

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

DEKALB COUNTY AIRPORT AUTHORITY

DEKALB COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
05/06/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Russ Couchman	01-01-11 to 12-31-16
President of the Board	Jim Mason	01-01-11 to 06-20-13
	Brad Stump	06-21-13 to 12-31-13
	Brad Hartz	01-01-14 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the DeKalb County Airport Authority (Airport Authority), for the period of January 1, 2011 to December 31, 2014. The financial statements are the responsibility of the Airport Authority's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 statements on 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. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Airport Authority for the period of January 1, 2011 to December 31, 2014.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Airport Authority for the period of January 1, 2011 to December 31, 2014, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Airport Authority's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

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

February 3, 2016

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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.

DEKALB COUNTY AIRPORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ -	\$ 563,548	\$ 400,127	\$ 163,421	\$ 898,240	\$ 867,924	\$ 193,737
Rainy Day	-	-	-	-	321,506	119,650	201,856
Capital Outlay	-	326,607	291,778	34,829	143,141	145,948	32,022
Payroll	-	18,900	17,528	1,372	29,415	29,086	1,701
Open House Fundraising	-	1,400	988	412	-	412	-
Totals	<u>\$ -</u>	<u>\$ 910,455</u>	<u>\$ 710,421</u>	<u>\$ 200,034</u>	<u>\$ 1,392,302</u>	<u>\$ 1,163,020</u>	<u>\$ 429,316</u>

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

DEKALB COUNTY AIRPORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 193,737	\$ 811,421	\$ 685,545	\$ 319,613	\$ 855,662	\$ 779,036	\$ 396,239
Rainy Day	201,856	522,843	376,361	348,338	410,502	317,298	441,542
Capital Outlay	32,022	70,737	71,387	31,372	72,343	71,204	32,511
Payroll	1,701	149,579	148,884	2,396	150,810	147,905	5,301
Totals	<u>\$ 429,316</u>	<u>\$ 1,554,580</u>	<u>\$ 1,282,177</u>	<u>\$ 701,719</u>	<u>\$ 1,489,317</u>	<u>\$ 1,315,443</u>	<u>\$ 875,593</u>

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

DEKALB 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 an appointed governing board. The Airport Authority provides the following service: aviation.

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 may include 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.

Charges for services which can include, but are not limited to the following: rental of property and airport operating fuel flowage, and farm land leases.

DEKALB COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 statements. The aggregate disbursements may include 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.

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.

DEKALB 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 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.

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.

DEKALB COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 a cost-sharing 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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Note 7. Subsequent Events

On August 26, 2014, the Airport Authority obtained a commercial installment loan note with a maximum possible principal amount of \$786,108 for hanger construction, of which the Airport Authority borrowed \$657,186, during 2015. Payments due for the note began on January 1, 2016. Total principal and interest due in 2016 are \$33,845 and \$16,311; respectively.

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OTHER INFORMATION - UNAUDITED

The Airport Authority's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Airport Authority which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

DEKALB COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2011

	General	Rainy Day	Capital Outlay	Payroll	Open House Fundraising	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	563,548	-	326,607	18,900	-	909,055
Other receipts	-	-	-	-	1,400	1,400
Total receipts	<u>563,548</u>	<u>-</u>	<u>326,607</u>	<u>18,900</u>	<u>1,400</u>	<u>910,455</u>
Disbursements:						
Personal services	115,756	-	-	17,528	-	133,284
Supplies	29,741	-	-	-	-	29,741
Other services and charges	165,050	-	-	-	-	165,050
Debt service - principal and interest	79,594	-	-	-	-	79,594
Capital outlay	9,986	-	291,778	-	-	301,764
Other disbursements	-	-	-	-	988	988
Total disbursements	<u>400,127</u>	<u>-</u>	<u>291,778</u>	<u>17,528</u>	<u>988</u>	<u>710,421</u>
Excess of receipts over disbursements	<u>163,421</u>	<u>-</u>	<u>34,829</u>	<u>1,372</u>	<u>412</u>	<u>200,034</u>
Cash and investments - ending	<u>\$ 163,421</u>	<u>\$ -</u>	<u>\$ 34,829</u>	<u>\$ 1,372</u>	<u>\$ 412</u>	<u>\$ 200,034</u>

