

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

PORTER COUNTY AIRPORT AUTHORITY

PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
03/14/2013

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OFFICIALS

Office

Official

Term

Airport Director/Treasurer

Kyle Kuebler

07-01-09 to 06-30-13

President of the Airport
Authority Board

Paul R. Chael

07-01-09 to 06-30-13



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the business-type activities of the Porter County Airport Authority (Authority), as of and for the years ended December 31, 2010, and 2011. The Authority's management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

Except as described in the following paragraph, 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 presented herein 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 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, 2010, and 2011, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

STATE BOARD OF ACCOUNTS

November 1, 2012

PORTER COUNTY AIRPORT AUTHORITY
STATEMENT OF NET ASSETS
December 31, 2010 And 2011

<u>Assets</u>	<u>2010</u>	<u>2011</u>
Current assets:		
Aviation cash and cash equivalents	\$ 404,965	\$ 439,499
Rotary cash and cash equivalents	353,180	203,070
Accounts receivable (net of allowance)	59,696	82,083
Inventories	<u>88,273</u>	<u>99,847</u>
Total current assets	<u>906,114</u>	<u>824,499</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Cumulative cash and cash equivalents	204,451	206,991
Capital cash and cash equivalents	603,630	755,237
UST ELF cash and cash equivalents	35,000	35,000
Cash with fiscal agent	<u>239,630</u>	<u>64,911</u>
Total restricted assets	<u>1,082,711</u>	<u>1,062,139</u>
Deferred charges	<u>42,650</u>	<u>39,985</u>
Capital assets:		
Land, improvements to land and construction in progress	3,392,354	3,049,280
Other capital assets (net of accumulated depreciation)	<u>11,722,161</u>	<u>11,864,111</u>
Total capital assets	<u>15,114,515</u>	<u>14,913,391</u>
Total noncurrent assets	<u>16,239,876</u>	<u>16,015,515</u>
Total assets	<u>17,145,990</u>	<u>16,840,014</u>
<u>Liabilities</u>		
Current liabilities:		
Contract payable	-	34,659
Security and parcel deposits payable	4,780	3,670
Deferred revenue	28,861	26,800
Revenue bonds payable	<u>125,000</u>	<u>135,000</u>
Total current liabilities	<u>158,641</u>	<u>200,129</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized premium)	<u>3,270,466</u>	<u>3,135,145</u>
Total liabilities	<u>3,429,107</u>	<u>3,335,274</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	11,719,049	11,643,246
Restricted for capital improvements	804,002	961,101
Restricted for fuel storage tank site remediation	35,000	35,000
Unrestricted	<u>1,158,832</u>	<u>865,393</u>
Total net assets	<u>\$ 13,716,883</u>	<u>\$ 13,504,740</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 Years Ended December 31, 2010 And 2011

	<u>2010</u>	<u>2011</u>
Operating revenues:		
Fuel sales	\$ 942,849	\$ 1,141,921
Hangar fees and rentals	372,488	377,170
Aviation tax distributions	526,787	559,373
Other	<u>60,873</u>	<u>77,903</u>
Total operating revenues	<u>1,902,997</u>	<u>2,156,367</u>
Operating expenses:		
Salaries and wages	588,680	616,404
Office supplies	3,421	2,987
Airport supplies	27,555	43,419
Insurance	43,413	53,552
Utilities	59,637	77,662
Fuel	829,365	1,014,891
Repair and maintenance	84,013	89,064
Contractual services	93,896	76,301
Runways and taxiways	56,274	22,730
Depreciation and amortization	622,867	654,995
Miscellaneous expenses	<u>10,170</u>	<u>10,220</u>
Total operating expenses	<u>2,419,291</u>	<u>2,662,225</u>
Operating income (loss)	<u>(516,294)</u>	<u>(505,858)</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	956	309
Cumulative building tax distributions	198,345	184,924
Interest expense	(112,824)	(57,036)
Amortization expense	(2,665)	(2,665)
Amortization bond premium	<u>321</u>	<u>321</u>
Total nonoperating revenues (expenses)	<u>84,133</u>	<u>125,853</u>
Income (loss) before contributions and transfers	(432,161)	(380,005)
Capital contributions	<u>869,800</u>	<u>167,862</u>
Change in net assets	437,639	(212,143)
Total net assets - beginning	13,196,988	13,716,883
Prior period adjustment (Note III.C.)	<u>82,256</u>	<u>-</u>
Total net assets - ending	<u>\$ 13,716,883</u>	<u>\$ 13,504,740</u>

