

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

EXAMINATION REPORT
OF

SWITZERLAND COUNTY CONVENTION, RECREATION,
AND VISITOR INDUSTRY COMMISSION
SWITZERLAND COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

12/28/2007

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|----------------------------------|--|
| Executive Director | Rhonda Griffith David Attaway | 01-01-05 to 11-06-05 11-07-05 to 12-31-07 |
| Treasurer | Anita Danner Donna Graham | 01-01-05 to 12-31-05 01-01-06 to 12-31-07 |
| President of the Board | Dan Hoberland Barbara Dowdy | 01-01-05 to 03-07-06 03-08-06 to 12-31-07 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF SWITZERLAND COUNTY CONVENTION, RECREATION,
AND VISITOR INDUSTRY COMMISSION, SWITZERLAND COUNTY, INDIANA

We have examined the financial information presented herein of Switzerland County Convention, Recreation, and Visitor Industry Commission (Commission), for the period of January 1, 2005 to December 31, 2006. The Commission's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Commission for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 4, 2007

SWITZERLAND COUNTY CONVENTION, RECREATION, AND VISITOR INDUSTRY COMMISSION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

| | <u>Cash and Investments 01-01-05</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash and Investments 12-31-05</u> |
|----------------------------------|--|---------------------|----------------------|--|
| Governmental Fund: General | <u>\$ 272,525</u> | <u>\$ 636,300</u> | <u>\$ 607,113</u> | <u>\$ 301,712</u> |
| | | | | |
| | <u>Cash and Investments 01-01-06</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash and Investments 12-31-06</u> |
| Governmental Funds: General | \$ 301,712 | \$ 547,258 | \$ 733,317 | \$ 115,653 |
| Special Projects | - | 473,488 | 119,027 | 354,461 |
| Fiduciary Fund: Sales Account | <u>-</u> | <u>12,408</u> | <u>11,831</u> | <u>577</u> |
| Totals | <u>\$ 301,712</u> | <u>\$ 1,033,154</u> | <u>\$ 864,175</u> | <u>\$ 470,691</u> |

The accompanying notes are an integral part of the financial information.

SWITZERLAND COUNTY CONVENTION, RECREATION, AND VISITOR INDUSTRY COMMISSION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Commission was established under the laws of the State of Indiana. The Commission operates under an appointed governing board and was established to promote convention, recreation, and tourism in Switzerland County.

Note 2. Fund Accounting

The Commission uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Innkeeper's Taxes

Innkeeper's Taxes are collected by the State of Indiana and are remitted monthly to the Treasurer of Switzerland County. Switzerland County remits the Innkeeper's Tax collection monthly to the Treasurer of the Commission. The Innkeeper's Tax is levied by ordinance of the Switzerland County Council at a rate of 5% on the gross retail income derived from the sale of lodging.

SWITZERLAND COUNTY CONVENTION, RECREATION, AND VISITOR INDUSTRY COMMISSION
EXAMINATION RESULTS AND COMMENTS

FINANCIAL RECORDS

The following instances were noted in the review of the financial statements:

1. The computerized financial records that were in use for the years 2005 and 2006 did provide a monthly cash balance for each fund. However, the records presented for examination for the year 2006 included an Income Statement which combined all the receipt and disbursement categories for General Fund, Special Projects Fund, and Sales Account Fund. In order to review and determine the receipts and disbursements for each of the individual funds for the year 2006 additional examination procedures had to be performed.

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 Special Districts, Chapter 10)

2. For the Special Projects Fund, receipts collected for the sale of items at various consignment stores and the payments made to the sellers for their share of the items sold for the months of September 2006 to December 2006, were not posted to the records until March 2007.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10).

3. It was also noted that some receipts; such as, refunds and reimbursements, sale of assets and the sale of items for other groups or individuals, were posted as a negative receipt in a disbursement category.

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 Special Districts, Chapter 10)

SALES ACCOUNT RECORDS

The Sales Account Fund was established in 2006 as a clearing account to account for the sale of items for other individuals and entities; such as, tickets to the local theater, and the collection of camping fees for the Town of Vevay. According to the Office Manager, any receipt posted to the fund are payable to other individuals or units. As of December 31, 2006, the fund balance was \$576.96. In reviewing the transactions for the Sales Account Fund bank balance it was noted that there was \$207.29 of bank charges and fees assessed during 2006. No deposits or bank credits were noted being made to offset the fees charged. Adding the bank fees back to the fund balance as of December 31, 2006, there would be a balance of \$784.25 payable to other units. In reviewing the records presented for examination, \$518.00 was subsequently paid in January 2007. The remaining balance of \$266.25 was an unidentified balance.

SWITZERLAND COUNTY CONVENTION, RECREATION, AND VISITOR INDUSTRY COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OPTICAL IMAGES OF CHECKS

The financial institutions for the Special Project bank account and the Sales Account bank account did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

"original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111(a) and (e) state in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

CAPITAL ASSETS

Detailed records of the Commission's capital assets were not maintained.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SWITZERLAND COUNTY CONVENTION, RECREATION, AND VISITOR INDUSTRY COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

STORE COLLECTIONS

The Commission owns and operates four separate consignment stores as a source of revenue for its Special Projects Fund.

A review of the collections from the stores for November 2006 was noted that all of the cash receipts were deposited on December 1, 2006. As a result, some of the receipts were not deposited until 30 days after the date of collection.

Indiana Code 5-13-6-1(c) states in part: "all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

RECEIPT ISSUANCE

The review of the collection of money in the Tourism Administration Office showed that a receipt was not issued every time money was collected. According to the Tourism Office Manager, a receipt was issued only when the custom requested a receipt.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ACCOUNTS PAYABLE VOUCHERS

The following deficiencies were noted on accounts payable vouchers during the examination period:

1. Accounts payable vouchers were not prepared for any checks written for disbursements from the Special Projects Fund and the Sales Account Fund.
2. In reviewing the payments for credit card purchases for 2006 it was noted that the payments were made based on credit card statements. Itemized invoices or receipts were not attached to the accounts payable voucher.
3. All the accounts payable vouchers tested were approved by the Commission Board after the payment was made.
4. Ten of the twenty accounts payable vouchers tested did not have evidence to support receipt of goods or services.
5. Three of the twenty accounts payable vouchers tested were not certified by the Treasurer.

SWITZERLAND COUNTY CONVENTION, RECREATION, AND VISITOR INDUSTRY COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-10-1.6(c) states:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

6. In the reviewing of the payments of credit card purchases for 2006 it was also noted that \$174.63 in late fees and penalties were assessed and paid.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SWITZERLAND COUNTY CONVENTION, RECREATION, AND VISITOR INDUSTRY COMMISSION,
EXIT CONFERENCE

The contents of this report were discussed on December 4, 2007, with Donna Graham, Treasurer; Barbara Dowdy, President of the Board; David Attaway, Executive Director; and Natasha Turner, Office Manager.