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

ANNUAL FINANCIAL REPORT

2009

PORTER COUNTY AIRPORT AUTHORITY

PORTER COUNTY, INDIANA



FILED
05/27/2010

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OFFICIALS

Office

Official

Term

Airport Director/Treasurer

Kyle Kuebler

01-01-09 to 06-30-10

President of the Airport
Authority Board

Paul R. Chael

01-01-09 to 06-30-10



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the business-type activities of the Porter County Airport Authority (Authority), as of and for the year ended December 31, 2009. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As further discussed in Note II.B., the Authority does not maintain a comprehensive detailed record of capital assets.

In our opinion, except for the effects, if any, of the matter referred to above, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

February 15, 2010



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Porter County Airport Authority (Authority), as of and for the year ended December 31, 2009, and have issued our report thereon dated February 15, 2010. The opinion to the basic financial statements was qualified due to a lack of detailed capital asset records. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2009-1.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition described above, item 2009-1, to be a material weakness.

This report is intended solely for the information and use of the Authority's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 15, 2010

Management's Discussion and Analysis

Our discussion and analysis of the Porter County Airport Authority (the Airport) financial performance provides an overview of the Airport's financial activities for the individual fiscal year period ending December 31, 2009. Please read it in conjunction with the Airport's financial statements and accompanying notes to the financial statements.

Using This Annual Report

This report consists of two parts - *management's discussion and analysis*, and the *basic financial statements*.

In the "*management discussion and analysis*" section of this report, the management of the Airport discuss various components of the report and provide an analysis of the current financial statement information.

The "*basic financial statement*" section of this report includes a series of financial statements which provide information about the activities of the Airport as a whole. The Statement of Net Assets reveals the assets and liabilities of the Airport on December 31, 2009, while the Statement of Revenues, Expenses and Other Changes in Fund Net Assets summarizes the changes in the assets and liabilities for the audit period then ended. The Statement of Cash Flows summarizes the change in cash and cash equivalents as a result of the financial activity during the audit period. The Notes to the Financial Statements disclose additional information addressed within the body of the financial statements.

Financial Highlights

The Airport's net assets increased by \$1,622,511 (or 14.02%), as a result of 2009 operations. Operating Revenues decreased by \$669,691 (or 25.43%), largely due to the decrease in fuel sales and aviation related services provided, and the reduced aviation activity caused by the recession. The Airport's operating expenses decreased by \$631,782 (or 22.66%) due largely to management's efforts to control costs during the recessionary period, and the reduction of inventory and cost connected with aviation fuel.

The Airport's capital assets increased by \$3,165,017 (or 28.0%) when compared to the previous audit period, this due to the placement of infrastructure involving the Federal Aviation Administration's (FAA) 2009 Airport Improvement Program (AIP) for the airport, and the Series 2008 Porter County Municipal Airport Authority Airport Revenue Refunding and Improvement Bond Projects.

The Airport's outstanding debt decreased by \$115,321 (or 3.18%), with the scheduled payments associated with the Series 2008 Porter County Municipal Airport Authority Airport Revenue Refunding and Improvement Bonds.

Summarized Financial Statement Information

The following information documents in summary form the financial information related to the activities of the Airport for the last two (2) years.

| | Net Assets | |
|---|---------------|---------------|
| | <u>2009</u> | <u>2008</u> |
| <u>Assets</u> | | |
| Current Assets | \$ 1,243,172 | \$ 555,103 |
| <u>Noncurrent Assets:</u> | | |
| Restricted Assets | \$ 1,508,069 | \$ 3,364,326 |
| Capital Assets | \$ 14,466,658 | \$ 11,301,641 |
| Other Assets: Deferred Charges | \$ 45,315 | \$ 46,643 |
| Total Assets | \$ 17,263,214 | \$ 15,267,713 |
| <u>Liabilities</u> | | |
| Current Liabilities | \$ 670,439 | \$ 177,128 |
| <u>Noncurrent Liabilities:</u> | | |
| Long Term Liabilities | \$ 3,395,787 | \$ 3,516,108 |
| Total Liabilities | \$ 4,066,226 | \$ 3,693,236 |
| <u>Net Assets</u> | | |
| Invested In Capital Assets, Net Of Related Debt | \$ 10,950,871 | \$ 7,670,533 |
| Restricted For Capital Improvement | \$ 668,322 | \$ 3,329,326 |
| Restricted For Fuel Storage Tank Remediation | \$ 35,000 | \$ 35,000 |
| Unrestricted | \$ 1,542,795 | \$ 539,618 |
| Total Net Assets | \$ 13,196,988 | \$ 11,574,477 |

