

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TERRE HAUTE REGIONAL AIRPORT AUTHORITY

VIGO COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/30/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Jeffrey Hauser	01-01-23 to 10-31-23
	Craig Maschino	11-01-23 to 12-31-24
HR/Business Relations Manager	Kelsey Veatch	01-01-23 to 12-31-24
President of the Board	Richard Burger	01-01-23 to 12-31-24
Director of Operations	Kara McIntosh	01-01-23 to 04-02-24
	Robert Hackett	04-03-24 to 09-30-24
	Karlee Erickson	10-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TERRE HAUTE REGIONAL
AIRPORT AUTHORITY, VIGO COUNTY, INDIANA

This report is supplemental to the audit report of the Terre Haute Regional Airport Authority (Authority), for the period from January 1, 2023 to December 31, 2023. 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 Authority, which provides our opinions on the Authority's financial statement. This report may be found at 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

September 26, 2024

TERRE HAUTE REGIONAL AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

The same comment also appeared in prior Report B53299, entitled *SCHEDULE OF CAPITAL ASSETS*, and in prior Report B55666.

Condition and Context

Internal controls were not in place to ensure that accurate information was included on the detailed capital asset listing. A listing of capital assets was presented for audit period but was not accurate.

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)

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

Internal controls were not in place to ensure that accurate information was entered into the Annual Financial Report (AFR). Financial and other information are required to be entered annually into the AFR via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital asset information entered into Gateway could not be verified to the supporting detailed capital asset records. The capital asset schedule was not materially correct for the audit period.

TERRE HAUTE REGIONAL 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 as set forth in the uniform compliance guidelines. 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](#)."

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:

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MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1 as amended. The Authority did not upload in the Indiana Gateway for Government Units financial reporting system any of the required monthly and annual files for the audit period.

The following files and governmental unit information are required to be uploaded monthly:

- Bank reconcilements
- Bank Statements (effective for the required upload beginning with December 2020 information)
- Outstanding Check Lists (effective for the required upload beginning with December 2020 information)
- Approved board minutes
- Funds ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund (beginning and ending balances effective for the required uploads beginning with December 2020 information)

TERRE HAUTE REGIONAL AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

The following files and governmental unit information are required to be uploaded annually:

- Year-end bank statement (no longer required after 2019 annual uploads)
- Year-end outstanding check list (no longer required after 2019 annual uploads)
- Year-end investment statements
- Detail of receipts for the year
- Detail of disbursements for the year
- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information)
- Annual vendor history report
- Annual employee earnings record/payroll history report without social security numbers (unless only hand posted records exist)
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund (effective beginning with 2020 information)

Criteria

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. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

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)

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:

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TERRE HAUTE REGIONAL AIRPORT AUTHORITY
 AUDIT RESULTS AND COMMENTS
 (Continued)

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BANK ACCOUNT RECONCILIATIONS

Condition and Context

Internal controls were not in place to ensure that the Authority complied with laws regarding bank reconciliations. The Authority included more than 30 adjustments on the bank reconciliations throughout the audit period, but did not make the required corrections to the fund ledger. Adjustments were for transactions originating as early as 2019. Most of these adjustments resulted from grant receivable balances not being entered into the computer system when the Authority changed the accounting software and bank account transfers.

		<u>Positive Adjustment</u>		<u>Negative Adjustment</u>
Bank Reconciliation	\$	259,053	\$	354,944

Criteria

Indiana Code 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."

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:

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TERRE HAUTE REGIONAL AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2024, with Kelsey Veatch, HR/Business Relations Manager; Craig Maschino, Executive Director; and Richard Burger, President of the Airport Authority Board.