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August 27, 2024

Indiana Ports Commission  
Ports of Indiana  
Marion County, Indiana

We have reviewed the audit report of Ports of Indiana, which was 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 the financial condition of the Ports of Indiana, as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**PORTS OF INDIANA**  
(A COMPONENT UNIT OF THE STATE OF INDIANA)

**FINANCIAL STATEMENTS**  
December 31, 2023

PORTS OF INDIANA  
(A COMPONENT UNIT OF THE STATE OF INDIANA)  
Indianapolis, Indiana

BASIC FINANCIAL STATEMENTS  
December 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

The Members of the Commission Ports of Indiana  
Indianapolis, Indiana

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of the Ports of Indiana (Ports), a component unit of the State of Indiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Ports' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Ports, as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Statements section of our report. We are required to be independent of the Ports, 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 opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ports' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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(Continued)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 statements.

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 statements, 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 statements.
- 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 Ports' 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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ports' 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Ports' Proportionate Share of the Net Pension Liability-PERF and the Schedule of the Ports' Contributions-PERF, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Ports' basic financial statements. 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 basic financial statements.

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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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements 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 basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2024, on our consideration of the Ports' 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 effectiveness of the Ports' 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 Ports' internal control over financial reporting and compliance.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
June 18, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

PORTS OF INDIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2023

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This section of the annual financial report presents a discussion and analysis of the Ports of Indiana's financial performance for the calendar year ended December 31, 2023. Please read it in conjunction with the Ports of Indiana's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

Net position increased by approximately \$61.5 million for 2023. Operating income before depreciation was \$10.5 million, an increase of \$2.59 million or 32.86% over the prior year. In addition to preparing operating budgets, the Ports of Indiana conducts a longer-term capital planning and budgeting process that projects the on-going needs for maintenance of existing ports assets, strategic acquisition of adjacent port land, as well as future infrastructure requirements for developed and undeveloped port land. The capital plan projects out activities for 15 years and is updated annually. The long-term capital plan projects approximately \$343.5 million of capital expenditures will be incurred through 2040 to maintain and support the infrastructure at all Ports locations. Capital budgets are funded by the operations of the Ports of Indiana.

The Ports of Indiana is committed to providing for the long-term future and health of its infrastructure. To that end, the Ports of Indiana has an investment policy in place to maintain a strategic reserve, as funding as allows, that is equivalent to 10% of the 15-year capital investment plan. For the year ended December 31, 2023, the Board of Commissioners has established a designated \$34.3 million of unrestricted net position as strategic reserves for infrastructure improvements at its Port locations which is reported as a noncurrent asset.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

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 Position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Ports of Indiana are included in the Statements of Net Position.

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 detail.

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(Continued)

PORTS OF INDIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2023

**FINANCIAL ANALYSIS**

**Net Position**

The Ports of Indiana's total assets as of December 31, 2023, reached \$291.2 million. This represents an increase in 2023 of approximately \$55.0 million, or 23% percent from the prior year. A significant portion of the increase relates to capital assets which increased \$49.8 million from the prior year. There were \$52.6 million in capital asset additions in 2023 which includes the acquisition of a grain facility at Burns Harbor from a tenant who terminated their lease in 2023 and transferred ownership of the grain facility to the Ports. The grain facility was appraised at \$46.4 million.

Total liabilities amounted to \$6.1 million, an increase of \$1.2 million or 26% percent from 2022. The increase in total liabilities is mainly attributed the timing of accounts and contracts payables at December 31 and a slight increase to the PERF pension liability of \$0.2 million. The decrease in deferred inflows of resources is mainly attributed to the GASB 87 lease arrangements and the recognition of revenue from long term lease arrangements during 2023. Total net position amounted to \$237.0 million, an increase of \$61.5 million, or 35% percent (See Table 1).

<b>Table 1</b>			
<b>Net Position</b>			
	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>
<b>Assets:</b>			
Current assets	\$ 43,648,930	\$ 46,366,331	\$ (2,717,401)
Non-current assets (**)	73,163,860	65,226,994	7,936,866
Capital	<u>174,358,229</u>	<u>124,553,414</u>	<u>49,804,815</u>
Total assets	<u>291,171,019</u>	<u>236,146,739</u>	<u>55,024,280</u>
<b>Deferred outflow of resources</b>	<u>793,736</u>	<u>674,334</u>	<u>119,402</u>
<b>Liabilities:</b>			
Current liabilities	4,177,039	3,074,337	1,102,702
Non-current liabilities	<u>1,971,838</u>	<u>1,822,160</u>	<u>149,678</u>
Total liabilities	<u>6,148,877</u>	<u>4,896,497</u>	<u>1,252,380</u>
<b>Deferred inflow of resources</b>	<u>48,807,881</u>	<u>56,399,269</u>	<u>(7,591,338)</u>
<b>Net position:</b>			
Invested in capital assets	174,710,963	124,553,414	50,157,549
Restricted	400,000	-	400,000
Unrestricted (**)	<u>61,897,034</u>	<u>50,971,893</u>	<u>10,925,141</u>
Total net position	<u>\$ 237,007,997</u>	<u>\$ 175,525,307</u>	<u>\$ 61,482,690</u>

\*\*For the years ended December 31, 2023, and 2022, the Board of Commissioners has designated \$34.3 million and \$22.0 million, respectively, of unrestricted net position as strategic reserves for land acquisitions, special projects, required maintenance, and emergency infrastructure improvements at its three Port locations.

