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August 17, 2009

Mr. Rich Cooper, Executive Director
Indiana Port Commission
150 W. Market St., Suite 100
Indianapolis, IN 46204

Dear Mr. Cooper:

We have received the audit report prepared by Crowe Horwath LLP, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements included in the report present fairly the financial condition of the Indiana Port Commission as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a public record.

STATE BOARD OF ACCOUNTS

PORTS OF INDIANA
FINANCIAL STATEMENTS
December 31, 2008 and 2007

PORTS OF INDIANA
Indianapolis, Indiana

FINANCIAL STATEMENTS
December 31, 2008 and 2007

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Crowe Horwath LLP
Member Horwath International

REPORT OF INDEPENDENT AUDITORS

The Members of the Commission
Ports of Indiana
Indianapolis, Indiana

We have audited the accompanying statements of net assets of the Ports of Indiana as of December 31, 2008 and 2007, and the related statements of revenues and expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Ports of Indiana's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Audits of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ports of Indiana as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2009 on our consideration of the Ports of Indiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Ports of Indiana taken as a whole. The accompanying Schedule of Port Income from Operations, Schedule of Operating Expenses Compared to Budget for the year ended December 31, 2008 including 2007 comparative information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
May 15, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

PORTS OF INDIANA
INDIANAPOLIS, INDIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2008

This section of the Port's annual financial report presents a discussion and analysis of the Ports of Indiana's financial performance for the calendar year ended December 31, 2008. Please read it in conjunction with the Ports of Indiana's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Ports of Indiana's net assets increased by \$3,019,414. Operating income before depreciation was \$3,930,482. The Board of Commissioners has designated \$11,250,000 of unrestricted net assets as strategic reserves for land acquisitions, special projects, and emergency infrastructure at its three Port locations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements and reports on compliance and internal control over financial reporting.

The Ports of Indiana's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets. All assets and liabilities associated with the operation of the Ports of Indiana are included in the Statement of Net Assets.

The financial statements provide both long and short-term information about the Ports of Indiana's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

PORTS OF INDIANA
INDIANAPOLIS, INDIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED DECEMBER 31, 2008

FINANCIAL ANALYSIS

Net Assets

The Ports of Indiana's total assets at December 31, 2008, reached \$100,768,930. This represents an increase of \$8,393,048, or 9.1, percent from the prior year. Total liabilities amounted to \$6,035,062; an increase of \$5,373,634 or 812.4 percent. Assets and liabilities both increased primarily from a \$5,000,000 Letter of Credit entered into with a Burns Harbor tenant to construct an access road to an undeveloped parcel of land owned by the Ports. Total net assets amounted to \$94,733,868 an increase of \$3,019,414 or 3.3 percent (See Table 1).

Table 1			
Net Assets			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets:			
Current assets	\$ 28,274,523	\$ 18,408,103	\$ 16,835,084
Capital	71,669,200	73,000,842	72,263,666
Other assets	825,207	966,937	1,099,401
Total assets	<u>\$ 100,768,930</u>	<u>\$ 92,375,882</u>	<u>\$ 90,198,151</u>
Liabilities:			
Current liabilities	1,035,062	661,428	465,380
Non-current liabilities	5,000,000	-	22,612
Total liabilities	<u>6,035,062</u>	<u>661,428</u>	<u>487,992</u>
Net assets:			
Invested in capital assets	71,669,200	73,000,842	72,263,666
Unrestricted (**)	23,064,668	18,713,613	17,446,493
Total net assets	<u>94,733,868</u>	<u>91,714,454</u>	<u>89,710,159</u>
Total liabilities and net assets	<u>\$ 100,768,930</u>	<u>\$ 92,375,882</u>	<u>\$ 90,198,151</u>

** - The Board of Commissioners has designated \$11,250,000 of unrestricted net assets as strategic reserves for land acquisitions, special projects, and emergency infrastructure at its three Port locations.

**PORTS OF INDIANA
INDIANAPOLIS, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED DECEMBER 31, 2008**

Changes in Net Assets

The change in net assets at December 31, 2008, was an increase of \$3,019,414, or 3.3 percent. The Ports of Indiana's total operating revenues increased by approximately \$487,427, or 6.4 percent. Total operating expenses before depreciation increased \$171,490, or 4.3 percent. The changes in net assets are detailed in Table 2 and operating expenses are detailed in Table 3.

Table 2 Changes in Net Assets			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenue:			
Maritime services	\$ 7,442,063	\$ 7,108,495	\$ 7,215,917
Other	654,325	500,466	532,466
Total operating revenues	<u>8,096,388</u>	<u>7,608,961</u>	<u>7,748,383</u>
Operating expenses:			
Operating expenses	4,165,906	3,994,416	3,730,869
Depreciation	2,766,519	2,639,473	2,556,879
Total operating expenses	<u>6,932,425</u>	<u>6,633,889</u>	<u>6,287,748</u>
Operating income (loss)	1,163,963	975,072	1,460,635
Non-operating revenues (expenses):			
Capital revenues from state and private programs	1,855,451	866,413	(602,899)
	<u>-</u>	<u>162,810</u>	<u>150,000</u>
Change in net assets	3,019,414	2,004,295	1,007,736
Total net assets, beginning of year	<u>91,714,454</u>	<u>89,710,159</u>	<u>88,702,423</u>
Total net assets, end of year	<u>\$ 94,733,868</u>	<u>\$ 91,714,454</u>	<u>\$ 89,710,159</u>

