

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GIBSON COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**

08/12/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Sherri Smith	01-01-17 to 12-31-20
County Treasurer	Mary B. Key Mary O'Neal	01-01-15 to 12-31-18 01-01-19 to 12-31-22
Clerk of the Circuit Court	James R. Morrow	01-01-15 to 12-31-22
County Sheriff	Timothy Bottoms	01-01-15 to 12-31-22
County Recorder	Tonya Thompson	01-01-15 to 12-31-22
President of the Board of County Commissioners	Alan Douglas Stephen E. Bottoms	01-01-18 to 12-31-18 01-01-19 to 12-31-19
President of the County Council	Jay Riley	01-01-18 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GIBSON COUNTY, INDIANA

This report is supplemental to our audit report of Gibson County (County), for the period from January 1, 2018 to December 31, 2018. 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 opinion 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

June 26, 2019

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BOARD OF COUNTY COMMISSIONERS  
GIBSON COUNTY

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GIBSON COUNTY  
AUDIT RESULT AND COMMENT

***TRAINING ON INTERNAL CONTROL STANDARDS***

This same comment appeared in prior Report B50822.

The County passed ordinance 2016-05 which states in part, ". . . 7. The Auditor shall certify that all personnel and Department heads have received training concerning Uniform Internal Control Standards for Indiana Political Subdivisions as required by Indiana Code 5-11-1-17 (g) (2) . . ." The County failed to ensure that all personnel and Department heads received the training.

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](#).

BOARD OF COUNTY COMMISSIONERS  
GIBSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2019, with Stephen E. Bottoms, President of the Board of County Commissioners; Mary B. Key, County Commissioner; Sherri Smith, County Auditor; D. Craig Pflug, Vice President of the County Council; and James G. McDonald, County Attorney.

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COUNTY REDEVELOPMENT COMMISSION  
GIBSON COUNTY

COUNTY REDEVELOPMENT COMMISSION  
GIBSON COUNTY  
AUDIT RESULT AND COMMENT

***TAX INCREMENT FINANCING (TIF) ALLOCATION FUND USES***

A similar comment appeared in prior reports B47368 and B50822, entitled *TAX INCREMENT FINANCING (TIF) ALLOCATION FUND USES*.

The County Redevelopment Commission authorized expenditures for the following projects during the audit period. None of the projects listed below were located within the allocation area, nor was documentation provided for audit that showed a determination was made by the County Redevelopment Commission that the projects would serve the allocation area.

- No additional funds were allocated during the audit period for the multiple projects with the Gibson County Horticultural and Agricultural Society, Inc. However, during the audit period, \$812,392 was expended for a new Gibson County Convention/Events Center and other improvements to the fairgrounds.
- A project with Ivy Tech Community College of Indiana for an amount not to exceed \$100,000 a year. During 2018, \$100,784 was expended for welding lab equipment.
- Allocated \$2,600,000 in prior years to establish the I-69 Corridor Economic Development Area. During the audit period, \$203,101 was spent on engineering services for survey, design, and right-of-way.
- In March 2018, \$120,000 was allocated to pave County Road 100W. During the audit period, \$89,570 was spent on the paving project.
- During the audit period, \$97,215 was spent on engineering services for survey, design, and right-of-way for the paving of County Road 800S.
- In March 2018, \$160,000 was allocated to pave County Road 925S. During the audit period, \$139,539 was spent on the paving project.
- In January 2018, approved a bond for the CWK Investments/Fort Branch Apartment Project for \$750,000, plus an additional \$75,000 for soft costs, for a total of \$825,000. During the audit period, \$75,000 was paid in attorney services. Additionally, \$750,000 was spent on the Train Station Apartments.

COUNTY REDEVELOPMENT COMMISSION  
GIBSON COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

- In January 2018, approved to fund the White Church Housing Project, not to exceed \$1,128,000. During the audit period, \$305,978 was spent on the housing project.
- In January 2018, approved to fund the Baldwin Heights Project, not to exceed \$185,250. During the audit period, no funds were disbursed on this project.

The power of a redevelopment commission to expend redevelopment funds, such as TIF funds, is limited to the express statutory powers as set forth in Indiana Code 36-7-14, *Redevelopment Commission of the Town of Munster, Indiana, v. Indiana State Board of Accounts and Paul D. Joyce, State Examiner of State Board of Accounts*, 28 N.E.3d 272 (Ind. App., 2015). Redevelopment does not include the purchase of equipment, except when furnishing the redevelopment office, Indiana Code 36-7-14-12.2(a)(19). The use of TIF funds is specifically limited to those uses set forth in Indiana Code 36-7-14-39(b)(3). The purchase of equipment is not a permitted use under Indiana Code 36-7-14-39(b)(3). Indiana Code 36-9-27-39(b)(3)(J) allows the redevelopment commission to pay expenses incurred for local public improvements that are in the allocation area or serving the allocation area.

Indiana Code 36-7-14-39(b)(3) states in part:

"Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivisions (1) and (2) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following: . . .

- (J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter. . . ."

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

COUNTY REDEVELOPMENT COMMISSION  
GIBSON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2019, with Phil Young, President of the County Redevelopment Commission; Stephen E. Bottoms, President of the Board of County Commissioners; Mary B. Key, County Commissioner; Sherri Smith, County Auditor; D. Craig Pflug, Vice President of the County Council; and James G. McDonald, County Attorney.