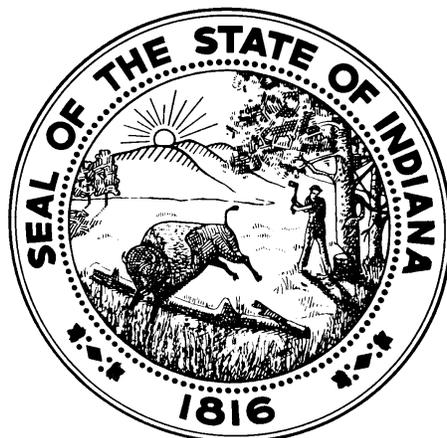


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

PERRY COUNTY PORT AUTHORITY
A COMPONENT UNIT OF PERRY COUNTY
PERRY COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
12/31/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Executive Officer	Richard L. Neumann	01-01-06 to 12-31-08
Chairman of the Board	Alvin C. Evans	01-01-06 to 12-31-08
Bookkeeper	Michael O. Elaman, CPA	01-01-06 to 12-31-08
Treasurer of the Board	Ronald Voges, Sr.	01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PERRY COUNTY PORT AUTHORITY, PERRY COUNTY, INDIANA

We have examined the financial information presented herein of the Perry County Port Authority (Port Authority), for the period of January 1, 2006 to December 31, 2007. The Port Authority's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Port Authority for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 10, 2008

PERRY COUNTY PORT AUTHORITY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL PROPRIETARY FUND TYPES
 As Of And For The Years Ended December 31, 2006 And 2007

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Proprietary Fund: Operating	\$ <u>896,605</u>	\$ <u>2,466,509</u>	\$ <u>2,267,436</u>	\$ <u>1,095,678</u>
	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Proprietary Fund: Operating	\$ <u>1,095,678</u>	\$ <u>2,147,277</u>	\$ <u>2,136,229</u>	\$ <u>1,106,726</u>

The accompanying notes are an integral part of the financial information.

PERRY COUNTY PORT AUTHORITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Port Authority was established under the laws of the State of Indiana. The Port Authority provides the following services: transportation and storage services for local industries. The Port Authority operates under a governing board appointed by the Board of County Commissioners of Perry County. The Port Authority is considered a component unit of Perry County.

Note 2. Fund Accounting

The Port Authority uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. The Port Authority has no funds for which property taxes are received or for which highway use taxes are received.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Port Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Pension Plan

The Port Authority contributes to the United States Railroad Retirement Plan defined benefit pension plan.

Note 6. Subsequent Event - Pledge of Net Operating Revenues

2008 Lease Pledge

The Port Authority entered into a lease rental agreement with the Perry County Redevelopment Authority for improvements to its rail line. The Redevelopment Authority issued \$2,200,000 in Port Authority Revenue Bonds on January 31, 2008. Under the agreement, the Port Authority has pledged a portion of net operating revenues towards the payment of the revenue bonds through the year 2028. The Port Authority's pledged share of net operating revenues for the year 2008 is \$79,500.

PERRY COUNTY PORT AUTHORITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Perry County Port Authority</u>	<u>Ending Balance</u>
Business-type activities:	
Capital assets, being depreciated:	
Infrastructure	\$ 6,154,025
Buildings	20,679
Improvements other than buildings	312,018
Machinery and equipment	<u>1,543,096</u>
 Total business-type activities capital assets	 <u><u>\$ 8,029,818</u></u>

PERRY COUNTY PORT AUTHORITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Port Authority has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Loan payable:		
2000 SIREC Loan for Railway Improvement	\$ <u>175,000</u>	\$ <u>50,000</u>

PERRY COUNTY PORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on November 10, 2008, with Richard L. Neumann, Chief Executive Officer; and Michael O. Elaman, CPA, Bookkeeper. Our examination disclosed no material items that warrant comment at this time.