

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
MARTIN COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
07/30/2024





**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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July 30, 2024

To: The Officials of the Southern Indiana Development Commission  
Southern Indiana Development Commission  
Martin County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Southern Indiana Development Commission. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly, in all material respects, the cash and investment balances of the Commission as of December 31, 2023, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for the Southern Indiana Development Commission was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**SOUTHERN INDIANA DEVELOPMENT COMMISSION**  
Martin County, Indiana

**FINANCIAL STATEMENT**  
December 31, 2023

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
Martin County, Indiana

FINANCIAL STATEMENTS  
December 31, 2023

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SOUTHERN INDIANA DEVELOPMENT COMMISSION  
SCHEDULE OF OFFICIALS (Unaudited)  
December 31, 2023

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Greg E. Jones	01-01-23 to 12-31-23
Treasurer	Joe Yochum	01-01-23 to 12-31-23
President of the Executive Board	John Michael Healy	01-01-23 to 12-31-23

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Southern Indiana Development Commission  
Martin County, Indiana

**Report on the Audit of the Financial Statement*****Opinions***

We have audited the accompanying statement of receipts, disbursements, and cash and investment balances of the Southern Indiana Economic Development Commission (the Commission) as of and for the year ended December 31, 2023, and the related notes to the financial statement.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and investment balances of the Commission as of December 31, 2023, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to below does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2023, or changes in net position or cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statement, the Commission prepares its financial statement on 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 basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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(Continued)

## **Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and 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 misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the Commission's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole on the basis of accounting as described in Note 1.

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(Continued)

### ***Other Information***

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024 on our consideration of the Commission'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 solely 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 effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
May 28, 2024

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2023

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<u>Fund</u>	Cash and Investments <u>01-01-23</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-23</u>
Brownfields	\$ -	\$ 348,737	\$ 244,099	\$ 104,638
Federal EDA	-	70,000	70,000	-
Federal 5311	-	1,354,382	1,354,382	-
HPG	13,524	199,520	204,646	8,398
OLDCC	-	30,245	30,245	-
5311 State	-	1,031,586	1,031,586	-
Readi Federal	-	3,305,202	3,239,406	65,796
E-Account	68,822	24,492	-	93,314
General Funds	<u>261,323</u>	<u>428,152</u>	<u>593,198</u>	<u>96,277</u>
 Totals	 <u>\$ 343,669</u>	 <u>\$ 6,792,316</u>	 <u>\$ 6,767,562</u>	 <u>\$ 368,423</u>

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See Independent Auditor's Report and notes to the financial statement.

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENT  
December 31, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Southern Indiana Development Commission (the Commission) was established under the laws of the State of Indiana. The Commission operates under a governing board.

The accompanying financial statement presents the financial information for the Commission.

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 basis of accounting also requires presentation of certain information as Required Supplementary Information or as Other Information.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. 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: local income tax, 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.

*Other receipts.* Amounts received from various sources which can include, but are 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.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. 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 Commissions 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 office supplies, operating supplies, and repair and maintenance supplies.

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

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(Continued)

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
NOTES TO FINANCIAL STATEMENT  
December 31, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

**NOTE 2 - BUDGETS**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Commission 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.

**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 (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Commission 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. Given the limited investment parameters applicable under state statute, certain risks, such as credit, custodial, concentration, and interest rate are not deemed significant. As of the year ended December 31, 2023, the Commission held investments in a money market account.

The Commission held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable.

**NOTE 4 - RISK MANAGEMENT**

The Commission may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions 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 Commission to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. The Commission has purchased insurance to address the risks described above.

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(Continued)

**NOTE 5 - PENSION PLAN**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Commission authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. The Commission made contributions to the PERF plan during the year(s) under audit. The contribution rate was 11.2% for the year under audit.

**OTHER INFORMATION (Unaudited)**

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2023

	<u>Brownfields</u>	<u>Federal EDA</u>	<u>Federal 5311</u>	<u>HPG</u>	<u>OLDCC</u>	<u>5311 State</u>	<u>Readi Federal</u>	<u>E-Account</u>	<u>General Funds</u>	<u>Totals</u>
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 13,524	\$ -	\$ -	\$ -	\$ 68,822	\$ 261,323	\$ 343,669
Receipts:										
Intergovernmental receipts	348,737	70,000	1,354,382	199,520	30,245	1,031,586	3,305,202	-	325,425	6,665,097
Other receipts	-	-	-	-	-	-	-	24,492	102,727	127,219
Total receipts	<u>348,737</u>	<u>70,000</u>	<u>1,354,382</u>	<u>199,520</u>	<u>30,245</u>	<u>1,031,586</u>	<u>3,305,202</u>	<u>24,492</u>	<u>428,152</u>	<u>6,792,316</u>
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	463,024	463,024
Supplies	-	-	-	-	-	-	-	-	7,135	7,135
Other services and charges	244,099	70,000	1,354,382	204,646	30,245	1,031,586	3,239,406	-	99,039	6,273,403
Other disbursements	-	-	-	-	-	-	-	-	24,000	24,000
Total disbursements	<u>244,099</u>	<u>70,000</u>	<u>1,354,382</u>	<u>204,646</u>	<u>30,245</u>	<u>1,031,586</u>	<u>3,239,406</u>	<u>-</u>	<u>593,198</u>	<u>6,767,562</u>
Excess (deficiency) of receipts over disbursements	<u>104,638</u>	<u>-</u>	<u>-</u>	<u>(5,126)</u>	<u>-</u>	<u>-</u>	<u>65,796</u>	<u>24,492</u>	<u>(165,046)</u>	<u>24,754</u>
Cash and investments - ending	<u>\$ 104,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,796</u>	<u>\$ 93,314</u>	<u>\$ 96,277</u>	<u>\$ 368,423</u>

