

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**

**FINANCIAL AUDIT AND  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009**

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
 FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
 For the Year Ended June 30, 2009

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KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009

**AUTHORITY OFFICIALS**

Chairman	Mr. Warren Ouwenga
Vice Chairman	Mr. Phil Kambic
Treasurer	Mr. Donald Bourassa
Secretary	Mr. Greg Dralle

Authority office is located at:

One Diversatech Drive  
Suite 2000  
Manteno, IL 60950



KRVA

ILLINOIS' THIRD AIRPORT AUTHORITY

Honorable William G. Holland  
Auditor General  
State of Illinois

March 10, 2010

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Authority. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following assertions during the one year period ended June 30, 2009. Based on this evaluation, we assert that during the year ended June 30, 2009, the Authority has materially complied with the assertions below.

- A. The Authority has obligated, expended, received and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Authority has obligated, expended, received and used public funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Authority has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Authority have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Kankakee River Valley Area Airport Authority

  
Donald Bourassa, Treasurer

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
 FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
 For the Year Ended June 30, 2009

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANTS' REPORTS**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	<u>Report</u>	<u>Report</u>
Repeated findings	2	2
Prior recommendations implemented or not repeated	2	1
	0	0

Details of findings are presented in the separately tabbed report section of this report.

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS ( <i>GOVERNMENT AUDITING STANDARDS</i> )			
09-1	9	Inadequate Segregation of Duties	Significant Deficiency

FINDINGS (*STATE COMPLIANCE*)

In addition, the following findings which are reported as current findings related to *Government Auditing Standards* also meet the reporting requirements for State compliance.

09-1	9	Inadequate Segregation of Duties	Significant Deficiency and Noncompliance
09-2	10	Noncompliance with Kankakee River Valley Area Airport Authority Act	Material Weakness and Material Noncompliance

**EXIT CONFERENCE**

An exit conference has been declined by the Authority. The responses to the finding were provided by the Authority's Treasurer Donald Bourassa in a letter dated March 10, 2010.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the Kankakee River Valley Area Airport Authority's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2009. The management of the Kankakee River Valley Area Airport Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Kankakee River Valley Area Airport Authority's compliance based on our examination.

- A. The Kankakee River Valley Area Airport Authority has obligated, expended, received, and used funds in accordance with the purpose for which such funds have been authorized by law.
- B. The Kankakee River Valley Area Airport Authority has obligated, expended, received, and used funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Kankakee River Valley Area Airport Authority has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the Kankakee River Valley Area Airport Authority are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Kankakee River Valley Area Airport Authority held in trust by the Kankakee River Valley Area Airport Authority have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor

General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Kankakee River Valley Area Airport Authority's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Kankakee River Valley Area Airport Authority's compliance with specified requirements.

As described in finding 09-2 in the accompanying schedule of findings, the Kankakee River Valley Area Airport Authority did not comply with applicable laws and regulations in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the Kankakee River Valley Area Airport Authority to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Kankakee River Valley Area Airport Authority complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2009. However, the results of our procedures disclosed another instance of noncompliance, which is required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of findings as finding 09-1.

### **Internal Control**

The management of the Kankakee River Valley Area Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Kankakee River Valley Area Airport Authority's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Kankakee River Valley Area Airport Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kankakee River Valley Area Airport Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this

report will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings as finding 09-2 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in finding 09-1 in the accompanying schedule of findings, to be a significant deficiency.

There were no immaterial findings that have been excluded from this report.

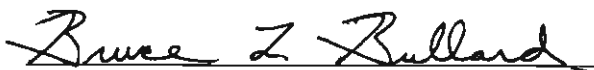
The Kankakee River Valley Area Airport Authority's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Kankakee River Valley Area Airport Authority's responses and, accordingly, we express no opinion on them.

### **Supplementary Information for State Compliance Purposes**

We have audited the financial statements of the business-type activities of the Kankakee River Valley Area Airport Authority as of and for the year ended June 30, 2009, which collectively comprise the Kankakee River Valley Area Airport Authority's basic financial statements, and have issued our report thereon dated March 10, 2010. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Kankakee River Valley Area Airport Authority. The 2009 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009 taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Kankakee River Valley Area Airport Authority's basic financial statements for the year ended June 30, 2008. In our report dated May 20, 2009, we expressed an unqualified opinion on the respective financial statements of the business-type activities. In our opinion, the 2008 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited", is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2008, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Kankakee River Valley Area Airport Authority management and is not intended to be and should not be used by anyone other than these specified parties.