Changes In Net Assets

| | <u>2009</u> | <u>2008</u> |
|--|-------------------------|-------------------------|
| Operating Revenues: | | |
| Fuel sales | \$ 951,922 | \$ 1,636,016 |
| Hangar fees and rentals | \$ 328,388 | \$ 368,777 |
| Aviation Tax Distribution | \$ 671,885 | \$ 596,444 |
| Other | <u>\$ 11,777</u> | <u>\$ 32,426</u> |
| Total operating revenues | <u>\$ 1,963,972</u> | <u>\$ 2,633,663</u> |
| Operating expenses: | | |
| Salaries and wages | \$ 563,611 | \$ 555,015 |
| Office supplies | \$ 3,153 | \$ 3,650 |
| Airport supplies | \$ 22,763 | \$ 26,787 |
| Insurance | \$ 59,224 | \$ 43,750 |
| Utilities | \$ 83,958 | \$ 77,617 |
| Fuel | \$ 668,084 | \$ 1,364,645 |
| Repair and maintenance | \$ 138,831 | \$ 99,317 |
| Contractual services | \$ 43,656 | \$ 52,597 |
| Runways and taxiways | \$ 40,528 | \$ 35,862 |
| Depreciation and amortization | \$ 522,907 | \$ 514,529 |
| Bad Debt Expense | \$ - | \$ - |
| Miscellaneous expenses | <u>\$ 9,405</u> | <u>\$ 14,133</u> |
| Total operating expenses | <u>\$ 2,156,120</u> | <u>\$ 2,787,902</u> |
| Operating loss | <u>\$ (192,148)</u> | <u>\$ (154,239)</u> |
| Nonoperating revenues (expenses): | | |
| Interest and investment revenue | \$ 10,409 | \$ 34,056 |
| Cumulative Building Tax Distributions | \$ 302,116 | \$ 237,842 |
| Interest Expense | \$ - | \$ (128,024) |
| Amortization Bond Cost | \$ (2,665) | \$ (6,942) |
| Amortization Bond Premium | <u>\$ 321</u> | <u>\$ 134</u> |
| Total nonoperating revenues (expenses) | <u>\$ 310,181</u> | <u>\$ 137,066</u> |
| Income (Loss) before contributions and transfers | \$ 118,033 | \$ (17,173) |
| Capital contributions | <u>\$ 1,504,478</u> | <u>\$ 207,538</u> |
| Change in net assets | \$ 1,622,511 | \$ 190,365 |
| Total net assets - beginning | <u>\$ 11,574,477</u> | <u>\$ 11,384,112</u> |
| Total net assets - ending | <u>\$ 13,196,988</u> | <u>\$ 11,574,477</u> |

Capital Assets and Debt Administration

Capital Assets

At the end of 2009 the Airport had approximately \$14,466,658 invested in capital assets. This amount represents a net increase of approximately \$3,165,017 (or 28.0%) over last year. More detailed information about the Airport's capital assets is presented in Note II (B) to the financial statements. The table below documents the type of assets that makeup the Capital Assets held by the Airport as of December 31, 2009.

Capital Assets At Year End Net Of Depreciation

| | <u>2009</u> | <u>2008</u> |
|-------------------------------|----------------------|----------------------|
| Construction In Progress | \$ 3,598,871 | \$ 150,324 |
| Other Capital Assets | <u>\$ 17,290,133</u> | <u>\$ 17,050,756</u> |
| Subtotal | \$ 20,889,004 | \$ 17,201,080 |
| Less Accumulated Depreciation | <u>\$ 6,422,346</u> | <u>\$ 5,899,439</u> |
| Total Capital Assets (Net) | \$ 14,466,658 | \$ 11,301,641 |

Debt

At year-end, the Airport had approximately \$3,515,787 in revenue bond debt outstanding, versus \$3,631,108 of revenue bond debt at the end of the previous year. More detailed information about the Airport's long term liabilities is presented in Note II (D) to the financial statements. The table below documents the debt held and its use:

