

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

PERRY COUNTY PORT AUTHORITY

PERRY COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
01/23/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Executive Officer (Position Eliminated 03-31-10)	Richard L. Neumann	01-01-10 to 03-31-10
General Manager (Replaced CEO/ Position Eliminated 12-31-10)	Pete Jespersen	04-01-10 to 12-31-10
Manager of Customer Service (Position Eliminated 07-31-11)	Stephen K. George	01-01-10 to 07-31-11
Operations Manager	Kevin Teague	08-01-11 to 12-31-14
Chairman of the Board	Alvin C. Evans Bill Goffinet	01-01-10 to 06-30-13 07-01-13 to 12-31-14
Bookkeeper	Michael O. Elaman, CPA	01-01-08 to 12-31-14
Treasurer of the Board	Ronald Voges, Sr. Danny Thomas	01-01-08 to 12-31-10 01-01-11 to 12-31-14



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Perry County Port Authority (Port Authority), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Port Authority prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Port Authority for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Port Authority for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Port Authority's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 15, 2014

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Port Authority. The financial statements and notes are presented as intended by the Port Authority.

PERRY COUNTY PORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Perry Co Port Operating Revenue Acct	\$ 511,399	\$ 1,735,356	\$ 1,769,566	\$ 477,189
Perry Co Port Construction EDA	1,125,506	42,897	58,176	1,110,227
Perry Co Port Petty Cash	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Totals	<u>\$ 1,637,105</u>	<u>\$ 1,778,253</u>	<u>\$ 1,827,742</u>	<u>\$ 1,587,616</u>

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

PERRY COUNTY PORT AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Perry Co Port Operating Revenue Acct	\$ 477,189	\$ 1,565,841	\$ 1,714,784	\$ 328,246
Perry Co Port Construction EDA	1,110,227	1,208,063	168,911	2,149,379
Perry Co Port Petty Cash	200	-	-	200
Perry Co Port GAB Escrow	-	4,740	-	4,740
Totals	<u>\$ 1,587,616</u>	<u>\$ 2,778,644</u>	<u>\$ 1,883,695</u>	<u>\$ 2,482,565</u>

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

PERRY COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Port Authority was established under the laws of the State of Indiana. The Port Authority operates under an appointed governing board.

The accompanying financial statements present the financial information for the Port Authority.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

PERRY COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies, which include articles and commodities, that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Port Authority. It includes all expenditures for the reduction of the principal and interest of the Port Authority's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Port Authority may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Port Authority. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds

PERRY COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

are internally restricted by the Port Authority. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Port Authority in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. 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.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 4. Risk Management

The Port Authority may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Port Authority to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 5. Pension Plan

The Port Authority contributes to the United States Railroad Retirement Plan defined benefit pension plan. No actuarial information is available for this plan. Other information about the plan may be obtained from the U.S. Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-2092, and phone number (312) 751-4300.

PERRY COUNTY PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Restatements

For the year ended December 31, 2010, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the Port Authority. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2009	Prior Period Adjustment	Balance as of January 1, 2010
Perry Co Port Operating Revenue Acct	\$ 511,599	\$ (200)	\$ 511,399
Perry Co Port Petty Cash	-	200	200

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Port Authority's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Port Authority's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Port Authority which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Port Authority. It is presented as intended by the Port Authority.

