

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

EXAMINATION REPORT
OF
COUNTY COUNCIL
SWITZERLAND COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
11/15/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Michael L. Jones	01-01-08 to 12-31-10
President of the Board of County Commissioners	Kenton C. Banta Brian L. Morton	01-01-08 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SWITZERLAND COUNTY

We have examined the records of the County Council for the period from January 1, 2008 to December 31, 2009, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Switzerland County for the years 2008 and 2009.

STATE BOARD OF ACCOUNTS

August 24, 2010

COUNTY COUNCIL
SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS

REVENUE SHARING WITH NOT-FOR-PROFIT ENTITIES

The County Council authorized revenue sharing distributions from the Riverboat Fund to the following not-for-profit entities:

- (1) On February 10, 2001, the County Council amended an agreement for the distribution of Riverboat Funds so that 80% of the amount originally designated for townships would be donated to the Switzerland County Fire Chief's Corporation. The Switzerland County Fire Chief's Corporation is a not-for-profit corporation established to distribute County contributions of riverboat donations to the various volunteer fire companies in Switzerland County. In 2008 and 2009, distributions in the amounts of \$713,950 and \$702,231, respectively, were paid to the Switzerland County Fire Chief's Corporation under this agreement.
- (2) In 2008 and 2009, distributions of Riverboat Funds were, also, made to Switzerland County Emergency Services in the amounts of \$379,409 and \$375,894, respectively, and to the Switzerland County YMCA in the amounts of \$200,864 and \$199,003, respectively.
- (3) In 2009, the County Council made distributions of Riverboat Funds to the Vevay American Legion and the Veteran's of Foreign Wars (VFW). Each organization received \$9,238.

Based on the following statutes, not-for-profits are not eligible to receive revenue sharing distributions from the Riverboat Fund:

IC 4-33-13-6(b) regarding wagering taxes states in part: "This chapter does not prohibit the . . . county designated as the home dock of the riverboat from entering into agreements with other units of local government . . . to share the . . . county's part of the tax revenue received under this chapter."

IC 36-1-2-23 states: "Unit's means county, municipality, or township."

A similar comment was reported in prior Reports B26873, B29136, B31456 and B33545.

DONATIONS

The County Council authorized donations totaling \$505,024 from the Riverboat Fund to various not-for-profit entities during the years 2008 and 2009 without a contract or agreement showing what services would be provided as follows:

COUNTY COUNCIL
SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Entity	2008	2009	Totals
YMCA	\$ 60,000	\$ 30,000	\$ 90,000
Switzerland County Emergency Services	42,157	88,367	130,524
Swiss Friends of Animals	6,000	-	6,000
Switzerland County Public Library	50,000	-	50,000
Swiss Wine Festival	12,500	12,500	25,000
Vevay Mainstreet	7,000	7,000	14,000
Lifetime Resources	10,000	10,000	20,000
Switzerland County Salvation Army	5,000	3,000	8,000
Switzerland County Tourism	75,000	75,000	150,000
Switzerland County After Prom	2,000	2,000	4,000
Historic Vevay Indiana	-	7,500	7,500
Totals	<u>\$ 269,657</u>	<u>\$ 235,367</u>	<u>\$ 505,024</u>

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

In addition to the Accounting and Uniform Compliance Guidelines cited, the Indiana Code provisions cited in the previous Examination Result and Comment (titled "Revenue Sharing with Not-For-Profit Entities") pertaining to not-for-profits eligibility to receive revenue sharing distributions from the Riverboat Fund:

IC 4-33-13-6(b) regarding wagering taxes states in part: "This chapter does not prohibit the . . . county designated as the home dock of the riverboat from entering into agreements with other units of local government . . . to share the . . . county's part of the tax revenue received under this chapter."

IC 36-1-2-23 states: "Unit means county, municipality, or township."

A similar comment was reported in prior Reports B29136, B31456 and B33545.

COUNTY COUNCIL
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EXAMINATION RESULTS AND COMMENTS
(Continued)

DONATION TO COMMUNITY FOUNDATION

Beginning in 2006, the County Council approved gaming tax revenue sharing as a method of donating funds to the Switzerland County Community Foundation (Community Foundation). At their meeting on December 7, 2005, the County Council approved two separate gaming tax revenue sharing distributions to the Switzerland County Community Foundation (Community Foundation). According to the County Auditor, beginning in 2006, the distributions were made for the purpose of providing operating expenses for the Community Foundation and for an amount to be held by the Community Foundation to be used for infrastructure programs in the unincorporated area known as Florence.

In 2008 and 2009, the total distributions made to the Community Foundation for operating expenses of the Community Foundation were \$175,246 and the total amount distributed to the Community Foundation to provide infrastructure programs in the unincorporated Town of Florence was \$83,631.

There was no documentation presented for examination showing the Community Foundation was required to hold the donation as a permanent endowment.

IC 36-1-14-1(c) states in part:

". . . the unit may donate . . . gaming revenue to a foundation under the following conditions:

(3) The foundation agrees to do the following:

(A) Hold the donation as a permanent endowment.

(B) Distribute the income from the donation only to the unit as directed by resolution of the fiscal body of the unit. . . ."

A similar comment was reported in prior Reports B29136, B31456 and B33545.

COUNTY COUNCIL
SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2010, with Darrell Hansel, County Council member, and Rachel A. Schuler, Auditor. The officials concurred with our examination findings.