

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

KNOX COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
01/24/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Micheal P. Morris	01-01-19 to 12-31-22
County Treasurer	Brenda Hall Cendy Joslin	01-01-20 to 12-31-20 01-01-21 to 12-31-22
Clerk of the Circuit Court	David Shelton	01-01-19 to 12-31-22
County Sheriff	Doug Vantlin	01-01-19 to 12-31-22
County Recorder	Lisa Clark-Benock	01-01-19 to 12-31-22
President of the Board of County Commissioners	Kellie Streeter Trent Hinkle Kellie Streeter	01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22
President of the County Council	Robert Lechner Harry Nolting	01-01-20 to 12-31-21 01-01-22 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF KNOX COUNTY, INDIANA

This report is supplemental to our audit report of Knox County (County), for the period from January 1, 2020 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinions on the County'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

January 13, 2022

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COUNTY AUDITOR  
KNOX COUNTY

COUNTY AUDITOR  
KNOX COUNTY  
AUDIT RESULTS AND COMMENTS

**ACCOUNTING AND APPROPRIATION OF COVID-19 GRANTS**

*Condition and Context*

The County did not properly account for the COVID-19 - Coronavirus Relief Fund (CRF) in accordance with the options outlined in the State Examiner Directive 2020-3 (Directive).

The County created a fund that they entitled CARES Provider Relief Fund. The CARES Provider Relief Fund name is reserved for a specified CARES purpose and should be numbered 8900. In this case it was numbered 8901, and instead of being used for CARES Provider Relief purposes was used to account for the CRF money received from the Indiana Finance Authority (IFA). While the naming convention was incorrect, the fund number would be appropriate for IFA receipts.

The County adopted Resolution 2020-13 to utilize prescribed option two to account for public health and safety payroll costs. The County receipted the Indiana Finance Authority (IFA) payroll reimbursement of \$919,473 into the 8901 fund. The County then transferred \$406,914 from this fund to the General fund. However, the remaining payroll reimbursement remained in the 8901 fund and covered non-payroll related expenditures, totaling \$512,559, which were expended without appropriation.

*Criteria*

Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

**Option One.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . .**

COUNTY AUDITOR  
KNOX COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**Option Two.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020.** (State Examiner Directive 2020-3)

#### **CAPITAL ASSETS**

The same comment also appeared in prior Reports B53174 and B55339.

##### *Condition and Context*

The County had not properly maintained a complete listing of all capital assets owned. Adjustments for additions and deletions had not been made to the capital assets record since 2013, nor was a physical inventory of capital assets performed. Also, the County did not have a policy that details a threshold at which an item is considered a capital asset.

##### *Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
KNOX COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2022, with Micheal P. Morris, County Auditor; Julie Lancaster, Bookkeeper; Harry Nolting, President of the County Council; Jay Yochum, County Council member; David Culp, County Council member; Trent Hinkle, County Commissioner; and Cendy Joslin, County Treasurer.

BOARD OF COUNTY COMMISSIONERS  
KNOX COUNTY

BOARD OF COUNTY COMMISSIONERS  
KNOX COUNTY  
AUDIT RESULT AND COMMENT

**CAPITAL ASSETS**

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BOARD OF COUNTY COMMISSIONERS  
KNOX COUNTY  
EXIT CONFERENCE

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