PERRY COUNTY PORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010

	Perry Co Port Operating Revenue Acct	Perry Co Port Construction EDA	Perry Co Port Petty Cash	Totals
Cash and investments - beginning	\$ 511,399	\$ 1,125,506	\$ 200	\$ 1,637,105
Receipts:				
Intergovernmental	151,042	-	-	151,042
Charges for services	1,556,291	-	-	1,556,291
Other receipts	<u>28,023</u>	<u>42,897</u>	<u>-</u>	<u>70,920</u>
Total receipts	<u>1,735,356</u>	<u>42,897</u>	<u>-</u>	<u>1,778,253</u>
Disbursements:				
Personal services	510,639	-	-	510,639
Supplies	91,369	-	-	91,369
Other services and charges	569,655	-	-	569,655
Capital outlay	259,607	58,176	-	317,783
Other disbursements	<u>338,296</u>	<u>-</u>	<u>-</u>	<u>338,296</u>
Total disbursements	<u>1,769,566</u>	<u>58,176</u>	<u>-</u>	<u>1,827,742</u>
Excess (deficiency) of receipts over disbursements	<u>(34,210)</u>	<u>(15,279)</u>	<u>-</u>	<u>(49,489)</u>
Cash and investments - ending	<u>\$ 477,189</u>	<u>\$ 1,110,227</u>	<u>\$ 200</u>	<u>\$ 1,587,616</u>

PERRY COUNTY PORT AUTHORITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2011

	Perry Co Port Operating Revenue Acct	Perry Co Port Construction EDA	Perry Co Port Petty Cash	Perry Co Port GAB Escrow	Totals
Cash and investments - beginning	\$ 477,189	\$ 1,110,227	\$ 200	\$ -	\$ 1,587,616
Receipts:					
Intergovernmental	-	463,755	-	-	463,755
Charges for services	1,543,593	-	-	-	1,543,593
Other receipts	<u>22,248</u>	<u>744,308</u>	-	<u>4,740</u>	<u>771,296</u>
Total receipts	<u>1,565,841</u>	<u>1,208,063</u>	<u>-</u>	<u>4,740</u>	<u>2,778,644</u>
Disbursements:					
Personal services	449,066	-	-	-	449,066
Supplies	127,681	-	-	-	127,681
Other services and charges	632,361	-	-	-	632,361
Debt service - principal and interest	231,283	-	-	-	231,283
Capital outlay	274,393	168,911	-	-	443,304
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,714,784</u>	<u>168,911</u>	<u>-</u>	<u>-</u>	<u>1,883,695</u>
Excess (deficiency) of receipts over disbursements	<u>(148,943)</u>	<u>1,039,152</u>	<u>-</u>	<u>4,740</u>	<u>894,949</u>
Cash and investments - ending	<u>\$ 328,246</u>	<u>\$ 2,149,379</u>	<u>\$ 200</u>	<u>\$ 4,740</u>	<u>\$ 2,482,565</u>

PERRY COUNTY PORT AUTHORITY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

	Accounts Payable	Accounts Receivable
Perry Co Port	\$ 261,286	\$ 128,067
Totals	\$ 261,286	\$ 128,067

PERRY COUNTY PORT AUTHORITY
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Perry Co Port:				
City of Tell City	Unloading fee	\$ 11,273	3/17/2008	11/30/2017
VTG Rail	4 Rail cars	<u>20,400</u>	12/3/2011	12/3/2016
Total Perry Co Port		<u>31,673</u>		
Total of annual lease payments		<u>\$ 31,673</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Perry Co Port:			
Revenue bonds	EDA Construction	\$ 1,970,000	\$ 70,000
Notes and loans payable	SIP	<u>698,889</u>	<u>82,222</u>
Total Perry Co Port		<u>2,668,889</u>	<u>152,222</u>
Totals		<u>\$ 2,668,889</u>	<u>\$ 152,222</u>

PERRY COUNTY PORT AUTHORITY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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.

	<u>Ending Balance</u>
Governmental activities:	
Total governmental activities	\$ <u> -</u>
Perry Co Port:	
Land	20,391
Infrastructure	8,483,173
Buildings	142,391
Machinery, equipment, and vehicles	868,929
Construction in progress	<u>1,682,794</u>
Total Perry Co Port	<u>11,197,678</u>
Total capital assets	<u>\$ 11,197,678</u>

PERRY COUNTY PORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2014, with Kevin Teague, Operations Manager; Alvin C. Evans, Board member; Bill Goffinet, Chairman of the Board; and Michael O. Elaman, CPA, Bookkeeper.