

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

PERRY COUNTY AIRPORT AUTHORITY

PERRY COUNTY, INDIANA

January 1, 2017 to December 31, 2020



FILED
09/15/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis.....	6-7
Notes to Financial Statements.....	8-11
Review Results and Comments:	
Capital Assets.....	12
Certified Report Filed After Due Date.....	12
Certification on Internal Control Standards	12-13
Adoption of and Training on Internal Control Standards	13
Errors on Claims	13-14
Receipt Issuance	14
Late Submission of Annual Financial Reports.....	14
Exit Conference.....	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	David Ward Mark Schaeffer	01-01-17 to 06-30-17 07-01-17 to 12-31-21
President of the Airport Authority Board	Gary Gebhard	01-01-17 to 12-31-21



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE PERRY COUNTY AIRPORT AUTHORITY, PERRY COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Perry County Airport Authority (Airport Authority), for the period of January 1, 2017 to December 31, 2020. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Airport Authority's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the Airport Authority uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

August 26, 2021

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

PERRY COUNTY AIRPORT AUTHORITY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
General Fund	\$ 23,837	\$ 50,489	\$ 63,128	\$ 11,198	\$ 43,702	\$ 39,658	\$ 15,242
Building Fund - GAB and Ed Jones	1,515	2	20	1,497	8	-	1,505
Building Fund	10,768	142,502	96,167	57,103	121,137	17,760	160,480
Fifth Third Ckg	113,542	152,858	53,140	213,260	39,025	26,655	225,630
GAB Ckg	<u>23,942</u>	<u>24</u>	<u>-</u>	<u>23,966</u>	<u>29</u>	<u>105</u>	<u>23,890</u>
Totals	<u>\$ 173,604</u>	<u>\$ 345,875</u>	<u>\$ 212,455</u>	<u>\$ 307,024</u>	<u>\$ 203,901</u>	<u>\$ 84,178</u>	<u>\$ 426,747</u>

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

PERRY COUNTY AIRPORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General Fund	\$ 15,242	\$ 44,048	\$ 39,809	\$ 19,481	\$ 121,847	\$ 123,290	\$ 18,038
Building Fund - GAB and Ed Jones	1,505	9	-	1,514	1	20	1,495
Building Fund	160,480	27,035	49,166	138,349	281,642	340,996	78,995
Fifth Third Ckg	225,630	44,335	35,461	234,504	59,015	231,464	62,055
GAB Ckg	23,890	60	-	23,950	26	-	23,976
Totals	\$ 426,747	\$ 115,487	\$ 124,436	\$ 417,798	\$ 462,531	\$ 695,770	\$ 184,559

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

PERRY COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

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 a governing board.

The accompanying financial statements present the financial information for the Airport Authority.

B. Basis of Accounting

The financial statements are 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 statements. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Airport Authority.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

PERRY COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts. 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; internal service receipts; and fiduciary receipts.

E. Disbursements

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

Supplies. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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.

PERRY COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(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 December 31 of the year preceding the budget year or January 15 of the budget year if the Airport Authority is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

PERRY COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Combined Funds

Funds related to the Building Fund were reported individually in the current financial statements, but were combined into one fund in the prior financial statements.

PERRY COUNTY AIRPORT AUTHORITY
REVIEW RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The Airport Authority did not have a capital assets policy or maintain a complete detailed listing of capital assets during the review period. In addition, a complete physical inventory of capital assets was not completed.

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)

CERTIFIED REPORT FILED AFTER DUE DATE

Condition and Context

The Airport Authority's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2017 and 2020 was not filed electronically until October 29, 2018, and August 6, 2021, respectively, which were 271 and 190 days past the due dates.

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity 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 the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Treasurer certified in the Annual Financial Report (AFR) for the years 2017, 2018, 2019, and 2020 that the required internal control standards had been adopted and the required training had been received. However, the Airport Authority had not adopted the internal control standards as required by Indiana Code 5-11-1-27(g), nor had any training been completed.

PERRY COUNTY AIRPORT AUTHORITY
REVIEW RESULTS AND COMMENTS
(Continued)

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 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](#)."

ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Airport Authority Board did not adopt the acceptable minimum level of internal controls as required by statute, nor did they provide the required training on internal control standards to the appropriate personnel.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

ERRORS ON CLAIMS

Condition and Context

The Airport Authority did not prepare claim vouchers or claim registers during the review period. As a result, there was no evidence of certification by the fiscal officer for any disbursements, and there was no allowance by the Airport Authority Board. Also, in most cases, there was no evidence on the invoice of approval of the person receiving the goods or services.

Criteria

All claims or accounts payable vouchers must be itemized and allowed by a majority of the members of the board before payment by the fiscal officer. Payment of invoices not supported by a duly certified claim or accounts payable voucher is not permissible. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 12)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

PERRY COUNTY AIRPORT AUTHORITY
REVIEW RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

RECEIPT ISSUANCE

Condition and Context

The Airport Authority did not issue any receipts during the review period.

Criteria

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

LATE SUBMISSION OF ANNUAL FINANCIAL REPORTS

Condition and Context

The Airport Authority's Annual Financial Reports for 2017 and 2020 were not filed electronically until October 31, 2018, and March 22, 2021, respectively, which were 244 and 21 days past the due date.

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 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](#)."

PERRY COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2021, with Mark Schaeffer, Treasurer; Kenneth Roland, Airport Authority Board member; and Wes Terry, MBA, CPA, Account Representative.