

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

EXAMINATION REPORT
OF
SCOTT COUNTY CONVENTION, RECREATION
AND VISITORS COMMISSION
SCOTT COUNTY, INDIANA

January 1, 2007 to December 31, 2010



FILED
11/16/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Robert McAdams	01-01-07 to 02-08-11
	Vacant	02-09-11 to 05-22-11
	Diane Mullins	05-23-11 to 12-31-11
Treasurer	Paula Murray	01-01-07 to 12-31-08
	Adrian Smallwood	01-01-09 to 12-31-11
President of the Commission	Buddy Pirtle	01-01-07 to 12-31-08
	Don Cooper	01-01-09 to 12-31-11



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AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Scott County Convention, Recreation and Visitors Commission (Commission), for the period of January 1, 2007 to December 31, 2010. The Commission's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Commission prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Commission for the years ended December 31, 2007, 2008, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them. The Combining Schedules of Receipts, Disbursements and Cash and Investment Balances – Regulatory Basis were not presented for the years ended December 31, 2007 and 2008.

This report is intended solely for the information and use of the Commission's management and Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 8, 2011

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FINANCIAL STATEMENTS

SCOTT COUNTY CONVENTION, RECREATION AND VISITORS COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General	\$ 171,266	\$ 256,906	\$ 252,332	\$ 175,840
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY CONVENTION, RECREATION AND VISITORS COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	<u>\$ 175,840</u>	<u>\$ 214,774</u>	<u>\$ 230,058</u>	<u>\$ 160,556</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY CONVENTION, RECREATION AND VISITORS COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2009

	Cash and Investments <u>01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-09</u>
General	\$ 160,556	\$ 183,661	\$ 201,328	\$ 142,889

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY CONVENTION, RECREATION AND VISITORS COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	<u>\$ 142,889</u>	<u>\$ 213,558</u>	<u>\$ 200,862</u>	<u>\$ 155,585</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY CONVENTION, RECREATION
AND VISITORS COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Commission was established under the laws of the State of Indiana. The Commission operates under an appointed governing board.

The accompanying financial statements present the financial information for the Commission (primary government), and does not include financial information for any of the Commission's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Commission (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; fiduciary receipts; innkeepers tax; food and beverage tax; and other taxes that are set by the Commission.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

SCOTT COUNTY CONVENTION, RECREATION
AND VISITORS COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Fund Accounting

Separate funds are established, maintained, and reported by the Commission. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Commission. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Commission in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

SCOTT COUNTY CONVENTION, RECREATION
AND VISITORS COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 3. Risk Management

The Commission may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Commission to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Commission by recording as a disbursement and replacement items purchased.

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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Commission's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

SCOTT COUNTY CONVENTION, RECREATION AND VISITORS COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General
Cash and investments - beginning	\$ <u>160,556</u>
Receipts:	
Other receipts	<u>183,661</u>
Total receipts	<u>183,661</u>
Disbursements:	
Personal services	82,446
Supplies	1,687
Other services and charges	116,824
Capital outlay	371
Other disbursements	<u>-</u>
Total disbursements	<u>201,328</u>
Excess (deficiency) of receipts over disbursements	<u>(17,667)</u>
Cash and investments - ending	<u>\$ 142,889</u>

SCOTT COUNTY CONVENTION, RECREATION AND VISITORS COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General
Cash and investments - beginning	\$ 142,889
Receipts:	
Other receipts	213,558
Total receipts	213,558
Disbursements:	
Personal services	79,624
Supplies	2,404
Other services and charges	118,008
Capital outlay	826
Other disbursements	-
Total disbursements	200,862
Excess (deficiency) of receipts over disbursements	12,696
Cash and investments - ending	\$ 155,585

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

ADVANCE PAYMENTS

The Executive Director and the Executive Assistant were paid monthly. The dates of transactions showed they were 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)

A similar comment was reported in prior Report B31485.

BOARD MINUTES NOT SIGNED BY COMMISSIONERS

The Board minutes reviewed for the years 2007, 2008, 2009 and 2010 did not contain the signatures of the Commissioners documenting their approval of those minutes.

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, Chapter 10)

APPROVAL OF COMPENSATION

No salary schedule or personal services contracts were presented for examination for the Executive Director and the Executive Assistant. In addition, no approval of the compensation was recorded in the Commission's minutes.

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)

Indiana Code 5-14-1.5-4 states in part the following:

"(a) A governing body of a public agency utilizing an agenda shall post a copy of the agenda at the entrance to the location of the meeting prior to the meeting. A rule, regulation, ordinance, or other final action adopted by reference to agenda number or item alone is void."

"(b) As the meeting progresses, the following memoranda shall be kept . . . (3) The general substance of all matters proposed, discussed, or decided."

SCOTT COUNTY CONVENTION, RECREATION
AND VISITORS COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 8, 2011, with Diane Mullins, Director; Adrian Smallwood, Treasurer; Don Cooper, President of the Commission; and Dora Pirtle, Executive Assistant.