

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

**Paul D. Joyce, CPA  
State Examiner**

COMPLIANCE ENGAGEMENT REPORT

OF

DELAWARE COUNTY AIRPORT AUTHORITY

DELAWARE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
12/20/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Manager	Tim Baty	01-01-20 to 12-31-24
Chair of the Airport Authority Board	Dr. Kurt Alexander Russell Jones	01-01-20 to 12-31-23 01-01-24 to 12-31-24



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## INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Delaware County Airport Authority (Authority), for the period of January 1, 2020 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Authority as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only. The Statements of Receipts, Disbursements, and Schedule of Cash and Investment Balances - Regulatory Basis have not been included in this report due to the issues detailed in the Comments below.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Authority's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Tim Baty, Airport Manager, and Russell Jones, Chair of the Airport Authority Board, on December 4, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

October 10, 2024

DELAWARE COUNTY AIRPORT AUTHORITY  
COMMENT

**ANNUAL FINANCIAL REPORT**

A similar comment appeared in prior Report B55935, entitled *INTERNAL CONTROLS*.

*Condition and Context*

Internal controls were not in place to ensure compliance with requirements related to 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 financial reporting system. The AFR contained errors as detailed below. Proposed adjustments to the AFR were provided to the Authority but they were not made.

*Financial Data*

The following were errors reported in reported receipts, disbursements, and balances in the AFR:

Fund	Years	Overstated/(Understated)			Ending Cash Balance
		Beginning Cash Balance	Receipts	Disbursement	
General Fund	2020	\$ -	\$ -	\$ 23,000	\$ (23,000)
Cares Act	2020	-	(23,000)	(23,000)	-
Federal Projects Fund	2020	177	-	-	177
State Projects Fund	2020	(1,882)	-	-	(1,882)
General Fund	2021	(23,000)	1,600	112,928	(134,328)
Rainy Day Fund	2021	-	14,810	115,000	(100,190)
Cummulative Building Fund	2021	-	227,928	6,709	221,219
Federal Projects Fund	2021	177	-	-	177
State Projects Fund	2021	(1,882)	-	-	(1,882)
General Fund	2022	(134,328)	-	-	(134,328)
Rainy Day Fund	2022	(100,190)	54,417	-	(45,773)
Cummulative Building Fund	2022	743,899	-	-	743,899
Federal Projects Fund	2022	177	-	-	177
State Projects Fund	2022	(1,882)	-	-	(1,882)
General Fund	2023	(134,328)	-	-	(134,328)
Rainy Day Fund	2023	(45,773)	-	-	(45,773)
Cummulative Building Fund	2023	743,899	(1,308)	-	742,591
Federal Projects Fund	2023	177	-	-	177
State Projects Fund	2023	(1,882)	-	-	(1,882)

*Interfund Transfers*

Transfers in and transfers out did not agree in the AFR for 2021 and 2022. Documentation regarding transfers reported in 2021 and 2022 schedules were not provided for review.

DELAWARE COUNTY AIRPORT AUTHORITY  
COMMENT  
(Continued)

Additionally, the AFR included activity related to interbank transfers that should not have been reported in the financial activity of the unit.

*Capital Asset Schedule*

The total amount reported for capital assets at the end of 2023 was not supported. When compared to underlying records, capital assets were understated by \$335,214.

*Schedule of Leases and Debt*

The total ending principal balance at the end of 2023 was not supported. When compared to the underlying debt agreement, the ending principal balance was understated by \$8,506.

*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:

"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. . . ."



OFFICIAL RESPONSE

Date: December 10, 2024

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: COMPLIANCE ENGAGEMENT REPORT

OF

DELAWARE COUNTY AIRPORT AUTHORITY

DELAWARE COUNTY, INDIANA

January 1, 2020 to December 31, 2023

In response to the findings during the above specified time period as noted in the draft report provided to the Delaware County Airport Authority on December 4, 2024.

***ANNUAL FINANCIAL REPORT***

The Delaware County Airport Authority agrees with the finding in regards to the Financial Data Statement. The Delaware County Airport Authority previously reported balances on the accrual basis, items noted in the account balances in part are grant reimbursement funds that often have a positive or negative balance at the end of the year causing balances to not necessarily balance at the end of fiscal year. In regards to the ARC schedule provided to the Authority in email on December 4, there was no beginning balance provided for the General or Cumulative fund causing the balance to be negative at the end of 2021 and continue through out the audited time frame.

During a review of Gateway uploads, we were also informed during the audit period to begin using the Monthly SBOA fund ledger form to submit monthly, since doing this the balances should be accurately reported on a cash basis which we have switched to moving forward.

### **Interfund Transfers**

The Delaware County Airport Authority agrees with the findings, with the following exceptions- Interfund transfers during the audited time period would have involved the regular yearly transfer from Rainy Day Fund to the Cumulative fund. During the exit interview, we were not provided with enough detail to respond thoroughly on this topic. In the Draft report provided on 12-4-2024 it has been stated that documentation regarding transfers reported in 2021 and 2022 schedules were not provided for review, this statement is not accurate in the sense that we were never asked for this documentation and we would gladly provide any further information if needed. In regards to the interbank transfers moving forward this information will not be provided in the financial activity submitted to the SBOA.

### **Capital Asset Schedule**

The Delaware County Airport Authority agrees with the findings The amount entered into gateway of \$335,214.00 was a depreciation amount of the current assets, moving forward, we will enter the value of the current assets, this was likely an error of information requested.

### **Schedule of Leases and Debt**

The Delaware County Airport Authority agrees with the findings The Delaware County Airport Authority agrees with this finding, moving forward the accumulated value will be figured and reported in AFR.

In regards to the Airport Authority not having Internal Control guidelines in place, the Delaware County Airport Authority has guidelines in place as provided in Email to SBOA on December 4, 2024 showing that they were adopted on May 9, 2016 and found to be adequate in the audit that was completed in 2018 by SBOA. We have also since adoption of the Uniform Compliance guidelines and internal controls have segregated duties. The Delaware County Airport Authority employes two employees who manage the financial duties of the Airport. One administrative assistant who does the daily financial duties of entering receipts and expenses, and one who audits the books on a monthly basis for accuracy and completes the monthly State Board of Accounts Funds Ledger, that gets approved and uploaded to gateway by the Airport Manager.



Tim Baty

Delaware County Regional Airport, Manager

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