

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

OHIO COUNTY, INDIANA

January 1, 2014 to December 31, 2016



FILED
03/01/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Connie L. Smith Debra A. Cappel	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Treasurer	Yvonne Walton	01-01-13 to 12-31-20
Clerk of the Circuit Court	Annie J. Jackson Jamie Stegemiller	01-01-13 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	Eldon C. Fancher Glen Potts	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Rhonda Brown Doris Young	01-01-13 to 06-09-14 06-10-14 to 12-31-18
President of the Board of County Commissioners	Connie J. Brown	01-01-14 to 12-31-18
President of the County Council	Douglas A. Baker Tamara J. Elbright	01-01-14 to 12-31-14 01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF OHIO COUNTY, INDIANA

This report is supplemental to our examination report of Ohio County (County), for the period from January 1, 2014 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statements Examination Report of the County, which provides our opinion on the County's financial statements. This report may be found at 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

January 16, 2018

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COUNTY AUDITOR
OHIO COUNTY

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OHIO COUNTY
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

An effective internal control system, including segregation of duties, over Financial Close and Reporting was not in place at the County. The County Auditor entered the financial information into Gateway. There was no evidence of an oversight, review, or approval process to ensure the submission to Gateway was accurate and agreed with the financial records.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

COUNTY AUDITOR
OHIO COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2018, with Debra A. Cappel, County Auditor; Connie J. Brown, President of the Board of County Commissioners; Tamara J. Elbright, President of the County Council; Dill Dorrell, County Council member; and Connie L. Smith, former County Auditor.

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BOARD OF COUNTY COMMISSIONERS
OHIO COUNTY

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OHIO COUNTY
EXAMINATION RESULT AND COMMENT

REVENUE SHARING OF RIVERBOAT FUNDS

The same comment also appeared in prior Reports B45265 and B45266.

The County has established a Riverboat fund. The sources of funds for the Riverboat fund include Admission Taxes the County receives under Indiana Code 4-33-12 and revenue sharing distributions received from the City of Rising Sun.

During the years 2014, 2015, and 2016, the County Council and the Board of County Commissioners approved distributions of \$549,906, \$200,697, and \$172,327, respectively, from the Riverboat fund to various governmental entities.

County officials presented for examination an interlocal cooperation agreement between the City of Rising Sun and Ohio County, dated July 24, 1996, whereby the County committed 50 percent of County admission tax imposed under Indiana Code 4-33-12-1 to share with other local governmental entities as the County's authorization for the distribution of monies from the Riverboat fund to various government entities.

Indiana Code 4-33-12 does not contain provisions authorizing a county to enter into agreements with units of local governments to share a county's share of admission taxes.

In addition, the authorization to enter into revenue sharing agreements with other governmental units is limited to monies received from Wagering Taxes by the county or city designated as the home dock. Ohio County is not designated as the home dock and does not receive Wagering Taxes.

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

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance and Guidelines Manual for Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
OHIO COUNTY
EXIT CONFERENCE

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COUNTY COUNCIL
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