

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

SUPPLEMENTAL REPORT
OF

OFFICE AND FINANCE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT
VIGO COUNTY, INDIANA

January 1, 2012 to June 30, 2014



FILED
09/25/2014

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office and Finance Manager	Rose M. Overpeck (Vacant)	05-29-12 to 02-20-14 02-21-14 to 06-30-14
Executive Director	Dennis Wiss (Vacant) Bill McKown William J. Foraker (Interim)	01-01-12 to 03-09-12 03-10-12 to 04-29-12 04-30-12 to 02-05-14 02-06-14 to 08-31-14
President of Airport Authority Board of Directors	Chris Doll William J. Foraker Darryl Huyett	01-01-12 to 08-01-12 08-02-12 to 02-19-14 02-20-14 to 06-30-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TERRE HAUTE INTERNATIONAL AIRPORT

We have audited the records of the Office and Finance Manager, Terre Haute International Airport, for the period from January 1, 2012 to June 30, 2014, 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Terre Haute International Airport for the year 2012 and 2013.

STATE BOARD OF ACCOUNTS

July 9, 2014

OFFICE AND FINANCE MANAGER
 TERRE HAUTE INTERNATIONAL AIRPORT
 EXAMINATION RESULTS AND COMMENTS

PERSONAL EXPENSES - CREDIT CARD AND FEDERAL EXPRESS CHARGES

Rose M. Overpeck, former Office and Finance Manager, used numerous airport credit cards for personal expenditures between August 9, 2012 and February 19, 2014. Records indicate that the Terre Haute International Airport (Airport) does not have a credit card policy. Personal items such as food, clothing, nails, gasoline, internet, cell phone monthly bills, airplane tickets, RV camping fees, and shoes were all charged to various Airport credit cards as follows:

<u>Credit Card Assigned to Airport Employee</u>	<u>Amount</u>
Kara McIntosh	\$ 77.66
Matthew Anderson	179.87
Stephen Huggler	368.91
Abby Harlan	384.27
John Beasley	345.28
Roger Clark	724.94
Rose M. Overpeck	776.36
Kyle Gregory	827.36
David Brown	1,497.90
William McKnown	1,695.92
Paul Walker	1,815.41
Darrell Zeck	5,559.36
Rose M. Overpeck	<u>16,072.52</u>
 Total	 <u>\$ 30,325.76</u>

The Indiana State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

OFFICE AND FINANCE MANAGER
 TERRE HAUTE INTERNATIONAL AIRPORT
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

7. 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. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

Rose M. Overpeck, former Office and Finance Manager, issued Airport checks to Federal Express to pay for personal shipping as follows:

Ship To	Date	Check Number	Amount
Vanguard	08-08-12	74009	\$ 26.51
Mackenzie Overpeck	06-12-12	75074	61.09
Nathan and Kristi Trotter	11-14-12	74255	50.70
Mackenzie Overpeck	11-14-12	74255	43.04
Kathy Albright	08-14-13	74836	27.47
Mackenzie Overpeck	09-11-13	74894	38.27
Express Payments	11-13-13	75059	64.70
Payment Processing	01-08-14	75153	<u>86.45</u>
Total			<u>\$ 398.23</u>

Rose M. Overpeck, former Office and Finance Manager, made personal payments to the credit card company on five occasions from April 15, 2013 to February 11, 2014, using a Buell Farms account, another employer, totaling \$7,970.80. Records further indicate that Rose M. Overpeck made personal payments to the credit card company totaling \$691 from her own bank account.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$22,062.19 for personal expenses and shipping costs charged to Airport credit cards. (See Summary of Charges, page 13)

PERSONAL EXPENSES - APPLIANCES

Rose M. Overpeck, former Office and Finance Manager, purchased appliances at Lowe's Home Improvement Store that are considered personal and unrelated to the operation of the Airport. These items consisted of the following:

OFFICE AND FINANCE MANAGER
 TERRE HAUTE INTERNATIONAL AIRPORT
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

Date	Item Purchased	Amount
09-16-12	26 cubic foot refrigerator and wall oven	\$ 2,386.25
11-06-12	Miscellaneous items	175.73
05-10-13	Shop Vac	117.09
06-26-13	Freezer	162.64
09-21-13	Dishwasher	363.69
01-25-14	Washer/Dryer	<u>1,838.17</u>
Total		<u>5,043.57</u>
Items returned to the Airport on March 6, 2014, and May 27, 2014, by Indiana State Police warrant		<u>\$ (5,043.57)</u>

On March 6, 2014, and May 27, 2014, the Indiana State Police and Indiana State Board of Accounts recovered these appliances from Rose M. Overpeck's residence and returned them to the Airport.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OVERPAYMENT OF COMPENSATION - ROSE M. OVERPECK

Rose M. Overpeck, former Office and Finance Manager, overpaid herself \$1,230.76 in 2012 and \$5,200 in 2013. Payroll records indicate her salary was set at \$36,000 when hired on May 29, 2012. On September 15, 2012, records further indicate she changed her yearly salary compensation base from \$36,000 to \$40,000 retroactive to her start date of May 29, 2012, and issued herself a payroll direct deposit for \$615.30. Starting on September 28, 2012, Rose M. Overpeck's salary compensation reflected the \$40,000 base pay. Review of the Board minutes do not indicate that the increase in pay for Rose M. Overpeck was ever discussed or approved to be increased. As a result, Rose M. Overpeck was overpaid \$6,430.76 in salary compensation.

