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B52273

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

March 8, 2019

Board of Directors  
Perry County Port Authority  
509 Schiller Street  
P.O. Box 423  
Tell City, IN 47586

This report is supplemental to the audit report of the Perry County Port Authority (District), for the period from January 1, 2014 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Perry County Port Authority prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2014 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 and 4 contain five Examination Findings and Results. Management's response may be found on page 5.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**COMPLIANCE EXAMINATION OF  
PERRY COUNTY PORT AUTHORITY**

Tell City, Indiana  
January 1, 2014 to December 31, 2017

PERRY COUNTY PORT AUTHORITY

Tell City, Indiana  
January 1, 2014 to December 31, 2017

CONTENTS

SCHEDULE OF OFFICIALS .....	1
INDEPENDENT ACCOUNTANT'S REPORT .....	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2018-001: BANK STATEMENT RECONCILIATIONS .....	3
2018-002: ACCURATE & COMPLETE RECEIPTS & DISBURSEMENTS DETAIL SUPPORT .....	3
2018-003: MINIMUM LEVEL OF INTERNAL CONTROLS .....	3
2018-004: MATERIALITY THRESHOLD .....	3
2018-005: ALLOWABLE INVESTMENTS .....	4
EXIT CONFERENCE .....	5

PERRY COUNTY PORT AUTHORITY  
SCHEDULE OF OFFICIALS  
January 1, 2014 to December 31, 2017

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Operations Manager	Kevin Teague	01-01-14 to 12-31-17
Chairman of the Board	Bill Goffinet	01-10-14 to 12-31-17
Bookkeeper	Michael O. Elaman, CPA Curt Johnson, CPA	01-01-14 to 12-31-16 01-01-17 to 12-31-17
Treasurer of the Board	Danny Thomas	01-01-14 to 12-31-17

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Perry County Port Authority

We have examined Perry County Port Authority's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2014 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2014 to December 31, 2017, as described in items 2018-001, 2018-002, 2018-003, 2018-004, and 2018-005 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2014 to December 31, 2017.

  
Crowe LLP

Indianapolis, Indiana  
December 12, 2018

PERRY COUNTY PORT AUTHORITY  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2014 to December 31, 2017

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**FINDING 2018-001: BANK ACCOUNT RECONCILIATION REVIEW**

**Criteria:** Indiana Code 5-13-6-1(e) states, "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**Condition:** During testing, we noted the Unit did prepare bank reconciliations on at least a monthly basis. However, we noted that the 2014 December bank reconciliation could not be provided, which lead to an unsubstantiated variance between the AFR and the bank statement of less than a material amount.

**FINDING 2018-002: ACCURATE & COMPLETE RECEIPT & DISBURSEMENTS DETAIL SUPPORT**

**Criteria:** Indiana Code IC 5-11-1-11) states in part "Sec. 11. *There shall be kept in the office of each public officer, board, commission, agency, instrumentality, and institution in this state, a record of money collected for the public treasury, the forms and records for which, for each class of offices, shall be devised and formulated by the state board of accounts. Such records as are provided for in this section shall be public records and must be accessible to the public during regular office hours.*"

**Condition:** During testing of receipts, we noted the total receipts per the bank statements did not agree to total receipts within the Annual Financial Report by a \$65,815 understatement in 2015, and client was unable to provide reconciliation between the two. Similar issues were uncovered related to cash disbursements testing. There were significant variances between disbursements detailed records and the Annual Financial Report amounts for which no explanation of the variances were able to be provided.

**FINDING 2018-003: MINIMUM LEVEL OF INTERNAL CONTROLS**

**Criteria:** The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: "*Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .*"

**Condition:** The Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

**FINDING 2018-004: MATERIALITY THRESHOLD**

**Criteria:** SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

**Condition:** During testing, we noted that the Unit had not adopted a materiality threshold for the period under audit.

PERRY COUNTY PORT AUTHORITY  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2014 to December 31, 2017

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**FINDING 2018-005: ALLOWABLE INVESTMENTS**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, "Investments can only be made in accordance with statutory guidelines. Losses and expenses related to any unauthorized investments and unauthorized investment procedures may be the personal obligation of the responsible official or employee."

**Condition:** During testing, we noted that the Unit invested in two investments which are not specifically allowed for under IC 5-13-9. During 2016, the unit invested in a term note with the National Rural Utilities Cooperative Finance Corporation in the amount of \$1,270,000 (for 2015 and part of 2016) and bond with Perry County with a maturity greater than five years from the date of purchase in the amount of \$1,275,000 (for part of 2016 and 2017).

PERRY COUNTY PORT AUTHORITY  
EXIT CONFERENCE  
January 1, 2014 to December 31, 2017

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The contents of this report were discussed on December 12, 2018, with Alvin Evans, President/CEO, Jared Kleemann, Operations Manager, and Bill Goffinet, Chairman of the Board. The officials acknowledged the findings.