(Continued)

PORTS OF INDIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2023

**Changes in Net Position**

The change in net position at December 31, 2023 was approximately \$61.5 million or 35.03%. The Ports of Indiana's total operating revenues increased by \$5.0 million or 27%. Total operating expenses before depreciation increased by \$2.8 million or 21%. The changes in net position are detailed in Table 2 and operating expenses are detailed in Table 3.

<b>Table 2</b>			
<b>Changes in Net Position</b>			
	<u>2023</u>	<u>2022</u>	<u>\$ Change</u>
<b>Operating revenue:</b>			
Maritime services	\$ 23,784,522	\$ 18,655,601	\$ 5,128,921
Other	<u>21,042</u>	<u>133,535</u>	<u>(112,493)</u>
Total operating revenues	<u>23,805,564</u>	<u>18,789,136</u>	<u>5,016,428</u>
<b>Operating expenses:</b>			
Operating expenses	13,329,011	10,886,353	2,442,658
Depreciation and amortization	<u>2,867,465</u>	<u>2,553,843</u>	<u>313,622</u>
Total operating expenses	<u>16,196,476</u>	<u>13,440,196</u>	<u>2,756,280</u>
<b>Operating income</b>	7,609,088	5,348,940	2,260,148
<b>Non-operating revenues</b>	4,199,153	2,763,490	1,435,663
<b>Capital contributions</b>	<u>49,674,449</u>	<u>593,352</u>	<u>49,081,097</u>
Change in net position	61,482,690	8,705,782	52,776,908
Net position, beginning of year	<u>175,525,307</u>	<u>166,819,525</u>	<u>8,705,782</u>
<b>Total net position, end of year</b>	<u>\$ 237,007,997</u>	<u>\$ 175,525,307</u>	<u>\$ 61,482,690</u>

**Revenues:** Operating revenues from maritime services increased by \$5.1 million or 27% in 2023 from 2022. The increase resulted primarily from an increase in rail user fees and Shortline railroad switching fees.

In 2023, key non-operating activity included investment income of \$2.7 million and lease interest income of \$1.5 million from long term lease arrangements under GASB Statement No. 87. In 2022, key non-operating activity included investment income of \$0.55 million and lease interest income of \$1.58 million.

Capital contributions increased by \$49.1 million in 2023 compared to 2022. In 2023, capital contributions included the acquisition of grain facility at Burns Harbor from lease termination valued at \$46.42 million, \$1.7 million related to federal grant reimbursements, and \$1.5 million of other capital contributions including \$400,000 from the Indiana Economic Development Corporation restricted for future land acquisitions. In 2022, capital contributions include \$0.60 million of federal grant reimbursements.

(Continued)

PORTS OF INDIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2023

**Expenses:** Total operating expenses increased by approximately \$2.8 million or 21%, in 2023. The increase in operating expenses from 2022 to 2023 is primarily due to an increase in labor and fringe benefits, legal services, and maintenance expenses. Engineering and other professional services decreased in 2023 compared to 2022 due to less outsourced consulting work compared to 2022. This is offset with an increase in rail operator fees for expanded usage in 2023 compared to 2022. Operating expenses, not including depreciation, increased by approximately \$2.4 million or 22% in 2023. Operating expenses are summarized as follows:

<b>Table 3</b>			
<b>Operating Expenses</b>			
<b>Expense Category</b>	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>
Labor and fringe benefits	\$ 4,209,989	\$ 3,786,948	\$ 423,041
Travel and training	187,859	44,363	232,222
Security services	326,873	324,222	2,651
Legal services	763,186	358,223	404,963
Accounting services	64,427	45,577	18,850
Computer services	151,340	158,152	(6,812)
Engineering and other professional services	476,549	2,935,973	(2,459,424)
Rail operator fees	4,391,759	1,932,030	2,459,729
Advertising and public relations	175,638	74,903	100,735
Insurance	511,714	352,157	159,557
Office expenses	96,662	180,311	(83,649)
Business association memberships	246,154	174,844	71,310
Utilities	216,681	369,257	(152,576)
Maintenance	1,333,177	130,923	1,202,254
Other	177,003	18,470	158,533
Operating expenses before depreciation	<u>13,329,011</u>	<u>10,886,353</u>	<u>2,442,658</u>
Depreciation and amortization	<u>2,867,465</u>	<u>2,553,843</u>	<u>313,622</u>
Total operating expenses	<u>\$ 16,196,476</u>	<u>\$ 13,440,196</u>	<u>\$ 2,756,280</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2023 and 2022, the Ports of Indiana had invested \$174.4 million and \$124.6 million, respectively, in capital assets, net of accumulated depreciation. As compared to the prior year, this amount represents an increase of \$49.8 million. Construction in process totals approximately \$14.1 million and \$11.5 million, respectively, as of December 31, 2023 and 2022. Key ongoing construction projects include the Fastlane project at Burns Harbor. See Note 3 for capital asset activity.

There is no outstanding debt as of December 31, 2023 and 2022.