Outstanding Debt At Year End

| | <u>2009</u> | <u>2008</u> |
|-----------------------|--------------|--------------|
| Revenue Bond Payables | \$ 3,510,000 | \$ 3,625,000 |
| Bond Premium | \$ 5,787 | \$ 6,108 |
| Notes Payable | <u>\$ -</u> | <u>\$ -</u> |
| Total Debt | \$ 3,515,787 | \$ 3,631,108 |

Economic Factors

Economic factors throughout the audit period illustrated the existence of a recessionary period. Since a large segment of the Airport's operation is in support of corporate flight activity, the economic downturn which transformed into recession subsequently decreased the corporate use of the facility, thereby decreasing associated fuel sales to those users. Total fuel gallons delivered decreased by 84,969 in 2009, over the Fiscal Year 2008 total of 343,558 gallons.

Factors involving reassessment, and certification of assessed valuations, tax levies and budgets, still modified the normal payment cycle regarding taxes collected for airport operation and capital development. This situation showed some improvement considering the fact that the airport's 2008 Payable 2009 Levies were fully distributed from the County at the end of 2009, within the year due.

Concluding Statement

This Management Discussion and Analysis is provided by the Airport and not by a professional financial analyst and/or financial consultant. This Management Discussion and Analysis is not provided for reliance as to the financial health of the Porter County Municipal Airport Authority, but only provided to assist in the understanding of the accounts and financial statements generated by the receipts, expenditures, investments and operations of the Airport. There is no warrantee or guarantee by the Airport Authority as to the accuracy of the statements and conclusions contained in the Management Discussion and Analysis. If you have questions about this report or need additional financial information, contact the Airport Director at Porter County Municipal Airport, 4207 Murvihill Road, Valparaiso, Indiana 46383.

PORTER COUNTY AIRPORT AUTHORITY
STATEMENT OF NET ASSETS
December 31, 2009

| <u>Assets</u> | <u>2009</u> |
|---|----------------------|
| Current assets: | |
| Aviation cash and cash equivalents | \$ 470,850 |
| Rotary cash and cash equivalents | 163,342 |
| Accounts receivable (net of allowance) | 99,642 |
| Inventories | 78,978 |
| Grant receivable | <u>430,360</u> |
| Total current assets | <u>1,243,172</u> |
| Noncurrent assets: | |
| Restricted cash, cash equivalents and investments: | |
| Cumulative building cash and cash equivalents | 239,110 |
| Capital cash and cash equivalents | 1,746 |
| Airport improvements grants cash and cash equivalents | 427,466 |
| UST ELF cash and cash equivalents | 35,000 |
| Cash with fiscal agent | <u>804,747</u> |
| Total restricted assets | <u>1,508,069</u> |
| Deferred charges | <u>45,315</u> |
| Capital assets: | |
| Land, improvements to land and construction in progress | 5,228,283 |
| Other capital assets (net of accumulated depreciation) | <u>9,238,375</u> |
| Total capital assets | <u>14,466,658</u> |
| Total noncurrent assets | <u>16,020,042</u> |
| Total assets | <u>17,263,214</u> |
| <u>Liabilities</u> | |
| Current liabilities: | |
| Contract payable | 513,126 |
| Security and parcel deposits payable | 2,390 |
| Deferred revenue | 34,923 |
| Revenue bonds payable | <u>120,000</u> |
| Total current liabilities | <u>670,439</u> |
| Noncurrent liabilities: | |
| Revenue bonds payable (net of unamortized premium) | <u>3,395,787</u> |
| Total liabilities | <u>4,066,226</u> |
| <u>Net Assets</u> | |
| Invested in capital assets, net of related debt | 10,950,871 |
| Restricted for capital improvements | 668,322 |
| Restricted for fuel storage tank site remediation | 35,000 |
| Unrestricted | <u>1,542,795</u> |
| Total net assets | <u>\$ 13,196,988</u> |

