

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

HOOSIER HERITAGE PORT AUTHORITY

HAMILTON COUNTY, INDIANA

January 1, 2016 to December 31, 2019



**FILED**  
08/25/2020



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SCHEDULE OF OFFICIALS

| <u>Office</u>                       | <u>Official</u>                   | <u>Term</u>                                  |
|-------------------------------------|-----------------------------------|--|
| Director                            | Rhonda Klopfenstein               | 01-01-16 to 12-31-20                         |
| President of the<br>Authority Board | Michael Obergfell<br>David George | 01-01-16 to 12-31-17<br>01-01-18 to 12-31-20 |



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE HOOSIER HERITAGE PORT  
AUTHORITY, HAMILTON COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Hoosier Heritage Port Authority (Authority), for the period of January 1, 2016 to December 31, 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Authority's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6); which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Authority uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

July 8, 2020

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Authority. The financial statements and notes are presented as intended by the Authority.

HOOSIER HERITAGE PORT AUTHORITY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2016 and 2017

| Fund                       | Cash and<br>Investments<br>01-01-16 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-16 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-17 |
|----------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| M&I Checking               | \$ 28,405                           | \$ 73,980         | \$ 96,891         | \$ 5,494                            | \$ 141,981        | \$ 145,646        | \$ 1,829                            |
| M&I Saving                 | 86,594                              | 34,920            | 25,000            | 96,514                              | 14,508            | 67,000            | 44,022                              |
| Technology Oversight Board | <u>304,791</u>                      | <u>169,521</u>    | <u>113,868</u>    | <u>360,444</u>                      | <u>171,460</u>    | <u>109,759</u>    | <u>422,145</u>                      |
| Totals                     | <u>\$ 419,790</u>                   | <u>\$ 278,421</u> | <u>\$ 235,759</u> | <u>\$ 462,452</u>                   | <u>\$ 327,949</u> | <u>\$ 322,405</u> | <u>\$ 467,996</u>                   |

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

HOOSIER HERITAGE PORT AUTHORITY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2018 and 2019

| Fund                       | Cash and<br>Investments<br>01-01-18 | Receipts   | Disbursements | Cash and<br>Investments<br>12-31-18 | Receipts   | Disbursements | Cash and<br>Investments<br>12-31-19 |
|----------------------------|-------------------------------------|------------|---------------|-------------------------------------|------------|---------------|-------------------------------------|
| M&I Checking               | \$ 1,829                            | \$ 167,741 | \$ 163,442    | \$ 6,128                            | \$ 408,245 | \$ 310,658    | \$ 103,715                          |
| M&I Saving                 | 44,022                              | 35         | 10,000        | 34,057                              | 16         | 20,000        | 14,073                              |
| Technology Oversight Board | 422,145                             | 161,835    | 423,188       | 160,792                             | 164,772    | 107,434       | 218,130                             |
| Totals                     | \$ 467,996                          | \$ 329,611 | \$ 596,630    | \$ 200,977                          | \$ 573,033 | \$ 438,092    | \$ 335,918                          |

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

HOOSIER HERITAGE PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Authority was established under the laws of the State of Indiana. The Authority operates under a governing board.

The accompanying financial statements present the financial information for the Authority.

**B. Basis of Accounting**

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

**C. Cash and Investments**

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

**D. Receipts**

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

*Licenses and permits.* Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

*Charges for services.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*Fines and forfeits.* Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

HOOSIER HERITAGE PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

**E. Disbursements**

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

**F. Interfund Transfers**

The Authority may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the Authority. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Authority. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Authority in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units, and, therefore, the funds cannot be used for any expenditures of the unit itself.

HOOSIER HERITAGE PORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Authority in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the Authority is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Authority to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The Authority may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Authority to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

HOOSIER HERITAGE PORT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

**Note 6. Restatements**

For the year ended December 31, 2016, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the Authority. The following schedule presents a summary of restated beginning balances:

| Fund                          | Balance as of<br>December 31,<br>2015 | Prior Period<br>Adjustment | Balance as of<br>January 1,<br>2016 |
|-------------------------------|---------------------------------------|----------------------------|-------------------------------------|
| Technology<br>Oversight Board | \$ -                                  | \$ 304,791                 | \$ 304,791                          |

HOOSIER HERITAGE PORT AUTHORITY  
REVIEW RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORTS**

The same comment also appeared in prior Report B47736.

*Condition and Context*

The Authority's Annual Financial Reports (AFR) for 2016, 2017, and 2018 were not filed electronically until March 16, 2017, May 23, 2018, and March 19, 2019, which were 16, 64, and 19 days late, respectively.

In addition, the Authority administers a Technology Oversight Board which accounts for revenues and expenses associated with internet infrastructure access to right away owned by the Authority. Financial transactions for the Technology Oversight Board were not reported on the 2016, 2017, 2018, or 2019 AFRs.

*Criteria*

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Authority had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. In addition, Authority employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Authority, had not received training over the minimum internal control standards as defined by the Indiana State Board of Accounts.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

HOOSIER HERITAGE PORT AUTHORITY  
REVIEW RESULTS AND COMMENTS  
(Continued)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Director incorrectly certified on the 2018 and 2019 Annual Financial Reports that the Authority Board had adopted and provided personnel with training over the required internal control standards.

*Criteria*

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**CAPITAL ASSETS**

*Condition and Context*

The Authority did not have a complete detailed listing of all capital assets owned which reflected each assets acquisition value. The Authority also did not present a written capital asset policy for review. In addition, a physical inventory of capital assets was not performed at least once every two years.

*Criteria*

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

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

No monthly bank reconciliations were presented for review during the engagement period.

*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."

HOOSIER HERITAGE PORT AUTHORITY  
REVIEW RESULTS AND COMMENTS  
(Continued)

**PENALTIES, INTEREST, AND OTHER CHARGES**

*Condition and Context*

During the engagement period, the Authority incurred \$424 in penalties and interest assessed by the Indiana Department of Revenue for the underpayment of withholding taxes. In addition, the Authority bank account was overdrawn in August 2017, resulting in \$35 in bank overdraft fees.

*Criteria*

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**RECEIPT ISSUANCE**

*Condition and Context*

The Authority did not issue receipts for revenues collected during the engagement period.

*Criteria*

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

HOOSIER HERITAGE PORT AUTHORITY  
33 North 9<sup>th</sup> Street, Suite L21 Noblesville, IN 46060

July 8, 2020

State Board of Accounts  
302 Washington Street  
Room E418  
Indianapolis, IN 46204

RE: January 1, 2016 – December 31, 2019 Review

Dear State Board of Accounts

Let this letter serve as our acknowledgement to start implementing the following procedures:

- Monthly and annual Engagement uploads
- Adoption of and training on internal control standards
- Provide a detail list of all capital assets
- Issue receipts for all revenues collected

Sincerely,



Rhonda Klopfenstein  
Executive Director



David George  
Board President

HOOSIER HERITAGE PORT AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2020, with Rhonda Klopfenstein, Director, and David George, President of the Authority Board.