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$6,430.76 for the overpayment of compensation. (See Summary of Charges, page 13)

EMPLOYEE BENEFITS - ROSE M. OVERPECK

Rose M. Overpeck, former Office and Finance Manager, overpaid herself in the form of AFLAC insurance premiums. The employee is to pay 100 percent of the premium when enrolling in AFLAC insurance as a deduction through the payroll system. Records indicate that the Airport paid premiums to AFLAC for

OFFICE AND FINANCE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Rose M. Overpeck; however, payroll records do not indicate that an AFLAC deduction was ever made to her payroll. Therefore, the Airport paid 100 percent of her premium. This amounted to \$1,135.80 in 2012, \$2,271.60 in 2013, and \$378.60 in 2014, totaling \$3,786.

Rose M. Overpeck, former Office and Finance Manager, overpaid herself regarding her Health Savings Account contributions. Employees who enroll in the Health Savings Account can have funds deducted from their pay to deposit into a Health Savings Account. The Airport will contribute to the employee's Health Savings Account up to \$600 for a single employee or up to \$1,200 for an employee with spouse/child(ren)/family. Employees have to contribute a matching amount to receive the full Airport's contribution. The Airport contributions are to be made in January and July each year. Records indicate that in 2012, Rose M. Overpeck paid herself an additional \$600 in 2012, \$1,950 in 2013, and \$250 in 2014, totaling \$2,800 in overpayment. Records further indicate that Rose M. Overpeck's payments were deposited directly into her personal checking account instead of an approved Health Savings Account.

All types of employee benefits should be detailed in a written policy.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$6,586 for employee benefits. (See Summary of Charges, page 13)

PROCEEDS FROM SALE OF SCRAP MATERIAL NOT DEPOSITED

Weigh tickets from Mervis Industries, Inc., show that 12 loads of scrap were sold by the Airport between July 12, 2012 and February 25, 2014. Four of these tickets match checks issued to the Airport, endorsed with a stamp of THIA, and found to have been deposited in the Airport bank account. Eight of the tickets, totaling \$3,086.15, matched checks issued to the Airport and endorsed by a signature of Rose M. Overpeck and a stamped signature of at least one Airport Board member. These eight checks were not found to have been deposited in the Airport's bank account or accounted for in the ledger.

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.

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payor. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$3,086.15 for proceeds from sale of scrap material not deposited. (See Summary of Charges, page 13)

OFFICE AND FINANCE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT
EXAMINATION RESULTS AND COMMENTS
(Continued)

SURPLUS EQUIPMENT SOLD AND PROCEEDS NOT DEPOSITED

The Airport sold surplus equipment to Airport employees in 2012 and 2013. On October 1, 2012, a petty cash receipt was made out to Roger Clark for the sale of one golf cart for \$150. On June 12, 2013, a petty cash receipt was made out to Roger Clark for the sale of two surplus mowers in the amount of \$750. Records further indicate the cash collected for the sale of surplus equipment was not accounted for in the bank or ledger. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$900 for surplus equipment sold and proceeds not deposited. (See Summary of Charges, page 13)

PETTY CASH FUND

Rose M. Overpeck, former Office and Finance Manager, issued herself the following three checks, each made payable to Petty Cash - Rose Overpeck, during 2012 and 2013: check #73494 issued on June 26, 2012, for \$250; check #74307 issued on December 7, 2012, for \$300; and check #74989 issued on October 22, 2013, for \$500. Supporting documentation was presented for reimbursement for \$197.16, resulting in the Petty Cash being short \$852.84.

As further provided by IC 36-1-8-3, the fiscal body of a political subdivision may also establish a petty cash fund for the purpose of paying small or emergency items for operating expense. A receipt shall be taken for each and every expenditure from such fund and an accounts payable voucher shall be filed by the custodian of the fund, to reimburse such fund for expenditures so made. No reimbursement shall be made unless there are attached to the accounts payable receipts totaling the amount so claimed. Such reimbursement shall be approved, allowed and paid in the same manner as other accounts payable vouchers. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 20)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$852.84 for the Petty Cash fund. (See Summary of Charges, page 13)

SUPPORTING DOCUMENTATION

Several payments were observed which were not supported by appropriate documentation, such as receipts and invoices. The checks issued by Rose M. Overpeck, former Office and Finance Manager, were as follows:

<u>Paid To</u>	<u>Date</u>	<u>Amount</u>
Staples Credit Plan	07-10-12	\$ 775.03
Napa Auto Parts	08-10-12	42.59
Rural King	05-24-13	45.59
Valley Electric	10-16-13	<u>50.91</u>
Total		<u>\$ 914.12</u>

OFFICE AND FINANCE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Due to the lack of supporting documentation, the validity and accountability for some monies disbursed could not be established.

