

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

FINANCIAL STATEMENT REVIEW REPORT

OF

CITY OF MADISON PORT AUTHORITY

JEFFERSON COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED

04/29/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Review Report.....	3-4
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis.....	6
Notes to Financial Statement	7-11
Exit Conference.....	12

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Executive Officer	Cathy S. Hale	01-01-19 to 12-31-20
Chairman of the Port Authority Board	Ann Suchocki	01-01-19 to 12-31-20
Mayor	Damon Welch (deceased) Dan Dattilo (interim) Bob Courtney (interim) Bob Courtney	01-01-16 to 09-25-19 09-26-19 to 10-14-19 10-15-19 to 12-31-19 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 statement of the City of Madison Port Authority (Authority), for the period of January 1, 2019 to December 31, 2019. 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 statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is 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 statement for it 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 statement in order for it 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 statement, which describes the basis of accounting. The financial statement is 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

April 22, 2020

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Authority. The financial statement 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 Year Ended December 31, 2019

	Madison Railroad General Operating Fund	Madison Railroad Payroll	Madison Railroad Graham Creek Bridge Replacement	Totals
Cash and investments - beginning	\$ 811,884	\$ 3,716	\$ -	\$ 815,600
Receipts:				
Intergovernmental receipts	305,000	-	-	305,000
Charges for services	1,636,020	-	-	1,636,020
Other receipts	33,823	521,941	456,534	1,012,298
Total receipts	1,974,843	521,941	456,534	2,953,318
Disbursements:				
Personal services	146,346	436,371	-	582,717
Supplies	105,793	-	-	105,793
Other services and charges	370,145	289	-	370,434
Capital outlay	302,460	-	-	302,460
Other disbursements	840,462	80,330	-	920,792
Total disbursements	1,765,206	516,990	-	2,282,196
Excess (deficiency) of receipts over disbursements	209,637	4,951	456,534	671,122
Cash and investments - ending	\$ 1,021,521	\$ 8,667	\$ 456,534	\$ 1,486,722

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

CITY OF MADISON PORT AUTHORITY
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the Authority.

B. Basis of Accounting

The financial statement is 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 by category as follows:

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.

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.

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

E. Disbursements

Disbursements are presented by category as follows:

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.

H. Capital Assets

Capital assets, which include land, construction in progress, buildings, improvements other than buildings, machinery, equipment, vehicles, books, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the capital asset schedule contained in the supplemental information. Items are capitalized when their value exceeds the threshold established by the Authority and its estimated useful life is greater than one year.

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

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Donated assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement are reported at acquisition value. Renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are considered an operating expense.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Authority submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

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, if established, would be included in the financial statement. Participation in a risk pool is an arrangement by which governments pool risks and funds and share in the cost of losses.

Note 5. Long-term Debt

A. Changes in Long-term Debt

Changes in long-term obligations for the year ended December 31, 2019, are as follows:

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

Description of Debt		Beginning Principal Balance 01-01-19	Principal Additions	Principal Reductions	Ending Principal Balance 12-31-19	Principal and Interest Due Within One Year
Type	Purpose					
City of Madison Port Authority:						
Notes and Loans Payable	Bridge Replacement	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ 51,889
Totals		<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 51,889</u>

B. Debt Service Requirements to Maturity

Debt service requirements on long-term debt at December 31, 2019, as are follows:

Year Ended December 31	Loan		
	Principal	Interest	Total
2020	\$ 48,889	\$ 3,000	\$ 51,889
2021	49,622	2,267	51,889
2022	50,367	1,522	51,889
2023	51,122	767	51,889
2024	-	-	-
2025-2029	-	-	-
2030-2034	-	-	-
Totals	<u>\$ 200,000</u>	<u>\$ 7,556</u>	<u>\$ 207,556</u>

Note 6. Pension Plan

City of Madison Port Authority Retirement Plan

Plan Description

The Authority contributes to the City of Madison Port Authority Retirement Plan which is a Defined Contribution Plan. The plan is administered by Lincoln National Life Insurance Company as authorized by Internal Revenue Code 26 USC 401. The employees covered by the plan are all full-time employees. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Benefits Provided

The plan provides the following benefits to plan members and beneficiaries: Retirement Income

The following shows the current number of plan participants at December 31, 2019:

Active Employees that are Vested	6
Active Employees that are not Vested	0

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

Separated Employees that are Vested	0
Current Number of Retirees	0

Note 7. Interfund Activity

Interfund transfer activity for the year ended December 31, 2019, is as follows:

Transfer From	Transfer to			Total
	Madison Railroad Graham Creek Bridge Replacement	Madison Railroad Payroll	Madison Railroad General Operating Fund	
Madison Railroad General Operating Fund	\$ 255,000	\$ 521,917	\$ -	\$ 776,917
Madison Railroad Payroll	-	-	23,099	23,099
Totals	<u>\$ 255,000</u>	<u>\$ 521,917</u>	<u>\$ 23,099</u>	<u>\$ 800,016</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8. Subsequent Events

In February 2020, the Authority signed a grant agreement for an award of a \$4.2 million Consolidated Rail Infrastructure and Safety Improvements Grant, from the U.S. Department of Transportation, Federal Railroad Administration, to rehabilitate the Graham Creek 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 April 22, 2020, with Cathy S. Hale, Chief Executive Officer; Casey Goode, Director, Railroad Services; and Ann Suchocki, Chairman of the Port Authority Board.