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

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

Council Establishes Innkeeper’s Tax

State Statute

Local Ordinance

Tourism Commission to be Created

Convention, Visitor and Tourism Promotion Fund (1127)
Innkeepers Tax Collections Fund (7304)
(and others)

County Maintains Tourism Commission Records

Tourism Expenses and/or Pay the nfp for Tourism Activity

Disburse Funds to Treasurer of Tourism Commission

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)
  - 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)
  - 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