

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

CITY OF MADISON PORT AUTHORITY

JEFFERSON COUNTY, INDIANA

January 1, 2010 to December 31, 2014



**FILED**  
04/22/2016



## TABLE OF CONTENTS

| <u>Description</u>   | <u>Page</u> |
|--|-------------|
| Schedule of Officials .....                                    | 2           |
| Independent Accountant's Report.....                           | 3           |
| Financial Statements and Accompanying Notes:                   |             |
| Statements of Receipts, Disbursements, and Cash and Investment |             |
| Balances - Regulatory Basis .....                              | 7-9         |
| Notes to Financial Statements.....                             | 10-12       |
| Other Information - Unaudited:                                 |             |
| Combining Schedules of Receipts, Disbursements, and Cash and   |             |
| Investment Balances - Regulatory Basis .....                   | 14-18       |
| Schedule of Payables and Receivables .....                     | 19          |
| Schedule of Capital Assets.....                                | 21          |
| Other Reports.....   | 22          |

#### SCHEDULE OF OFFICIALS

| <u>Office</u>           | <u>Official</u>                  | <u>Term</u>                                  |
|-------------------------|----------------------------------|--|
| Chief Executive Officer | Cathy S. Hale                    | 01-01-10 to 12-31-16                         |
| Chairman of the Board   | Jerry A.Thaden<br>Larry S. Keith | 01-01-10 to 09-07-14<br>09-08-14 to 12-31-16 |
| Mayor                   | Tim Armstrong<br>Damon Welch     | 01-01-10 to 12-31-11<br>01-01-12 to 12-31-19 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

**INDEPENDENT ACCOUNTANT'S REPORT**

TO: THE OFFICIALS OF THE CITY OF MADISON PORT AUTHORITY, JEFFERSON COUNTY, INDIANA

We have examined the accompanying financial statements of the City of Madison Port Authority (Port Authority), for the period of January 1, 2010 to December 31, 2014. 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.

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, 2014.

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, 2014, 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, 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

January 11, 2016

(This page intentionally left blank.)

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

φ

(This page intentionally left blank.)



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

| Fund    | Cash and<br>Investments<br>01-01-10 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-10 |
|---------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General | \$ 1,475,510                        | \$ 1,381,258        | \$ 867,015          | \$ 1,989,753                        |
| Payroll | <u>1,358</u>                        | <u>358,314</u>      | <u>357,263</u>      | <u>2,409</u>                        |
|         | <u>\$ 1,476,868</u>                 | <u>\$ 1,739,572</u> | <u>\$ 1,224,278</u> | <u>\$ 1,992,162</u>                 |

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

CITY OF MADISON PORT AUTHORITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2011 and 2012

| <u>Fund</u> | <u>Cash and<br/>Investments<br/>01-01-11</u> | <u>Receipts</u>     | <u>Disbursements</u> | <u>Cash and<br/>Investments<br/>12-31-11</u> | <u>Receipts</u>     | <u>Disbursements</u> | <u>Cash and<br/>Investments<br/>12-31-12</u> |
|-------------|--|---------------------|----------------------|--|---------------------|----------------------|--|
| General     | \$ 1,989,753                                 | \$ 4,278,849        | \$ 3,390,290         | \$ 2,878,312                                 | \$ 1,690,680        | \$ 3,004,551         | \$ 1,564,441                                 |
| Payroll     | <u>2,409</u>                                 | <u>373,387</u>      | <u>373,121</u>       | <u>2,675</u>                                 | <u>389,577</u>      | <u>389,762</u>       | <u>2,490</u>                                 |
| Totals      | <u>\$ 1,992,162</u>                          | <u>\$ 4,652,236</u> | <u>\$ 3,763,411</u>  | <u>\$ 2,880,987</u>                          | <u>\$ 2,080,257</u> | <u>\$ 3,394,313</u>  | <u>\$ 1,566,931</u>                          |

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

CITY OF MADISON PORT AUTHORITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

| <u>Fund</u> | <u>Cash and<br/>Investments<br/>01-01-13</u> | <u>Receipts</u>     | <u>Disbursements</u> | <u>Cash and<br/>Investments<br/>12-31-13</u> | <u>Receipts</u>     | <u>Disbursements</u> | <u>Cash and<br/>Investments<br/>12-31-14</u> |
|-------------|--|---------------------|----------------------|--|---------------------|----------------------|--|
| General     | \$ 1,564,441                                 | \$ 1,698,813        | \$ 1,669,549         | \$ 1,593,705                                 | \$ 1,894,655        | \$ 1,339,160         | \$ 2,149,200                                 |
| Payroll     | <u>2,490</u>                                 | <u>383,611</u>      | <u>383,960</u>       | <u>2,141</u>                                 | <u>452,445</u>      | <u>452,146</u>       | <u>2,440</u>                                 |
| Totals      | <u>\$ 1,566,931</u>                          | <u>\$ 2,082,424</u> | <u>\$ 2,053,509</u>  | <u>\$ 1,595,846</u>                          | <u>\$ 2,347,100</u> | <u>\$ 1,791,306</u>  | <u>\$ 2,151,640</u>                          |

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

CITY OF MADISON 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, and riverboat receipts received from the county.