  
BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits

March 10, 2010



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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

Honorable William G. Holland  
Auditor General  
State of Illinois

We have audited the financial statements of the business-type activities of the Kankakee River Valley Area Airport Authority, as of and for the year ended June 30, 2009, which collectively comprise the Kankakee River Valley Area Airport Authority's basic financial statements and have issued our report thereon dated March 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Kankakee River Valley Area Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Kankakee River Valley Area Airport Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kankakee River Valley Area Airport Authority's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, as described in finding 09-1 in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kankakee River Valley Area Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Kankakee River Valley Area Airport Authority's response to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Kankakee River Valley Area Airport Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Kankakee River Valley Area Airport Authority management and is not intended to be and should not be used by anyone other than these specified parties.

  
BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits

March 10, 2010

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009  
(Government Auditing Standards)

09-1. **FINDING** (Inadequate Segregation of Duties)

The Kankakee River Valley Area Airport Authority (Authority) had inadequate segregation of duties in the area of expenditure control.

During testing, we noted that the Authority's Treasurer had the ability to write and sign checks, reconcile bank statements, and maintain all Authority records. However, the Authority had not written a check since August 2004.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Good internal controls would require the Authority maintain adequate segregation of duties in order to help ensure the safeguarding of assets and ensure the accuracy and reliability of accounting data. Further, the recordkeeping functions should be adequately segregated from the expenditure approval or signature and the reconciliation process.

The Authority stated they are unable to properly segregate duties due to the size of the Board and the lack of activity within the Authority.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of members carrying out their assigned duties. (Finding Code No. 09-1, 08-1)

**RECOMMENDATION**

We recommend the Authority implement adequate segregation of duties over recordkeeping, expenditure approval, and reconciliation.

**AUTHORITY RESPONSE**

The Authority agrees that there is a lack of segregation of duties, but noted that there was no expenditure loss or unauthorized use during the period.

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009  
(State Compliance)

09-2. **FINDING** (Noncompliance with Kankakee River Valley Area Airport Authority Act)

The Kankakee River Valley Area Airport Authority (Authority) failed to comply with certain provisions of the Kankakee River Valley Area Airport Authority Act (Act). We noted the following deficiencies:

- The Authority did not create and submit a written statement and report to the Governor covering its activities for the preceding fiscal year by November 15<sup>th</sup> as required by statute. The Act (70 ILCS 15/18(a)) states the Authority shall file with the Governor, by November 15 of each year, a written statement and report covering its activities for the preceding fiscal year.
- The Authority had one vacancy requiring an appointment by the Will County Board. As of 6/30/09, Will County did not appoint an individual to fill the vacant Authority member seat. The Act (70 ILCS 15/4) states four members shall be appointed by the Kankakee County Board and four members shall be appointed by the Will County Board.
- Six of 7 (86%) Authority members did not file bonds in the amount of \$100,000 or file their constitutional oath of office with the Office of the Secretary of State in accordance with the Act. The Act (70 ILCS 15/4) states that each Authority member shall, before entering upon the duties of his office, take and subscribe to the constitutional oath of office and give bond in the penal sum of \$100,000 conditioned upon the faithful performance of his duties. The oath and bond shall be filed with the Office of the Secretary of State.

The Authority stated the Authority did not comply with the requirements due to oversight and Will County is working on filling the position.

Failure to properly appoint members, file the constitutional oath and bonds with the Secretary of State, and submit the required annual report to the Governor renders the Authority in noncompliance with State law. (Finding Code No. 09-2, 08-2, 07-1, 06-1, 05-1)

**RECOMMENDATION**

We recommend the Authority prepare and submit a written statement and report covering its activities over the preceding fiscal year to the Governor by November 15<sup>th</sup> of each year as required. In addition, we recommend the Authority strengthen controls to ensure the Authority obtains the constitutional oath of office and bond in the penal sum of \$100,000 for appointed members and that the oaths and bonds are filed with the Office of the Secretary of State or seek legislative remedy.

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009

Further, due to the Authority's inactivity over the past several years and their inability to maintain eight appointed board members, we recommend the Authority either ensure members are appointed in accordance with the Act or seek legislative remedy.