### 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  
STATEMENT OF NET POSITION  
December 31, 2023

**Assets**

Current assets:

Cash and cash equivalents (Note 2)	\$ 12,853,875
Restricted cash (Note 2)	400,000
Investments (Note 2)	18,216,645
Accrued interest receivable	322,788
Trade accounts and other receivables, net	3,231,632
Grants receivable	1,236,906
Leases receivable (Note 4)	7,120,658
Prepaid expenses	<u>266,426</u>
Total current assets	<u>43,648,930</u>

Noncurrent assets:

Investments (Note 2)	34,349,115
Leases receivable (Note 4)	38,462,011
Non-depreciable capital assets (Note 3)	44,277,281
Depreciable capital assets, net (Note 3)	130,080,948
Right of use lease asset, net (Note 4)	<u>352,734</u>
Total noncurrent assets	<u>247,522,089</u>

Total assets 291,171,019

**Deferred outflows of resources**

Pension (Note 7)	<u>793,736</u>
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Total assets and deferred outflows of resources \$ 291,964,755

**Liabilities**

Current liabilities:

Accounts payable and other accrued expenses	\$ 1,521,590
Contracts and retainage payable	2,556,343
Lease payable (Note 4)	<u>99,106</u>
Total current liabilities	4,177,039

Non-current liabilities:

Lease payable (Note 4)	269,993
Net pension liability (Note 7)	<u>1,701,845</u>
Total non-current liabilities	<u>1,971,838</u>

Total liabilities 6,148,877

**Deferred inflows of resources**

Leases (Note 4)	48,755,672
Pension (Note 7)	<u>52,209</u>
Total deferred inflows of resources	<u>48,807,881</u>

**Net position**

Net investment in capital assets	174,710,963
Restricted – capital projects	400,000
Unrestricted	<u>61,897,034</u>
Total net position	<u>237,007,997</u>

Total liabilities, deferred inflows of resources, and net position \$ 291,964,755

See accompanying notes to financial statements.

PORTS OF INDIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
Year ended December 31, 2023

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<b>Operating revenues</b>	
Maritime services	\$ 4,928,912
Facility lease and storage	8,177,362
Rail and other user fees	10,595,415
Foreign trade zone fees	82,833
Other	<u>21,042</u>
Total operating revenues	23,805,564
<b>Operating expenses before depreciation</b>	
Labor and fringe benefits	4,209,989
Maintenance	1,333,177
Engineering and other professional services	1,455,502
Rail operator fees	4,391,759
Other operating expenses	<u>1,938,584</u>
Total operating expenses before depreciation	<u>13,329,011</u>
<b>Operating income before depreciation</b>	10,476,553
Depreciation and amortization expense	<u>2,867,465</u>
<b>Operating income</b>	7,609,088
<b>Non-operating revenues</b>	
Net investment income	2,710,892
Lease interest income	1,475,084
Loss on disposal of capital assets	(52,258)
Other income	<u>65,435</u>
Total non-operating revenues	<u>4,199,153</u>
<b>Income before capital contributions</b>	11,808,241
Capital contributions	<u>49,674,449</u>
<b>Change in net position</b>	61,482,690
Net position, at beginning of year	<u>175,525,307</u>
<b>Net position, at end of year</b>	<u>\$ 237,007,997</u>

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See accompanying notes to financial statements.

PORTS OF INDIANA  
STATEMENT OF CASH FLOWS  
Year ended December 31, 2023

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<b>Cash flows from operating activities:</b>	
Receipts from customers and users	\$ 22,139,911
Payments to suppliers	(10,225,688)
Payments to employees	(3,245,864)
Payments of employee benefits	(1,062,424)
Net cash provided by operating activities	<u>7,605,935</u>
<b>Cash flows from capital and related financing activities:</b>	
Receipt of other income	65,435
Receipt of capital contributions	2,123,642
Principal paid on lease liability	(94,238)
Purchases for acquisitions and construction of capital assets	(3,661,211)
Net cash used in capital and related financing	<u>(1,566,372)</u>
<b>Cash flows from investing activities:</b>	
Investment income received	2,710,892
Purchases of investments	(21,059,960)
Lease interest income received	1,475,084
Net cash used in investing activities	<u>(16,873,984)</u>
<b>Net change in cash and cash equivalents</b>	(10,834,421)
Cash and cash equivalents, beginning of year	<u>24,088,296</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 13,253,875</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 7,609,088
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,867,465
Changes in assets and liabilities:	
Trade accounts receivable	(987,631)
Lease receivable	6,813,387
Prepaid expenses	257,790
Right of use lease asset	111,436
Deferred outflows – pension liability	(119,402)
Accounts payable	(1,508,929)
Lease payable	(95,071)
Net pension liability	249,190
Deferred inflows – leases	(7,491,409)
Deferred inflows – pension liability	<u>(99,979)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 7,605,935</u>
<b>Non-cash capital and related financing disclosure:</b>	
Capital assets in contracts payable and retainage payable	\$ 2,556,343
Acquisition of facility from lease termination	46,420,000

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See accompanying notes to financial statements.

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

Reporting Entity: 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 and capital funds are derived from port activities; however, capital funds are periodically provided through state and federal grants.

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. There is not a separate audit report issued for the entity.

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. The principle operating revenues of the Ports includes maritime fees, facility rental fees, and other user fees. 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. Capital contributions include revenue recognized from federal grants funding ongoing capital projects.

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.”

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, deferred outflows of resources, liabilities and deferred inflow of resources 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.

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

Investments: The Ports accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of net investment income in the statements of revenues, expenses, and changes in net position.

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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

Trade Accounts Receivable: Operating revenues include rental income derived from leasing port property and from maritime revenues. Amounts due from certain lease agreements are billed and recognized over the appropriate lease term. Trade receivables are reported at an amount that is net of advance billings.