DEKALB COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	General	Rainy Day	Capital Outlay	Payroll	Open House Fundraising	Totals
Cash and investments - beginning	\$ 163,421	\$ -	\$ 34,829	\$ 1,372	\$ 412	\$ 200,034
Receipts:						
Taxes	834,797	-	72,494	-	-	907,291
Intergovernmental	41	82,066	70,647	-	-	152,754
Charges for services	-	173,955	-	-	-	173,955
Other receipts	63,402	65,485	-	29,415	-	158,302
Total receipts	<u>898,240</u>	<u>321,506</u>	<u>143,141</u>	<u>29,415</u>	<u>-</u>	<u>1,392,302</u>
Disbursements:						
Personal services	137,439	-	-	-	-	137,439
Supplies	28,336	213	-	-	-	28,549
Other services and charges	321,041	-	-	-	412	321,453
Debt service - principal and interest	61,895	-	-	-	-	61,895
Capital outlay	251,052	119,437	145,948	-	-	516,437
Other disbursements	68,161	-	-	29,086	-	97,247
Total disbursements	<u>867,924</u>	<u>119,650</u>	<u>145,948</u>	<u>29,086</u>	<u>412</u>	<u>1,163,020</u>
Excess (deficiency) of receipts over disbursements	<u>30,316</u>	<u>201,856</u>	<u>(2,807)</u>	<u>329</u>	<u>(412)</u>	<u>229,282</u>
Cash and investments - ending	<u>\$ 193,737</u>	<u>\$ 201,856</u>	<u>\$ 32,022</u>	<u>\$ 1,701</u>	<u>\$ -</u>	<u>\$ 429,316</u>

DEKALB COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	General	Rainy Day	Capital Outlay	Payroll	Totals
Cash and investments - beginning	\$ 193,737	\$ 201,856	\$ 32,022	\$ 1,701	\$ 429,316
Receipts:					
Taxes	651,646	-	70,737	-	722,383
Intergovernmental	157,218	270,985	-	-	428,203
Charges for services	-	187,382	-	-	187,382
Other receipts	2,557	64,476	-	149,579	216,612
Total receipts	<u>811,421</u>	<u>522,843</u>	<u>70,737</u>	<u>149,579</u>	<u>1,554,580</u>
Disbursements:					
Personal services	185,417	-	-	-	185,417
Supplies	30,446	-	21	-	30,467
Other services and charges	200,752	-	11,366	-	212,118
Debt service - principal and interest	65,273	-	-	-	65,273
Capital outlay	144,857	376,361	60,000	-	581,218
Other disbursements	58,800	-	-	148,884	207,684
Total disbursements	<u>685,545</u>	<u>376,361</u>	<u>71,387</u>	<u>148,884</u>	<u>1,282,177</u>
Excess (deficiency) of receipts over disbursements	<u>125,876</u>	<u>146,482</u>	<u>(650)</u>	<u>695</u>	<u>272,403</u>
Cash and investments - ending	<u>\$ 319,613</u>	<u>\$ 348,338</u>	<u>\$ 31,372</u>	<u>\$ 2,396</u>	<u>\$ 701,719</u>

DEKALB COUNTY AIRPORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	General	Rainy Day	Capital Outlay	Payroll	Totals
Cash and investments - beginning	\$ 319,613	\$ 348,338	\$ 31,372	\$ 2,396	\$ 701,719
Receipts:					
Taxes	637,938	-	72,343	-	710,281
Intergovernmental	213,078	144,804	-	-	357,882
Charges for services	-	200,514	-	-	200,514
Other receipts	4,646	65,184	-	150,810	220,640
Total receipts	<u>855,662</u>	<u>410,502</u>	<u>72,343</u>	<u>150,810</u>	<u>1,489,317</u>
Disbursements:					
Personal services	188,258	2,730	-	-	190,988
Supplies	42,700	-	-	-	42,700
Other services and charges	190,522	8,447	250	-	199,219
Debt service - principal and interest	64,239	-	60,132	-	124,371
Capital outlay	228,347	306,121	10,822	-	545,290
Other disbursements	64,970	-	-	147,905	212,875
Total disbursements	<u>779,036</u>	<u>317,298</u>	<u>71,204</u>	<u>147,905</u>	<u>1,315,443</u>
Excess of receipts over disbursements	<u>76,626</u>	<u>93,204</u>	<u>1,139</u>	<u>2,905</u>	<u>173,874</u>
Cash and investments - ending	<u>\$ 396,239</u>	<u>\$ 441,542</u>	<u>\$ 32,511</u>	<u>\$ 5,301</u>	<u>\$ 875,593</u>

DEKALB COUNTY AIRPORT AUTHORITY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2014

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: Notes and loans payable	Consolidation Loan	<u>\$ 261,004</u>	<u>\$ 58,801</u>

DEKALB COUNTY AIRPORT AUTHORITY
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 3,946,073
Buildings	4,834,030
Improvements other than buildings	7,440,000
Machinery, equipment, and vehicles	<u>591,798</u>
Total capital assets	<u>\$ 16,811,901</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the Airport Authority. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.