PORTS OF INDIANA
INDIANAPOLIS, INDIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED DECEMBER 31, 2008

Revenues: Operating revenues from maritime services increased by \$333,568, or 4.7 percent. The increase resulted primarily from an increase in bulk cargo, land rental and warehouse storage; despite a reduction in building rental, outside storage, rail user fees and FTZ fees. Operating revenues from wharfage and dockage and facility rentals increased by \$109,131 or 6.9% and \$255,134 or 5.3%, respectively. The Ports exceeded last year's tonnage by 7.9% mainly due to the increased coke, salt and mineral product tonnage moving across the docks at Burns Harbor, increased coal and grain tonnage at Mt. Vernon and increased salt, grain and steel tonnage at Jeffersonville. The facility rental increase resulted from both new tenants and an increase in renewal rates for current tenants.

Non-operating revenues have increased approximately \$989,038, or 114.2 percent. Within this category, a one-time payment was received for past due rent from a Burns Harbor tenant in the amount of \$315,000 and insurance proceeds were received for non-related damages to Burns Harbor's dock wall and fence in the amounts of \$956,142 and \$1,218, respectively. In addition, interest income from investments decreased approximately \$294,681, or 33.9% percent. In 2008, there was a small gain on the retirement and disposal of fixed assets as compared to 2007 when a small loss was recorded.

Although the Ports may receive appropriations for specific capital projects from the state of Indiana's legislature, no capital appropriations were made to the Ports in 2008.

Expenses: Total operating expenses increased \$298,536, or 4.5 percent. Operating expenses, not including depreciation, increased 4.3 percent, primarily due to the increase in overall salaries and temporary services, legal services surrounding the dock wall and access road at Burns Harbor, security services, lobbying fees, professional services surrounding the dock wall, building fire and Foreign Trade Zone consultation, and property insurance. The increase in depreciation expense corresponds with the amounts of projects completed and capitalized within the last few years.

**PORTS OF INDIANA
INDIANAPOLIS, INDIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED DECEMBER 31, 2008**

Operating expenses are summarized as follows:

Table 3 Operating Expenses			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Labor and fringe benefits	\$ 2,488,743	\$ 2,400,760	\$ 2,168,674
Travel and training	85,361	83,167	108,520
Security services	246,656	224,851	226,712
Legal services	150,342	61,546	79,413
Accounting services	31,590	33,859	34,664
Computer services	34,300	35,131	20,537
Other professional services	117,234	25,024	96,720
Advertising and public relations	129,664	116,856	117,460
Insurance	235,104	214,788	265,539
Property rentals	98,862	102,912	96,670
Office expenses	82,353	114,631	108,852
Business Association memberships	101,868	87,450	86,642
Utilities	116,360	110,349	114,930
Maintenance	209,776	376,319	177,583
Bad Debt Expense	9,060	-	-
Other	28,633	6,773	27,953
Depreciation	<u>2,766,519</u>	<u>2,639,473</u>	<u>2,556,879</u>
Total operating expenses	<u>\$ 6,932,425</u>	<u>\$ 6,633,889</u>	<u>\$ 6,287,748</u>

PORTS OF INDIANA
INDIANAPOLIS, INDIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2008, the Ports of Indiana had invested \$71,669,200 in capital assets and related assets, net of accumulated depreciation. As compared to the prior year, this amount represents a net decrease (including additions and disposals) of \$1,331,642.

There is no outstanding debt other than construction related payables of \$344,960 and \$135,923 at December 31, 2008 and 2007.

CURRENTLY KNOWN FACTS

Other than the uncertainty of general economic indicators on the Ports of Indiana and its customers, there are no significant facts, decisions or conditions that are expected that management believes will have a significant impact on the financial position or results of operations.

This financial report was designed to provide our stakeholders, patrons, and other interested parties with a general overview of the Ports of Indiana's finances and to demonstrate the Ports of Indiana's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Ports of Indiana at (317) 232-9200.

PORTS OF INDIANA
STATEMENTS OF NET ASSETS
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 14,664,813	\$ 8,666,632
Investments (Note 2)	11,621,368	7,577,761
Accrued interest receivable	90,376	222,684
Trade accounts receivable, net	522,807	613,889
Notes receivable with accrued interest	-	165,945
Other receivables	1,094,130	996,227
Net investment in direct financing leases (Note 4)	142,971	137,438
Prepaid expenses	<u>281,029</u>	<u>164,965</u>
Total current assets	<u>28,417,494</u>	<u>18,545,541</u>
Noncurrent assets:		
Net investment in direct financing lease (Note 4)	682,236	829,499
Capital assets, net of accumulated depreciation (Note 3)	<u>71,669,200</u>	<u>73,000,842</u>
Total noncurrent assets	<u>72,351,436</u>	<u>73,830,341</u>
Total assets	<u>\$ 100,768,930</u>	<u>\$ 92,375,882</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued expenses	\$ 642,490	\$ 502,893
Contracts and retainage payable	344,960	135,923
Deferred revenue (Note 1)	25,000	-
Accrued litigation expense	<u>22,612</u>	<u>22,612</u>
Total current liabilities	1,035,062	661,428
Noncurrent liabilities:		
Long-term deferred revenue (Note 1)	<u>5,000,000</u>	<u>-</u>
Total liabilities	6,035,062	661,428
Net assets:		
Invested in capital assets, net of related debt	71,669,200	73,000,842
Unrestricted	<u>23,064,668</u>	<u>18,713,612</u>
	<u>94,733,868</u>	<u>91,714,454</u>
	<u>\$ 100,768,930</u>	<u>\$ 92,375,882</u>

See accompanying notes to financial statements.