Grants Receivable: Grants receivable represents federal grant expenditures incurred but not yet claimed or reimbursed from grantors as of December 31, 2023. Revenue is reported as capital contributions.

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 the collection policy. Management estimated that no material allowance was necessary at December 31, 2023 for trade or grants receivable.

Lease Receivable and Deferred Inflows from Resources - Leases: The Ports is engaged in leasing various facilities to tenants under lease agreements. At the commencement of a lease, the Ports initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Ports determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Ports uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Ports monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets: Capital assets are stated at cost or acquisition 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:

	<u>Years</u>
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

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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

Noncurrent Cash and Investments: At December 31, 2023, the Board of Commissioners has designated \$34,349,115, respectively, of cash and investments as a strategic reserve for land acquisitions, special projects, required maintenance, and emergency infrastructure improvements, which are classified as noncurrent assets in the statement of net position because of their long-term nature.

Lease Payable: The Ports is a lessee for a noncancellable lease of office space. The Ports recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Ports recognizes lease liabilities with an initial, individual value of \$500 or more.

At the commencement of a lease, the Ports initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Ports determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Ports uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Ports generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The Ports monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Net Pension Liability: The Ports has recorded a net pension liability reflecting their proportionate share of the difference between the total pension liabilities and the fiduciary net positions of the Indiana Public Retirement System (INPRS) PERF Plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of INPRS PERF Plan and additions to/deductions from the INPRS PERF Plan fiduciary net position have been determined on the same basis as they are reported by the INPRS system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources - Pension: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period. The Ports' activities are related to recognition of changes in its defined benefit plan's net pension liability that will be amortized in future periods.

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(Continued)

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

Net Position: Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statements of net position. Net position is reported as:

- Unrestricted which may be designated for specific purposes at the option of the Board of Commissioners.
- Restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors or grantors.
- Net Investment in Capital Assets which consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes or other borrowings, and payables that are attributable to the acquisition, construction or improvement of those assets.

Restricted Asset Spending Policy: Restricted assets are released from restriction by incurring expenses satisfying the restricted purpose or by occurrence of other events. When expenditures are eligible to be paid from either restricted or unrestricted resources, it is the policy to apply restricted resources first, then unrestricted resources as needed.

Adoption of New Accounting Pronouncements: For the year ended December 31, 2023, the Ports adopted the following accounting pronouncements.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022. There was no impact on the Ports' financial statements as a result of the implementation of this standard.
- GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. This Statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. There was no material impact on the Ports' financial statements as a result of the implementation of this standard.
- GASB Statement No. 99, *Omnibus 2022*, effective for periods beginning after June 15, 2022. There was no impact on the Ports' financial statements as a result of the implementation of this standard.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Pursuant to Indiana Code Section 5-13-4-21, the Ports of Indiana is not subject to Indiana code 5-13-10.5 (the Public Funds Statute). However, the Ports of Indiana voluntarily includes in its investment policy those investments that qualify under the Public Funds Statute. Investment objectives, in order of importance, are:

- Preserving capital
- Meeting liquidity needs
- Achieving a market rate of return on investments
- Long term growth in assets in excess of the capital requirements for the development of the ports

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 2 - DEPOSITS AND INVESTMENTS** (Continued)

Portfolio assets shall be invested 100% in fixed income securities, including U.S. Treasuries, or securities guaranteed by the US and agencies, certificates of deposit, fully collateralized repurchase agreements, government money market funds, and corporate bonds meeting certain credit quality ratings. Investments in deposits or certificates of deposit can only be held to the extent of FDIC coverage.

Interest Rate Risk: A formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Individual securities purchased are to be limited to those with maturities of 5 years or less from the time of purchase with a maximum of 25% of the investments maturing in the 2- to 5-year time frame.

Credit Risk: The Ports' general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. At December 31, 2023, all funds were held at banks in accounts either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 or collateralized with securities of the U.S. Government or in municipal obligations with the appropriate credit rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Ports' will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Ports' investment policy requires that all amounts in excess of any insurance limits be collateralized by securities eligible for Ports' investment or any other high-quality, interest-bearing security rated at least A-1+ by Standard & Poor's or MIG-1 by Moody's. The Ports' is fully collateralized as of December 31, 2023.

Concentration of Credit Risk: The Ports' places a 10 percent limit on the amount the Ports' may invest in any one issuer except securities that are backed by the full faith and credit of the United States Treasury, or fully guaranteed by the United States and issued by the U.S. Treasury, a federal agency, a federal instrumentality or federal government sponsored enterprise.

Cash and Cash Equivalents: The carrying amount of cash was \$13,253,875 at December 31, 2023, while the bank balance was \$13,268,955. The difference relates to outstanding checks at December 31, 2023. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 or collateralized with securities of the U.S. Government held in the Ports' name by financial institutions acting as the Ports' agent.

Investments: Investments consist of money market funds and certificates of deposit. Certificates of deposit amounted to \$28,475,422 at December 31, 2023. In accordance with Ports' policy, certificates of deposit were fully collateralized with securities of the U.S. Government. All investment collateral is held in safekeeping in the Ports' name by financial institutions acting as the Ports' agent. Collateral is priced to market semi-monthly and monitored regularly with additional collateral requested as necessary.

