

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

AUDIT REPORT

OF

COUNTY BOARD OF AVIATION

LAWRENCE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

08/17/2009



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Condition of Records .....	4
Deposits .....	4
Collection of Amounts Due .....	4
Annual Board Reorganization.....	5
Failure to Create a Rotary Fund.....	5
Receipt Issuance .....	5
Fund Sources and Uses .....	6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board of Aviation Commissioners	Rickey R. Rogers	01-01-08 to 12-31-09
President of the County Council	Mike Branham Keith Dillman	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	David A. Flinn Christopher May	01-01-08 to 12-31-08 01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF LAWRENCE COUNTY

We have audited the records of the County Board of Aviation for the period from January 1, 2008 to December 31, 2008, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Lawrence County for the year 2008.

STATE BOARD OF ACCOUNTS

July 28, 2009

COUNTY BOARD OF AVIATION  
LAWRENCE COUNTY  
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

As stated in prior Report B32379, deficiencies relating to the recordkeeping were again present during the current audit period. Individual hangar rental accounts were maintained in the aviation ledger, but posted collections did not reference a date or receipt number, and balances were not calculated. No accounts receivable control account was maintained.

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 Counties of Indiana, Chapter 1)

DEPOSITS

As stated in the prior Report B32379, some collections were deposited with the Auditor later than the next business day. A test of collections indicated that instances occurred where collections were not turned over to the Auditor until 14 to 26 days after they were received.

IC 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

COLLECTION OF AMOUNTS DUE

As stated in prior Report B32379, amounts due were not paid as required under the Airport Manager's Management Agreement, in effect until the date of resignation of manager Steve Cummings. Mr. Cummings' letter of resignation, effective 30 days hence, was submitted to the Aviation Board and dated October 14, 2008. The Management Agreement specifies a facilities rent due the 10th of each month, equal to \$.05 per each gallon of aviation fuel sold the previous month by the manager at the airport. Further, it requires that the manager "shall provide the board with monthly pump readings, duplicate billing, invoice and other memoranda for each sale showing the quantity reconciliation of aviation fuel sold." No such payments were made during the audit period, and no monthly pump readings, nor other documentation regarding the sale of fuel under the Management Agreement were presented for audit.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY BOARD OF AVIATION  
LAWRENCE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

ANNUAL BOARD REORGANIZATION

The minutes of the Board of Aviation Commissioners indicate the Board did not reorganize during its first meeting of 2008, or during subsequent meetings during the year.

IC 8-22-2-4 states in part: "The board shall choose, annually, at its first regular meeting in January, one (1) of its members president, and another of its members vice president to perform the duties of the president during the absence or disability of the president . . ."

FAILURE TO CREATE A ROTARY FUND

In November 2008, the County Council adopted a motion to allow the Board of Aviation Commissions to borrow back funds against a loan, and to set up necessary rotary accounts for selling aviation fuel at the airport. In December 2008, Commission Board members opened a new bank account with a deposit of \$25,000, from the proceeds of the loan.

During December of 2008, the new bank account had deposits, which indicates that fuel sales transactions had begun, but no Rotary Fund was created in the County's funds ledger and no funds were turned over to the County Treasurer at month's end.

The rotary bank account opened in December 2008, was not reconciled to a ledger account balance as of December 31, 2008.

IC 8-22-2-7(c) states in part: ". . . All funds received from the purchase of fuels and lubricants purchased with funds from a rotary fund shall be turned over at least once a month to the treasurer . . ."

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

IC 5-13-6-1(e) states: "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."

RECEIPT ISSUANCE

Records presented for audit indicated that receipts were not issued for the collections of funds from January 22, 2008 to December 23, 2008.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY BOARD OF AVIATION  
LAWRENCE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

FUND SOURCES AND USES

Funds were disbursed in 2008 from the Runway Paving Grant Fund for upgrading the airport's aviation fuel pumps to provide for a credit card activated self-service capability.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY BOARD OF AVIATION  
LAWRENCE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2009, with Rickey R. Rogers, President of the Board of Aviation Commissioners; and Christopher May, President of the Board of County Commissioners.