PORTS OF INDIANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating revenues		
Maritime services	\$ 1,938,655	\$ 1,814,791
Facility rentals and storage	5,027,345	4,772,211
User fees	407,271	420,076
Foreign trade zone fees	68,792	101,417
Other	<u>654,325</u>	<u>500,466</u>
Total operating revenues	8,096,388	7,608,962
Operating expenses before depreciation	<u>4,165,906</u>	<u>3,994,416</u>
Operating income before depreciation	3,930,482	3,614,545
Depreciation expense	<u>2,766,519</u>	<u>2,639,473</u>
Operating income	1,163,963	975,072
Non-operating revenues (expenses)		
Net interest income	575,356	870,036
Insurance recovery proceeds	957,360	-
Gain (loss) on capital asset dispositions	7,700	(3,623)
Other income (expense)	<u>315,035</u>	<u>162,810</u>
Total non-operating revenues (expenses)	<u>1,855,451</u>	<u>1,029,223</u>
Income before capital contributions	3,019,414	2,004,295
Capital contributions	<u>-</u>	<u>-</u>
Change in net assets	3,019,414	2,004,295
Net assets, at beginning of year	<u>91,714,454</u>	<u>89,710,159</u>
Net assets, at end of year	<u>\$ 94,733,868</u>	<u>\$ 91,714,454</u>

See accompanying notes to financial statements.

PORTS OF INDIANA
STATEMENTS OF CASH FLOWS
Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 8,187,470	\$ 7,644,486
Payments to suppliers	(1,731,684)	(1,665,329)
Payments to employees	(1,860,800)	(1,686,894)
Payments of benefits on behalf of employees	<u>(290,537)</u>	<u>(587,446)</u>
Net cash provided by operating activities	4,304,449	3,704,817
 Cash flows from capital and related financing activities:		
Advances and other income	5,340,035	-
Proceeds from insurance recoveries	957,360	-
Proceeds from direct financing leases	141,730	132,464
Proceeds on notes and other receivables	68,043	557,572
Payments on litigation settlement	-	(13,768)
Expenditures for acquisitions and construction of capital assets	<u>(1,477,493)</u>	<u>(2,979,372)</u>
Net cash provided by (used in) capital and related financing	5,029,675	(2,303,104)
 Cash flows from investing activities:		
Purchase of investments	(11,621,368)	(77,761)
Proceeds from sales and maturities of investments	7,577,761	-
Investment income received	<u>707,664</u>	<u>779,471</u>
Net cash (used in) investing activities	<u>(3,335,943)</u>	<u>701,710</u>
 Net increase in cash and cash equivalents	5,998,181	2,103,423
 Cash and cash equivalents, beginning of year	<u>8,666,632</u>	<u>6,563,209</u>
Cash and cash equivalents, end of year	<u>\$ 14,664,813</u>	<u>\$ 8,666,632</u>
 Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 1,163,963	\$ 975,072
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,766,519	2,639,473
Changes in assets and liabilities:		
Trade accounts receivable	91,082	35,524
Accounts payable	398,949	51,281
Prepaid expenses	<u>(116,064)</u>	<u>3,467</u>
Net cash provided by operating activities	<u>\$ 4,304,449</u>	<u>\$ 3,704,817</u>

2008 and 2007 noncash activities: The Ports of Indiana had contracts and retainage payable on capital assets of \$344,960 and \$135,923 at December 31, 2008 and 2007.

See accompanying notes to financial statements.

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Under Public Law 98-2008, SECTION 11, the name of the Indiana Port Commission was changed to the Ports of Indiana, effective July 1, 2008. Furthermore, Resolution R-08-01 approving the name change was adopted and signed by the Ports of Indiana Commission.

The Ports of Indiana (or "Ports") is a body both Corporate and Politic created under Indiana Code Section 8-10-1-3 enacted by the General Assembly of the State of Indiana. The Ports of Indiana is authorized to construct, maintain and operate public ports with terminal facilities and traffic exchange points for all forms of transportation on Lake Michigan and the Ohio and Wabash Rivers. The Commission consists of seven members appointed by the Governor. Accordingly, it is a component unit of the State of Indiana. Operating funds are derived from port activities, however, the majority of capital funds are provided by the state and the federal government.

The Ports of Indiana's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The financial statements include all the accounts of the Ports of Indiana and its subsidiary, The Indiana Ports Railroad Holding Corporation (Railroad Holding Corporation). The Railroad Holding Corporation is a not-for-profit entity, which is the parent of the wholly owned subsidiaries of Clark Shortline Railroad Co., Burns Harbor Shortline Railroad Co., and Southwind Railroad Co. The Railroad Holding Corporation is currently inactive.

Measurement Focus, Basis of Accounting and Financial Reporting: The accounting policies of the Ports of Indiana conform to accounting principles generally accepted in the United States of America as applicable to governments. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Ports of Indiana accounts are organized into a single proprietary fund. The Ports of Indiana's operations are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing services on a continuing basis be financed and recovered primarily through user charges. Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services or leasing property. Operating expenses include the cost of providing services, administrative services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(Continued)

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Ports of Indiana has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." The Ports of Indiana has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassifications had no impact on net assets.

Cash Equivalents: Cash equivalents consist of short-term, liquid investments which are readily convertible into cash or which have maturity of 30 days or less.

