

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY

VIGO COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
09/23/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Bill McKown (Vacant) William J. Foraker Jeff Hauser	01-01-14 to 02-05-14 02-06-14 to 02-19-14 02-20-14 to 12-31-14 01-01-15 to 12-31-16
Office and Finance Manager	Rose M. Overpeck (Vacant)	01-01-14 to 02-20-14 02-21-14 to 07-06-14
Finance and Office Manager	Karen Burger	07-07-14 to 12-31-16
President of the Board	William J. Foraker Darryl Huyett	01-01-14 to 02-19-14 02-20-14 to 06-30-17



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

This report is supplemental to our audit report of the Terre Haute International Airport Authority (Airport Authority), for the period from January 1, 2014 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Airport Authority. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Airport Authority, which provides our opinions on the Airport Authority's financial statement and federal program compliance. 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.

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

August 2, 2016

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The Airport Authority used an accrual-based general ledger system, but the Annual Financial Report (AFR) was prepared on the cash basis. The AFR was accurate since it does not involve the Airport Authority's accrual accounts. However, the accrual accounts in the ledger contain numerous errors and error corrections.

The Due To/Due From account balances were inaccurate due to old posting errors. There were some transactions posted directly through the Fund Balance accounts as a way of correcting old errors.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

RECORD OF HOURS WORKED

Salaried employees at the Airport did not keep adequate records of daily and weekly hours worked.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employees' Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14)



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August 10, 2016

State Board of Accounts
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OFFICIAL RESPONSE

The Airport Authority respectfully disagrees with the comments made in the 2014 and 2015 audit reports under the heading "Record of Hours Worked". Specifically, the reports note that "[s]alaried employees at the Airport did not keep adequate records of daily and weekly hours worked", goes on to suggest that maintenance of such records of is required by the FLSA and recommends using certain prescribed forms.

Pursuant to the FLSA's governing regulations, employers are not required to maintain records of the daily or weekly hours worked for employees who are exempt from the overtime requirements as salaried executive, administrative or professional employees. See, 29 C.F.R. § 516.3 (employers not required to keep time records for salaried "white collar" employees).

During the years covered by the audits, there were several Airport employees who received salaried (as opposed to hourly) compensation:

- PSO employees were paid a salary but, as these employees were eligible for overtime, daily and weekly time records were kept.
- Several other employees (i.e. Director, Marketing, etc.) were also paid a salary but all of these employees were exempt from overtime under the executive or administrative exemptions. As such, no detailed time records were kept for these employees nor were they required to be kept under 29 C.F.R. § 516.3.

Accordingly, the Airport believes that it did maintain all proper and required records as required by the FLSA and that the audit comments are incorrect.

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2016, with Darryl Huyett, President of the Board; Jeff Hauser, Director; Karen Burger, Finance and Office Manager; Kara McIntosh, Director of Operations; Abby Desboro, Director of Marketing; and Scott Craig, Attorney.