**AUTHORITY RESPONSE**

The Authority agrees with the recommendation. No activity occurred within the Authority during FY09.

The Authority is currently waiting on Will County to provide an appointed member at this time. The attorney assigned to the KRVAAA will review bonding and oath requirements for all Board members.

In addition, the Authority stated that past attempts to seek legislative remedy have been unsuccessful. The Authority Chairman has and will continue to seek assistance in resolving the future existence of the Authority.

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying basic financial statements of the Kankakee River Valley Area Airport Authority was performed by staff of the Office of the Auditor General.

Based on our audit, we expressed an unqualified opinion of the Authority's basic financial statements.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

We have audited the accompanying financial statements of the business-type activities of the Kankakee River Valley Area Airport Authority, as of and for the year ended June 30, 2009, which collectively comprise the Kankakee River Valley Area Airport Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kankakee River Valley Area Airport Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Kankakee River Valley Area Airport Authority, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2010 on our consideration of the Kankakee River Valley Area Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Kankakee River Valley Area Airport Authority has not presented a management's discussion and analysis and budgetary comparison information for the Kankakee River Valley Area Airport Authority Operating Fund 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kankakee River Valley Area Airport Authority's basic financial statements. The Schedule of Receipts, Disbursements, and Fund Balance and the Schedule of Contributed Services are presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Receipts, Disbursements, and Fund Balance has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and Kankakee River Valley Area Airport Authority management, and is not intended to be and should not be used by anyone other than these specified parties.

  
BRUCE L. BULLARD

Director of Financial and Compliance Audits

March 10, 2010



KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
June 30, 2009

	<u>Operating Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents (Note 3)	\$ 2,045
Total Assets	2,045
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	-
Total Liabilities	-
 <b>NET ASSETS</b>	
Unrestricted	2,045
Total Net Assets	\$ 2,045

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

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
 For the Year Ended June 30, 2009

	<u>Operating Fund</u>
<b>OPERATING EXPENSES</b>	\$ -
<b>NONOPERATING REVENUES</b>	
Interest Income	9
Total Nonoperating Revenues	9
Change in Net Assets	9
Net Assets - Beginning of the Year	2,036
Net Assets - End of the Year	\$ 2,045

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

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
For the Year Ended June 30, 2009

	<u>Operating Fund</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	\$ 9
Net Cash Provided (Used) by Investing Activities	9
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	9
Cash and Cash Equivalents - July 1, 2008	2,036
<b>Cash and Cash Equivalents - June 30, 2009</b>	<b>\$ 2,045</b>

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

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

**NOTE 1 - ORGANIZATION:**

The Kankakee River Valley Area Airport Authority (Authority) was established by the Kankakee River Valley Area Airport Authority Act (Act) (70 ILCS 15/ et seq.). The Authority was created to facilitate safe and convenient air travel and transportation to and from the Kankakee River Valley Area, by the acquisition or construction, maintenance and operation of one or more airports in the Kankakee River Valley Area.

The Authority is authorized to issue debt to finance construction of an Area airport. Currently no debt has been issued.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

a. Financial Reporting Entity

The Authority is not a part of the State of Illinois reporting entity. The accompanying financial statements present the balances and results of operations of the Authority.

The Authority does not receive appropriations, or any other financial assistance, from the State of Illinois. The Authority does not administer any nonshared funds held in the State Treasury or receive or expend federal financial assistance.

b. Basis of Presentation

The financial activities of the Authority are organized in an individual fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. A Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows has been presented for the Authority's Operating Fund.

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

The activities of the Authority have been classified as a proprietary fund – enterprise fund. An enterprise fund is used to account for operations when the cost of providing goods or services to the general public on a continuing basis is primarily financed with user charges. An enterprise fund may also be used when the periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Authority’s operating fund is used to pay its administrative expenses. The fund was funded with donations received in periods prior to fiscal year 2004 and interest is earned on deposits.

c. Basis of Accounting

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include donations and interest income. On an accrual basis, revenues from donations are recognized in the fiscal year in which the underlying exchange transaction occurs.

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

d. Cash and Cash Equivalents

Cash and Cash Equivalents for the Authority include cash held in its bank account. See Note 3 - Deposits with Financial Institutions for further detail.

e. Net Assets

In the proprietary fund financial statements, equity is displayed as “unrestricted.” Unrestricted consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

e. Fixed Assets

The Authority does not own or lease any fixed assets.