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

PORTER COUNTY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
As Of And For The Years Ended December 31, 2010 And 2011

	<u>2010</u>	<u>2011</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,929,466	\$ 2,119,235
Payments to suppliers and contractors	(1,207,744)	(1,390,826)
Payments to employees	<u>(588,680)</u>	<u>(616,404)</u>
Net cash provided by operating activities	<u>133,042</u>	<u>112,005</u>
Cash flows from capital and related financing activities:		
Local tax distributions	198,345	184,924
Acquisition and construction of capital assets	(1,270,724)	(419,212)
Principal paid on capital debt	(120,000)	(125,000)
Interest paid on capital debt	(112,824)	(57,036)
Capital Contributions	<u>869,800</u>	<u>167,862</u>
Net cash provided (used) by capital and related financing activities	<u>(435,403)</u>	<u>(248,462)</u>
Cash flows from investing activities:		
Interest received	<u>956</u>	<u>309</u>
Net cash provided (used) by investing activities	<u>956</u>	<u>309</u>
Net increase in cash and cash equivalents	(301,405)	(136,148)
Cash and cash equivalents, January 1	<u>2,142,261</u>	<u>1,840,856</u>
Cash and cash equivalents, December 31	<u>\$ 1,840,856</u>	<u>\$ 1,704,708</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ (516,294)	\$ (505,858)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	622,867	654,995
(Increase) decrease in assets:		
Accounts receivable	39,946	(22,387)
Inventories	(9,295)	(11,574)
Increase (decrease) in liabilities:		
Deferred revenue	(6,572)	(2,061)
Security and parcel deposits	<u>2,390</u>	<u>(1,110)</u>
Total adjustments	<u>649,336</u>	<u>617,863</u>
Net cash provided by operating activities	<u>\$ 133,042</u>	<u>\$ 112,005</u>

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private sector guidance.

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.

When both restricted and unrestricted resources are available for use, the Authority's policy is to use restricted resources first, then unrestricted resources as they are needed.

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.

PORTER COUNTY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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.

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 are 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 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 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:

	<u>Depreciation Method</u>	<u>Composite Rate</u>
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 assets 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 2010 and 2011 was \$190,454 and \$184,924, respectively. Of these amounts, \$204,700 was included as part of the cost of capital assets under construction in connection with airport improvement projects.

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.
- 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 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

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Authority does not have a deposit policy for custodial credit risk. At December 31, 2010 and 2011, the Authority had deposit balances in the amount of \$1,840,856 and \$1,704,708, respectively. Of this amount, none was exposed to custodial credit risk.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

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 years ended December 31, 2010 and December 31, 2011, was as follows:

2010:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,629,412	\$ -	\$ -	\$ 1,629,412
Construction in progress	<u>3,598,871</u>	<u>575,433</u>	<u>2,411,362</u>	<u>1,762,942</u>
Total capital assets, not being depreciated	<u>5,228,283</u>	<u>575,433</u>	<u>2,411,362</u>	<u>3,392,354</u>

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2010 (continued):	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Buildings	3,387,131	584,822	-	3,971,953
Improvements other than buildings	11,542,486	2,521,831	-	14,064,317
Machinery and equipment	<u>731,104</u>	<u>-</u>	<u>-</u>	<u>731,104</u>
Totals	<u>15,660,721</u>	<u>3,106,653</u>	<u>-</u>	<u>18,767,374</u>
Less accumulated depreciation for:				
Buildings	1,003,759	79,439	-	1,083,198
Improvements other than buildings	4,905,485	492,251	-	5,397,736
Machinery and equipment	<u>513,102</u>	<u>51,177</u>	<u>-</u>	<u>564,279</u>
Totals	<u>6,422,346</u>	<u>622,867</u>	<u>-</u>	<u>7,045,213</u>
Total capital assets, being depreciated, net	<u>9,238,375</u>	<u>2,483,786</u>	<u>-</u>	<u>11,722,161</u>
Total capital assets, net	<u>\$ 14,466,658</u>	<u>\$ 3,059,219</u>	<u>\$ 2,411,362</u>	<u>\$ 15,114,515</u>