Trade Accounts Receivable and Deferred Income: Operating revenues include rental income derived from leasing port property. Amounts due from certain lease agreements are billed in advance and recognition of related revenue is deferred and recognized over the appropriate lease term service period. Trade receivables are reported at an amount that is net of advance billings.

Allowance For Uncollectible Accounts: The allowance for uncollectible accounts is determined by management based upon historical losses, specific circumstances and general economic conditions. Periodically, management reviews accounts receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with collection policy. Management estimated that no allowance was necessary at December 31, 2008 and 2007.

Notes and Other Receivables: Notes receivables include amounts due from the City of Jeffersonville related to Vogt Valve and Beth Nova facilities. Other receivables relate to Consolidated Grain and Barge letter of credit to be used for infrastructure at Mt. Vernon. Management expects that the letter of credit will be used in 2009.

(Continued)

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are stated at cost, or fair market value at date of gift, if donated. The Ports of Indiana capitalizes additions and improvements that have a value over \$500 and a useful life beyond one year. Depreciation is charged as an operating expense using the straight-line method over the estimated useful lives of the respective assets. Construction in progress consists of the costs of construction contracts and direct engineering costs incurred in the design and construction of port properties. Projects are capitalized when substantially complete. Land and harbor improvements consist of both depreciable and non-depreciable types of assets. Infrastructure assets are capitalized. Estimated useful lives used in computing depreciation on property and equipment are as follows:

	Years
Land improvements	5 - 50
Harbor improvements	25 - 40
Dock and mooring facilities	10 - 40
Buildings and structures	5 - 30
Machinery and equipment	5 - 20
Office furniture and equipment	5 - 10
Trucks and autos	5

The Ports of Indiana had paid an option fee to purchase land at one of the Port locations of approximately \$4 million dollars at December 31, 2008. The land was purchased in May 2009.

Appropriations from the State of Indiana: Appropriations are made by the legislature of the State of Indiana on a biennial basis. The Ports of Indiana typically has four years in which to obtain the State Budget Agency's approval and allotment. Once funds are allotted, the Ports of Indiana must submit claims for the State Budget Agency's payment. The Ports of Indiana records as a receivable in the financial statements only those claims that have been approved for the State Budget Agency's payment, but have not been paid to the Ports of Indiana. A summary of appropriations follows:

<u>Biennium</u>	<u>Funds Approved</u>	<u>Funds Allotted</u>	<u>Allotted Funds Drawn</u>	<u>Allotted Funds Remaining</u>
97-98	\$ 6,800,000	\$ 6,800,000	\$ 6,800,000	\$ -
99-00	8,540,000	7,960,000	7,210,000	750,000
	\$ 15,340,000	\$ 14,760,000	\$ 14,010,000	\$ 750,000

Deferred Revenue: The current portion of deferred revenue consists of \$25,000 of lease option fees. The noncurrent portion consists of \$5,000,000 received by the Ports of Indiana from a tenant to build an access road over the course of two years beginning in 2009.

Net Assets: As of December 31, 2008 and 2007, the Board of Commissioners has designated \$11,250,000 of unrestricted net assets as strategic reserves for land acquisitions, special projects, and emergency infrastructure at its three Port locations.

(Continued)

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2 - DEPOSITS AND INVESTMENTS

The following summarizes the Ports of Indiana's policies on deposit and investment activity:

Investment Policy and Legal and Contractual Provisions Governing Cash Deposits: Indiana statute authorizes the Ports of Indiana to invest in obligations of the U.S. Treasury and U.S. agencies and certificates of deposits, repurchase agreements, passbook savings, money market deposit accounts and negotiable order of withdrawal accounts of Indiana institutions. The Ports of Indiana does not have specific investment policies on concentration of risk, custodial credit risk, interest rate risk, or foreign currency risk.

During the years ending December 31, 2008 and 2007, the Ports of Indiana only held checking accounts and certificates of deposit accounts with Indiana financial institutions.

Custodial Credit Risk: The Ports of Indiana maintains its cash, cash equivalents and investments in accounts that are insured by Federal Depository Insurance Corporation (FDIC) up to \$250,000 or in overnight sweep accounts that are insured by United States Treasury Notes. At December 31, 2008 and 2007, the Ports had certain certificates of deposit and money market accounts not covered by FDIC limits or by US Treasury Notes at financial institutions.

Foreign Currency Risk: All Ports of Indiana deposits and investment are denominated in United States currency.

Deposits and Investment Holdings: The Ports of Indiana held the following cash, cash equivalents and investments at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents:		
Demand deposit checking (bank balance was \$14,881,000 and \$8,929,000 for 2008 and 2007, respectively)	\$ 14,664,813	\$ 8,666,632
Investments:		
Money market accounts	5,005,750	-
Certificates of deposit	<u>6,615,618</u>	<u>7,577,761</u>
	<u>\$ 26,286,181</u>	<u>\$ 16,244,393</u>

(Continued)

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 3 – CAPITAL ASSETS

Capital Assets consisted of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Land	\$ 13,168,970	\$ 13,168,970
Land improvements	37,711,214	37,547,715
Harbor improvements	20,056,872	19,811,368
Docks and mooring facilities	32,386,817	32,260,916
Buildings and structures	17,244,621	16,527,780
Machinery and equipment	612,973	608,918
Office furniture and equipment	580,651	557,972
Trucks and automobiles	1,056,822	1,038,846
Construction in progress	<u>643,672</u>	<u>548,991</u>
	123,462,612	122,071,476
Accumulated depreciation	<u>(51,793,412)</u>	<u>(49,070,634)</u>
	<u>\$ 71,669,200</u>	<u>\$ 73,000,842</u>

