

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

AUDIT REPORT

OF

COUNTY COUNCIL

SWITZERLAND COUNTY, INDIANA

January 1, 2012 to December 31, 2012



**FILED**

02/26/2014



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Michael L. Jones	01-01-12 to 12-31-13
President of the Board of County Commissioners	Brian L. Morton Mark Lohide	01-01-12 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SWITZERLAND COUNTY

We have audited the records of the County Council for the period from January 1, 2012 to December 31, 2012, 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 Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Switzerland County for the year 2012.

STATE BOARD OF ACCOUNTS

December 17, 2013

COUNTY COUNCIL  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROL - FINANCIAL ASSISTANCE TO ENTITIES**

The County Council has been the governing body primarily responsible for authorizing financial assistance to various governmental and non-governmental entities. During the year 2012, the County provided financial assistance to governmental and non-governmental entities from their Riverboat Revenue Sharing Fund and their Riverboat Fund. However, the County did not enter into contracts, grant agreements, or memorandums of understanding describing the purpose of the financial assistance or how the financial assistance was to be used. In addition, without a contract, grant agreement, or memorandum of understanding, there is no guarantee that the entities were adequately informed of the reporting and examination requirements in Indiana Code 5-11-1.

A contract, grant agreement, or memorandum of understanding is a starting point in establishing internal controls to provide assurance that public funds paid to other entities are being used for intended public purposes. The County made the following payments to governmental and non-governmental entities from its Riverboat Revenue Sharing Fund and its Riverboat without a contract, grant agreement, or memorandum of understanding during the year 2012:

Entity	Fund		Totals
	Riverboat Revenue Sharing	Riverboat	
Switzerland County Fire Chief's Association (1)	\$ 310,641	\$ 299,787	\$ 610,428
Switzerland County Public Library (2)	26,962	10,810	37,772
Switzerland County YMCA (1)	127,713	51,207	178,920
YMCA Debt (3) (1)		425,000	425,000
Vevay American Legion (1)	14,190	5,690	19,880
Veteran's of Foreign Wars (1)	14,190	5,690	19,880
Switzerland County 4-H (1)	53,925	21,621	75,546
Safe Passage (1)	-	5,000	5,000
Heart House (1)	-	5,000	5,000
American Legion Auxiliary (1)	-	1,000	1,000
<b>Totals</b>	<b><u>\$ 547,622</u></b>	<b><u>\$ 830,804</u></b>	<b><u>\$ 1,378,426</u></b>

Note to Schedule:

- (1) Nongovernmental Entity.
- (2) Governmental Entity.
- (3) Payment on debt was made to U.S. Department of Agriculture - Rural Development.

A similar comment appeared in prior Report B41780.

COUNTY COUNCIL  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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

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

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 of Indiana, Chapter 1)

Indiana Code 5-11-1-16(a) states in part: "As used in this article, 'municipality' means any county . . . or other political subdivision of Indiana."

Indiana Code 5-11-1-24 (f) states: "The state or a municipality may not enter into a contract with an entity subject to examination under this chapter if the contract does not permit the examinations and require the reports prescribed by this chapter."

**PAYMENTS TO COMMUNITY FOUNDATIONS**

The County Council authorized gaming revenue deposited in the Riverboat Fund to be paid to the Community Foundations (Foundation) during the year 2012 listed below. Payments to community foundation are normally held in a permanent endowment. The following are payments made to the Foundation during 2012:

*Community Foundation of Switzerland County*

1. Based on paid Accounts Payable Vouchers, a total of \$76,280 was paid to support education, community development, health and human services, the arts, and culture programs. An agreement between the County and the Foundation made provisions for the County payments to be receipted into the Foundation's "Quality of Life Improvement Fund." This fund is an endowment fund which the Foundation receipts gifts and donations into. The distributions from the fund are made from the annual distributable dollars of the fund. The disbursements including administrative and investment cost at the discretion of the Foundation.
2. Based on a paid Accounts Payable Voucher, the County paid the Foundation \$30,000 for the EcO15 project. This payment was for the Foundation's local matching funds for an EcO15 grant. A contractual agreement supporting to payment was not presented for audit.
3. Based on paid Accounts Payable Vouchers, a total of \$38,140 was paid for the cost of infrastructure programs in the unincorporated area called Florence. An agreement between the County and Foundation made provisions for the County's payment to be receipted into the Foundation's "Town of Florence, Non-permanent Fund." These funds are to support the infrastructure programs within the unincorporated area called Florence. The Foundation will serve as the fiscal agent of the funds. Any distributions are at the direction of the Foundation.

COUNTY COUNCIL  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Vevay Switzerland County Foundation*

Based on paid Accounts Payable Vouchers, a total of \$235,008 was paid to the Foundation without any contractual agreement or other supporting documentation describing the purposes of the payments being presented.

A similar comment appeared in prior Report B41780.

Indiana Code 36-1-14-1(c) states in part:

". . . a 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 . . ."

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 of Indiana, Chapter 1)

COUNTY COUNCIL  
SWITZERLAND COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2013, with Michael L. Jones, President of the County Council; Patrick S. Lyons, County Commissioner; and Gayle A. Rayles, Auditor. The officials concurred with our audit findings.