Fair Values: The Ports' categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The Ports has money market funds (Level 1) of \$24,090,338 and negotiable certificates of deposit (Level 2) of \$28,475,422 at December 31, 2023, which are valued at fair value.

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Ports' investments at December 31, 2023.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less than One Year</u>	<u>One to Five Years</u>
<u>2023</u>			
Money market funds	\$ 24,090,338	\$ 24,090,338	\$ -
Certificates of deposit	<u>28,475,422</u>	<u>23,800,152</u>	<u>4,675,270</u>
Total	<u>\$ 52,565,760</u>	<u>\$ 47,890,490</u>	<u>\$ 4,675,270</u>

**NOTE 3 - CAPITAL ASSETS**

Capital assets consisted of the following at December 31, 2023:

Non-depreciable capital assets:

Land	\$ 30,184,871
Construction in progress	<u>14,092,410</u>
	44,277,281

Depreciable capital assets:

Land improvements	48,806,309
Harbor improvements	23,659,239
Docks and mooring facilities	50,758,215
Buildings and structures	98,918,843
Machinery and equipment	4,036,662
Office furniture and equipment	2,342,006
Trucks and automobiles	<u>976,937</u>
	<u>229,498,211</u>

Total capital assets	273,775,492
Less accumulated depreciation	<u>(99,417,263)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 174,358,229</u>

Land and construction in progress are not subject to depreciation.

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 3 - CAPITAL ASSETS** (Continued)

Capital asset activity for 2023 included:

	<u>Capital Assets</u>	<u>Construction in Progress</u>	<u>Total</u>	<u>Accumulated Depreciation</u>
<u>2023</u>				
Beginning balance	\$ 209,760,200	\$ 11,489,769	\$ 221,249,969	\$ (96,696,555)
Additions	46,420,000	6,209,616	-	-
Retirements	(104,093)	-	(104,093)	45,976
Transfers	3,606,975	(3,606,975)	-	-
Depreciation	-	-	-	(2,766,684)
Ending balance	<u>\$ 259,683,082</u>	<u>\$ 14,092,410</u>	<u>\$ 273,775,492</u>	<u>\$ (99,417,263)</u>

**NOTE 4 - LEASES**

Lease Receivable: The Ports' is engaged in leasing land and buildings at Port locations to tenants under non-cancelable lease arrangements. The lease agreements may 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. The Ports, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. As lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. These leases range in expiration dates through 2067.

The receivable on these leases is discounted to the net present value at the commencement of the lease term. The discount rates are based on the Commission's incremental borrowing rate which ranges from 1.87% to 7.14%. As of December 31, 2023, the net present value of the lease receivable totaled \$45,582,669. The Ports also recognized deferred inflows of resources totaling \$48,755,672 related to these leases as of December 31, 2023.

Lease revenue from land and building leases and minimum tonnage arrangements totaled \$7,354,217 and \$2,796,935, respectively, and is recognized as facility lease and storage revenue or maritime services revenue on the Statement of Revenues, Expenses, and Changes in Net Position. The difference between these amounts and revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position is due to variable payments received from customers during the reporting period or short-term leases not subject to GASB Statement No. 87.

The Ports recognized lease interest revenue of \$1,475,084 for the year ended December 31, 2023.

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 4 - LEASES** (Continued)

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,120,658	\$ 1,252,676	\$ 8,373,334
2025	6,358,861	1,049,355	7,408,216
2026	5,939,635	864,757	6,804,392
2027	4,493,045	707,519	5,200,564
2028	3,387,814	591,629	3,979,443
2029-2033	10,076,224	1,822,380	11,898,604
2034-2038	3,146,345	1,018,578	4,164,923
2039-2043	1,512,741	626,123	2,138,864
2044-2048	638,707	488,418	1,127,125
2049-2053	742,317	384,808	1,127,125
2054-2058	862,348	264,777	1,127,125
2059-2063	1,001,791	125,334	1,127,125
2064-2067	302,183	7,044	309,227
	<u>\$ 45,582,669</u>	<u>\$ 9,203,398</u>	<u>\$ 52,786,067</u>

Lease Payable: The Ports, as lessee, leases office space under an operating lease that expires on June 30, 2027. As of December 31, 2023, the value of the lease payable was \$369,099. The Ports is required to make monthly principal and interest payments. The lease has an interest rate of 3.13%.

The future principal and interest lease payments as of December 31, 2023, were as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 99,106	\$ 9,921	\$ 109,027
2025	104,190	6,702	110,892
2026	109,405	3,353	112,758
2027	56,398	369	56,767
	<u>\$ 369,099</u>	<u>\$ 20,345</u>	<u>\$ 389,444</u>

Right of Use Lease Asset: The Ports has recognized a corresponding right of use lease asset for the office space lease which is being amortized over the life of the lease. As of December 31, 2023, the Ports recognized a right of use asset with net book value of \$352,734. Amortization expense was \$100,781 for the year ended December 31, 2023.

**NOTE 5 - CONTINGENCIES**

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 year ended December 31, 2023, the Ports has purchased commercial insurance covering risks of loss related to the above-mentioned events. There were no significant reductions in insurance coverage during 2023 and there were no settlements that exceeded insurance coverage during any of the past three fiscal years for those risks that the Ports purchased insurance.