Activity from January 1, 2008 through December 31, 2008 included:

	<u>Capital Assets</u>	<u>Construction in Progress</u>	<u>Total</u>	<u>Accumulated Depreciation</u>
Beginning balance	\$ 121,522,485	\$ 548,991	\$ 122,071,476	\$(49,070,634)
Additions	1,342,415	2,447,917	3,790,332	-
Transfers	-	(2,353,236)	(2,353,236)	-
Retirements	(45,960)	-	(45,960)	43,741
Depreciation	-	-	-	(2,766,519)
Ending balance	<u>\$ 122,818,940</u>	<u>\$ 643,672</u>	<u>\$ 123,462,612</u>	<u>\$(51,793,412)</u>

(Continued)

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 3 - CAPITAL ASSETS (Continued)

Activity from January 1, 2007 through December 31, 2007 included:

	<u>Capital Assets</u>	<u>Construction in Progress</u>	<u>Total</u>	<u>Accumulated Depreciation</u>
Beginning balance	\$ 117,515,648	\$ 1,179,179	\$ 118,694,827	\$(46,431,161)
Additions	4,010,996	3,372,773	7,383,769	-
Transfers	-	(4,002,961)	(4,002,961)	-
Retirements	(4,159)	-	(4,159)	-
Depreciation	-	-	-	(2,639,473)
Ending balance	<u>\$ 121,522,485</u>	<u>\$ 548,991</u>	<u>\$ 122,071,476</u>	<u>\$(49,070,634)</u>

NOTE 4 - CAPITAL AND OPERATING LEASES

Direct Financing Lease Receivable: During 1994, the Ports of Indiana, as lessor, entered into a direct financing lease with a tenant for a building originally constructed by the Ports of Indiana. Security agreements were obtained as collateral for the lease receivable. The Ports of Indiana can repossess the structure if the customer defaults on the lease agreement. The components of the Ports of Indiana's investment in the lease at December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Future minimum lease payments receivable	\$ 1,141,740	\$ 1,352,523
Unearned interest income	<u>(311,230)</u>	<u>(355,613)</u>
Long-term net investment in direct financing lease	<u>\$ 830,510</u>	<u>\$ 966,910</u>

The future minimum lease payments to be received for this lease in each of the five succeeding years and thereafter are as follows:

<u>Year Ending December 31,</u>	
2009	\$ 210,783
2010	210,783
2011	210,783
2012	210,783
2013-2014	<u>298,608</u>
	<u>\$ 1,141,740</u>

(Continued)

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 4 - CAPITAL AND OPERATING LEASES (Continued)

Operating Leases of a Lessor: The Ports of Indiana is engaged in leasing various properties to tenants under operating leases expiring over the next 1-30 years. The lease agreements include property rental and annual minimums on cargo tonnage at a tariff rate per ton based on the type of cargo shipped in and out of the ports. A majority of the Ports of Indiana's capital assets are available for lease.

The approximate future minimum lease payments to be received in each of the five succeeding years and thereafter under noncancelable operating leases are as follows:

Year Ending December 31,

2009	\$ 7,007,504
2010	6,292,463
2011	5,766,134
2012	4,344,871
2013	3,742,649
2014 - 2018	13,571,488
2019 - 2023	10,064,505
2024 - 2028	7,939,873
2029 - 2033	4,865,093
2034 and thereafter	<u>4,807,677</u>
	<u>\$ 68,402,257</u>

Operating Lease Obligations: The Ports of Indiana, as lessee, leases office space under an operating lease that expires on December 31, 2012. Rent expense was \$98,862 and \$102,912 for 2008 and 2007. The minimum annual future lease payments for the office space are:

Year Ending December 31,

2009	\$ 100,848
2010	100,848
2011	100,848
2012	<u>100,848</u>
	<u>\$ 403,392</u>

(Continued)

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 5 - CONDUIT DEBT OBLIGATIONS

From time to time, the Ports of Indiana has issued Port Revenue Bonds to provide assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are special obligations of the Ports of Indiana payable from and secured solely by a pledge of debt service rentals. Principal and interest is payable from certain amounts payable to the Ports of Indiana by the private-sector entity and the guarantor pursuant to the lease and guarantor agreement. Neither the Ports of Indiana, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds beyond the resources provided by the related lease agreements. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2008 and 2007, Port Revenue Bonds outstanding were \$28,760,000 and \$28,930,000. As of December 31, 2008, there were three Port Revenue Bonds including the following:

<u>Project and Series</u>	<u>Maturity</u>	<u>Outstanding Principal</u>
Ports of Indiana, Port Refunding Revenue Bonds, Series of 1992 (Cargill Project)	Term bond payment in 2012	\$ 21,950,000
Ports of Indiana Port Revenue Bonds, Series 2002 (Kosmos Cement Company Project)	Term bond payment in 2020	5,500,000
Ports of Indiana Port Revenue Bonds, Series 1994 (American Commercial Marine)	Serial payments through 2008 and term bond payments through 2014	<u>1,310,000</u>
		<u>\$ 28,760,000</u>

NOTE 6 – CONTINGENCIES

On June 20, 2008, a building owned by the Ports of Indiana and occupied by Frick Services, Inc. caught fire and was a total loss. As of December 31, 2008, discussions continue between the Ports of Indiana, the insurance carrier, and Frick Services, Inc. to determine the loss value. Frick will continue making land and building lease payments until a final determination is made regarding valuation and re-construction.

