

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

FINANCIAL STATEMENT EXAMINATION REPORT  
OF  
TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
VIGO COUNTY, INDIANA  
January 1, 2015 to December 31, 2015



**FILED**  
09/23/2016



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	William J. Foraker Jeffrey Hauser	02-20-14 to 02-28-15 03-01-15 to 12-31-16
Finance/Office Manager	Karen Burger	01-01-15 to 12-31-16
President of the Board	Darryl Huyett	01-01-15 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Terre Haute International Airport Authority (Airport Authority), for the period of January 1, 2015 to December 31, 2015. The financial statement is the responsibility of the Airport Authority's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Airport Authority prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Airport Authority for the period of January 1, 2015 to December 31, 2015.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Airport Authority for the period of January 1, 2015 to December 31, 2015, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Airport Authority's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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

August 2, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Airport Authority. The financial statement and notes are presented as intended by the Airport Authority.

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General Fund	\$ 1,256,629	\$ 3,248,237	\$ 2,946,684	\$ 1,558,182
Holding for FAA	546,847	1,241	-	548,088
AIP Funds	222,806	252,638	418,429	57,015
Cumulative	312,635	69,187	94,881	286,941
Tif	413,114	510,176	165,546	757,744
Totals	<u>\$ 2,752,031</u>	<u>\$ 4,081,479</u>	<u>\$ 3,625,540</u>	<u>\$ 3,207,970</u>

The notes to the financial statement are an integral part of this statement.

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Airport Authority was established under the laws of the State of Indiana. The Airport Authority operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Airport Authority.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes, which can include one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, county adjusted gross income tax, and other taxes that are set by the Airport Authority.

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, financial institution tax received from the state, and commercial vehicle excise tax received from the state.

Charges for services, which can include, but are not limited to, the following: hangar and storage rental, rental car commissions, and farm lease income.

Other receipts, which include amounts received from various sources including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; and fiduciary receipts.

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services, which include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges, which include, but are not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest, which includes fixed obligations resulting from financial transactions previously entered into by the Airport Authority. It includes all expenditures for the reduction of the principal and interest of the Airport Authority's general obligation indebtedness.

Capital outlay, which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements, which include, but are not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Airport Authority may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Airport Authority. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Airport Authority. The money accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Airport Authority in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Airport Authority submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Airport Authority in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Airport Authority to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The Airport Authority may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Airport Authority to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Airport Authority the authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

#### OTHER INFORMATION - UNEXAMINED

The Airport Authority's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Airport Authority's Annual Financial Report which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The other information presented was approved by management of the Airport Authority. It is presented as intended by the Airport Authority.

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015

	General Fund	Holding for FAA	AIP Funds	Cumulative	Tif	Totals
Cash and investments - beginning	\$ 1,256,629	\$ 546,847	\$ 222,806	\$ 312,635	\$ 413,114	\$ 2,752,031
Receipts:						
Taxes	1,117,846	-	-	62,433	354,372	1,534,651
Intergovernmental receipts	350,961	-	108,569	6,575	-	466,105
Charges for services	718,462	-	125,689	-	-	844,151
Other receipts	1,060,968	1,241	18,380	179	155,804	1,236,572
Total receipts	<u>3,248,237</u>	<u>1,241</u>	<u>252,638</u>	<u>69,187</u>	<u>510,176</u>	<u>4,081,479</u>
Disbursements:						
Personal services	1,065,368	-	-	-	-	1,065,368
Supplies	317,708	-	-	-	-	317,708
Other services and charges	452,586	-	85	-	-	452,671
Debt service - principal and interest	149,310	-	-	-	-	149,310
Capital outlay	75,857	-	93,530	-	-	169,387
Other disbursements	885,855	-	324,814	94,881	165,546	1,471,096
Total disbursements	<u>2,946,684</u>	<u>-</u>	<u>418,429</u>	<u>94,881</u>	<u>165,546</u>	<u>3,625,540</u>
Excess (deficiency) of receipts over disbursements	<u>301,553</u>	<u>1,241</u>	<u>(165,791)</u>	<u>(25,694)</u>	<u>344,630</u>	<u>455,939</u>
Cash and investments - ending	<u>\$ 1,558,182</u>	<u>\$ 548,088</u>	<u>\$ 57,015</u>	<u>\$ 286,941</u>	<u>\$ 757,744</u>	<u>\$ 3,207,970</u>

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 157,696</u>	<u>\$ 75,384</u>

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Great America Financial Services	Copy Machine Lease	\$ 3,152	11/1/2012	10/31/2017
Pitney Bowes Global Financial Svcs	Postage Meter Lease	<u>269</u>	5/1/2012	9/1/2016
Total governmental activities		<u>3,421</u>		
Total of annual lease payments		<u>\$ 3,421</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Hangar Building Loan	\$ 547,231	\$ 32,846
Notes and loans payable	Snow Removal Building Loan	<u>273,745</u>	<u>116,463</u>
Total governmental activities		<u>820,976</u>	<u>149,309</u>
Totals		<u>\$ 820,976</u>	<u>\$ 149,309</u>

TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2015

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 1,588,883
Infrastructure	52,883,798
Buildings	29,101,854
Improvements other than buildings	2,109,808
Machinery, equipment, and vehicles	2,075,076
Construction in progress	712,333
Books and other	938,640
Total governmental activities	89,410,392
Total capital assets	\$ 89,410,392

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Airport Authority. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.