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

REVIEW REPORT

OF

INDIANA PORT COMMISSION

January 1, 2007 to December 31, 2007

FILED
04/14/2009

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AGENCY OFFICIALS

Office	Official	Term
Executive Director	Richard Cooper	01-01-07 to 12-31-09
Chairman of the Commission	Kenneth Kaczmarek	01-10-06 to 12-31-09

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA PORT COMMISSION

We have reviewed the compliance with laws and regulations of the Indiana Port Commission for the period of January 1, 2007 to December 31, 2007. The Indiana Port Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

The financial statements of the Indiana Port Commission for the period January 1, 2007 to December 31, 2007, were audited by other auditors. The financial statement report is on file in our office as a public record.

Based on our review, nothing came to our attention that caused us to believe that the laws and regulations of the Indiana Port Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Indiana Code, and policies and procedures established by the Indiana Port Commission, except as stated in the review comments.

STATE BOARD OF ACCOUNTS

December 17, 2008

INDIANA PORT COMMISSION
REVIEW COMMENTS
December 31, 2007

NAME CHANGE

As of July 1, 2008, the Indiana Port Commission was no longer termed as the Indiana Port Commission. Public Law 98-2008, Sections 10 and 11 state: "'Ports of Indiana' means the ports of Indiana . . . created as a body both corporate and politic in the state of Indiana, and the exercise of the powers conferred by this article in the construction, operation, and maintenance of a port or project shall be deemed and held to be essential governmental functions of the State."

PUBLIC DEPOSIT INSURANCE FUND

In accordance with IC 5-13, deposits of the Indiana Port Commission were not insured by the Indiana Public Deposit Insurance Fund (PDIF) as stated in the Port Commission's audited financial statements for the period ending December 31, 2007. The Port Commission deposits were insured by the Federal Depository Insurance Corporation (FDIC) up to the FDIC limit. Effective October 3, 2008 through December 31, 2009, the FDIC insurance coverage limits increased from $100,000 to $250,000.

In their Notes to Financial Statements, Note 2, as of December 31, 2007, the Port Commission reported Cash and Cash Equivalents of $16,244,393. Any of these funds in excess of the FDIC limit on deposit at a financial institution may be at risk. Additional records provided by the agency indicated that as of December 31, 2007, they had $7 million on deposit at several financial institutions in excess of the FDIC limit.

IC 5-13-12-1(a) provides that the board for depositories, through the PDIF: ". . . is to insure the safekeeping and prompt payment of all public funds deposited in any depository."

IC 5-13-4-20 states: "'Public funds' means all fees and funds of whatever kind or character coming into the possession of any public officer by virtue of that office."

IC 5-13-4-21 states: "'Public officer' means any person elected or appointed to any office of the state or any political subdivision. 'Public officer' includes an officer of all boards, commissions, departments, institutions, and other bodies established by law to function as a part of the government of the state or political subdivision that are supported wholly or partly by appropriations of money made from the treasury of the state or political subdivision or that are supported wholly or partly by taxes or fees. 'Public officer' does not include an officer of an independent body politic and corporate set up as an instrumentality of the state but not constituting a political subdivision."

INDIANA PORT COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on February 18, 2009, with Rich Cooper, Executive Director; and Tony Walker, Controller. The official response has been made a part of this report and may be found on page 6.

PORTS OF INDIANA

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February 26, 2009

Michael Daniely
Indiana State Board of Accounts
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Indianapolis, IN 46204

RE: OFFICIAL RESPONSE CONCERNING THE 2007 PORTS OF INDIANA AUDIT

Dear Michael:

Thank you for your comments during the State Board of Accounts' audit recently completed and expressing concern about the possibility of the Ports of Indiana ("POI" or "Ports") not being covered by the Public Deposit Insurance Fund ("PDIF"). After extensive research and follow-up with the Attorney General's ("AG") office, we too, believe the Ports may not be covered by PDIF. Although the AG's office did not provide a written opinion, there appeared to be enough "gray area" here that it would be in our best interest to formulate a cash management strategy that offers an acceptable risk/reward solution.

After meeting with the POI Commission a few weeks ago, we have engaged with industry professionals and are developing a new cash management strategy which offers an acceptable balance of funds insured by the Federal Depository Insurance Corporation ("FDIC") and/or by the federal government (either directly or indirectly).

Management anticipates the new strategy will be finalized and approved by the POI Commission before the end of the current fiscal year.

Should you have any questions or concerns, do not hesitate to contact me. Thank you again for your input.

Sincerely,

Tony Walker

Tony Walker
Controller

cc: Michael A. Hoose, Indiana State Board of Accounts
Rich Cooper, Ports of Indiana