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

PORTER COUNTY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
As Of And For The Year Ended December 31, 2009

| | 2009 |
|--|---------------|
| Operating revenues: | |
| Fuel sales | \$ 951,922 |
| Hangar fees and rentals | 328,388 |
| Aviation tax distributions | 671,885 |
| Other | 11,777 |
| Total operating revenues | 1,963,972 |
| Operating expenses: | |
| Salaries and wages | 563,611 |
| Office supplies | 3,153 |
| Airport supplies | 22,763 |
| Insurance | 59,224 |
| Utilities | 83,958 |
| Fuel | 668,084 |
| Repair and maintenance | 138,831 |
| Contractual services | 43,656 |
| Runways and taxiways | 40,528 |
| Depreciation and amortization | 522,907 |
| Miscellaneous expenses | 9,405 |
| Total operating expenses | 2,156,120 |
| Operating income (loss) | (192,148) |
| Nonoperating revenues (expenses): | |
| Interest and investment revenue | 10,409 |
| Cumulative building tax distributions | 302,116 |
| Amortization bond costs | (2,665) |
| Amortization bond premium | 321 |
| Total nonoperating revenues (expenses) | 310,181 |
| Income (loss) before contributions and transfers | 118,033 |
| Capital contributions | 1,504,478 |
| Change in net assets | 1,622,511 |
| Total net assets - beginning | 11,574,477 |
| Total net assets - ending | \$ 13,196,988 |

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

PORTER COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
As Of And For The Year Ended December 31, 2009

| | 2009 |
|--|---------------------|
| Cash flows from operating activities: | |
| Receipts from customers and users | \$ 1,913,094 |
| Payments to suppliers and contractors | (1,070,236) |
| Payments to employees | <u>(563,611)</u> |
| Net cash provided by operating activities | <u>279,247</u> |
| Cash flows from capital and related financing activities: | |
| Local tax distributions | 302,116 |
| Acquisition and construction of capital assets | (3,198,262) |
| Principal paid on capital debt | (115,000) |
| Bond costs | (1,337) |
| Capital Contributions | <u>1,096,995</u> |
| Net cash provided (used) by capital and related financing activities | <u>(1,915,488)</u> |
| Cash flows from investing activities: | |
| Interest received | <u>10,409</u> |
| Net cash provided (used) by investing activities | <u>10,409</u> |
| Net increase in cash and cash equivalents | (1,625,832) |
| Cash and cash equivalents, January 1 | <u>3,768,093</u> |
| Cash and cash equivalents, December 31 | <u>\$ 2,142,261</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | |
| Operating income | <u>\$ (192,148)</u> |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | 522,907 |
| (Increase) decrease in assets: | |
| Accounts receivable | (49,937) |
| Inventories | (18,750) |
| Fuel credit | 18,526 |
| Increase (decrease) in liabilities: | |
| Deferred revenue | (941) |
| Security and parcel deposits | <u>(410)</u> |
| Total adjustments | <u>471,395</u> |
| Net cash provided by operating activities | <u>\$ 279,247</u> |
| Noncash investing, capital and financing activities: | |
| Purchase of capital assets on account | \$ 513,126 |
| Interest expense included in construction in progress | 193,204 |
| Assets capitalized in prior year on account | 23,464 |
| Capital contributions receivable | 430,360 |
| Capital contributions in prior year receivable | 22,877 |

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

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Authority (primary government) was established under the laws of the State of Indiana. The Authority operates under an appointed Airport Authority Board form of government and provides airport administrative services.

The accompanying financial statements present the activities of the Authority. There are no significant component units which require inclusion.

B. Fund Financial Statements

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; and the Statement of Cash Flows. Business-type activities rely to a significant extent on fees and charges for support.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the Authority to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

2. Inventories and Prepaid Items

A perpetual inventory of merchandise and fuel for resale is maintained. At year end, a physical count of inventories are made and valued at cost using the first-in, first-out method. Appropriate entries are then made to adjust inventory and expense accounts.

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Authority in June and in December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

4. Restricted Assets

Certain proceeds of the revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by grant and statutory requirements.

5. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements.

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.

Depreciation methods and estimated useful lives of capital assets are as follows:

| | Depreciation Method | Composite Rate |
|-----------------------------------|------------------------|-------------------|
| Buildings | Straight-line | 2.0% |
| Improvements other than buildings | Straight-line | 3.5% |
| Machinery and equipment | Straight-line | 7.0% |

The Authority has not adopted a capitalization threshold or maintained a comprehensive detailed record of capital assets to support the reported balances for capital assets.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the Authority is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Authority during the current year was \$193,402. Of the amount, \$193,402 was included as part of the cost of capital assets under construction in connection with airport improvement projects.

