

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

AUDIT REPORT

OF

AIRPORT AUTHORITY

ST. JOSEPH COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**  
06/16/2010



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AIRPORT AUTHORITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Thomas S. Botkin	01-01-09 to 12-31-10
Secretary	James V. Wyllie Abraham Marcus	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Vice President	David R. Sage	01-01-09 to 12-31-10
President	James K. Hughes James V. Wyllie	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Executive Director	John C. Schalliol, A.A.E.	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE ST. JOSEPH COUNTY AIRPORT AUTHORITY,  
ST. JOSEPH COUNTY, INDIANA

We have audited the records of the Airport Authority for the period from January 1, 2009 to December 31, 2009, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of the St. Joseph County Airport Authority for the year 2009.

STATE BOARD OF ACCOUNTS

May 27, 2010

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS

PUBLIC PURCHASES AND WORKS

In April 2009, the St. Joseph County Airport Authority purchased a trash compactor and three steel trash carts with parking brake. The original cost, not including the purchase of a subsequent cart and other ancillary services, was \$62,834. Evidence of a written request for quotes from three (3) persons was not provided.

The Airport Authority has declared emergencies post the acquisition of services and materials needed to repair major capital assets that have been damaged. Thus, purchasing policies have been bypassed with the understanding that the Airport Authority Board would declare an emergency at their next scheduled meeting.

IC 5-22-8-3(c), which applies to purchases between \$50,000 and \$150,000, states: "The purchasing agent shall mail an invitation to quote to the person described in subsection (b) at least seven (7) days before the time fixed for receiving quotes."

IC 5-22-10-4 and IC 36-1-12-9 define emergency situations and the procedures which must be followed for declaring an emergency and then the subsequent purchases.

CAPITAL ASSET RECORDS

The Airport Authority records capital asset additions and deletions at the time of purchase and/or disposal; however, evidence presented indicates a physical inventory has not been conducted in several years. Additionally, the unit does not fully record the funding source(s) for the asset.

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 form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on May 27, 2010, with Lauren Winger, Accounting Manager; Michael Guljas, Director of Administration and Finance; John C. Schalliol, Executive Director; and David R. Sage, Vice President of the Airport Authority Board. The official response has been made a part of this report and may be found on page 6.

**Response to Audit Comments by St. Joseph County Airport Authority:**

**The Authority's responses to the audit comments are listed below each section in bolded text.**

ST. JOSEPH COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS

PUBLIC PURCHASES AND WORKS

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**In 2009 the Authority initiated a review of State purchasing requirements. In 2010 we implemented a new internal purchasing policy which will address the issues of both requesting and documenting quotations from vendors.**

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IC 5-22-10-4 and IC 36-1-12-9 define emergency situations and the procedures which must be followed for declaring an emergency and then the subsequent purchases.

**At the time the Authority made the emergency purchases, our interpretation of the IC was that we were following the State requirements. In the future, and depending upon the timing of the next Board meeting, staff will consult with the Board via email or phone and document these communications prior to proceeding with emergency purchases. The action will then be affirmed at the next Board meeting.**

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**The Authority has purchased a new Asset accounting software package. We are planning a complete physical inventory of all capital assets in 2010 and will perform a physical inventory of these assets on a regular basis in the future. The Authority had recorded the funding sources for all assets up to a few years ago. Based upon our understanding of a change in accounting requirements, that practice was discontinued. We will re-institute this practice.**