2011:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,629,412	\$ -	\$ -	\$ 1,629,412
Construction in progress	<u>1,762,942</u>	<u>265,305</u>	<u>608,379</u>	<u>1,419,868</u>
Total capital assets, not being depreciated	<u>3,392,354</u>	<u>265,305</u>	<u>608,379</u>	<u>3,049,280</u>
Capital assets, being depreciated:				
Buildings	3,971,953	10,000	-	3,981,953
Improvements other than buildings	14,064,317	661,678	-	14,725,995
Machinery and equipment	<u>731,104</u>	<u>125,267</u>	<u>-</u>	<u>856,371</u>
Totals	<u>18,767,374</u>	<u>796,945</u>	<u>-</u>	<u>19,564,319</u>
Less accumulated depreciation for:				
Buildings	1,083,198	79,639	-	1,162,837
Improvements other than buildings	5,397,736	515,410	-	5,913,146
Machinery and equipment	<u>564,279</u>	<u>59,946</u>	<u>-</u>	<u>624,225</u>
Totals	<u>7,045,213</u>	<u>654,995</u>	<u>-</u>	<u>7,700,208</u>
Total capital assets, being depreciated, net	<u>11,722,161</u>	<u>141,950</u>	<u>-</u>	<u>11,864,111</u>
Total capital assets, net	<u>\$ 15,114,515</u>	<u>\$ 407,255</u>	<u>\$ (608,379)</u>	<u>\$ 14,913,391</u>

C. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2011</u>	<u>Committed</u>
Apron Reconstruction	\$ 1,359,783	\$ 1,320,159	\$ 39,624
Airfield Markings	42,500	36,044	6,456
Secondary Twys-East	<u>88,510</u>	<u>63,665</u>	<u>24,845</u>
Totals	<u>\$ 1,490,793</u>	<u>\$ 1,419,868</u>	<u>\$ 70,925</u>

PORTER COUNTY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 December 31, 2011 are as follows:

Purpose	Interest Rates	Amount
2008 Revenue Bond for Airport Land Improvements	4.75% to 5.65%	<u>\$ 3,265,000</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Principal	Interest
2012	\$ 135,000	\$ 176,652
2013	140,000	169,903
2014	145,000	162,902
2015-2019	860,000	682,580
2020-2024	1,130,000	434,165
2025-2029	<u>855,000</u>	<u>97,890</u>
Totals	<u>\$ 3,265,000</u>	<u>\$ 1,734,092</u>

2. Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2010 and December 31, 2011, was as follows:

	1/1/10 Beginning Balance	Additions	Reductions	12/31/11 Ending Balance	Due Within One Year
2008 Revenue bonds payable	\$ 3,510,000	\$ -	\$ 245,000	\$ 3,265,000	\$ 135,000
Add premium	<u>5,787</u>	<u>-</u>	<u>642</u>	<u>5,145</u>	<u>-</u>
Total revenue bonds payable	<u>\$ 3,515,787</u>	<u>\$ -</u>	<u>\$ 245,642</u>	<u>\$ 3,270,145</u>	<u>\$ 135,000</u>

E. Restricted Assets

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

	2010	2011
Cumulative building cash and cash equivalents	\$ 204,451	\$ 206,991
Capital cash and cash equivalents	603,630	755,237
Airport improvement grants cash and cash equivalents	-	-
UST ELF cash and cash equivalents	35,000	35,000
Cash with fiscal agent	<u>239,630</u>	<u>64,911</u>
Total restricted assets	<u>\$ 1,082,711</u>	<u>\$ 1,062,139</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. 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 Indiana Public Employee Retirement System (INPRS) 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)

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. The report may be obtained by contacting;

Indiana Public Employees' Retirement System
One North Capital, Suite 001
Indianapolis, IN 46204
Ph. (317) 232-3882

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of INPRS. 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 Report for 2011.

C. Prior Period Adjustment

A prior period adjustment was necessary to adjust retained earnings for previous audit adjustments that were not made to the records.

PORTER COUNTY AIRPORT AUTHORITY
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Segregation of Duties

As stated in the prior audit report, control activities were not selected and developed at various levels of the Authority to reduce risks to achievement of financial reporting objectives. The Authority has not separated incompatible activities related to receipts and cash and investment balances of the financial statements. The failure to establish these controls could enable material misstatements to remain 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 objectives, 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. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Capital Assets

The Authority 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 improvements, 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 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. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

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)

PRESCRIBED FORMS

As stated in prior audit reports, the Authority does not maintain all of its accounting records on prescribed or approved forms. The detailed receipts and accounts receivable ledgers in use are not prescribed forms. The Authority maintains accrual accounting records on a computerized system. 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)

PORTER COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2012, with Kyle Kuebler, Airport Director/Treasurer, and Paul R. Chael, President of the Airport Authority Board. The officials concurred with our examination findings.