On December 31, 2007, a significant depression was noted in the asphalt on the dock of the west harbor arm at Burns Harbor. On or about January 2, 2008, a full collapse and failure of the dock wall was noted. Throughout 2008, the Ports incurred both legal and engineering costs related to the dock wall and negotiations continue with the insurance carrier, Lexington Insurance Co. A resolution or the possibility of litigation is uncertain at this time and the insurance coverage has a total loss limit of up to \$10,000,000. An insurance recovery payment of \$956,000 was received and recorded in nonoperating revenue during 2008.

The Ports of Indiana is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. For the years ended December 31, 2008 and 2007, the Ports has purchased commercial insurance policies covering risks of loss related to the above mentioned events.

NOTE 7 - DEFERRED COMPENSATION BENEFITS

The Ports of Indiana offers two deferred compensation plans to all its employees under plans administered by the Public Employees Benefit Services Corporation (PEBSCO) and Indiana Deferred Compensation (IDC), and each is established in accordance with Internal Revenue Code Section 457. Employees are permitted to defer a portion of their salary until future years. Only upon terminations, retirement, death, or an unforeseen emergency is the deferred compensation available to an employee. Federal House Bill 3448 mandated that, effective January 1, 2000, all existing Internal Revenue Code Section 457 plan assets must be held in a qualified trust for the benefit of participants and their beneficiaries.

Because these assets are held by a custodian, for the specific benefit of participants and their beneficiaries, they are not reflected in the financial statements and are free from claims of Ports of Indiana creditors. The fair market value of PEBSCO investments held in custodial funds for participants was \$525,114 and \$645,044 at December 31, 2008 and 2007. The fair market value of IDC investments held in custodial funds for participants was \$204,394 and \$251,519 at December 31, 2008 and 2007.

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 8 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)

The Ports of Indiana contributes to PERF, an agent multiple employee public employee retirement system, which acts as a common investment and administrative agent for state employees and employees of the various subdivisions of the State of Indiana.

All full-time employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) give the Ports of Indiana the right to contribute and govern most requirements of the system, including the benefits, which vest after 10 years of service. Employees who have reached fifty years of age may receive retirement benefits with 15 years of service. An employee may receive benefits at age sixty-five with 10 years of service.

Employees are required to contribute 3% of their annual compensation to an annuity savings account. Effective July 1, 1986, legislation permits a PERF employer to make the employee contributions on behalf of the employee. The Ports of Indiana elected to make, on behalf of covered employees, the employees' contribution that may be financed by the employer. These accumulated employee contributions and allocated interest income are maintained by PERF in a separate system wide fund for all members. Upon retirement, members may elect a lump sum distribution of all or part of the savings account. Employees who leave employment before qualifying for benefits receive a refund of this savings account.

All assets of the plans are held by and invested by PERF. Investments are mainly in obligations of the U.S. Government, federal agencies and in equity securities.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of PERF on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employees. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the plan. However, PERF performed an actuarial valuation of the Ports of Indiana's plan as of June 30, 1998 which is included in the Annual Report of the Indiana Public Employees' Retirement Fund for state employees and employees of the various subdivisions of the State of Indiana.

Funding Policy: PERF's funding policy provides for actuarially determined periodic contributions at rates that for individual employers increase gradually over time so that sufficient assets will be available to pay benefits when due. The entry age normal cost method is used to determine the contribution requirements and the actuarial accrued liability.

The annual contribution to PERF is determined as part of the July 1, 2008 actuarial valuation and consists of the amortization of the unfunded actuarial accrued liability (expressed as a level dollar amount), plus the entry age normal cost (expressed as a percentage of total payroll).

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 8 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)
(Continued)

Summary of Major Actuarial Assumptions: Actuarial assumptions include:

- Interest - 7.25% (net of administrative and investment expenses)
- Future Salary Increases - Based on PERF experience 2000-2005
- Cost of Living Increases - An increase of 1.5% (compounded annually) is assumed to be applied to the pension benefit each year following retirement. No increase is assumed to be applied to the PERF annuity benefit.
- Mortality - UP-1994. Pre-retirement mortality based on PERF experience 1995-2000. No change made based on PERF experience 2000-2005.
- Disability - Based on PERF experience 1995-2000. No change made based on PERF experience 2000-2005.
- Termination - Select and ultimate tables based on PERF experience 2000-2005. Separate tables are used for state employees and political subdivision employees.
- Retirement - Based on PERF experience 2000-2005. Revised effective July 1, 2007.
- Spouse's Benefit - 90% of participants are assumed either to be married or to have a dependent beneficiary. Males are assumed to be 3 years older than their spouses.

Summary of Major Plan Provisions: Plan provisions include:

- Participation - All full time employees of the State of Indiana and all full time employees of political subdivisions which have adopted the plan must become members of PERF upon date of hire.
- Eligibility for annuity benefits:
 - Normal Retirement Earliest of:
 - Age 65 with 10 years of creditable service;
 - Age 60 with 15 years of creditable service;
 - Sum of age and creditable service equal to 85 (but not earlier than age 55).
 - Early Retirement - Age 50 with 15 years of creditable service
 - Late Retirement - Subject to continued employment after normal retirement
 - Disability Retirement - 5 years of creditable service and qualified for Social Security disability benefits or federal Civil Service disability benefits.
 - Termination - 10 years of creditable service and election not to take lump sum payment of employee account balance with interest.
 - Pre-Retirement Death - If death occurs in service, 15 years of creditable service. If death occurs after separating from service, age 50 with 15 years of creditable service.