6. Compensated Absences

- a. Sick Leave – Authority employees earn sick leave at the rate of 9 days per year. Sick leave may be accumulated to a maximum of 45 days. Accumulated sick leave is not paid to employees upon separation of employment.

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Vacation Leave – Authority employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.
- c. Personal Leave – Authority employees earn personal leave at the rate of 3 days per year. Personal leave does not accumulate from year to year.

No liability is reported for vacation, sick, and personal leave.

7. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were 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.

B. Capital Assets

The Authority does not maintain a detailed comprehensive record of capital assets. Reported amounts are based upon previously reported balances, with the additions provided by the Authority for the period.

Capital asset activity for the year ended December 31, 2009, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|------------------|-----------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,629,412 | \$ - | \$ - | \$ 1,629,412 |
| Construction in progress | 150,324 | 3,448,547 | - | 3,598,871 |
| | | | | |
| Total capital assets, not being depreciated | <u>1,779,736</u> | <u>3,448,547</u> | - | <u>5,228,283</u> |
| | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings | 3,387,131 | - | - | 3,387,131 |
| Improvements other than buildings | 11,303,109 | 239,377 | - | 11,542,486 |
| Machinery and equipment | 731,104 | - | - | 731,104 |
| | | | | |
| Totals | <u>15,421,344</u> | <u>239,377</u> | - | <u>15,660,721</u> |

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-------------|----------------------|
| Capital assets, being depreciated (continued): | | | | |
| Less accumulated depreciation for: | | | | |
| Buildings | 936,016 | 67,743 | - | 1,003,759 |
| Improvements other than buildings | 4,501,498 | 403,987 | - | 4,905,485 |
| Machinery and equipment | 461,925 | 51,177 | - | 513,102 |
| Totals | <u>5,899,439</u> | <u>522,907</u> | <u>-</u> | <u>6,422,346</u> |
| Total capital assets, being depreciated, net | <u>9,521,905</u> | <u>(283,530)</u> | <u>-</u> | <u>9,238,375</u> |
| Total capital assets, net | <u>\$ 11,301,641</u> | <u>\$ 3,165,017</u> | <u>\$ -</u> | <u>\$ 14,466,658</u> |

C. Construction Commitments

Construction work in progress is composed of the following:

| Project | Total Project Authorized | Expended to December 31, 2009 | Committed |
|---|--------------------------------|-------------------------------------|-------------------|
| Sewer extension project/zoning map | \$ 185,496 | \$ 16,990 | \$ 168,506 |
| Northwest corporate development and hangar area | 1,339,902 | 1,325,040 | 14,862 |
| Construct 16 unit tee hangar | 672,611 | 664,240 | 8,371 |
| Taxiway "H" reconstruction and access road improvements | 438,320 | 416,454 | 21,866 |
| Transient Apron Reconstruction | 1,229,842 | 1,169,645 | 60,197 |
| Avgas Fuel System | 6,502 | 6,502 | - |
| Totals | <u>\$ 3,872,673</u> | <u>\$ 3,598,871</u> | <u>\$ 273,802</u> |

D. Long-Term Liabilities

1. Revenue Bonds

The Authority issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

| Purpose | Interest Rates | Amount |
|---|-------------------|---------------------|
| 2008 Revenue Bond for Airport Land Improvements | 4.25% to 5.65% | <u>\$ 3,510,000</u> |

Revenue bonds debt service requirements to maturity are as follows:

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Year Ended December 31 | Principal | Interest |
|---------------------------|----------------------------|----------------------------|
| 2010 | \$ 120,000 | \$ 188,227 |
| 2011 | 125,000 | 182,528 |
| 2012 | 135,000 | 176,652 |
| 2013 | 140,000 | 169,903 |
| 2014 | 145,000 | 162,902 |
| 2015-2019 | 860,000 | 692,580 |
| 2020-2024 | 1,130,000 | 434,165 |
| 2025-2029 | 855,000 | 97,890 |
| Totals | <u>\$ 3,510,000</u> | <u>\$ 2,104,847</u> |

2. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------------|--------------------|--------------------------|----------------------------|---------------------------|
| 2008 Revenue bonds payable | \$ 3,625,000 | \$ - | \$ 115,000 | \$ 3,510,000 | \$ 120,000 |
| Add premium | 6,108 | - | 321 | 5,787 | - |
| Total revenue bonds payable | <u>\$ 3,631,108</u> | <u>\$ -</u> | <u>\$ 115,321</u> | <u>\$ 3,515,787</u> | <u>\$ 120,000</u> |

E. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

| | |
|--|----------------------------|
| Cumulative building cash and cash equivalents | \$ 239,110 |
| Capital cash and cash equivalents | 1,746 |
| Airport improvement grants cash and cash equivalents | 427,466 |
| UST ELF cash and cash equivalents | 35,000 |
| Cash with fiscal agent | 804,747 |
| Total restricted assets | <u>\$ 1,508,069</u> |

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Other Information

A. Risk Management

The Authority is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The Authority has chosen to participate in the Porter County Employee Benefit Plan Fund. A risk financing fund established by Porter County for County and Airport employees for risks associated with medical benefits to employees, retirees, and dependents (excluding postemployment benefits). The risk financing fund is where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$90,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each County fund (and the Airport) that accounts for payroll. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred. However, claim liabilities cannot be reasonably estimated.

B. Contingent Liabilities

The contractor for the de-icing and terminal aprons extension project had submitted a claim for \$177,560 for additional compaction costs. The Authority has denied the claim. Currently, the Authority and the contractor are in litigation over the claim.

C. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Authority contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Airport 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 member's contributions, set by state statute at three 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.

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Airport participates through Porter County's participation in PERF and does not have a separate actuarial evaluation. The County's annual pension cost related information, as provided by the actuary, can be found in the Porter County Annual Reports for 2009.

PORTER COUNTY AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Segregation of Duties

We noted deficiencies in the internal control system of the Airport related to financial transactions and reporting which we believe are material weaknesses. Control activities should be selected and developed at various levels of the Airport Authority to reduce risks to the achievement of financial reporting objectives. Porter County Airport Authority has not separated incompatible activities related to receipts and cash and investment balances. The failure to establish these controls could allow material misstatements or irregularities to go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Capital Assets

The Airport does not maintain sufficient detailed records of capital assets, as stated in prior audit reports. Upon purchase, the costs of the capital assets are added to Capital Asset accounts for land, land improvement, etc., in the General Ledger. However, records providing historical costs for some of the Airport's capital assets are not available, and records classifying and summarizing the Airport's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

In addition, the Airport Authority has not established a capital asset policy which sets a dollar amount as a threshold to be used in determining which items will be recorded and capitalized.

PORTER COUNTY AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records.

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

TRANSACTION RECORDING

The airport issued a revenue bond in 2008 for \$3,750,000 for airport improvements. Financial transactions relating to the bond were not included in the ledgers. The bond proceeds were maintained by a trust account with expenditures being disbursed by the trust.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PRESCRIBED FORMS

As stated in prior audit reports, the Airport does not maintain all of its accounting records on prescribed or approved forms. The detailed receipts and accounts receivable ledgers are not prescribed forms. In addition, the Airport maintains accrual accounting records on a computerized system; however, the computer generated forms have not been approved by the State Board of Accounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Porter County Airport Authority (Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2009. The Authority's major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement(s) of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Authority's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 15, 2010

PORTER COUNTY AIRPORT AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2009

| Federal Grantor Agency/Pass-Through Entity Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended |
|---|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Direct Grant | | | |
| Airport Improvement Grant | 20.106 | 3-18-0083-18 | \$ 57,168 |
| | | 3-18-0083-19 | 130,138 |
| | | 3-18-0083-20 | 1,111,486 |
| | | 3-18-0083-21 | <u>188,952</u> |
| Total for program | | | <u>\$ 1,487,744</u> |

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

PORTER COUNTY AIRPORT AUTHORITY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Porter County Airport Authority (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

PORTER COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

| | |
|---|-----|
| Material weaknesses identified? | yes |
| Reportable conditions identified that are not considered to be material weaknesses? | no |

Noncompliance material to financial statements noted? yes

Federal Awards:

Internal control over major programs:

| | |
|---|---------------|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? no

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|------------------------------------|
| 20.106 | Airport Improvement Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROL OVER FINANCIAL TRANSACTIONS AND REPORTING

Segregation of Duties

We noted deficiencies in the internal control system of the Airport related to financial transactions and reporting which we believe are material weaknesses. Control activities should be selected and developed at various levels of the Airport Authority to reduce risks to the achievement of financial reporting objectives. Porter County Airport Authority has not separated incompatible activities related to receipts and cash and investment balances. The failure to establish these controls could allow material misstatements or irregularities to go undetected.

