

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

LAPORTE MUNICIPAL AIRPORT AUTHORITY

LAPORTE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
04/20/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Authority Manager	Barry Aftowski	01-01-10 to 12-31-12
Airport Authority Treasurer	James Shearin	01-01-10 to 12-31-12
Mayor	Kathleen Chroback Blair Milo	01-01-10 to 12-31-11 01-01-12 to 12-31-15
President of the Airport Authority Board	Edward Volk	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAPORTE MUNICIPAL AIRPORT AUTHORITY,
LAPORTE COUNTY, INDIANA

We have examined the financial statement of the LaPorte Municipal Airport Authority (Airport Authority), for the period of January 1, 2010 to December 31, 2011. The Airport Authority's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Airport Authority prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Airport Authority for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Airport Authority's management, the Airport Authority Board and others within the entity, 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

March 5, 2012

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FINANCIAL STATEMENT

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

LAPORTE MUNICIPAL AIRPORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2010 and 2011

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 278,614	\$ 455,418	\$ 388,305	\$ 345,727	\$ 333,803	\$ 472,798	\$ 206,732
Cumulative Building Fund	345,659	109,506	-	455,165	79,770	31,864	503,071
Debt Service Fund	(42,408)	139,203	127,840	(31,045)	101,403	128,610	(58,252)
Faip Fund	14,411	190,047	189,994	14,464	102,034	102,007	14,491
Fuel Fund	23,533	175,111	157,528	41,116	182,364	167,439	56,041
Totals	<u>\$ 619,809</u>	<u>\$ 1,069,285</u>	<u>\$ 863,667</u>	<u>\$ 825,427</u>	<u>\$ 799,374</u>	<u>\$ 902,718</u>	<u>\$ 722,083</u>

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

LAPORTE MUNICIPAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENT

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 an appointed governing board.

The accompanying financial statement presents the financial information for the Airport Authority (primary government), and does not include financial information for any of the Airport Authority's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Airport Authority (primary government).

B. Basis of Accounting

The financial statement are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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.

LAPORTE MUNICIPAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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 which include amounts received from various sources which can include, but are 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 statement. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Airport Authority. It includes all expenditures for the reduction of the principal and interest of the Airport Authority's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are 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, transfer money 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.

LAPORTE MUNICIPAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Airport Authority. Each fund is used to account for money 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 money 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.

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 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 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, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

LAPORTE MUNICIPAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

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. These risks may also be mitigated by the Airport Authority by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this 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 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 members' contributions, set by state statute at 3 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.

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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

LAPORTE MUNICIPAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Subsequent Events

Reassessment and Property Taxes

Tax bills for 2007 payable 2008 should have been mailed in April as payments are due in semi-annual installments by May 10 and November 10. Due to the reassessment order of the prior year property values, the County is unable to complete the trending required by state statutes to complete the reassessment process for 2008 until the ordered reassessment of the prior year is completed. To assist all governmental entities fund current year expenses, the Department of Local Government Finance approved the preparation of provisional tax bills.

Provisional tax bills are based upon tax bills for 2006 paid in 2007. On April 1, 2011, the County sent to taxpayers a reconciling bill for the 2006 payable 2007 property tax year which was due April 21, 2011, then subsequently settled by the County to local units of government. On February 6, 2012, the County sent to taxpayers a reconciling bill for the 2007 payable 2008 property tax year; the deadline for the payment of the taxes was extended to March 2, 2012.

These delays and uncertainties have resulted in a lower than budget property tax collection rate for the County. The amount of property tax collections the County will receive once all the reconciliation bills have been distributed and the collections received could not be determined.

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SUPPLEMENTARY INFORMATION – UNAUDITED

The supplementary information presented was approved by management of the Airport Authority. It is presented as intended by the Airport Authority.

LAPORTE MUNICIPAL AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010

	General Fund	Cumulative Building Fund	Debt Service Fund	Faip Fund	Fuel Fund	Totals
Cash and investments - beginning	\$ 278,614	\$ 345,659	\$ (42,408)	\$ 14,411	\$ 23,533	\$ 619,809
Receipts:						
Taxes	273,100	103,620	131,720	-	-	508,440
Intergovernmental	65,450	5,886	7,483	189,994	-	268,813
Charges for services	88,585	-	-	-	-	88,585
Other receipts	28,283	-	-	53	175,111	203,447
Total receipts	<u>455,418</u>	<u>109,506</u>	<u>139,203</u>	<u>190,047</u>	<u>175,111</u>	<u>1,069,285</u>
Disbursements:						
Personal services	178,839	-	-	-	-	178,839
Supplies	11,583	-	-	-	-	11,583
Other services and charges	115,097	-	-	-	153,377	268,474
Debt service - principal and interest	-	-	127,840	-	-	127,840
Capital outlay	82,786	-	-	189,994	-	272,780
Other disbursements	-	-	-	-	4,151	4,151
Total disbursements	<u>388,305</u>	<u>-</u>	<u>127,840</u>	<u>189,994</u>	<u>157,528</u>	<u>863,667</u>
Excess of receipts over disbursements	<u>67,113</u>	<u>109,506</u>	<u>11,363</u>	<u>53</u>	<u>17,583</u>	<u>205,618</u>
Cash and investments - ending	<u>\$ 345,727</u>	<u>\$ 455,165</u>	<u>\$ (31,045)</u>	<u>\$ 14,464</u>	<u>\$ 41,116</u>	<u>\$ 825,427</u>

LAPORTE MUNICIPAL AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General Fund	Cumulative Building Fund	Debt Service Fund	Faip Fund	Fuel Fund	Totals
Cash and investments - beginning	\$ 345,727	\$ 455,166	\$ (31,045)	\$ 14,463	\$ 41,116	\$ 825,427
Receipts:						
Taxes	195,003	73,988	94,053	-	-	363,044
Intergovernmental	47,895	5,782	7,350	102,004	-	163,031
Charges for services	80,673	-	-	-	-	80,673
Other receipts	10,232	-	-	30	182,364	192,626
Total receipts	<u>333,803</u>	<u>79,770</u>	<u>101,403</u>	<u>102,034</u>	<u>182,364</u>	<u>799,374</u>
Disbursements:						
Personal services	181,660	-	-	-	-	181,660
Supplies	7,044	-	-	-	-	7,044
Other services and charges	112,934	-	900	-	159,112	272,946
Debt service - principal and interest	-	-	127,710	-	-	127,710
Capital outlay	171,160	31,864	-	102,007	-	305,031
Other disbursements	-	-	-	-	8,327	8,327
Total disbursements	<u>472,798</u>	<u>31,864</u>	<u>128,610</u>	<u>102,007</u>	<u>167,439</u>	<u>902,718</u>
Excess (deficiency) of receipts over disbursements	<u>(138,995)</u>	<u>47,906</u>	<u>(27,207)</u>	<u>27</u>	<u>14,925</u>	<u>(103,344)</u>
Cash and investments - ending	<u>\$ 206,732</u>	<u>\$ 503,072</u>	<u>\$ (58,252)</u>	<u>\$ 14,490</u>	<u>\$ 56,041</u>	<u>\$ 722,083</u>

LAPORTE MUNICIPAL AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2012, with Edward Volk, President of the Airport Authority Board, and James Shearin, Airport Authority Treasurer. Our audit disclosed no material items that warrant comment at this time.