Charges for services which are comprised mostly of charges for current services.

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 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:

CITY OF MADISON PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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 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 prepared and approved at the local level.

**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.

CITY OF MADISON PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 statements. 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**

Defined Contribution Pension Plan

Plan Description

The Port Authority has a defined contribution pension plan. As authorized by Indiana Code 8-10-5-6.5 the Madison Port Authority is the plan administrator. The plan provides retirement, disability, and death benefits to the plan members and beneficiaries. Information about the plan may be obtained from the Madison Port Authority's representative:

Cathy S. Hale  
City of Madison Port Authority  
1121 West JPG Woodfill Road  
Madison, Indiana 47250  
Phone (812) 273-4248

#### OTHER INFORMATION - UNAUDITED

The Port Authority's Annual Report information for years 2010 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 other information presented was approved by management of the Port Authority. It is presented as intended by the Port Authority.

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

|                                       | General             | Payroll         | Totals              |
|---------------------------------------|---------------------|-----------------|---------------------|
| Cash and investments - beginning      | \$ 1,475,510        | \$ 1,358        | \$ 1,476,868        |
| Receipts:                             |                     |                 |                     |
| Charges for services                  | 1,357,510           | -               | 1,357,510           |
| Other receipts                        | <u>23,748</u>       | <u>358,314</u>  | <u>382,062</u>      |
| Total receipts                        | <u>1,381,258</u>    | <u>358,314</u>  | <u>1,739,572</u>    |
| Disbursements:                        |                     |                 |                     |
| Personal services                     | 299,444             | 298,393         | 597,837             |
| Supplies                              | 58,837              | -               | 58,837              |
| Other services and charges            | 290,538             | 58,870          | 349,408             |
| Capital outlay                        | <u>218,196</u>      | <u>-</u>        | <u>218,196</u>      |
| Total disbursements                   | <u>867,015</u>      | <u>357,263</u>  | <u>1,224,278</u>    |
| Excess of receipts over disbursements | <u>514,243</u>      | <u>1,051</u>    | <u>515,294</u>      |
| Cash and investments - ending         | <u>\$ 1,989,753</u> | <u>\$ 2,409</u> | <u>\$ 1,992,162</u> |



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

|                                       | <u>General</u>      | <u>Payroll</u>  | <u>Totals</u>       |
|---------------------------------------|---------------------|-----------------|---------------------|
| Cash and investments - beginning      | \$ 1,989,753        | \$ 2,409        | \$ 1,992,162        |
| Receipts:                             |                     |                 |                     |
| Intergovernmental                     | 3,201,000           | -               | 3,201,000           |
| Charges for services                  | 1,059,771           | -               | 1,059,771           |
| Other receipts                        | <u>18,078</u>       | <u>373,387</u>  | <u>391,465</u>      |
| Total receipts                        | <u>4,278,849</u>    | <u>373,387</u>  | <u>4,652,236</u>    |
| Disbursements:                        |                     |                 |                     |
| Personal services                     | 462,468             | 373,121         | 835,589             |
| Supplies                              | 72,081              | -               | 72,081              |
| Other services and charges            | 359,395             | -               | 359,395             |
| Capital outlay                        | <u>2,496,346</u>    | <u>-</u>        | <u>2,496,346</u>    |
| Total disbursements                   | <u>3,390,290</u>    | <u>373,121</u>  | <u>3,763,411</u>    |
| Excess of receipts over disbursements | <u>888,559</u>      | <u>266</u>      | <u>888,825</u>      |
| Cash and investments - ending         | <u>\$ 2,878,312</u> | <u>\$ 2,675</u> | <u>\$ 2,880,987</u> |

