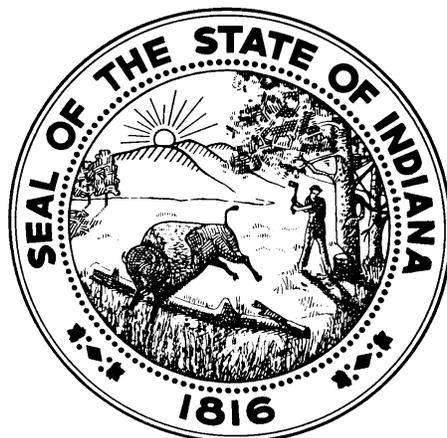


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
JEFFERSON COUNTY BOARD OF TOURISM
JEFFERSON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED

01/27/2009

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OFFICIALS

Office

Official

Term

Treasurer

Karen D. Hinton
Linda M. Green

01-01-06 to 12-31-08
01-01-09 to 12-31-12

President of the Board

David Dionne
Steve Thomas

01-01-06 to 02-13-08
02-14-08 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE JEFFERSON COUNTY BOARD
OF TOURISM, JEFFERSON COUNTY, INDIANA

We have examined the financial information presented herein of the Jefferson County Board of Tourism (Board of Tourism), for the period of January 1, 2006 to December 31, 2007. The Board of Tourism'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 Jefferson County Board of Tourism for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 10, 2008

JEFFERSON COUNTY BOARD OF TOURISM
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 GOVERNMENTAL FUND TYPE
 As Of And For The Years Ended December 31, 2006 And 2007

	<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	<u>\$ 141,349</u>	<u>\$ 235,260</u>	<u>\$ 184,698</u>	<u>\$ 191,911</u>
	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Funds: General	<u>\$ 191,911</u>	<u>\$ 254,314</u>	<u>\$ 221,856</u>	<u>\$ 224,369</u>

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

JEFFERSON COUNTY BOARD OF TOURISM
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

The Board of Tourism 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. 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 Board of Tourism 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 5. Innkeeper's Tax

Innkeeper's Tax is collected by the State of Indiana and is remitted monthly to the Jefferson County Treasurer. The Jefferson County Treasurer remits the Innkeeper's Tax collections monthly to the Board of Tourism. The Innkeeper's Tax is levied by ordinance of the Jefferson County Council at the rate of 5% on the gross retail income derived from lodging income.

JEFFERSON COUNTY BOARD OF TOURISM
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

The Board of Tourism received 24 distributions of Innkeepers' Tax from Jefferson County. Our comparison of distribution dates and the bank deposit dates showed seven instances of tax distributions being deposited 21 days or more after the distribution dates as shown in the following schedule:

<u>Distributions</u>		<u>Date of</u>	<u>Variance</u>
<u>Date</u>	<u>Amount</u>	<u>Deposit</u>	<u>in Days</u>
02-13-06	\$ 16,132	03-08-06	23
03-15-06	20,460	04-28-06	44
05-04-06	13,684	05-30-06	26
11-13-06	15,647	12-13-06	30
02-05-07	23,624	02-26-07	21
05-11-07	12,901	06-06-07	25
12-11-07	33,391	01-07-08	27

Karen Hinton, Treasurer, stated the delays in depositing were caused by the distribution procedures that are used. Karen Hinton stated that Jefferson County wrote the checks payable to the Board of Tourism; however, the checks were held by the County until they were picked up by a representative of the Madison Area Convention and Visitors Bureau (MACVB), a not-for-profit corporation. MACVB then holds the distribution checks until they are picked up by the Treasurer of the Board of Tourism. Karen Hinton stated she deposited the distribution checks when they were obtained from MACVB.

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. . . ."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Special Districts State of Indiana, Chapter 10)

We recommended the Innkeepers' Tax distribution procedures be discussed with the Jefferson County Auditor and Jefferson County Treasurer and request that distribution checks be sent directly to the Board of Tourism immediate deposit.

JEFFERSON COUNTY BOARD OF TOURISM
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

The Board of Tourism does not write receipts for monies received. General Form 352 (Receipt) has been prescribed for use in writing receipts for monies received.

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 State of Indiana, Chapter 10)

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 for Special Districts State of Indiana, Chapter 10)

OPTICAL IMAGES OF WARRANTS

The financial institution 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 concerning optical imaging of checks, states in part:

"(a) . . . '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 states 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)."

JEFFERSON COUNTY BOARD OF TOURISM
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2008, with Karen D. Hinton, Treasurer.