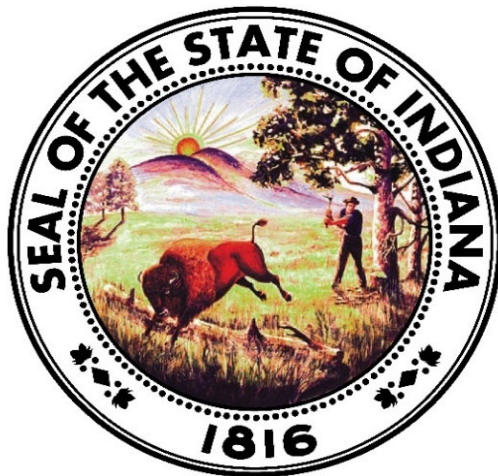


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

COMPLIANCE ENGAGEMENT REPORT  
OF  
TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
VIGO COUNTY, INDIANA  
January 1, 2020 to December 31, 2022



**FILED**  
09/30/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Compliance Report .....	3-4
Comments .....	5-9
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	12-13

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Jeffrey Hauser	01-01-20 to 10-31-23
	Craig Maschino	11-01-23 to 12-31-24
HR/Business Relations Manager	Kelsey Veatch	01-01-20 to 12-31-24
President of the Airport Authority Board	Rachel Leslie	01-01-20 to 12-31-20
	Richard Burger	01-01-21 to 12-31-24
Director of Operations	Kara McIntosh	01-01-20 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

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 THE TERRE HAUTE REGIONAL  
AIRPORT AUTHORITY, VIGO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Terre Haute Regional Airport Authority (Authority) for the period of January 1, 2020 to December 31, 2022. 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 and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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 Kelsey Veatch, HR/Business Relations Manager; Craig Maschino, Executive Director; and Richard Burger, President of the Airport Authority Board, on September 26, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

September 26, 2024

TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
COMMENTS

**CAPITAL ASSETS**

The same comment also appeared in a similar comment 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 the engagement 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. . . ."

**TIMELY RECORDING**

*Condition and Context*

Internal controls were not in place to ensure that receipts were posted timely. State distributions received for 2021 and 2022, in the amounts of \$5,049 and \$609, respectively, were not recorded in the Authority's ledger. They were made as adjustments to their bank reconciliations.

TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
COMMENTS  
(Continued)

*Criteria*

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (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 schedules were not materially correct for the engagement period.

*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:

TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
COMMENTS  
(Continued)

"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. . . ."

### **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 engagement 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)

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)

TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
COMMENTS  
(Continued)

- 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:

"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. . . ."

**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 20 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.

TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
 COMMENTS  
 (Continued)

<u>Year</u>	<u>Positive Adjustments</u>	<u>Negative Adjustments</u>
2020 Bank Reconciliation	\$ 97,161	\$ 103,737
2021 Bank Reconciliation	276,510	357,357
2022 Bank Reconciliation	235,706	331,613

*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:

"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. . . ."

(This page intentionally left blank.)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS

TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
GENERAL OPERATING FUND	\$ 979,405	\$ 2,619,182	\$ 2,649,888	\$ 948,699	\$ 2,663,549	\$ 2,728,462	\$ 883,786
RAINY DAY	299,978	246,587	187,600	358,965	290,686	-	649,651
LEVY EXCESS FUND	1,720	-	-	1,720	-	-	1,720
FAA HOLDINGS	552,732	906	-	553,638	906	-	554,544
FEDERAL PROJECTS (AIP)	(117,269)	583,147	600,141	(134,263)	115,268	189,871	(208,866)
TIF CONSTRUCTION LOAN	1,194,815	18,272	1,213,087	-	-	-	-
CUMULATIVE BUILDING	77,252	72,208	-	149,460	73,227	23,220	199,467
TIF	699,333	732,275	869,528	562,080	794,283	887,802	468,561
COVID-19 AIRPORT GRANT	-	69,000	69,000	-	-	-	-
PAYROLL	194	893,882	890,452	3,624	888,312	888,520	3,416
Totals	<u>\$ 3,688,160</u>	<u>\$ 5,235,459</u>	<u>\$ 6,479,696</u>	<u>\$ 2,443,923</u>	<u>\$ 4,826,231</u>	<u>\$ 4,717,875</u>	<u>\$ 2,552,279</u>

TERRE HAUTE REGIONAL AIRPORT AUTHORITY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2022

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22
GENERAL OPERATING FUND	\$ 883,785	\$ 2,829,083	\$ 2,845,031	\$ 867,837
RAINY DAY	649,651	139,522	240,000	549,173
LEVY EXCESS FUND	1,720	-	-	1,720
FAA HOLDINGS	554,544	438	-	554,982
FEDERAL PROJECTS (AIP)	(208,865)	63,396	18,530	(163,999)
CUMULATIVE BUILDING	199,467	70,508	9,180	260,795
TIF	468,560	763,602	361,309	870,853
PAYROLL	3,417	980,191	980,002	3,606
Totals	<u>\$ 2,552,279</u>	<u>\$ 4,846,740</u>	<u>\$ 4,454,052</u>	<u>\$ 2,944,967</u>