

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FULTON COUNTY AIRPORT AUTHORITY

FULTON COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

09/11/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Manager	Matthew Woods	01-01-22 to 12-31-23
Treasurer	Teddy Cox (Vacant) Steve Rude	01-01-22 to 06-07-22 06-08-22 to 12-05-22 12-06-22 to 12-31-23
President of the Airport Authority Board	Daniel Funk	01-01-22 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE FULTON COUNTY AIRPORT AUTHORITY, FULTON COUNTY, INDIANA

This report is supplemental to the audit report of the Fulton County Airport Authority (Authority), for the period from January 1, 2022 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Authority. It should be read in conjunction with the Financial Statement Audit Report of the Airport Authority, which provides our opinions on the Authority's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

August 23, 2023

FULTON COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS

**FINANCIAL TRANSACTIONS**

*Condition and Context*

The Authority had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors related to cash and investments.

An outside consultant was hired to perform the bank reconciliations. Once complete, the bank reconciliations were returned to the Authority. There was no indication that bank reconciliations, once received from the consultant, were reviewed by an individual at the Authority to ensure the accuracy and timeliness of the reconciliation.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Authority had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following error:

The Capital Asset ledger maintained by the Authority did not agree with the capital asset information entered into the AFR. The Authority has chosen not to report the Schedule of Capital Assets as Other Information in the Financial Statement Audit Report.

FULTON COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**CAPITAL ASSETS**

*Condition and Context*

As of December 31, 2022, the Authority had not adopted a capital asset policy detailing the threshold at which an item is considered a capital asset.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**MONTHLY AND ANNUAL ENGAGEMENT UPLOADS**

*Condition and Context*

Amended State Examiner Directive 2018-1 required monthly and annual uploads of government unit financial information on the Indiana Gateway for Government Units (Gateway) financial reporting system, beginning with July 2018 files. The Authority had not uploaded all required monthly and annual engagement uploads into Gateway for 2022.

*Criteria*

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15<sup>th</sup> of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . . Thereafter, annual files must be uploaded no later than March 1<sup>st</sup> . . . for the prior year end unless the SBOA establishes a different date.

FULTON COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS  
(Continued)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. . . .

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

The following files and governmental unit information are required to be uploaded annually (for Counties, these apply to County Auditors unless otherwise noted):

- Year-end Investment Statements (for Counties - County Treasurer)
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)
- . . .

(Amended State Examiner Directive 2018-1)

**DATA PROCESSING SOFTWARE**

The same comment also appeared in prior Reports B47706 and B54180.

*Condition and Context*

The Authority used a commercially purchased software program to prepare spreadsheets as the ledger, which allowed changes to the data after it was posted. The spreadsheets were considered the official accounting records for the financial transactions (receipts, disbursements, and cash and investment balances) for each of the funds.

*Criteria*

The accounting application should provide extensive data editing validation, and change capability upon input and before a transaction is posted to an account, but no ability to change data after it is posted. If an error is discovered after the transactions is posted a separate correcting transaction must be made in the accounting period that it is discovered. Under no circumstances must an error be corrected in a year that has been closed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Political Subdivisions - Information Technology)

FULTON COUNTY AIRPORT AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2023, with Matthew Woods, Airport Manager; Steve Rude, Treasurer; Mark Nafziger, Vice President of the Authority Board; and Daniel Funk, President of the Authority Board.