



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY

**FINANCIAL AUDIT AND COMPLIANCE
EXAMINATION**

For the Year Ended: June 30, 2012

Release Date: April 11, 2013

Summary of Findings:

Total this audit: 2

Total last audit: 2

Repeated from last audit: 2

INTRODUCTION

This digest covers the financial audit and compliance examination of the Kankakee River Valley Area Airport Authority (Authority) for the year ended June 30, 2012. The Authority received no appropriations from the Illinois General Assembly and funds were not held in the State Treasury. The Authority was financed solely through interest income received from locally held funds.

SYNOPSIS

- The Authority had inadequate segregation of duties in the area of expenditure control.
- The Authority failed to comply with the Kankakee River Valley Area Airport Authority Act.

{Expenditures and Activity Measures are summarized on the reverse page.}

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For the Year Ended June 30, 2012

PROPRIETARY FUND FINANCIAL OPERATIONS	2012	2011
PROPRIETARY FUND EXPENSES		
OPERATING EXPENSES		
Total Operating Expenses.....	\$ -	\$ -
PROPRIETARY FUND REVENUES		
NONOPERATING REVENUES		
Interest Income.....	1	2
Total Nonoperating Revenues.....	1	2
Change in Net Assets.....	1	2
Net Assets, July 1.....	2,051	2,049
Net Assets, June 30.....	\$ 2,052	\$ 2,051

SELECTED PROPRIETARY FUND BALANCES	June 30, 2012	June 30, 2011
Cash.....	\$ 2,052	\$ 2,051

AUTHORITY VICE CHAIRMAN
During Examination Period: Mr. Phillip Kambic
Currently: Mr. Phillip Kambic

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INADEQUATE SEGREGATION OF DUTIES

Inadequate segregation of duties in area of expenditure control

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

Vice Chairman had ability to write and sign checks, reconcile bank statements, and maintain all Authority records

During testing, we noted that the Authority's Vice Chairman 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. (Finding 1, page 9) **This finding was first reported in 2008.**

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

Authority agrees with auditors

The Authority agreed with the recommendation. (*For the previous Authority response, see Digest footnote #1.*)

**NONCOMPLIANCE WITH KANKAKEE RIVER
VALLEY AREA AIRPORT AUTHORITY ACT**

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

Authority did not submit report to the Governor

- 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 15th as required by statute.

Authority did not fill vacant position

- The Authority had one vacancy requiring appointment. As of June 30, 2012, Will County did not appoint an individual to fill the vacant Authority seat.

Authority members did not file bonds with the Office of the Secretary of State

- Seven (100%) 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. (Finding 2, pages 10-11) **This finding was first reported in 2005.**

We recommended the Authority prepare and submit a written statement and report covering its activities over the preceding fiscal year to the Governor by November 15th of each year as required. In addition, we recommended the Authority ensure members are appointed as required by the Act. Further, we recommended 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.

Authority agrees with auditors

The Authority agreed with the recommendation. (*For the previous Authority response, see Digest footnote #2.*)

AUDITORS' OPINION

The auditors stated the financial statements of the Authority as of June 30, 2012, and for the year ended, are fairly presented in all material respects.

**STATE COMPLIANCE EXAMINATION –
ACCOUNTANT'S REPORT**

The auditors qualified their report on State Compliance for finding 12-2. Except for the noncompliance described in this finding, the auditors state the Authority complied, in all material respects, with the requirements described in the report.



WILLIAM G. HOLLAND
Auditor General

WGH:ph:rt

AUDITORS ASSIGNED

This audit was performed by the staff of the Office of the Auditor General.

DIGEST FOOTNOTES

#1 INADEQUATE SEGREGATION OF DUTIES

2011: The Authority agrees with the recommendation. Due to the Authority's lack of board members, the member remaining was scheduling a meeting with the Kankakee Board Chairman to discuss the Authority's future.

**#2 NONCOMPLIANCE WITH KANKAKEE RIVER
VALLEY AREA AIRPORT AUTHORITY ACT**

2011: The Authority agrees with the recommendation. With the lack of board members and activity, it was thought no report was necessary. There is a meeting scheduled with the Kankakee County Board Chairman to discuss the Authority's future.