

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

EXAMINATION REPORT  
OF

SCOTT COUNTY CONVENTION, RECREATION  
AND VISITOR COMMISSION  
SCOTT COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**

12/31/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Robert McAdams	01-01-05 to 12-31-07
Treasurer	Paula Murray	01-01-05 to 12-31-07
President of the Commission	Buddy Pirtle	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Scott County Convention, Recreation and Visitor 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.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The schedule has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 6, 2007

SCOTT COUNTY CONVENTION, RECREATION AND VISITOR COMMISSION  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL FUND TYPE  
 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>131,619</u>	\$ <u>204,806</u>	\$ <u>208,793</u>	\$ <u>127,632</u>
	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Fund: General	\$ <u>127,632</u>	\$ <u>209,281</u>	\$ <u>165,647</u>	\$ <u>171,266</u>

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

SCOTT COUNTY CONVENTION, RECREATION  
AND VISITOR 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 Scott 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 Commission 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 Scott County. Scott County remits the Innkeeper's Tax collection monthly to the Treasurer of the Commission. The Innkeeper's Tax is levied by ordinance of the Scott County Council at a rate of five percent on the gross retail income derived from the sale of lodging.

SCOTT COUNTY CONVENTION, RECREATION  
AND VISITOR COMMISSION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

December 31, 2006

Capital assets are reported at actual cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 9,720</u>

SCOTT COUNTY CONVENTION, RECREATION  
AND VISITOR COMMISSION  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Detail disbursements reported on the Ledger of Appropriations, Encumbrances, Disbursements and Balances (Form 359) were not reconciled to the total of all disbursements reported on the Ledger of Receipts, Disbursements and Balances (Form 358). The variances were as follows:

	2005	2006
Total of All Disbursements Recorded on Form 358	\$ 208,793	\$ 165,647
Total Detail Expenditures Recorded on Form 359	204,293	165,414
Variance	\$ 4,500	\$ 233

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

It has been the past practice of the Commission to pay the Executive Director and Administrative Assistant as independent contractors rather than employees. The Commission began paying the Executive Director and the Administrative Assistant as employees in April of 2006. The following deficiencies were found regarding the reporting of compensation and the withholding and remitting of payroll taxes:

1. No Internal Revenue Form 1099 was presented for examination for the year 2005 and for the first three months in 2006 when the Executive Director and the Administrative Assistant were paid as independent contractors. Their compensation was as follows;

	Year 2005	Year 2006
Executive Director	\$ 49,992	\$ 12,498
Administrative Assistant	24,000	6,000
Totals	\$ 73,992	\$ 18,498

2. Starting in April of 2006, the Commission began withholding payroll taxes from the salaries paid to the Executive Director and the Administrative Assistant. The following schedule shows a variance in the amount of federal taxes due and remitted based on records presented for examination:

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

Federal Taxes Withheld	\$ 13,553
Employer Match for Social Security	
Medicare Taxes	<u>4,245</u>
 Total Federal Taxes Due	 <u>17,798</u>
 Federal Taxes Remitted:	
October 1, 2006	8,682
January 15, 2007	<u>11,105</u>
 Total Federal Taxes Remitted	 <u>19,787</u>
 Variance	 <u><u>\$ (1,989)</u></u>

Federal forms used to report reconcile reporting of federal payroll taxes (Form 941 Employer's Quarterly Federal Tax Return and Form W-3 Reconciliation of Income Tax Withheld and Transmittal Wage and Tax Statements) were not presented for examination. Without these forms presented for examination we were unable to determine the reason for the variance.

3. The total amount withheld for state and local taxes for April through December 2006 was \$2,531. No evidence was presented for examination showing these payroll withholdings were remitted to the Indiana Department of Revenue.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 10)

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 Townships, Chapter 10)

ADVANCE PAYMENTS

The Director and the Administrative Assistant are paid monthly. The dates of transactions indicate that they are paid at the beginning of the month before they perform their services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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

CONFLICT OF INTEREST

President of the Commission Buddy Pirtle's spouse is Administrative Assistant for the Commission. Dora Pirtle was paid compensation in the amount of \$24,000 in 2006. Buddy Pirtle did not file a Uniform Conflict of Interest Disclosure Statement.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . .

(4) If the public servant:

- (A) was appointed by an elected public servant. . . . and
- (B) makes a disclosure under subsection (d)(1) through (d)(7)."

"(d) A disclosure required by this section must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
  - (A) the state board of accounts; and

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

(B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase. . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of:

(1) the public servant; or

(2) a dependent of the public servant who:

(A) is under the direct or indirect administrative control of the public servant; or

(B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, 'dependent' means any of the following:

(1) The spouse of a public servant.

(2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is:

(A) unemancipated; and

(B) less than eighteen (18) years of age.

(3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

SCOTT COUNTY CONVENTION, RECREATION  
AND VISITOR COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on December 6, 2007, with Dora Pirtle, Executive Assistant; and also on December 10, 2007, with Robert McAdams, Director; and Paula Murray, Treasurer.