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(Continued)

**NOTE 6 - DEFERRED COMPENSATION BENEFITS**

The Ports of Indiana offers two deferred compensation plans to all its employees under plans administered by Nationwide Retirement Solutions, Inc. (Nationwide) and State of Indiana Public Employee Deferred Compensation Plan (Hoosier S.T.A.R.T) which is a multiple employer plan, 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. There are no employer contributions to the plans.

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 Nationwide investments held in custodial funds for participants was \$784,262 at December 31, 2023. The fair market value of Hoosier S.T.A.R.T investments held in custodial funds for participants was \$529,880 as of December 31, 2023.

**NOTE 7 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)**

The Ports of Indiana contributes to the Public Employees' Retirement Fund (PERF), which is administered by the Indiana Public Retirement System (INPRS).

*Public Employees' Retirement System - Defined Benefit Plan*

Plan Description: PERF Defined Benefit (DB) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.3, IC 5-10.5, 35 IAC 1.2 and other Indiana pension law. PERF DB is a component of the Public Employees Hybrid plan (PERF Hybrid).

PERF Hybrid consists of two components: PERF DB, the monthly employer-funded defined benefit component, along with the Public Employees' Defined Contribution Account (PERF DC), a member-funded account.

Retirement Benefits Provided: A member is entitled to a full retirement benefit 1) at age 65 with at least 10 years of creditable service (eight years for certain elected officials), 2) at age 60 with at least 15 years of creditable service, 3) at age 55 if age and creditable service total at least 85, 4) at age 55 with 20 years of creditable service and active as an elected official in the PERF-covered position, or 5) at age 70 with 20 years of creditable service and still active in the PERF-covered position. A member is entitled to an early retirement benefit at age 50 and a minimum of 15 years of creditable service. The benefit is reduced to 44 percent of full benefit at age 50, increasing five percent per year up to 89 percent at age 59.

The lifetime annual benefit equals years of creditable service multiplied by the average highest five-year annual salary multiplied by 1.1 percent (minimum of \$180 per month). Average annual compensation is outlined in IC 5-10.2-4-3 and includes compensation of not more than \$2,000 received from the employer in severance.

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)**

Postretirement benefit increases are granted on an ad hoc basis pursuant to IC 5-10.2-12-4 and administered by the INPRS Board.

Disability and Survivor Benefits Provided: An active member qualifying for Social Security disability with five years of creditable service may receive an unreduced retirement benefit for the duration of their disability (minimum of \$180 per month). If a member dies after June 30, 2018, a spouse or dependent beneficiary of a member with a minimum of 10 years of creditable service receives a benefit as if the member retired the later of age 50 or the age the day before the member's death. If a member dies while receiving a benefit, a beneficiary receives the benefit associated with the member's selected form of payment Five Year Certain & Life, Joint with 100 percent Survivor Benefits, Joints with Two-Thirds Benefits, or Joint with One-Half Survivor Benefits.

Contributions: Contributions are determined by the INPRS Board of Trustees based on an actuarial valuation. During fiscal year 2023, all participating employers were required to contribute 11.2 percent of covered payroll for Hybrid members, with 0.66 percent funding a supplemental reserve account for postretirement benefits. No member contributions are required.

The employer contribution requirement, which was made by the Ports for 2023, was \$326,392, which represents the required 11.2 percent of covered payroll.

The following represents the Ports' annual required contributions for the last two years:

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2023	\$ 326,392	100%
2022	319,020	100%

Financial Report: INPRS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

Actuarial Assumptions: The total pension liability is determined by INPRS actuaries in accordance with GASB No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

- Measurement Date – June 30, 2023
- Asset valuation date – June 30, 2023
- Liability valuation date – June 30, 2022 – The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2023, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Inflation – 2.00%
- Future salary increases, including inflation – 2.65% - 8.65% based on service.

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(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF)** (Continued)

- Investment rate of return – 6.25%, net of investment expenses
- COLA – As of June 30, 2023: No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were assumed: 0.4% beginning on January 1, 2026, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039.
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

The most recent comprehensive experience study, based on member experience between June 30, 2014 and June 30, 2019 was completed in February 2020. The demographic assumptions were approved by the Board in June 2020 and were used beginning with the June 30, 2020 actuarial valuation. Economic assumptions were updated and approved by the Board in May 2021 following the completion of an Asset-Liability study and first used in the June 30, 2021 actuarial valuation.

The long-term return expectation for the INPRS defined benefit retirement plan was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. In order to determine the expected long-term nominal rate of return, the asset class geometric real returns are projected for a 30-year horizon. These returns are combined with a projected covariance matrix and the target asset allocations to create a range of expected long-term real rates of return for the portfolio. A range of possible expected long-term rates of return is created by adding the forecasted inflation to the expected long-term real rates of return and adding an expected contribution to the return due to manager selection. This range ultimately supports the long-term expected rate of return assumption of 6.25% selected by the Board as the discount rate.

The assumption is a long-term assumption and is not expected to change with small fluctuations in the underlying inputs but may change with a fundamental shift in the underlying market factors or significant asset allocation change.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<u>Target Asset Allocation</u>	<u>Geometric Basis Long-Term Expected Real Rate of Return*</u>
Public Equity	20.0%	3.7%
Private Markets	15.0%	6.4%
Fixed Income – Ex Inflation-Linked	20.0%	2.2%
Fixed Income – Inflation-Linked	15.0%	0.5%
Commodities	10.0%	1.1%
Real Assets	10.0%	3.4%
Absolute Return	5.0%	1.6%
Risk Parity	20.0%	5.9%
Cash and Cash Overlay	N/A	0.0%

\*The defined benefit plans target allocation for total exposure is 115%. For the long-term expected rate of return calculation, an additional -15% is allocated to the cash and cash overlay global asset class.

