

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF KNOX

STARKE COUNTY, INDIANA

January 1, 2018 to December 31, 2019



**FILED**  
10/20/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeffery Houston Cynthia Kidder	01-01-18 to 12-31-19 01-01-20 to 12-31-20
Mayor	James (Dennis) Estok	01-01-18 to 12-31-20
President of the Board of Public Works	James (Dennis) Estok	01-01-18 to 12-31-20
President Pro Tempore of the Common Council	Ronald Parker Jeff V. Berg	01-01-18 to 12-31-19 01-01-20 to 12-31-20
Utility-Clerk	Cheryl Runkle	01-01-18 to 12-31-20
City Court Judge	The Honorable Charles F. Hasnerl	01-01-18 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the City of Knox (City), for the period from January 1, 2018 to December 31, 2019. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

September 2, 2020

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CLERK-TREASURER  
CITY OF KNOX

CLERK-TREASURER  
CITY OF KNOX  
AUDIT RESULTS AND COMMENTS

**MOTOR VEHICLE HIGHWAY-RESTRICTED FUND**

*Condition and Context*

In 2019, the City paid wages and payroll taxes from the MVH-Restricted fund. Review of fund 203 (MVH-Restricted) determined ten checks, totaling \$6,498, were used to pay for wages and payroll taxes.

*Criteria*

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

**ORDINANCES AND RESOLUTIONS**

*Condition and Context*

Testing of utility billings determined the City did not follow its ordinance regarding billings. Of the 25 customers tested, 2 customers were not billed penalties, 1 customer was not billed for tax on water, and 1 customer was not billed the correct amount per the Rate Ordinance.

*Criteria*

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

CLERK-TREASURER  
CITY OF KNOX  
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2020, with Cynthia Kidder, Clerk-Treasurer; Jeffrey Houston, former Clerk-Treasurer; James (Dennis) Estok, Mayor; Cheryl Runkle, Utility Clerk; and Jeff V. Berg, President Pro Tempore of the Common Council.

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CITY COURT  
CITY OF KNOX

CITY COURT  
CITY OF KNOX  
AUDIT RESULT AND COMMENT

**RECONCILIATION OF SUBSIDIARY LEDGERS**

A similar comment also appeared in prior Report B50985, entitled *RECONCILIATION OF SUBSIDIARY LEDGERS*.

*Condition and Context*

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

	December 31, 2018	December 31, 2019
Trust		
Balance per Cash Book	\$ 51,030	\$ 51,030
Balance per Trust Register	33,257	33,257
Difference - cash long	\$ 17,773	\$ 17,773
Cash Bonds		
Balance per Cash Book	\$ 59,171	\$ 52,895
Balance per Bond Register	68,209	64,800
Difference - cash short	\$ (9,038)	\$ (11,905)

*Criteria*

REGISTER OF TRUST FUNDS (GENERAL FORM NO. 102) - This record is commonly referred to as the "trust fund register." It is a register wherein money received for the benefit of all persons or parties is entered in detail. The posting to this record is made from the duplicate receipts and checks and from the trust column of the court cash book. Items entered in other columns of the cash book must not be posted in the trust fund register. The total of all unpaid items as shown by the trust fund register must agree with the balance in trust as shown by the court cash book. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

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

CITY COURT  
CITY OF KNOX  
EXIT CONFERENCE

The contents of this report were discussed on September 2, 2020, with The Honorable Charles F. Hasnerl, City Court Judge, and Angela Jesuit, City Court Clerk.