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2023

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Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Machinery, equipment, and vehicles	\$ <u>147,480</u>
Total capital assets	\$ <u><u>147,480</u></u>

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
STATE REPORTING INFORMATION  
December 31, 2023

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The reports presented herein were prepared in addition to another official report prepared for the Commission as listed below:

Indiana State Board of Accounts Compliance Examination of the Southern Indiana Development Commission.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.

**SUPPLEMENTARY INFORMATION**

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipient
<u>Department of Agriculture</u>					
Rural Housing Preservation Grants	Direct Award	10.433		\$ 199,521	\$ -
Total – Department of Agriculture				<u>199,521</u>	<u>-</u>
<u>Department of Commerce</u>					
Economic Development Support for Planning Organizations Economic Development Administration	Direct Award	11.302	ED20CHI3029925	70,000	-
Total – Department of Commerce				<u>70,000</u>	<u>-</u>
<u>Department of Defense</u>					
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	Direct Award	12.610	HQ00052110045	30,245	-
Total – Department of Defense				<u>30,245</u>	<u>-</u>
<u>Department of Transportation</u>					
Federal Transit Cluster					
Buses and Bus Facilities Formula Competitive and Low or No Emissions Programs	Indiana Department of Transportation				
Local Transit – Fiscal Year 21		20.526	A249-21-G200177	93,600	93,600
Local Transit – Fiscal Year 22		20.526	A249-22-G210110	33,185	33,185
Total – Federal Transit Cluster				<u>126,785</u>	<u>126,785</u>
Formula Grants for Rural Area and Tribal Transit Program	Indiana Department of Transportation				
Local Transit – Fiscal Year 22– COVID-19		20.509	A249-22-G210110	215,376	215,376
Local Transit – Fiscal Year 23		20.509	A249-23-G220076	1,012,221	1,012,221
Total – Formula Grants for Rural Area and Tribal Transit Program				<u>1,227,597</u>	<u>1,227,597</u>
Total – Department of Transportation				<u>1,354,382</u>	<u>1,354,382</u>

(Continued)

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended December 31, 2023

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Passed Through to Subrecipient
<u>Environmental Protection Agency</u> Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	Direct	66.818	00E02874	\$ 348,738	\$ -
Total – Environmental Protection Agency				<u>348,738</u>	<u>-</u>
Total federal awards expended				<u>\$ 2,002,886</u>	<u>\$ 1,354,382</u>

See accompanying notes to the schedule of expenditure of federal awards.

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended December 31, 2023

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Southern Indiana Development Commission (the "Commission") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the receipts, disbursements, and cash and investment balances – regulatory basis of the Commission.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expensed when the reimbursement is received.

**NOTE 2 - INDIRECT COST RATE**

The Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Those Charged with Governance  
Southern Indiana Development Commission  
Martin County, Indiana

We have audited, in accordance with the 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, the financial statement of Southern Indiana Development Commission ("Commission"), which comprise the statement of receipts, disbursements, and cash and investment balances of the Commission as of and for the year ended December 31, 2023 and the related notes to the financial statement, which collectively comprise the Commission's financial statement, and have issued our report thereon May 28, 2024.

### **Report On Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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(Continued)

## Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statement is free from 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 financial statement. 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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
May 28, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance  
Southern Indiana Development Commission  
Martin County, Indiana

**Report on Compliance for Major Federal Program*****Opinion on Major Federal Program***

We have audited Southern Indiana Development Commission's ("Commission") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended December 31, 2023. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal programs.

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## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
May 28, 2024

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 December 31, 2023

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**Section I – Summary of Auditor’s Results**

***Financial Statement***

Type of auditor’s report issued:	Adverse as to GAAP, Unmodified as to regulatory basis		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

***Federal Awards***

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported	
Type of auditor’s report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____ Yes	_____ <u>X</u> No	

Identification of major programs:

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Rural Areas and Tribal Transit Program – COVID-19

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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**Section II – Financial Statement Findings**

None.

**Section III – Federal Award Findings and Questioned Costs**

None.