

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

EXAMINATION REPORT

OF

LAWRENCE COUNTY TOURISM COMMISSION

LAWRENCE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED

07/17/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jennifer L. Anderson David L. Branneman	01-01-07 to 12-25-07 12-26-07 to 12-31-08
Treasurer	Alan R. Walker	01-01-07 to 12-31-08
President of the Tourism Commission	James A. Richards	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAWRENCE COUNTY TOURISM COMMISSION,
LAWRENCE COUNTY, INDIANA

We have examined the financial information presented herein of the Lawrence County Tourism Commission (Commission), for the period of January 1, 2007 to December 31, 2007. 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 year ended December 31, 2007, 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. It 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

May 5, 2008

LAWRENCE COUNTY TOURISM COMMISSION
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Fund: General	\$ 70,697	\$ 204,655	\$ 193,966	\$ 81,386

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

LAWRENCE COUNTY TOURISM COMMISSION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Commission was established under the laws of the State of Indiana. The Commission provides the following service: promotion of tourism in the 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. Budgets

The operating budget is prepared and approved at the local level.

Note 4. County Innkeeper's Tax

A tax on room charges for patrons of lodging establishments in the County is distributed by the County Treasurer to the Tourism Commission.

Note 5. 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.

LAWRENCE COUNTY TOURISM COMMISSION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:	
Buildings	<u>\$ 84,860</u>

LAWRENCE COUNTY TOURISM COMMISSION
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

Prescribed or approved forms were not in use. The Commission was using a non-approved computerized accounting program to produce a general ledger, receipts, disbursements ledger, sales invoices, checks, and payroll journals.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual or Special Districts, Chapter 10)

ERRORS ON CLAIMS

The following deficiencies were noted during the review of claims for the examination period:

- (1) Claims were not adequately itemized.
- (2) Claims or invoices did not have evidence to support receipt of goods or services.

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."

ADVANCE PAYMENTS

The check dates on some transactions indicate that some payments were made in advance of receipt of the goods or services.

The review of paid vendor claims indicated 10 instances totaling \$3,194, where checks either paid to or cashed by the Director for travel expenses, pertained to costs which occurred either in part, or entirely, subsequent to the reimbursement.

The review of the entire 2007 payroll indicated that of the 27 pay periods, 27 payroll checks were issued and distributed for wages before the end of the two-week pay period. On two occasions, the checks were issued 15 days prior to the end of the pay period.

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)

PERSONAL EXPENSES

Three claim vouchers were submitted for the purchase of gifts for the departing Director. Board Member, Carla Henderson, submitted a claim for reimbursement for gifts in the amount of \$150. Claims in the amounts of \$162.82 and \$186.04 were also submitted for gifts. The three checks for the claims totaling \$498.86, were signed by Jennifer L. Anderson, Director, and Alan R. Walker, Treasurer.

LAWRENCE COUNTY TOURISM COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Indiana Code 6-9-18-4(c) states: "Money in a convention, visitor, and tourism promotion fund, or money transferred from such a fund under subsection (b), may be expended only to promote and encourage conventions, visitors, and tourism within the county. Expenditures under this subsection may include, but are not limited to, expenditures for advertising, promotional activities, trade shows, special events, and recreation."

Former Director, Jennifer L. Anderson, was asked to reimburse the Tourism Commission for the personal expenses in the amount of \$498.86. (See Summary, page 10)

EXPENSE REIMBURSEMENT ITEMIZATION

Records presented for examination included claims for travel reimbursement expenses for the Director's travel to various conferences in the amount of \$586.33 for which no supporting documentation was provided. There was also an additional amount of \$374.92 for which the documentation that was provided was not sufficiently itemized. Detailed documentation was not attached to the information presented for reimbursement which would enable a determination that all expenses were for employees conducting governmental business.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

COMPENSATION AND BENEFITS

Former Director, Jennifer L. Anderson, was paid \$2,500 as a reimbursement for health insurance. The reimbursement was made in two equal payments on February 21 and May 22, 2007, and Federal, Medicare, and Social Security taxes were withheld from each payment. The W-2 submitted for 2007 to the Internal Revenue Service indicated the employee had \$520.91 of nontaxable income, but the payroll records did not indicate how the nontaxable income was determined.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

LAWRENCE COUNTY TOURISM COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2008, with James A. Richards, President of the Tourism Commission; and David L. Branneman, Director.

The contents of this report were discussed on May 5, 2008, with Alan R. Walker, Treasurer.

LAWRENCE COUNTY TOURISM COMMISSION
LAWRENCE COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Jennifer L. Anderson, former Director: Personal Expenses, pages 7 and 8	\$ 498.86	\$	\$
Paid by Commission members: Deposited on May 13, 2008	<u> </u>	498.86	<u> </u> -
Totals	<u>\$ 498.86</u>	<u>\$ 498.86</u>	<u>\$ -</u>