor  
Contact Phone Number: 812-885-2502

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

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

2017-002: 1) As Auditor, along with my Deputy Auditor, we will be working together to ensure accurate reporting on all funds after discussion with SBOA, we now have an understanding on how to complete the correct reporting of all funds on Gateway. All county funds will be maintained on the ledger.

Anticipated Completion Date: 11/14/18

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



# Knox County Highway Department

1472 North State Road 67, Vincennes, IN 47591 Office: 812.882.2884 Fax: 812.882.2496

## CORRECTIVE ACTION PLAN

### **FINDING 2017-003**

Contact Person Responsible for Corrective Action: Bill Horner  
Contact Phone Number: 812-882-2884

Views of Responsible Official: We concur with the finding

### Description of Corrective Action Plan:

LPA Vouchers, along with invoices, will be initialed by a second person as an internal control before submitting the information to Indiana Department of Transportation for reimbursement.

Anticipated Completion Date: Immediate

  
\_\_\_\_\_  
(Signature)

*Administrative Assistant*  
\_\_\_\_\_  
(Title)

*10-29-18*  
\_\_\_\_\_  
(Date)

#### OTHER REPORTS

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