

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

EXAMINATION REPORT
OF
HOOSIER HERITAGE PORT AUTHORITY
HAMILTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/18/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Rhonda Klopfenstein	01-01-08 to 12-31-10
Treasurer	Jae Ebert	01-01-08 to 12-31-10
President of the Board	Donald Seal	01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HOOSIER HERITAGE PORT AUTHORITY, HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of Hoosier Heritage Port Authority (Port Authority), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 16, 2010

HOOSIER HERITAGE PORT AUTHORITY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2008 And 2009

	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
Governmental Fund: General	<u>\$ 192,813</u>	<u>\$ 165,653</u>	<u>\$ 159,204</u>	<u>\$ 199,262</u>
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Governmental Fund: General	<u>\$ 199,262</u>	<u>\$ 247,571</u>	<u>\$ 240,676</u>	<u>\$ 206,157</u>

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

HOOSIER HERITAGE 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 general administrative services.

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.

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 District 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. Loan Receivable – Indiana Transportation Museum

On March 11, 1996, the Port Authority acquired a security interest in Indiana Transportation Museum (ITM) equipment valued at \$823,000 from Annex Railroad Builders, Inc., for the purchase price of \$220,000. The total amount of \$220,000 is to be repaid by ITM. As of December 31, 2007, ITM still owed the \$220,000.

HOOSIER HERITAGE PORT AUTHORITY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Hoosier Heritage Port Authority did not file an annual report for the year 2009.

IC 5-11-1-4 states in part:

"The State Examiner shall require every municipality and every state or local governmental unit, entity or instrumentality to provide financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the State Examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the State Examiner that is compatible with the technology employed by the political subdivision."

COLLECTION OF AMOUNTS DUE

The Hoosier Heritage Port Authority did not have an adequate accounts receivable system. The Port Authority bills approximately 50 companies for use of property in the form of lease rental agreements. Several companies were not paying the lease rental amounts and have outstanding balances. This lack of responsiveness has existed for a period of years and records were not adequate to determine the amount due. It appears the companies continue to receive the benefits from the lease rental agreements without paying for the services.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

HOOSIER HERITAGE PORT AUTHORITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CERTIFIED NAMES, ADDRESSES, DUTIES AND COMPENSATION
OF PUBLIC EMPLOYEES, FORM 100R

The Hoosier Heritage Port Authority did not file the Form 100-R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees. This report must be file with the State Examiner, State Board of Accounts, 302 West Washington Street, Room E418, Indianapolis, Indiana 46204, on or before January 31. This report has not been submitted for several years.

IC 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year."

HOOSIER HERITAGE PORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2010, with Donald Seal, President of the Board, and Rhonda Klopfenstein, Director.