

ADDENDUM NO. 1

REQUEST FOR PROPOSAL #10-19

PROPOSAL DESCRIPTION: Independent Auditing Services

ADDENDUM ISSUE DATE: Wednesday, November 24, 2010

PROPOSAL OPENING DATE: Friday, December 17, 2010

The following questions have been asked by a prospective proposer for the above proposal. The procedure of the Authority is to share the questions and answers with everyone interested in proposing.

1. Why is the Greater Rockford Airport Authority (Authority) going out for bids?
It is customary for the Authority to go out for request for proposal every three to five years.
2. Will your current auditor be submitting a proposal for auditing services?
The Authority's current auditor is being given the opportunity to submit a proposal.
3. What amount was paid for auditing services for your most recent fiscal year for both the Financial Audit and Single Audit?
\$35,350.00
4. Were any other fees charged to the Authority by your current auditors during the most recent fiscal year?
No
5. Was a separate Passenger Facility Charges report prepared? If so, can we receive a copy?
Yes, the PFC report is within the Single Audit Report. A copy of the Single Audit Report is attached.
6. May we have a copy of the most recent Single Audit report?
See answer to question #5.
7. Are any significant changes to your expenditures of federal awards for the upcoming year or the audit period anticipated, such as additional ARRA funds?
The Authority had a few ARRA funded projects for the current fiscal year.
8. The Request for Proposals describes responsibilities for the preparation of the bound CAFR. Does the Authority prepare the unaudited financial statement schedules, notes to the financial statements, and Schedule of Federal Financial Assistance for the auditors or are these expected to be prepared by the auditors?
All of the above schedules are generated by the Authority as outlined in the RFP on page 9. Technical assistance is required.
9. Are the majority of documents prepared for the annual audit available in electronic format (excel, word, pdf, etc)?
All documents prepared by the Authority are available in electronic format.
10. Were any audit journal entries made as part of the most recent audit?
No.
11. Was a management letter issued?
Yes.
If so, can we receive a copy?
A copy of the management letter will be available to the successful proposer.
12. Was a SAS 114 communication made to the board?
Yes.
If so, can we receive a copy?
This report is solely for use by the Board and staff.

Acknowledgment Page

All Vendors shall acknowledge receipt and acceptance of this Addendum No. 1, by signing in the acknowledgment space provided below and submitting this acknowledgment page with their proposal.

Receipt acknowledgment and conditions agreed to this ____ day of _____, 2010.

Vendor _____

By _____

Greater Rockford Airport Authority
dba Chicago Rockford International Airport

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's 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*

To the Board of Commissioners
Greater Rockford Airport Authority
Rockford, Illinois

We have audited the basic financial statements of the Greater Rockford Airport Authority (the Authority) as of and for the year ended April 30, 2010, and have issued our report thereon dated August 5, 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Rockford, Illinois
August 5, 2010

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Commissioners
Greater Rockford Airport Authority
Rockford, Illinois

Compliance

We have audited the compliance of the Greater Rockford Airport Authority (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended April 30, 2010. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended April 30, 2010.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Rockford, Illinois
August 5, 2010

Greater Rockford Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended April 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation			
Passed through the Illinois Department of Transportation			
Airport Improvement Program	20.106	N/A	\$ 1,827,484
Airport Improvement Program (ARRA)	20.106	N/A	<u>1,041,962</u>
Total U.S. Department of Transportation			<u>2,869,446</u>
U.S. Department of Homeland Security			
Law Enforcement Officer Reimbursement Agreement Program	97.090	N/A	<u>55,663</u>
Total Department of Homeland Security			<u>55,663</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,925,109</u></u>

N/A - Not applicable or not available.

See Notes to Schedule of Expenditures of Federal Awards.

Note 1 - Significant Accounting Policy

The schedule of expenditures of federal awards presents the amount of federal awards expended by the Greater Rockford Airport Authority (Authority) as required by OMB Circular A-133.

Basis of accounting: The schedule has been prepared using the accrual basis of accounting which is the same basis used in preparing the financial statements of the Airport.

Note 2 - Airport Improvement Program (AIP)

In addition to the AIP federal funding received by the Authority and reported on the schedule of expenditures of federal awards, the Authority also receives contributed capital through the AIP grant which does not get reported in the Authority's schedule of expenditures of federal awards. For these awards, the Authority does not have active involvement in programmatic decision making or responsibility for adherence to applicable federal program compliance requirements.

Greater Rockford Airport Authority

**Schedule of Findings and Questioned Costs
Year Ended April 30, 2010**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program (including ARRA)
Dollar threshold used to distinguish between type A and B programs	\$300,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(Continued)

Greater Rockford Airport Authority

Schedule of Findings and Questioned Costs (Continued) Year Ended April 30, 2010

II. FINANCIAL STATEMENT FINDINGS

For the year ended April 30, 2010, there were no financial statement findings for which *Government Auditing Standards* requires reporting.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

For the year ended April 30, 2010, no matters were reported.

Greater Rockford Airport Authority

**Summary Schedule of Prior Audit Findings
Year Ended April 30, 2010**

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance

To the Board of Commissioners
Greater Rockford Airport Authority
Rockford, Illinois

Compliance

We have audited the compliance of the Greater Rockford Airport Authority (the Authority) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended April 30, 2010. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended April 30, 2010.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement in accordance with the Guide on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with applicable requirements of laws and regulations that would be material in relation to the passenger facility charge program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, and the Federal Aviation Administration of the U.S. Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Rockford, Illinois
August 5, 2010

Greater Rockford Airport Authority
 Schedule of Passenger Facility Charges (PFC)
 Year Ended April 30, 2010

<i>Quarter Ended</i>	<i>PFC Charges Received</i>	<i>Interest Earned</i>	<i>Total Received</i>	<i>Expenditures On Approved Projects</i>	<i>Expenditures On Approved Projects Over PFC Charges Received</i>
Beginning Balance	\$ 2,800,165	\$ 117,350	\$ 2,917,515	\$ 7,476,945	\$ 4,559,430
07/01/09	94,451	-	94,451	-	(94,451)
10/01/09	106,080	-	106,080	-	(106,080)
01/01/10	79,139	-	79,139	-	(79,139)
04/01/10	82,396	-	82,396	-	(82,396)
Total FYE2010	362,066	-	362,066	-	(362,066)
Total Program to Date	\$ 3,162,231	\$ 117,350	\$ 3,279,581	\$ 7,476,945	\$ 4,197,364

Greater Rockford Airport Authority
Summary of Audit Results
Year Ended April 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. No material weaknesses were identified during the audit of the passenger facility charge program.
2. The auditor's report on compliance for the passenger facility charge program expresses an unqualified opinion.
3. There were no audit findings related to the passenger facility charge program.

B. FINDINGS AND QUESTIONED COSTS

1. None