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

f. Compensated Absences or Pension Benefit Obligations

The Authority had no full-time employees during Fiscal Year 2009. Therefore, the Authority had no obligation for pension benefits or compensated absences as of June 30, 2009.

g. Risk Management

The Authority makes no provision for anticipated losses in the event of involuntary conversions.

**NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS:**

The Authority maintains funds outside the State Treasury (locally held funds) and has independent authority to manage those funds. On June 30, 2009, the carrying amount and the bank balance of the Authority's cash deposits was \$2,045. The funds are held at National City Bank and are covered by federal depository insurance.

**NOTE 4 – CONTRIBUTED SERVICES:**

The Authority received certain donated services during the fiscal year, which had a definitive value. The following schedule lists the services received and the value of the services donated at June 30 that are not included in the financial statements:

	<u>2009</u>	<u>2008</u>
<b>Meeting Space</b>		
Donated meeting space @ \$35/night	\$ 0	\$ 35
<b>Legal Services</b>		
Donated legal services @ \$185/hour	\$ 250	\$13,875

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2009

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
  - Schedule of Receipts, Disbursements and Fund Balance  
(Cash Basis) – Locally Held Funds
  
- Analysis of Operations:
  - Functions and Planning Program
  - Personnel

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the accountants' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE**  
**(CASH BASIS) - LOCALLY HELD FUNDS**  
 For the Year Ended June 30, 2009

		Operating Fund
Cash Balance at July 1, 2008	\$	2,036
Receipts:		9
Disbursements:		-
		-
Cash Balance at June 30, 2009	\$	2,045



KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2009

**FUNCTIONS AND PLANNING PROGRAM**

**FUNCTIONS**

The Kankakee River Valley Area Airport Authority (Authority) was created through the power of the Kankakee River Valley Area Airport Authority Act (Act) (70 ILCS 15/ et seq.), approved September 10, 1990. The purpose of the Authority is to facilitate safe and convenient air travel and transportation to and from the Kankakee River Valley Area by the acquisition or construction, maintenance and operation of one or more airports in the Kankakee River Valley Area, and to promote the economic development of the surrounding area. Pursuant to the Act, the Authority has statutory powers to:

- acquire land for a new airport and related facilities subject to a declaration of public interest enacted by the General Assembly and to construct, operate and maintain the facilities, as well as grant concessions or privileges within the facilities;
- acquire land within the perimeter area of the airport and to construct, operate and maintain related facilities in the perimeter area of the airport; and to let or grant concessions in any part or all of the perimeter area of the airport and the perimeter area facilities;
- exercise the right of eminent domain to acquire land for airports at such locations within the Kankakee River Valley Area as the Authority shall deem necessary;
- issue revenue bonds in anticipation of its income and revenues from any one or more Authority airports, related facilities, perimeter areas, and perimeter area facilities to accomplish any of the purposes of the Act;
- adopt all necessary bylaws, rules and regulations for the conduct of the business and affairs of the Authority, and for the management and use of facilities and sites acquired under the powers granted by the Act; and
- secure grants or loans from the United States government, or any agency thereof, for financing the planning, establishment, construction, and operation of any airport, related facility, perimeter area or perimeter area facility authorized by the Act.

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2009

The Authority consists of an eight-member governing board. The Kankakee County Board and the Will County Board each appoints four members. Authority members can receive up to \$150 per day of regular or special service on behalf of the Authority, not to exceed \$7,500 in any one year. However, Board members did not accept this compensation during the current fiscal year. In addition, each Board member subscribes to the constitutional oath of office and gives bond in the penal sum of \$100,000 conditioned upon the faithful performance of his duties.

The Board members at June 30, 2009 were:

Appointed by Kankakee County

Warren Ouwenga, Chairman  
Phil Kambic, Vice Chairman  
Donald Bourassa, Treasurer  
Greg Dralle, Secretary

Appointed by Will County

John Shea, Chairman  
Bernard Ward, Commissioner  
Vacant, Commissioner  
Charles P. Peterson, Secretary

**PERSONNEL**

An eight-member board, comprised of four members appointed by each of the Will County and the Kankakee County Boards, manages the Authority. The Authority has no full-time employees.