

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**

**FINANCIAL AUDIT AND  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006**

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
 FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
 For the Year Ended June 30, 2006

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KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006

**AUTHORITY OFFICIALS**

Chairman	Mr. David Wallace
Vice Chairman	Mr. Warren Ouwenga
Treasurer	Mr. Michael O'Brien
Secretary	Mr. Charles Peterson

Authority offices are located at:

One Diversatch Drive  
Suite 2000  
Manteno, Illinois 60950



**KRVA**

ILLINOIS' THIRD AIRPORT AUTHORITY

Honorable William G. Holland  
Auditor General  
State of Illinois

November 29, 2006

Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants 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, 2006. Based on this evaluation, we assert that during the year ended June 30, 2006, 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. The 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

David L. Wallace, Chairman

Michael P. O'Brien, Treasurer

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Suite 2000  
Manteno, Illinois 60950  
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KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006

**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.

**AUDITORS' REPORT**

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>This Report</u>	<u>Prior Report</u>
Findings	1	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

Details of the finding are presented in a separately tabbed report section.

**SCHEDULE OF FINDINGS**

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-1	9	Noncompliance with the Kankakee River Valley Area Airport Authority Act

**EXIT CONFERENCE**

An exit conference has been declined by the Authority. The responses to the finding were provided by the Authority's Chairman in a letter dated March 15, 2007.

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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, 2006. 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 public 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 public 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 have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted 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 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.

In our opinion, the Kankakee River Valley Area Airport Authority complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2006. However, the results of our procedures disclosed an instance of noncompliance with those requirements, which are 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 State findings as finding 06-1. There were no immaterial findings relating to instances of noncompliance excluded from this report.

### **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 of laws and regulations. In planning and performing our examination, we considered the Kankakee River Valley Area Airport Authority's internal control over compliance with the aforementioned requirements in order to determine 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.

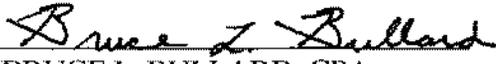
Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are 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 State findings as finding 06-1. As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

### **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, 2006, which collectively

comprise the Kankakee River Valley Area Airport Authority's financial statements, and have issued our report thereon dated November 29, 2006. 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 financial statements of the Kankakee River Valley Area Airport Authority. The 2006 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2006, 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 financial statements for the year ended June 30, 2005. In our report dated September 12, 2005, we expressed an unqualified opinion on the respective financial statements of the business-type activities. In our opinion, the 2005 Supplementary Information for State Compliance Purposes is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2005, 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 agency 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 & Compliance Audits

November 29, 2006

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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, 2006, which collectively comprise the Kankakee River Valley Area Airport Authority's financial statements and have issued our report thereon dated November 29, 2006. 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**

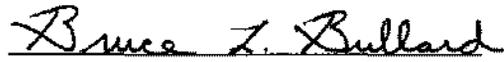
In planning and performing our audit, we considered the Kankakee River Valley Area Airport Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain deficiency in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as a State compliance finding in the schedule of findings. We also noted a

certain immaterial instance of internal control deficiencies, which we have reported to management of the Kankakee River Valley Area Airport Authority in a separate letter dated November 29, 2006.

### **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*. However, we noted a certain matter which is reported as a State compliance finding in the schedule of findings.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency 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 & Compliance Audits

November 29, 2006

**KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY**  
**SCHEDULE OF FINDINGS (STATE COMPLIANCE)**

For the Year Ended June 30, 2006

06-1. **FINDING** (Noncompliance with Kankakee River Valley Area Airport Authority Act)

The Kankakee River Valley Area Airport Authority (Authority) failed to comply with 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)) requires the Authority to file with the Governor, by November 15<sup>th</sup> of each year, a written statement and report covering its activities for the preceding fiscal year. Authority personnel stated that the report was not filed with the Governor due to not being familiar with requirements of the Act.
  
- One Board member was determined to be ineligible in 2005 due to his involvement as an Executive on an existing Board, and a new appointment has not been made to fill the vacant appointment. In addition, another Board member's term expired in January 2006, and they have continued to serve as a member of the Authority without appropriate reappointment from the original appointing authority. Further, one Board member was newly appointed in January 2006, and the Authority did not have any documentation from the original appointing authority indicating the member had been appointed and appointed to a term of 5 years. The Act (70 ILCS 15/4) states that four members shall be appointed by the Kankakee County Board and four members shall be appointed by the Will County Board. All successors shall be appointed by the original appointing authority and hold office for a term of 5 years. Authority personnel stated that Will County has been notified of the vacancy and are working on filling the vacancy. In addition, the lack of appointment and reappointment documentation for two Board members appears to be due to oversight.
  
- Three of 7 (42%) Board members did not file bonds in the amount of \$100,000 with the Office of the Secretary of State. Four of 7 (57%) Board members did not file their constitutional oath of office with the Office of the Secretary of State. The Act (70 ILCS 15/4) states that each Authority Board 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. Authority personnel stated the failure to file the bonds and constitutional oaths with the Secretary of State was due to oversight.

