

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

This report is supplemental to our examination report of the Terre Haute International Airport Authority (Airport Authority), for the period from January 1, 2015 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Airport Authority. It should be read in conjunction with our Financial Statement Examination Report of the Airport Authority, which provides our opinion on the Airport 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

August 2, 2016

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FINANCE/OFFICE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY

FINANCE/OFFICE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2015 was not filed timely. The report was not filed until April 20, 2016, which was 50 days past the due date.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."

FUND SOURCES AND USES

We noted the following disbursements made from the General Fund:

- Food provided to the Airport Authority's employee for staff lunches in the amount of \$338.
- Expenses for an employee retirement party in the amount of \$246.
- Food for a retreat for the Airport Board in the amount of \$150.
- Food and prizes for an employee holiday dinner in the amount of \$694.
- Holiday gifts for the employees in the amount of \$1,350.
- Holiday decorations in the amount of \$548.

Total disbursements from the General Fund for unauthorized purposes were \$3,326.

FINANCE/OFFICE MANAGER
TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (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 10)



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August 10, 2016

State Board of Accounts
302 W Washington St, Room E 418
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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.

FINANCE/OFFICE MANAGER
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; Jeffrey Hauser, Director; Karen Burger, Finance/Office Manager; Kara McIntosh, Director of Operations; Abby Desboro, Director of Marketing; and Scott Craig, Attorney.

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AIRPORT BOARD
TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY

AIRPORT BOARD
TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY
EXAMINATION RESULT AND COMMENT

FUND SOURCES AND USES

The Airport Board authorized payment from the General Fund for a Holiday party and Holiday gifts for employees in the amount of \$2,044.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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AIRPORT BOARD
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