

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

CITY OF MADISON PORT AUTHORITY

JEFFERSON COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
04/01/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Executive Officer	Cathy S. Hale	01-01-16 to 12-31-20
Chairman of the Port Authority Board	Larry S. Keith	01-01-16 to 12-31-16
	Tom Solomon	01-01-17 to 12-31-18
	Ann Suchocki	01-01-19 to 12-31-20
Mayor	Damon Welch (deceased)	01-01-16 to 09-25-19
	Dan Dattilo (interim)	09-26-19 to 10-14-19
	Bob Courtney (interim)	10-15-19 to 12-31-19
	Bob Courtney	01-01-20 to 12-31-23



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the City of Madison Port Authority (Authority), for the period of January 1, 2016 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Authority's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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. This includes determining that the basis of accounting the Authority uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

March 9, 2020

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

CITY OF MADISON PORT AUTHORITY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Madison Railroad General Operating Fund	\$ 1,233,731	\$ 2,318,145	\$ 2,376,367	\$ 1,175,509	\$ 2,197,735	\$ 2,151,023	\$ 1,222,221
Madison Railroad Payroll	21,245	556,480	573,753	3,972	586,880	586,748	4,104
Madison Railroad Rail Replacement Project	243,692	612,927	856,619	-	-	-	-
Totals	\$ 1,498,668	\$ 3,487,552	\$ 3,806,739	\$ 1,179,481	\$ 2,784,615	\$ 2,737,771	\$ 1,226,325

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 Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
Madison Railroad General Operating Fund	\$ 1,222,221	\$ 1,774,366	\$ 2,184,703	\$ 811,884
Madison Railroad Payroll	4,104	614,537	614,925	3,716
Totals	<u>\$ 1,226,325</u>	<u>\$ 2,388,903</u>	<u>\$ 2,799,628</u>	<u>\$ 815,600</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 Authority was established under the laws of the State of Indiana. The Authority operates under a governing board.

The accompanying financial statements present the financial information for the 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.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

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

**E. Disbursements**

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

*Personal services.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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 Authority may, from time to time, make transfers 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 Authority. Each fund is used to account for amounts 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 Authority. The amounts 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 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.

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

**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.

State statutes authorize the Authority to invest in securities including, but not limited to, the following: 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 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 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 Authority has a defined contribution pension plan. As authorized by Indiana Code 8-10-5-6.5 the 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 Authority's representative.

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

**Note 6. Subsequent Event**

In February 2020, the Authority signed a grant agreement for an award for a \$4.2 million Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant (CFDA #20.325) from the U.S. Department of Transportation, Federal Railroad Administration to rehabilitate the Graham Greek Bridge in southeastern Indiana. The project performance and federal funding periods run from February 1, 2020 to June 1, 2021. The total estimated cost of the project is \$6 million.

CITY OF MADISON PORT AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on March 9, 2020, with Cathy S. Hale, Chief Executive Officer; Casey Goode, Director Railroad Services; Ann Suchocki, Chairman of the Port Authority Board; and Don Heiderman, Vice Chairman of the Port Authority Board.