

TOURISM FINANCIAL ACTIVITY

Treasurer's Conference
August 2019



OBJECTIVES

- Include the financial activity of the Tourism Commission in the AFR - Gateway
- Include the Tourism Commission in the audit of the county



COUNTIES



- Total of 77 counties collecting innkeepers tax
 - 73 of the 77 counties collecting innkeepers tax for Tourism Commissions are audited by SBOA
- Allen, Clark/Floyd, Marion and Lake County Tourism Commissions are separate entities and have been audited by CPA firms we have contracted with.



ACCOUNTING FOR INNKEEPER'S TAX



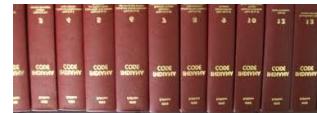
- County Fiscal Body may adopt the innkeeper's tax
- Tax may be paid through the County Treasurer or DOR
 - Ordinance required for payments to County Treasurer
 - If no ordinance – tax payments are to be sent to DOR
 - IC 6-9-18-3(d)
- IC 6-9 Innkeeper's Tax
 - Specific statute for 19 Counties
 - Uniform statute for remaining Counties (IC 6-9-18)
 - Statutes are vague regarding allowable expenses (promote tourism in county)





ACCOUNTING FOR INNKEEPERS TAX

- County Treasurer is required to report to DOR the amount of innkeeper's tax collected before March 1.
- Mandates the creation of a Tourism Commission
 - Created by state statute (Commissions, Convention and Visitor Commission, Board of Managers)
 - Created by local ordinance (Commission)
 - **Tourism Commission is a department of the County**



ACCOUNTING FOR INNKEEPERS TAX

IC 6-9-18-4 states in part:

“(a) If a tax is levied under Section 3 of this chapter, the county treasurer **shall establish a convention, visitor, and tourism promotion fund.** He **shall deposit in this fund all amounts he receives** under that section.

(b) In a county in which a commission has been established under Section 5 of this chapter, the county **auditor shall issue a warrant directing the county treasurer to transfer money from the convention, visitor, and tourism promotion fund to the commission’s treasurer if the commission submits a written request** for the transfer.”



ACCOUNTING FOR INNKEEPERS TAX

- County Treasurer collects but does not maintain the tax on the cash book
- Quietus is required for innkeepers tax collections
- Innkeepers tax should be posted to the funds timely



ACCOUNTING FOR INNKEEPERS TAX

- Innkeepers tax is similar to wheel and surtax
- Addressed in April 2014 County Bulletin
- Treasurer enters into Cashbook in the Funds Ledger section
- Collections to be quietused to county auditor's funds ledger
- Funds should not be held until settlement
- Allow funds to be available when requested



ACCOUNTING FOR INNKEEPERS TAX



- Innkeepers tax paid to Department of Revenue/County Treasurer
 - Innkeepers Tax Collections (Fund 7304)
 - Used only to hold or clear funds
 - Transfer to Fund 1127 or other fund
 - Transfer to the Tourism Commission
 - Fund must zero out
 - Allen, Clark/Floyd, Marion and Lake must use this fund (audited separately from County)



ACCOUNTING FOR INNKEEPERS TAX

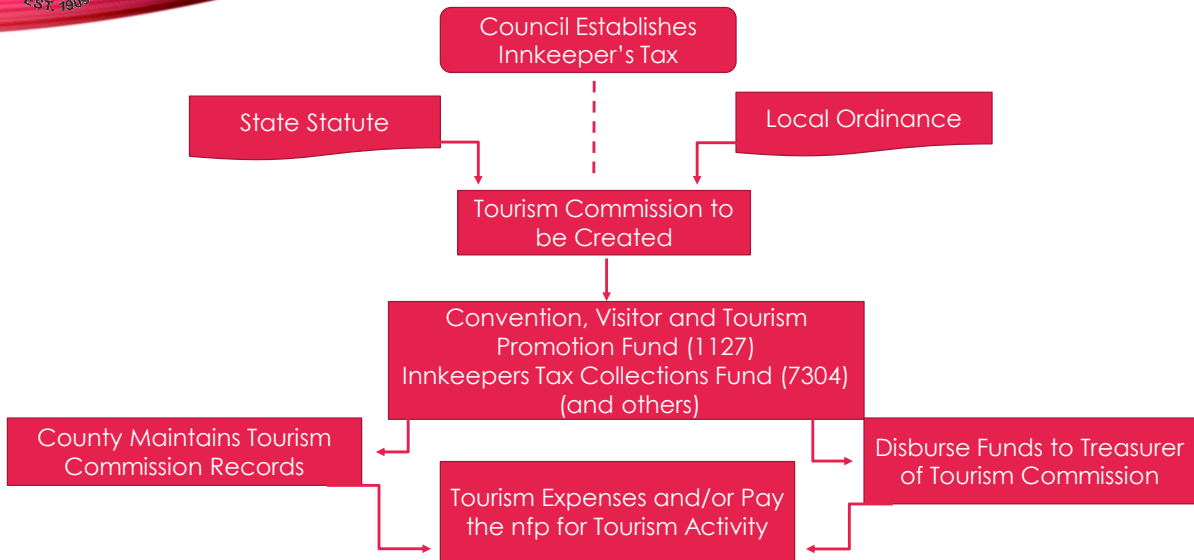


- Innkeepers tax paid to Department of Revenue/County Treasurer
 - Convention, Visitor, and Tourism Promotion (Fund 1127) or other
 - Used for the operation of the Tourism Commission
 - Innkeepers tax may be posted directly to Fund 1127 if used as an operating fund
 - Not applicable to Allen, Clark/Floyd, Marion and Lake
 - Fund used to maintain Tourism Commission's records
 - Fund used to disburse to a Tourism Commission Treasurer
 - Tourism Commission claims paid from this fund (operating , capital, nfp)





CONVENTION AND TOURISM



ACCOUNTING FOR THE TAX

Auditor maintains the Tourism Commission records

- No supplemental AFR is required
- The fund is already part of the audit and AFR
- Tourism Commission expenses will be paid as follows:
 - Tourism Commission expenses (salaries, supplies, capital)

AND/OR

 - Pay the nfp – Tourism Commission may contract with nfp
 - We do not audit the nfp
 - nfp reports to SBOA through Entity Report E-1
 - Supporting contract between Tourism Commission and nfp



ACCOUNTING FOR THE TAX

Auditor disburses to a Tourism Commission Treasurer

- Tourism Commission's treasurer accounts for financial activity outside county records
- Supplemental AFR required
- Audited as part of the county and included in AFR
- Tourism Commission expenses will be paid as follows:
 - Tourism expenses (salaries, supplies, capital)
- AND/OR**
- Pay the nfp – Tourism Commission contracts with nfp
 - We do not audit the nfp
 - nfp reports to SBOA through Entity Report E-1
 - Review contract between Tourism Commission and nfp



NONCOMPLIANCE

- No ordinance to create the Tourism Commission
- No contract between the Tourism Commission and the nfp
- No Tourism Commission established; money flows directly from county auditor to nfp
- Tourism Commission established but operating as an nfp (outside audits)
- No contract between the Tourism Commission and grant recipients (must promote tourism)

AUDITING - SBOA OFFICE



- Worked with both Associations
- Contact both the County Auditor and Tourism Commission
- Request they provide the ordinance creating the Tourism Commission
- Request they provide the contract between the Tourism Commission and nfp
- Other miscellaneous information



REPORTING

- All comments will be reported in a Noncompliance Management Letter
- No written comments will appear in the audit report of the county
- Adhere to State Statutes, Ordinances, Uniform Compliance Guidelines