NOTE 8 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)
(Continued)

Amount of Benefits: Benefit amounts include:

- Normal Retirement - The normal retirement benefit is an annuity payable for life with 60 months guaranteed and is equal to 1.1% of average monthly earnings times years of creditable service earned.
- Early Retirement - The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 120 months that the benefit commencement date precedes the normal retirement date.
- Late Retirement - The late retirement benefit is calculated in the same manner as the normal retirement benefit. Creditable service and earnings earned after normal retirement is included in the computation.
- Disability Retirement - The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.
- Termination - The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing at 65. If the participant has 15 or more years of creditable service, then the participant may elect to receive a reduced early retirement benefit.
- Pre-Retirement Death - The spouse or dependent beneficiary is entitled to receive the monthly life annuity under the assumption that the participant retired on the later of age 50 or the day before the date of death and elected the joint and full survivor option.
- Employee Contributions - Each participant is required to contribute to an employee annuity at the rate of 3% of pay (unless the employer has opted to make the contribution for the employee). These contributions are kept on deposit and credited with interest until such time as they are refunded or used to provide the annuity benefit at retirement. The benefits provided by employee contributions are in addition to the benefits provided by employer contributions. The monthly annuity provided at a normal retirement age of 65 is equal to \$1.00 for each \$108.79 of accumulated employee contributions plus interest.

PORTS OF INDIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 8 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)
(Continued)

Schedule of Employer Contributions

Valuation Date	Annual Required Contributions	Actual Employer Contributions	Net Pension Obligation	Net Percentage Contributed
7/1/08	\$ 27,650	\$ 71,032	\$ 36,531	72%
7/1/07	\$ 61,366	\$ 73,687	\$ 24,210	120%
7/1/06	\$ 98,913	\$ 71,032	\$ 36,531	72%
7/1/05	\$ 84,240	\$ 65,707	\$ 8,650	78%

The contributions to PERF were in accordance with actuarially determined requirements computed through an actuarial valuation performed as of July 1, 2008.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical funding information of the system may be found in the Annual Report of the Indiana Public Employees' Retirement Fund.

**Schedule of Funding Progress of Ports of Indiana's Participation
in the Public Employees Retirement Fund (PERF)**
(In thousands of dollars)

Actuarial Valuation Date	Non retired Valuation Assets	Actuarial Accrued Liability AAL	Excess of Assets Over (Unfunded) AAL	Funded Ratio	Covered Payroll	Excess/ Unfunded liability as a Percentage of Payroll
7/1/08	\$ 2,216,203	\$ 1,816,774	\$ 399,429	122%	\$ 1,563,155	26%
7/1/07	\$ 2,338,862	\$ 1,695,900	\$ 642,962	138%	\$ 1,267,949	51%
7/1/06	\$ 2,216,203	\$ 1,816,774	\$ 399,429	122%	\$ 1,563,155	26%
7/1/05	\$ 1,653,807	\$ 1,824,282	\$ (170,475)	91%	\$ 1,662,992	10%

Note: The Ports of Indiana is considered as part of the State of Indiana. The above assets are an allocation based on the Ports of Indiana's percentage of the Accrued Liability. Payroll for employees covered by the plan for the years ended December 31, 2008 and 2007 was \$1,544,077 and \$1,478,274. The total payroll for the same period was \$1,813,535 and \$1,656,577.

NOTE 8 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)
(Continued)

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and assets in excess of the pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provide one indication of the funding status on a going-concern basis. Analysis of this percentage over time indicates whether Ports of Indiana's participation in PERF is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in assets in excess of the pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the assets in excess of the pension benefit obligation as a percentage of annual covered payroll approximately adjusts for effects of inflation and aids analysis of the Port's progress made in accumulating sufficient assets to pay benefits when due. Generally, the larger this percentage the stronger the plan.

Certain ten-year historical trend information relative to the defined benefit plan as required by Governmental Accounting Standards Board Statement No. 5 is available for the multi-employer plan in the PERF report.

SUPPLEMENTAL SCHEDULES



Crowe Horwath LLP
Member Horwath International

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Members of the Ports of Indiana
Indianapolis, Indiana

We have audited the financial statements of the Ports of Indiana (Ports) as of and for the year ended December 31, 2008, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ports of Indiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ports of Indiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ports of Indiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ports of Indiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

We noted certain matters that we reported to management of the Ports of Indiana in a separate letter dated May 15, 2009.

