

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

COMPLIANCE REPORT
OF
PORTER COUNTY AIRPORT AUTHORITY
PORTER COUNTY, INDIANA
January 1, 2019 to December 31, 2019



FILED

12/31/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Director/Treasurer	Kyle J. Kuebler	01-01-19 to 12-31-20
President of the Airport Authority Board	Paul R. Chael	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

The Porter County Airport Authority (Authority) is considered a component unit of the Porter County (County) under accounting principles generally accepted in the United States of America. The Authority's financial information was audited as part of the County's financial statements for the period from January 1, 2019 to December 31, 2019. The Financial Statements Audit Report of the County, which provides our opinions on the County's financial statements and which includes the Authority's financial information, may be found at www.in.gov/sboa.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures for the Authority. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Authority's Annual Financial Report information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

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

December 17, 2020

PORTER COUNTY AIRPORT AUTHORITY
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

A similar comment also appeared in Report B56007, entitled *CAPITAL ASSETS*.

Condition and Context

The fixed asset report for the Authority, which was the source of the Capital Assets on the financial statements, was prepared by the County's Fixed Asset Consultant and the Airport Director/Treasurer. However, the Airport Director/Treasurer stated the ledger was incomplete. No evidence of a review that would prevent, or detect and correct, errors were documented.

The Authority did not have a capital asset policy which included a threshold, had not taken a physical inventory, and did not have a detail listing of capital assets.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

PORTER COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2020, with Kyle J. Kuebler, Airport Director/Treasurer, and Paul R. Chael, President of the Airport Authority Board.