

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

EXAMINATION REPORT  
OF  
HENRY COUNTY TOURISM COMMISSION  
HENRY COUNTY, INDIANA  
January 1, 2009 to December 31, 2010



**FILED**  
09/07/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura Anderson	01-01-09 to 12-31-11
President of the Board	R. Jacob Smith	01-01-09 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of Henry County Tourism Commission (Commission), for the period of January 1, 2009 to December 31, 2010. The Commission's management is responsible for the financial statement. 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 statement 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 statement 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.

The Commission did not provide a financial statement in the form of cash receipts, disbursements and balances for the Commission's funds for the period examined. The Commission's records do not permit the application of other examination procedures to ascertain if the financial statement is fairly stated.

Since the Commission did not provide accounting records and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statement is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on this financial statement.

This report is intended solely for the information and use of the Commission's management, 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

May 17, 2011

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FINANCIAL STATEMENT

HENRY COUNTY TOURISM COMMISSION  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 As Of And For The Years Ended December 31, 2009 And 2010

	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Governmental Funds: General	\$ <u>62,482</u>	\$ <u>72,725</u>	\$ <u>128,225</u>	\$ <u>6,982</u>
	<u>Cash and Investments 01-01-10</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-10</u>
Governmental Funds: General	\$ <u>6,982</u>	\$ <u>37,719</u>	\$ <u>32,510</u>	\$ <u>12,191</u>

The accompanying notes are an integral part of the schedules.

HENRY COUNTY TOURISM COMMISSION  
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Henry County Convention Commission (Commission) was established under the laws of the State of Indiana. The Commission operates under an appointed governing board.

The Commission's financial reporting entity is composed of the Henry County Convention Commission, the 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. Receipts

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

Taxes, which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax county adjusted gross income tax, and other taxes that are set by the County.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipt include, but are not limited to: federal grants and state grants.

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Sale of investments which includes investments sold by the Commission.

D. 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:

Personal services which includes 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.

HENRY COUNTY TOURISM COMMISSION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Supplies which includes 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 includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Debt service principle and interest which includes fixed obligations resulting from financial transactions previously entered into by the Commission. It includes all expenditures for the reduction of the principal and interest of the Commission's general obligation indebtedness.

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

Purchase of investments which includes investments purchased by the Commission.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Commission submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 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.

HENRY COUNTY TOURISM COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Note 5. 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.

HENRY COUNTY TOURISM COMMISSION  
EXAMINATION RESULTS AND COMMENTS

***PRESCRIBED FORMS***

The Henry County Tourism Commission did not present a ledger of Receipts, Disbursements and Balances for audit.

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)

***FINANCIAL REPORT OPINION MODIFICATIONS***

The Henry County Tourism Commission did not provide a ledger of receipts, disbursements and balances. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditors' Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

HENRY COUNTY TOURISM COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2011, with R. Jacob Smith, President of the Board, and Jackie Brayton, Office Manager. The officials concurred with our findings.