CITY OF MADISON PORT AUTHORITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

|   | <u>General</u>             | <u>Payroll</u>         | <u>Totals</u>              |
|---|----------------------------|------------------------|----------------------------|
| Cash and investments - beginning          | \$ 2,878,312               | \$ 2,675               | \$ 2,880,987               |
| Receipts:                                 |                            |                        |                            |
| Intergovernmental                         | 245,328                    | -                      | 245,328                    |
| Charges for services                      | 985,657                    | -                      | 985,657                    |
| Other receipts                            | <u>459,695</u>             | <u>389,577</u>         | <u>849,272</u>             |
| Total receipts                            | <u>1,690,680</u>           | <u>389,577</u>         | <u>2,080,257</u>           |
| Disbursements:                            |                            |                        |                            |
| Personal services                         | 400,116                    | 389,762                | 789,878                    |
| Supplies                                  | 144,064                    | -                      | 144,064                    |
| Other services and charges                | 212,094                    | -                      | 212,094                    |
| Capital outlay                            | 2,183,175                  | -                      | 2,183,175                  |
| Other disbursements                       | <u>65,102</u>              | <u>-</u>               | <u>65,102</u>              |
| Total disbursements                       | <u>3,004,551</u>           | <u>389,762</u>         | <u>3,394,313</u>           |
| Deficiency of receipts over disbursements | <u>(1,313,871)</u>         | <u>(185)</u>           | <u>(1,314,056)</u>         |
| Cash and investments - ending             | <u><u>\$ 1,564,441</u></u> | <u><u>\$ 2,490</u></u> | <u><u>\$ 1,566,931</u></u> |

CITY OF MADISON PORT AUTHORITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

|  | <u>General</u>      | <u>Payroll</u>  | <u>Totals</u>       |
|--|---------------------|-----------------|---------------------|
| Cash and investments - beginning                   | \$ 1,564,441        | \$ 2,490        | \$ 1,566,931        |
| Receipts:  |                     |                 |                     |
| Intergovernmental                                  | 352,136             | -               | 352,136             |
| Charges for services                               | 1,284,736           | 383,611         | 1,668,347           |
| Other receipts                                     | <u>61,941</u>       | <u>-</u>        | <u>61,941</u>       |
| Total receipts                                     | <u>1,698,813</u>    | <u>383,611</u>  | <u>2,082,424</u>    |
| Disbursements:                                     |                     |                 |                     |
| Personal services                                  | 422,312             | 383,960         | 806,272             |
| Supplies   | 190,396             | -               | 190,396             |
| Other services and charges                         | 219,665             | -               | 219,665             |
| Capital outlay                                     | 772,819             | -               | 772,819             |
| Other disbursements                                | <u>64,357</u>       | <u>-</u>        | <u>64,357</u>       |
| Total disbursements                                | <u>1,669,549</u>    | <u>383,960</u>  | <u>2,053,509</u>    |
| Excess (deficiency) of receipts over disbursements | <u>29,264</u>       | <u>(349)</u>    | <u>28,915</u>       |
| Cash and investments - ending                      | <u>\$ 1,593,705</u> | <u>\$ 2,141</u> | <u>\$ 1,595,846</u> |

CITY OF MADISON PORT AUTHORITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

|                                       | <u>General</u>      | <u>Payroll</u>  | <u>Totals</u>       |
|---------------------------------------|---------------------|-----------------|---------------------|
| Cash and investments - beginning      | \$ 1,593,705        | \$ 2,141        | \$ 1,595,846        |
| Receipts:                             |                     |                 |                     |
| Charges for services                  | 1,178,032           | -               | 1,178,032           |
| Other receipts                        | <u>716,623</u>      | <u>452,445</u>  | <u>1,169,068</u>    |
| Total receipts                        | <u>1,894,655</u>    | <u>452,445</u>  | <u>2,347,100</u>    |
| Disbursements:                        |                     |                 |                     |
| Personal services                     | 491,814             | 452,146         | 943,960             |
| Supplies                              | 133,084             | -               | 133,084             |
| Other services and charges            | 281,887             | -               | 281,887             |
| Capital outlay                        | 360,869             | -               | 360,869             |
| Other disbursements                   | <u>71,506</u>       | <u>-</u>        | <u>71,506</u>       |
| Total disbursements                   | <u>1,339,160</u>    | <u>452,146</u>  | <u>1,791,306</u>    |
| Excess of receipts over disbursements | <u>555,495</u>      | <u>299</u>      | <u>555,794</u>      |
| Cash and investments - ending         | <u>\$ 2,149,200</u> | <u>\$ 2,440</u> | <u>\$ 2,151,640</u> |

CITY OF MADISON PORT AUTHORITY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2014

| <u>Government or Enterprise</u> | <u>Accounts<br/>Payable</u> | <u>Accounts<br/>Receivable</u> |
|---------------------------------|-----------------------------|--------------------------------|
| Madison Railroad                | <u>\$ 9,656</u>             | <u>\$ 30,413</u>               |

(This page intentionally left blank.)

CITY OF MADISON PORT AUTHORITY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

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.

|                                    | Ending<br>Balance   |
|------------------------------------|---------------------|
| Madison Railroad:                  |                     |
| Land                               | \$ 358,627          |
| Infrastructure                     | 5,884,216           |
| Buildings                          | 155,326             |
| Machinery, equipment, and vehicles | 895,920             |
| Total Madison Railroad             | <u>\$ 7,294,089</u> |

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Port Authority. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.