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(Continued)

PORTS OF INDIANA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2023

**NOTE 7 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)**

Changes in Assumptions from the Prior Year: There were no changes in actuarial assumptions from the prior year.

Discount rate: Total pension liability for the defined benefit pension plan was calculated using the discount rate of 6.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and where applicable from the members, would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy adopted by the INPRS Board, and contributions required by the State (the non-employer contributing entity) would be made as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.25 percent). Based on these assumptions, the PERF defined benefit pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability for the plan.

Sensitivity: Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability of each defined benefit pension plan calculated using the discount rate of 6.25 percent for 2023, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%), or one percentage point higher (7.25%) than the current rate:

	1% Decrease <u>(5.25%)</u>	Current Rate <u>(6.25%)</u>	1% Increase <u>(7.25%)</u>
<u>2023</u>			
Proportionate Share of the Collective Net Pension Liability	\$ 2,773,466	\$ 1,701,845	\$ 808,323

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a stand-alone financial report of INPRS that includes financial statements and required supplementary information for the plan as a whole. This report may be obtained by writing the Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, IN 46204, by calling (844) 464-6777, by emailing [questions@inprs.in.gov](mailto:questions@inprs.in.gov), or by visiting [www.in.gov/inprs](http://www.in.gov/inprs).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2023, the Ports reported a liability of \$1,701,845, for its proportionate share of the net pension liability. The Ports' proportionate share of the net pension liability was based on the Ports' wages as a proportion of total wages for the PERF Hybrid Plan. The proportionate share used at the June 30, 2023 measurement date was 0.0004822. This represents a slight increase from the prior measurement date.

For the year ended December 31, 2023, the Ports recognized pension expense of \$345,479, which included net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions of \$6,166.

(Continued)

PORTS OF INDIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)**

At December 31, 2023, the Ports reported deferred outflows of resources and deferred inflows of resources related to the PERF Hybrid Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2023</u>		
Differences between expected and actual experience	\$ 34,819	\$ -
Net difference between projected and actual earnings on pension plan investments	390,067	-
Changes in assumptions	92,805	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>73,985</u>	<u>52,209</u>
Total that will be recognized in pension expense (income) based on table below	591,676	52,209
Pension contributions subsequent to measurement date	<u>202,060</u>	-
Total	<u>\$ 793,736</u>	<u>\$ 52,209</u>

Deferred outflows of resources resulting from employer contributions subsequent to the June 30, 2023 measurement date is recognized as a reduction of net pension liability in the year ending December 31, 2024. Deferred inflows of resources resulting from the differences between projected and actual investment earnings on Plan investments are amortized over a 5-year period. A change in an employer's proportionate share represents the change as of the current year measurement date versus the prior year measurement date, which is amortized over the average expected remaining service lives of the plan. The difference between an employer's contributions and the employer's proportionate share of the collective contributions is amortized over the average expected remaining service lives of the plan. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 201,464
2025	23,688
2026	261,186
2027	<u>53,129</u>
Total	<u>\$ 539,467</u>

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(Continued)

**NOTE 7 - PENSION PLAN - PUBLIC EMPLOYEE'S RETIREMENT FUND (PERF) (Continued)**

*Public Employees' Retirement Fund - Defined Contribution Plans*

Public Employees' Defined Contribution Plan: The Public Employees' Defined Contribution Plan (PERF DC) is a multiple-employer defined contribution plan providing retirement benefits to full-time employees of the State of Indiana not covered by another plan and those political subdivisions (counties, cities, townships, and other governmental units) that elect to participate in the retirement fund. Administration of the account is in accordance with IC 5-10.2, IC 5-10.3, 35 IAC 1.2 and other Indiana pension law. The plan provides supplemental defined contribution benefits under the PERF Hybrid plan.

The Public Employees' Hybrid Members Defined Contribution Account (PERF Hybrid DC) is the defined contribution component of the Public Employees' Hybrid Plan. The Public Employees' Defined Benefit Account (see Defined Benefit Plans section) is the other component of the Public Employees' Hybrid Plan.

Member contributions are set by statute at three percent of compensation, and the employer may choose to make these contributions on behalf of the member. Members are 100 percent vested in their account balance, which includes all contributions and earnings. The Ports has elected to make the required member contributions on behalf of employees.

The Ports made payments on behalf of employees for the three percent of covered payroll member contributions as follows:

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2023	\$ 88,144	100%
2022	88,168	100%

**REQUIRED SUPPLEMENTARY INFORMATION**

PORTS OF INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PORTS' PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY - PERF  
December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ports' proportion of the net pension liability	0.0004822	0.0004606	0.0004878	0.0004381	0.0004643	0.0004480	0.0004147	0.00040437	0.0003895
Ports' proportionate share of the net pension liability	\$ 1,701,845	\$ 1,452,655	\$ 643,256	\$ 1,323,235	\$ 1,534,541	\$ 1,521,876	\$ 1,850,202	\$ 1,834,893	\$ 1,586,395
Ports' covered payroll	\$3,031,415	\$ 2,650,782	\$ 2,689,375	\$ 2,365,363	\$ 2,419,146	\$ 2,285,974	\$ 2,057,231	\$ 1,937,656	\$ 1,865,849
Ports' proportionate share of the net pension liability as a percentage of its covered payroll	56.14%	54.80%	23.92%	55.94%	63.43%	66.57%	89.94%	94.70%	85.18%
Plan fiduciary net position as a percentage of the total pension liability	80.83%	82.50%	92.50%	81.40%	80.10%	78.90%	76.60%	75.30%	77.30%

Notes: The amounts presented for each calendar year were determined as of the June 30 fiscal year-end that occurred within the calendar year.