This report is intended for the information and use of management and the Indiana State Board of Accounts and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
May 15, 2009

PORTS OF INDIANA
SCHEDULE OF PORT OPERATING INCOME
BEFORE DEPRECIATION
Year ended December 31, 2008 with comparative totals for 2007

	2008				2007	
	Burns Harbor Portage	Mt. Vernon Maritime Center	Jeffersonville Maritime Center	Central Support Services	Total	Total
Operating revenues						
Maritime services	\$ 881,392	\$ 671,599	\$ 385,664	\$ -	\$ 1,938,655	\$ 1,814,791
Facility rentals	3,260,566	1,029,869	736,910	-	5,027,345	4,772,211
Other user fees	134,963	41,058	231,250	-	407,271	420,076
FTZ operator fees	40,792	23,000	5,000	-	68,792	101,417
Other operating fees	<u>317,835</u>	<u>209,550</u>	<u>11,400</u>	<u>115,540</u>	<u>654,325</u>	<u>500,466</u>
Total operating revenues	4,635,548	1,975,076	1,370,224	115,540	8,096,388	7,608,961
Operating expenses						
Salaries and wages	385,619	262,230	264,360	952,291	1,864,500	1,712,568
Employee benefits, taxes and insurance	180,297	109,480	110,657	223,809	624,243	688,192
Employee travel	12,454	7,437	4,569	60,901	85,361	83,167
Temporarily hired services	15,948	-	1,544	-	17,492	-
Security services	245,028	332	1,296	-	246,656	224,851
Legal services	-	55	13	150,271	150,339	61,546
Accounting services	-	-	-	31,590	31,590	33,859
Computer services	-	-	-	34,300	34,300	35,131
Advertising and public relations	12,069	2,140	5,435	120,784	140,428	116,856
Association membership	46,970	5,219	3,754	35,160	91,103	87,450
Other professional services	65	-	442	116,727	117,234	25,024
Maintenance	90,927	75,190	42,821	837	209,775	376,319
Insurance	132,702	43,345	55,504	3,553	235,104	214,788
Utilities	73,743	34,000	8,265	352	116,360	110,349
Office supplies	23,822	11,579	14,443	32,517	82,353	114,631
Property rentals	-	-	-	98,862	98,862	102,912
Bad Debt Expense	560	8,500	-	-	9,060	-
Miscellaneous	<u>4,220</u>	<u>10</u>	<u>-</u>	<u>6,908</u>	<u>11,138</u>	<u>6,773</u>
Total operating expenses	<u>1,224,424</u>	<u>559,517</u>	<u>513,103</u>	<u>1,868,862</u>	<u>4,165,906</u>	<u>3,994,416</u>
Operating income before depreciation	<u>\$3,411,124</u>	<u>\$1,415,559</u>	<u>\$ 857,121</u>	<u>\$(1,753,322)</u>	<u>\$3,930,482</u>	<u>\$ 3,614,545</u>

PORTS OF INDIANA
SCHEDULE OF PORT OPERATING INCOME
BEFORE DEPRECIATION
Year ended December 31, 2007

	Burns Harbor <u>Portage</u>	Mt. Vernon Maritime <u>Center</u>	Jeffersonville Maritime <u>Center</u>	Central Support <u>Services</u>	2007 <u>Total</u>
Operating revenues					
Maritime services	\$ 868,026	\$ 551,242	\$ 395,523	\$ -	\$ 1,814,791
Facility rentals	3,184,223	883,895	704,093	-	4,772,211
Other user fees	135,355	35,329	249,392	-	420,076
FTZ operator fees	50,417	51,000	-	-	101,417
Other operating fees	<u>290,339</u>	<u>46,975</u>	<u>21,224</u>	<u>141,928</u>	<u>500,466</u>
Total operating revenues	4,528,360	1,568,441	1,370,232	141,928	7,608,961
Operating expenses					
Salaries and wages	359,704	251,713	261,620	839,531	1,712,568
Employee benefits, taxes and insurance	197,628	129,694	99,907	260,963	688,192
Employee travel	7,212	6,627	5,187	64,141	83,167
Security services	223,220	449	1,182	-	224,851
Legal services	388	1,686	71	59,401	61,546
Accounting services	-	-	-	33,859	33,859
Computer services	-	-	-	35,131	35,131
Advertising and public relations	4,924	5,372	9,759	96,801	116,856
Association membership	38,991	4,773	1,687	41,999	87,450
Other professional services	-	490	7,956	16,578	25,024
Maintenance	78,505	192,915	103,368	1,531	376,319
Insurance	119,137	39,649	52,438	3,564	214,788
Utilities	68,186	34,633	7,113	417	110,349
Office supplies	31,982	16,497	21,043	45,109	114,631
Property rentals	-	-	-	102,912	102,912
Miscellaneous	<u>3</u>	<u>-</u>	<u>-</u>	<u>6,770</u>	<u>6,773</u>
Total operating expenses	<u>1,129,880</u>	<u>684,498</u>	<u>571,331</u>	<u>1,608,707</u>	<u>3,994,416</u>
Operating income before depreciation	<u>\$3,398,480</u>	<u>\$ 883,943</u>	<u>\$ 798,901</u>	<u>\$(1,466,779)</u>	<u>\$ 3,614,545</u>

PORTS OF INDIANA
SCHEDULE OF ACTUAL OPERATING EXPENSES COMPARED TO BUDGET
Year ended December 31, 2008

	<u>Actual</u> <u>Expenses</u>	<u>Budgeted</u> <u>Expenses</u>	<u>Variance</u> <u>(Over) Under</u>
Salaries and benefits	\$ 2,488,743	\$ 2,609,736	\$ 120,993
Professional services	580,122	720,785	140,663
Marketing and advertising	129,664	144,600	14,936
Insurance	235,104	220,521	(14,583)
Facility Rental	98,862	100,838	1,976
Maintenance and utilities	326,136	529,506	203,370
Other office and administrative expenses	<u>307,275</u>	<u>354,885</u>	<u>47,610</u>
 Total operating expenses	 <u>\$ 4,165,906</u>	 <u>\$ 4,680,871</u>	 <u>\$ 514,965</u>