Failure to properly appoint or reappoint members, file the constitutional oath and bonds with the Office of the Secretary of State, and timely submit the required annual report to the Governor renders the Authority in noncompliance with the Act. (Finding Code No. 06-1 and 05-1)

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
**SCHEDULE OF FINDINGS (STATE COMPLIANCE)**  
For the Year Ended June 30, 2006

**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. Further, we recommend the Authority ensure members are appointed in accordance with the Act. 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.

**AUTHORITY RESPONSE**

The Authority concurs with the finding with the following response to the deficiencies:

- The Authority meets very infrequently and the failure to file this report was an oversight.
- The Will County Board has been unable to make an appointment thus far. As Chairman, I have been asked to submit a recommendation for consideration.
- The documentation for the two appointments has not been forwarded to the Authority. The requests will be made to the proper appointing authorities.
- As Chairman, I was unaware these were requirements. Previously, the Authority had an administrative assistant who handled these matters. The bonds and constitutional oaths will be submitted as soon as possible.

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying 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 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, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, 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 November 29, 2006 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.

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

November 29, 2006

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
June 30, 2006

	<u>Operating Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents (Note 3)	\$ 2,180
Total Assets	<u>2,180</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	<u>0</u>
Total Liabilities	<u>0</u>
<b>NET ASSETS</b>	
Unrestricted	<u>2,180</u>
Total Net Assets	<u>\$ 2,180</u>

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 NET ASSETS**  
**PROPRIETARY FUND**  
For the Year Ended June 30, 2006

	<u>Operating Fund</u>
<b>OPERATING EXPENSES</b>	
Bank Service Charges	\$ 96
Total Operating Expenses	96
Operating Income (Loss)	(96)
<b>NONOPERATING REVENUES</b>	
Interest Income	7
Miscellaneous Income	75
Total Nonoperating Revenues	82
Change in Net Assets	(14)
Net Assets - Beginning of the Year	2,194
Net Assets - End of the Year	\$ 2,180

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, 2006

	<u>Operating Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Payments for Other Operating Activities	\$ (96)
Net Cash Provided (Used) by Operating Activities	<u>(96)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	7
Net Cash Provided (Used) by Investing Activities	<u>7</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(89)
Cash and Cash Equivalents - July 1, 2005	<u>2,269</u>
<b>Cash and Cash Equivalents - June 30, 2006</b>	<u><u>\$ 2,180</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
<b>OPERATING INCOME (LOSS)</b>	<u>\$ (96)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (96)</u></u>

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

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

**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 15/1 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 FINANCIAL STATEMENTS  
June 30, 2006

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. 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 FINANCIAL STATEMENTS**

June 30, 2006

f. Compensated Absences or Pension Benefit Obligations

The Authority had no full-time employees during Fiscal Year 2006. Therefore, the Authority had no obligation for pension benefits or compensated absences as of June 30, 2006.

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, 2006, the carrying amount and the bank balance of the Authority's cash deposits was \$2,180. The funds are held at National City Bank and are covered by federal depository insurance.

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006

**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)

- Analysis of Operations:

Functions and Planning Program  
Personnel  
Contributed Services (unaudited)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states it has been subjected to the auditing procedures applied in the audit of the financial statements and, in the auditors' 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 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, 2006

	<u>Operating Fund</u>	
Cash Balance at July 1, 2005	\$	2,269
Receipts		7
Disbursements		96
Cash Balance at June 30, 2006	\$	<u>2,180</u>

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY  
**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2006

**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.

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.

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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, 2006 were:

Appointed by Kankakee County

Warren L. Ouwenga, Vice Chairman  
Michael P. O'Brien, Treasurer  
Donald P. Bourassa, Commissioner  
Greg Dralle, Commissioner

George H. Ryan Jr, Alternate

Appointed by Will County

David L. Wallace, Chairman  
Charles P. Peterson, Secretary  
Thomas Gruben, Commissioner  
Vacant, Commissioner

Vacant, Alternate

## **PLANNING PROGRAM**

The Kankakee River Valley Area Airport Authority (Authority) meets as necessary to conduct business and to discuss various strategies to gain support for the construction, maintenance and operation of one or more airports in the Kankakee River Valley Area. The Authority has not developed written goals to assist in the short-term or long-term planning for the construction, maintenance and operation of one or more airports in the Kankakee River Valley Area, due to the lack of any current plans for a third airport in the Kankakee River Valley Area.

## **AUDITOR'S ASSESSMENT OF PLANNING PROGRAM**

The Authority operates under an informal plan due to the limited nature of its functions. Until authorization by the General Assembly to begin construction for an airport in the Kankakee River Valley Area is received, the Authority has limited need for long-term plans, goals or objectives. Under these circumstances, the Authority's planning program appears adequate.

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**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.

**CONTRIBUTED SERVICES (unaudited)**

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:

		<u>2006</u>	<u>2005</u>
<b>Meeting Space</b>			
Number of meetings @ \$35/night	1 meeting	\$35	\$35
 <b>Legal Services</b>			
Donated legal services @ \$ 75/hour	33 hours	\$2,500	
Donated legal services @ \$150/hour	150 hours		\$22,500