- Asset valuation date – June 30, 2023
- Liability valuation date – June 30, 2022 – The TPL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 rolled forward one year to June 30, 2023, using the following key assumptions and other inputs, such as benefit accruals and actual benefits payments during that time period.
- Actuarial cost method (accounting) – Entry age normal (level percent of payroll)
- Experience study date – Period of 5 years ended June 30, 2019
- Investment rate of return – 6.25%
- COLA – No COLA was granted for the 2023-2025 biennium. Thereafter, the following COLAs, compounded annually, were assumed; 0.4% beginning on January 1, 2026, 0.5% beginning on January 1, 2034, and 0.6% beginning on January 1, 2039
- Future salary increases, including inflation – 2.65% - 8.65% based on service
- Inflation – 2.00%
- Mortality assumptions – Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Ports is presenting information for those years for which information is available.

*Measurement date:* Actuarial valuation reports from the prior fiscal year.

PORTS OF INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE PORTS' CONTRIBUTIONS - PERF  
December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 326,392	\$ 319,020	\$ 292,948	\$ 268,276	\$ 268,999	\$ 282,028	\$ 239,203	\$ 220,601	\$ 212,888
Contributions in relation to the statutorily required contribution	<u>(326,392)</u>	<u>(319,020)</u>	<u>(292,948)</u>	<u>(268,276)</u>	<u>(268,999)</u>	<u>(282,028)</u>	<u>(239,203)</u>	<u>(220,601)</u>	<u>(212,888)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Ports' contributions as a percentage of statutorily required contribution for pension	100%	100%	100%	100%	100%	100%	100%	100%	100%
Port's covered payroll	\$ 2,914,214	\$ 2,848,393	\$ 2,615,600	\$2,395,300	\$2,401,800	\$2,518,100	\$2,135,700	\$ 1,969,700	\$1,900,800
Contributions as a percentage of covered payroll	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Ports is presenting information for those years for which information is available.

*Valuation date:* Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

*Actuarial cost method:* Entry age normal (Level Percent of Payroll)

*Amortization method:* Level dollar

*Remaining amortization period:* 20 years, closed

*Asset valuation method:* 5 year smoothing of gains and losses on the market value of assets subject to a 20% corridor.

*Inflation:* 2.00% per year

*Salary increases:* 2.65% - 8.65% based on service

*Investment rate of return:* 6.25%

*Mortality:* Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with a fully generational projection of mortality improvements using SOA Scale MP-2019.

*Other information:* The INPRS Board sets, at its discretion, the State's employer contribution rate upon considering the results of the actuarial valuation and other analysis as appropriate. The employer contribution rate for the year ended June 30, 2023 was 11.20%.

Member census data as of the prior year end was used in the valuation and adjusted, where appropriate, to reflect changes during the current fiscal year. Standard actuarial roll forward techniques were then used to project the liabilities computed as of prior year end to the current year measurement date.

PORTS OF INDIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the year ended December 31, 2023

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<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Nationally Significant Freight and Highway Projects			
<i>Burns Harbor Project: Enhanced Intermodal Facilities With Rail and Truck Marshalling Yards</i>	20.934	693JF71810002	\$ <u>1,688,147</u>
Total Expenditures of Federal Awards			\$ <u>1,688,147</u>

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PORTS OF INDIANA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended December 31, 2023

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**NOTE 1 - BASIS OF PRESENTATION**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Ports under programs of the federal government for the year ended December 31, 2023. The information in the SEFA 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 SEFA presents only a select portion of the operations of the Ports, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Ports.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**NOTE 2 - INDIRECT COST RATE**

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

**NOTE 3 - OTHER INFORMATION**

The Ports did not have any subrecipient activity for the year ended December 31, 2023.

INDEPENDENT AUDITOR'S 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 Commission Ports of Indiana  
Indianapolis, 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 statements of the Ports of Indiana (Ports) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Ports' basic financial statements, and have issued our report thereon dated June 18, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Ports' 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Ports' internal control. Accordingly, we do not express an opinion on the effectiveness of Ports' 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 entity's financial statements 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.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ports' financial statements are 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 statements. 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  
June 18, 2024

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

The Members of the Commission Ports of Indiana  
Indianapolis, Indiana

**Report on Compliance for Major Federal Program**

***Opinion on Major Federal Program***

We have audited the Ports of Indiana's (Ports) 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 Ports' major federal program for the year ended December 31, 2023. The Ports' 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 Ports 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 Ports 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 Ports' 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 Ports' federal programs.

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(Continued)

## **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 Ports' 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 Ports' 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 Ports' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Ports' 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 Ports' 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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(Continued)

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  
June 18, 2024

PORTS OF INDIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2023

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

***Financial Statements***

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_X\_\_\_ None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_X\_\_\_ 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 \_\_\_X\_\_\_ No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.934	Nationally Significant Freight and Highway Projects

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

**Section II – Financial Statement Findings**

None noted.

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

None noted.

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