None of the amounts listed above are included in other Examination Results and Comments in the report.

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 12)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$914.12 for supporting documentation. (See Summary of Charges, page 13)

PENALTIES, INTEREST, AND OTHER CHARGES

The Airport paid penalties, interest, and other charges to various vendors including First Bankcard, Joink, Pitney Bowes, Vectren Energy Delivery, Wright Implement, and Indiana American Water in the amount of \$234.75 because the Airport did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$234.75 for penalties, interest, and other charges. (See Summary of Charges, page 13)

CASH NOT ACCOUNTED FOR

Rose M. Overpeck, former Office and Finance Manager, did not always issue receipts when cash or checks were received. In one instance, an employee reimbursed the Airport in cash for parts purchased at NAPA totaling \$358.38. The employee gave the cash to Rose M. Overpeck; however, a receipt was not found and made available for examination. In addition, a corresponding deposit of cash or a check was not found.

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 Special Districts, Chapter 10)

OFFICE AND FINANCE MANAGER
 TERRE HAUTE INTERNATIONAL AIRPORT
 EXAMINATION RESULTS AND COMMENTS
 (Continued)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$358.38 for cash not accounted for. (See Summary of Charges, page 13)

UNAUTHORIZED PERSONAL SHIRT PURCHASE

Records indicate that Rose M. Overpeck, former Office and Finance Manager, purchased two personal shirts for herself without an approval or authorization to purchase. Email correspondence was available to support this was a personal purchase and not yet authorized. Further review of the Board minutes and email does not indicate this purchase totaling \$86.96 was a valid Airport expense.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport \$86.96 for the unauthorized personal shirt purchase. (See Summary of Charges, page 13)

ADDITIONAL AUDIT COSTS

The State of Indiana incurred additional audit costs, in the amount of \$31,360.80, due to the investigation of Rose M. Overpeck, former Office and Finance Manager. (See Summary of Charges, page 13)

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the State of Indiana \$31,360.80 for additional audit costs. (See Summary of Charges, page 13)

CRIME INSURANCE POLICY

The Terre Haute International Airport was covered by a crime insurance policy to cover employees as follows:

Insurance Company	Policy Period	Policy Number	Amount
Travelers Casualty and Surety Company of America	01-01-11 to 07-15-12	105541806	\$ 10,000
Travelers Casualty and Surety Company of America	07-16-12 to 12-31-12	105541806	75,000
Travelers Casualty and Surety Company of America	01-01-13 to 01-01-14	105871402	75,000
Travelers Casualty and Surety Company of America	01-01-14 to 01-01-15	105871402	75,000

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TERRE HAUTE INTERNATIONAL AIRPORT
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(Continued)

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

OFFICE AND FINANCE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT
EXIT CONFERENCE

The contents of this report were discussed on July 9, 2014, with Rose M. Overpeck, former Office and Finance Manager, and Darrell E. Felling, attorney for Rose M. Overpeck.

OFFICE AND FINANCE MANAGER
 TERRE HAUTE INTERNATIONAL AIRPORT
 SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Rose M. Overpeck, former Office and Finance Manager:			
Personal Expenses - Credit Card and			
Federal Express Charges, pages 4 and 5	\$ 30,723.99	\$ 8,661.80	\$ 22,062.19
Personal Expenses - Appliances, pages 5 and 6	5,043.57	5,043.57	-
Overpayment of Compensation -			
Rose M. Overpeck, page 6	6,430.76	-	6,430.76
Employee Benefits - Rose M. Overpeck,			
pages 6 and 7	6,586.00	-	6,586.00
Proceeds From Sale of Scrap Material			
Not Deposited, page 7	3,086.15	-	3,086.15
Surplus Equipment Sold and Proceeds			
Not Deposited, page 8	900.00	-	900.00
Petty Cash Fund, page 8	852.84	-	852.84
Supporting Documentation, pages 8 and 9	914.12	-	914.12
Penalties, Interest, and Other Charges, page 9	234.75	-	234.75
Cash Not Accounted For, pages 9 and 10	358.38	-	358.38
Unauthorized Personal Shirt Purchase, page 10	86.96	-	86.96
Additional Audit Costs, page 10	31,360.80	-	31,360.80
	<u>31,360.80</u>	<u>-</u>	<u>31,360.80</u>
Totals	<u>\$ 86,578.32</u>	<u>\$ 13,705.37</u>	<u>\$ 72,872.95</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

STATE OF INDIANA)
)
Owen COUNTY)

I, Lynne Spencer, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Office and Finance Manager, Terre Haute International Airport, Vigo County, Indiana, for the period from January 1, 2012 to June 30, 2014, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 24th day of September, 2014.



Notary Public

My Commission Expires: Nov. 7, 2021

County of Residence: Owen