PORTER COUNTY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

We recommend that officials design and implement controls to ensure accurate financial reporting of receipts and cash and investment balances.

Capital Assets

The Airport does not maintain sufficient detailed records of capital assets, as stated in prior audit reports. Upon purchase, the costs of the capital assets are added to Capital Asset accounts for land, land improvement, etc., in the General Ledger. However, records providing historical costs for some of the Airport's capital assets are not available, and records classifying and summarizing the Airport's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

In addition, the Airport Authority has not established a capital asset policy which sets a dollar amount as a threshold to be used in determining which items will be recorded and capitalized.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records.

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

We recommended that the Airport design procedures that will ensure that capital asset records are maintained accurately and in sufficient detail to adequately safeguard them from loss, damage and misappropriation. A capitalization policy should be established to set a dollar amount as a threshold to determine which items will be recorded and capitalized.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



PORTER COUNTY MUNICIPAL AIRPORT

4207 MURVIHILL ROAD
VALPARAISO, IN 46383

(219) 462-6508
FAX: (219) 462-2913
E-MAIL: vpz@netnitco.net
WEBSITE: www.vpz.org

MANAGED BY
PORTER COUNTY MUNICIPAL
AIRPORT AUTHORITY

February 25, 2010

Indiana State Board of Accounts
302 West Washington St., E418
Indianapolis, IN 46204-2765

RE: Porter County Municipal Airport Authority
2009 Audit Findings (Findings No. 2009-1)
Corrective Action Plan

Greetings:

The following reflects the Airport's Corrective Action Plan regarding the above referenced audit findings:

| | |
|--------------------------|--|
| Audit Finding: | 2009-1 Internal Control Over Financial Transactions and Reporting: Segregation of Duties |
| Auditee Contact Person: | Kyle J. Kuebler |
| Title of Contact Person: | Airport Director/Treasurer |
| Phone Number: | (219) 462-6508 |

Status of Findings:

In an effort to address the aforementioned Finding, the Airport Authority will immediately modify the documentation of the Authority's monthly review of the airport financial reports. This will be accomplished by the forwarding of a Consent Agenda in advance of the monthly meeting of the Authority, in which the Authority's review and approval of the monthly financial reports will become a part of the meeting record.

Additionally, upon the ability to fund an additional administrative position, the Authority will hire additional personnel to more properly develop a Segregation of Duties with respect to Internal Control Over Financial Transactions and Reporting.

Page 2, Corrective Action Plan, 25 February 2010 continued,

Audit Finding: 2009-1 Internal Control Over Financial Transactions and Reporting: Capital Assets
Auditee Contact Person: Kyle J. Kuebler
Title of Contact Person: Airport Director/Treasurer
Phone Number: (219) 462-6508

Status of Findings:

In a continuing effort to address previous audit comments to the above findings, and to more properly monitor procedures to ensure that Capital Assets records are appropriately maintained, the airport has initiated an inventory of all assets as a basis to developing an acceptable Capital Asset Inventory Program. Once this cumulative inventory is accomplished, the Airport Authority will define by resolution the value or worth that qualifies a Capital Asset.

With the existing cumulative inventory, and the then defined nature of what qualifies as a Capital Asset, the Airport will use accepted accounting procedures and schedules to develop a Capital Asset Listing. Upon the further purchase, deletion, or disposal of any Capital Asset, the listing will then be modified to show that change.

The above process in developing a Capital Asset Inventory Program should provide a means to adequately document the Capital Asset standing of the Airport, and further safeguard Capital Assets from loss, damage, or misrepresentation.

Upon your review of this corrective action plan, should you have any questions, or if you require any additional information, please don't hesitate to contact me.

Sincerely,

PORTER COUNTY MUNICIPAL
AIRPORT AUTHORITY



Kyle J. Kuebler
Airport Director/Treasurer

KJK/rs

PORTER COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2010, with Kyle Kuebler, Airport Director/Treasurer; and Paul R. Chael, President of the Airport Authority Board. The officials concurred with our audit findings.