

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PERRY COUNTY PORT AUTHORITY

PERRY COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

09/22/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Jared Kleemann	01-01-23 to 12-31-24
Treasurer of the Authority Board	Jason Brown	01-01-23 to 12-31-24
Chair of the Authority Board	Tom Holm	01-01-23 to 12-31-24
Bookkeeper	Wes Terry	01-01-23 to 12-31-24



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE PERRY COUNTY PORT AUTHORITY, PERRY COUNTY, INDIANA

This report is supplemental to the audit report of the Perry County Port Authority (Authority), for the period from January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Authority. It should be read in conjunction with the Financial Statement Audit Report of the Authority, which provides our opinions on the Authority's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

September 12, 2024

PERRY COUNTY PORT AUTHORITY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

The same comment also appeared in prior Report 000000894S.

*Condition and Context*

There were deficiencies in the internal control system of the Authority related to the Annual Financial Report (AFR) filed in the Indiana Gateway for Government Units (Gateway) financial reporting system. The Authority was required to enter financial and other information into the AFR in Gateway. The Authority engaged a third-party CPA firm to perform bookkeeping services and had designed an internal control over the AFR that the CPA firm entered the information, which was then reviewed and submitted by the Authority's General Manager. While the internal control had operated effectively to ensure proper reporting of the Authority's financial statement, it was not effective at preventing, or detecting and allowing for correction of errors, with other information entered. As a result, the AFR contained the errors identified below.

*Capital Assets*

The Authority reported total capital assets of \$26,146,563 as of December 31, 2023. The amount reported could not be verified as the Authority did not have a complete listing of all capital assets. The Authority chose to not present the Schedule of Capital Assets in the Financial Statement Audit Report of the Authority.

*Grant Schedule*

The Authority incorrectly reported a \$45,000 state grant in the grant schedule submitted as part of its 2023 AFR, which was the source of the Authority's Schedule of Expenditures of Federal Awards (SEFA). Audit adjustments were proposed, accepted by the Authority, and made to the SEFA presented in the Federal Compliance Audit Report of the Authority.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

PERRY COUNTY PORT AUTHORITY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

## **CAPITAL ASSETS**

The same comment also appeared in prior Report 000000894S.

### *Condition and Context*

Internal controls were not in place to ensure capital asset records were properly maintained. The accuracy of the capital asset listing provided by the Authority could not be verified. The capital asset listing provided for review did not include purchase dates and included totals by category for assets purchased prior to the current General Manager's tenure with the Authority. There was no way to determine what portion, if any, of those assets had been disposed of by the Authority and, therefore, should have been removed from the listing accordingly. The Authority also did not conduct a complete inventory of capital assets owned every two years as required.

### *Criteria*

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Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

PERRY COUNTY PORT AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2024, with Jared Kleemann, General Manager, and Tom Holm, Chair of the Authority Board.