

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF

CLARK-FLOYD COUNTIES CONVENTION
AND TOURISM BUREAU
CLARK COUNTY, INDIANA

January 1, 2003 to December 31, 2005



FILED
10/10/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	James Keith	01-01-03 to 12-31-06
Treasurer	William Stewart	01-01-03 to 12-31-03
	Patricia Fraser	01-01-04 to 12-31-05
	William Stewart	01-01-06 to 12-31-06
President of the Board	Phyllis Yeager	01-01-03 to 12-31-03
	Carlene Bottorff	01-01-04 to 12-31-04
	William Stewart	01-01-05 to 12-31-05
	Douglas England	01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CLARK-FLOYD COUNTIES CONVENTION
AND TOURISM BUREAU, CLARK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Clark-Floyd Counties Convention and Tourism Bureau (government), for the period of January 1, 2003 to December 31, 2005. The Bureau's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the government for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 23, 2006

CLARK FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 558,738	\$ 796,160	\$ 736,932	\$ 617,966
Convention Services	1,757	68,514	7,612	62,659
Capital Development	<u>744,961</u>	<u>218,898</u>	<u>214,948</u>	<u>748,911</u>
Totals	<u>\$ 1,305,456</u>	<u>\$ 1,083,572</u>	<u>\$ 959,492</u>	<u>\$ 1,429,536</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 617,966	\$ 808,210	\$ 738,388	\$ 687,788
Convention Services	62,659	575	60,010	3,224
Capital Development	<u>748,911</u>	<u>242,164</u>	<u>403,453</u>	<u>587,622</u>
Totals	<u>\$ 1,429,536</u>	<u>\$ 1,050,949</u>	<u>\$ 1,201,851</u>	<u>\$ 1,278,634</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 687,788	\$ 815,693	\$ 753,574	\$ 749,907
Convention Services	3,224	19	-	3,243
Capital Development	<u>587,622</u>	<u>260,220</u>	<u>174,769</u>	<u>673,073</u>
Totals	<u>\$ 1,278,634</u>	<u>\$ 1,075,932</u>	<u>\$ 928,343</u>	<u>\$ 1,426,223</u>

The accompanying notes are an integral part of the schedules.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
NOTES TO SCHEDULES

Note 1. Introduction

The government was established under the laws of the State of Indiana. The government operates under a board appointed by the City of New Albany, City of Jeffersonville, Town of Clarksville, Clark County and Floyd County. The government provides services to attract conventions and tourism in Clark and Floyd Counties.

Note 2. Fund Accounting

The government 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

State statutes do not require the government to adopt a formal budget.

Note 4. Innkeeper's Taxes

Innkeeper's taxes are collected by the State of Indiana and are remitted to the Treasurer's of Clark and Floyd Counties. The Counties remit the innkeeper's tax collections monthly to the government. The innkeeper's tax is set by state statute at a rate of four percent of gross retail income derived from lodging income.

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 government 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 6. Long-Term Debts

The government has entered into various debts such as bonds for the Lewis and Clark Plaza, Terraced Lawn Floating Stage/ Barge and Amphitheater/ Athletic Field/ Lewis and Clark Statue. The outstanding principal at December 31, 2003, 2004, 2005, was \$408,782, \$272,770, and \$377,682, respectively.

Note 7. Subsequent Event

The New Albany Department of Redevelopment requested funding in the amount of \$220,000 on behalf of Indiana University Southeast for new tennis courts and bleachers to attract tournaments to the area. The Board agreed to move on a resolution committing the funds from the Capital Development Fund.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

We found the following deficiencies regarding the Tourism Bureau's recordkeeping:

1. The annual financial report prepared by the Tourism Bureau did not contain the beginning and ending cash balance of the general fund. Receipts and disbursements of the General Fund reported on the annual financial report did not agree with the figures shown in the ledger. Rita Marking, Bookkeeper, stated that the ledger was not used in the preparation of the annual financial report. Mrs. Marking stated that she determined receipt and disbursement totals based upon receipt and check copies that are totaled one week prior to each Board meeting. The current Board meeting total is then added to previous meeting totals to arrive at cumulative receipt and disbursement totals which is used in the preparation of the annual financial report.
2. The Convention Services Fund was not included in the annual financial report prepared by the Bookkeeper.
3. The forms generated by the Bureau's system have not been approved by the State Board of Accounts for use in lieu of prescribed Form 358 (Ledger of Receipts, Disbursements and Balances) and Form 359 (Ledger of Appropriations, Encumbrances, Disbursements and Balances).

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, Chapter 10)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the record balances to the bank account balances were not presented for examination for the year 2005. Our reconciliation at December 31, 2005, showed a reconciling difference in the amount of \$274.80.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONFLICT OF INTEREST

In January or February of each year, the Board approves and discloses the amounts paid to the Board members for the preceding year in doing business with the Tourism Bureau. However, a conflict of interest statement has not been filed with the County Clerk or the State Board of Accounts. The following is a schedule of those amounts paid to the Board members as disclosed in the Board meetings:

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
EXAMINATION RESULTS AND COMMENTS
(Continued)

<u>Board Member</u>	<u>Company</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Mark M. Bliss	Travel, Inc.	\$ 1,900.00	\$ 1,343.00	\$ 4,824.30
Sally Newkirk	Carnegie Center for Arts & History	758.00	-	-
Phyllis Yeager	Days Inn Sellersburg	3,715.80	1,736.95	-
Edward C. Cooper	Culpepper Group Insurance	23,415.40	25,054.55	-
Carl Holiday	Parthenon	-	1,335.00	-
William Stewart	Voluforms	16,005.49	16,092.69	13,310.18
William Mattingly	Accounting Solutions	-	400.00	-
Totals		<u>\$ 45,794.69</u>	<u>\$ 45,962.19</u>	<u>\$ 18,134.48</u>

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 . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(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 (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 (½) of whose support is provided during a year by the public servant."

DISBURSEMENTS

The following deficiencies were noted during the review of disbursements:

1. Of the disbursements tested, 90% did not include prescribed Claim Form 17 (Accounts Payable Voucher).

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-10-1(b) states: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized and its correctness properly certified to by the claimant or some authorized person in the claimant's behalf, and filed and allowed as provided by law."

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, Chapter 10)

2. From the travel and credit card disbursements tested, we found instances in which payment was made from only the credit card slip and did not contain adequate supporting documentation such as receipts or invoices.

Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2006, with James Keith, Executive Director; John R. Vissing, Attorney; William Stewart, Treasurer; Carlene Bottorff, Board Member; and William Mattingly, Board Member.