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March 27, 2019

Board of Directors
Terre Haute International Airport
581 S Airport St
Terre Haute, IN 47803

This report is supplemental to the audit report of the Terre Haute International Airport (Airport), for the period from January 1, 2016 to December 31, 2016. It should be read in conjunction with the financial statement report of the Airport. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Airport and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

We have reviewed the Supplemental Audit Report for Terre Haute International Airport prepared by Katz, Sapper & Miller, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

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

TERRE HAUTE REGIONAL AIRPORT AUTHORITY

SUPPLEMENTAL AUDIT REPORT

VIGO COUNTY, INDIANA
December 31, 2016

TERRE HAUTE REGIONAL AIRPORT AUTHORITY

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SCHEDULE OF OFFICIALS

Office	Official	Term
Executive Director	Jeffrey Hauser	01-01-16 to 12-31-18
Finance/Office Manager	Karen Burger	01-01-15 to 12-31-16
President of the Board	Darryl Huyett	07-01-15 to 12-31-18

Independent Auditors' Supplemental Audit Report

Board of Directors
Terre Haute Regional Airport Authority

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Uniform Compliance Guidelines for Audit of Hospitals and State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts, the financial statement of Terre Haute Regional Airport Authority (the Airport Authority) as of and for the year ended December 31, 2016, and have issued our report thereon dated March 8, 2019. Our report includes a disclaimer of opinion because of the inadequacy of accounting records for the year ended December 31, 2016, as we were unable to obtain sufficient appropriate audit evidence regarding cash receipts and cash disbursements for the year ended December 31, 2016.

In connection with our audit, there were items that came to our attention that caused us to believe that the Airport Authority failed to comply with the conditions of the *Accounting and Uniform Compliance Guidelines Manual for Special Districts*, established by the Indiana State Board of Accounts, as it applies to airport authorities, which are stated in the Audit Results and Comments. Due to the matters discussed above, we were unable to complete our audit testing. Had we completed additional testing, it is possible that other noncompliance would have come to our attention.

This report is intended solely for the information and use of the Board of Directors and management of the Airport Authority and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
March 8, 2019

TERRE HAUTE REGIONAL AIRPORT AUTHORITY

AUDIT RESULTS AND COMMENTS

Year Ended December 31, 2016

Condition of Records

The Terre Haute Regional Airport Authority (the Airport Authority) could not provide adequate records of the general ledger, subsidiary ledgers, control ledgers, or reconciled bank balances that agreed.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (*Accounting and Uniform Compliance Guidelines Manual*, Chapter 1)

Supporting Documentation

The Airport Authority was unable to provide adequate supporting documentation related to cash receipts and cash disbursements during the year.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (*Accounting and Uniform Compliance Guidelines Manual*, Chapter 1)

Lack of Bank Reconciliations

The Airport Authority did not provide bank reconciliations for all accounts that clearly reconciled and agreed the Airport Authority's general ledger.

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."

Certified Report Filed After Due Date

The 100R Certified Report for 2016 was not filed timely. The report was not filed until February 16, 2017, which was 16 days past the due date.

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts . . . The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7."

Lack of Capital Asset Policy

The Airport Authority lacks a written policy regarding capital assets. The State Board of Accounts requires each unit to have a written capital asset policy in place that details the threshold at which an item is considered a capital asset (*Accounting and Uniform Compliance Guidelines Manual*, Chapter 1 – Prescribed Forms, Taxes, General Information, Local Policies, and Deposits and Investments).

Furthermore, the Airport Authority should ensure that a physical inventory is being completed every two years. Any dispositions of capital assets should meet sale requirements of IC 5-22-22-4 and IC 5-22-22-5, as required by the State Board of Accounts.

TERRE HAUTE REGIONAL AIRPORT AUTHORITY

EXIT CONFERENCE Year Ended December 31, 2016

The contents of this report were discussed on February 15, 2019 with Jeff Hauser, Executive Director; Kara McIntosh, Director of Operations; Tammy Sindors, Financial Office Manager; Peggy Arnold, Finance Manager; Dick Baker, current Board Treasurer; and Rachel Leslie, current President of the Board. The officials concurred with our audit finding.

The Official Response has been included on page 6 of this report. The Official Response has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on the Official Response.



Terre Haute 2016 Compliance Report:

Finding #1 – Condition of Records

The Airport Authority Officials agree with the finding.

Corrective Action Plan:

Because the main issue is with the Blackbaud Financial Edge software program, the Airport Authority officials have purchased the software programs from Boyce Systems called Keystone Fund. The software is scheduled to be installed April 2, 2019.

We anticipate that the records will be more than sufficient in the future.

Finding #2 – Supporting Documentation

The Airport Authority Officials agree with the finding.

Corrective Action Plan:

The former Finance Manager for the airport resigned in 2016. The Airport Authority hired a temporary employee who finished 2016, and also hired a new Office Manager and a new Finance Manager in early 2017. The software system currently in use, the Blackbaud System's Financial Edge program is very complicated and neither new employee received adequate training on it. The Airport Authority Officials have approved the installation of a new software system, Boyce Systems Keystone Fund, to be installed April 2, 2019. This system is used throughout the state of Indiana, and all employees will receive adequate training in its use.

Finding #3 – Lack of Bank Reconciliations

The Airport Authority Officials agree with the finding.

Corrective Action Plan:

As in finding # 2, the former Finance Manager for the airport resigned in 2016. The Airport Authority hired a temporary employee who finished 2016, and also hired a new Office Manager and a new Finance Manager in early 2017. The software system currently in use, the Blackbaud System's Financial Edge program is very complicated and neither new employee received adequate training on it. The Airport Authority Officials have approved the installation of a new software system, Boyce Systems Keystone Fund, to be installed April 2, 2019. This system is used throughout the state of Indiana, and all employees will receive adequate training in its use.

Finding #4 – Certified Report Filed After Due Date

The Airport Authority Officials agree with the finding.

Corrective Action Plan:

The Airport Authority Officials will make every effort to comply with the due dates of any reports to be filed.

Finding #5 – Lack of Capital Asset Policy

The Airport Officials agree with the finding.

Corrective Action Plan:

The Airport Authority Board of Directors will set a policy to make a threshold for asset purchases. The new software system will track assets at or above that threshold as they are purchased.