

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

EXAMINATION REPORT
OF
COUNTY COUNCIL
SWITZERLAND COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
12/28/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Michael L. Jones	01-01-06 to 12-31-07
President of the Board of County Commissioners	H. Craig Bond	01-01-06 to 12-31-07



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, 2006 to December 31, 2006, 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 year 2006.

STATE BOARD OF ACCOUNTS

November 13, 2007

COUNTY COUNCIL
SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS

REVENUE SHARING WITH NOT-FOR-PROFIT ENTITIES

The County made 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. During 2006, \$793,278 was paid to the Switzerland County Fire Chief's Corporation under this agreement.
- (2) Distributions of Riverboat Funds were also made to the Switzerland County Emergency Services and the Switzerland County YMCA in the amounts of \$417,957 and \$221,272, respectively.

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

Indiana Code 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."

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

A similar comment was reported in prior Report B29136.

DONATIONS TO NOT-FOR-PROFIT ENTITIES

The County donated \$414,480 from the Riverboat Fund to various not-for-profit entities during 2006 without a contract or agreement showing what services the not-for-profit would provide.

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 pertaining to not-for-profits eligibility to receive revenue sharing distributions from the Riverboat Fund also applies as follows:

COUNTY COUNCIL
SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

Indiana Code 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."

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

A similar comment was reported in prior Report B29136.

DONATION/LOAN TO REGIONAL SEWER DISTRICT

The County donated \$30,000 to the East Enterprise Regional Sewer District for the purpose of providing matching funds for a Federal Grant. A loan was also made by the County to the East Enterprise Regional Sewer District in the amount of \$50,000 to be used for the District's routine operating expenses. The East Enterprise Regional Sewer District has been in operation for several years.

Indiana Code 13-26-7-2 states:

"A local, state, or federal agency or person may advance or give a district money to be used by the district for the following purposes:

- (1) The preparation of a plan for the operation of the district.
- (2) Other purposes of the district until the district is in receipt of revenue from its operations or proceeds from the sale of bonds."

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

A similar comment was reported in prior Report B29136.

DONATION TO COMMUNITY FOUNDATION

Beginning in the year 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 Community Foundation (Community Foundation). According to the County Auditor the distributions were for the following purposes beginning in 2006:

- (1) One percent (1%) of gaming taxes is to be used for the operating expenses of the Community Foundation.
- (2) One-half percent (0.5%) of gaming taxes was to be held by the Community Foundation to be used for infrastructure programs in the unincorporated area known as Florence.

COUNTY COUNCIL
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EXAMINATION RESULTS AND COMMENTS
(Continued)

In 2006, \$98,343 was donated to the Switzerland County Community Foundation for operation of the Foundation and \$49,171 was donated to the Switzerland County Community Foundation for the unincorporated Town of Florence for providing infrastructure.

Based on the above information, there is no requirement for the donations to be held as a permanent endowment by the Community Foundation.

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

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

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 Report B29136.

COUNTY COUNCIL
SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 13, 2007, with Michael L. Jones, President of the County Council. The official concurred with our examination findings.