

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

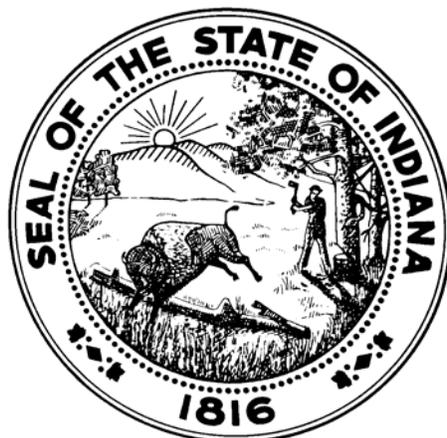
EXAMINATION REPORT

OF

CITY OF PORTLAND

JAY COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

09/19/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Barbara K. Blackford Tina Paxson Linda L. Kennedy	01-01-04 to 07-20-05 07-21-05 to 08-10-05 08-11-05 to 12-31-07
Mayor	Bruce Hosier	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Bruce Hosier	01-01-04 to 12-31-07
President of the City Council	Glen Bryant	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF PORTLAND, JAY COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the City of Portland (City), for the period of January 1, 2005 to December 31, 2005. The City's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the City for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 2, 2006

CITY OF PORTLAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 1,673,323	\$ 2,273,231	\$ 2,559,170	\$ 1,387,384
Motor Vehicle Highway	707,607	998,073	1,001,615	704,065
Local Road and Street	64,321	26,645	49,962	41,004
Law Enforcement Continuing Education	25,781	5,729	11,896	19,614
Park and Recreation	244,017	159,903	196,030	207,890
Rainy Day	55,587	-	-	55,587
Parking Meter	34,206	-	-	34,206
Forfeiture and Restitution	4	-	-	4
Trading Card Fund	2,014	200	1,955	259
Aviation	318,251	242,002	64,820	495,433
Revolving Loan	30,942	60,364	59,080	32,226
Drug Free Community	4,285	-	4,112	173
Economic Development Income Tax	99,814	1,193,774	641,344	652,244
Recycling	65,533	96,880	99,265	63,148
Bulletproof Vest Program	269	-	-	269
Smoke Detector Donation	1,176	428	-	1,604
Fire Station Loan	5,191	-	-	5,191
Mayor's Annual Golf Outing	-	12,043	12,043	-
Infant Carseat	56	325	-	381
Weilder Building Grant	-	6,780	6,780	-
Sidewalk Reconstruction	47,723	-	-	47,723
Building Demolition	30,000	16,029	30,000	16,029
Hudson Family Park	19,550	-	19,550	-
Hudson Family Park Donation	25	-	-	25
Dare Donations	10,884	8,300	3,972	15,212
Police Drug Nonreverting	888	-	888	-
Clerk's Record Perpetuation	6,883	2,188	-	9,071
Insurance Surplus Nonreverting	202,552	4,212	-	206,764
Police Dog Donations	15	-	-	15
Riverboat	-	40,590	-	40,590
Concessions	-	3,612	1,191	2,421

The accompanying notes are an integral part of the schedules.

CITY OF PORTLAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds (continued):				
Brownfield Grant	-	4,343	4,343	-
Local Match Boundary Pike	-	1,025,000	-	1,025,000
Police Criminal Investigation	6,845	100	300	6,645
Cumulative Capital Improvement	154,518	19,899	-	174,417
Cumulative Capital Development	333,636	88,251	116,315	305,572
Cumulative Capital	301,511	75,643	215,737	161,417
General Improvement	50,000	-	-	50,000
Local Match CF-97-165	19,338	-	-	19,338
Airport Lighting	5,544	-	-	5,544
Airport Taxi Grant	-	109,109	103,418	5,691
Proprietary Funds:				
Water Utility - Operating	521,041	1,329,792	1,315,797	535,036
Water Utility - Bond and Interest	-	415,195	415,195	-
Water Utility - Customer Deposit	155,219	32,778	27,042	160,955
Water Utility - 2003 Debt Reserve	168,500	-	-	168,500
Water Utility - Improvement	942,572	105,215	272,735	775,052
Wastewater Utility - Operating	677,400	1,551,311	1,272,761	955,950
Wastewater Utility - Depreciation	1,570,305	302,695	808,757	1,064,243
Fiduciary Funds:				
Self Insurance	226,212	662,979	635,629	253,562
Police Officers' Pension	194,000	46,747	70,401	170,346
Firefighters' Pension	160,969	94,760	136,357	119,372
Pre 1977 Pension Nonreverting	236,200	24,926	-	261,126
Unemployment Compensation Nonreverting	34,420	-	-	34,420
Dunkirk City Fines	-	10	10	-
Payroll	-	2,227,592	2,227,592	-
User Fee - Court Continuing Education	153	3,282	3,066	369
Court Costs Due County	-	17,607	17,607	-
Court Deferral Program	-	9,350	9,350	-
Levy Excess	-	59,998	-	59,998
Housing Authority	2,313	14,926	16,008	1,231
City Court	14,038	165,138	160,288	18,888
Totals	<u>\$ 9,425,631</u>	<u>\$ 13,537,954</u>	<u>\$ 12,592,381</u>	<u>\$ 10,371,204</u>

The accompanying notes are an integral part of the schedules.

CITY OF PORTLAND
NOTES TO SCHEDULE

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water and wastewater utility services, and urban redevelopment and housing.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Rate Ordinance

Water Utility

On May 2, 1995, the City withdrew from the jurisdiction of the Indiana Utility Regulation Commission. The current rate structure was approved on October 18, 2004.

Wastewater Utility

The current rate structure was approved by the City Council on October 15, 2001.

Note 6. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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.

CITY OF PORTLAND
NOTES TO SCHEDULE
(Continued)

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, 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 7. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 8. Long-Term Debt

The City has entered into various debts such as bonds for the Water Utility, a capital lease for a sewer vacuum truck and a capital lease for a fire station. The outstanding principal at December 31, 2005, was \$610,000 and \$41,214, respectively, for the Water Utility and the sewer vacuum truck. The lease for the fire station was paid off in 2005.

CITY OF PORTLAND
EXAMINATION RESULT AND COMMENT

GHOST EMPLOYMENT

On July 21, 2005, the Mayor mandated that all City employees attend the viewing and funeral of the Clerk-Treasurer. The viewing was held the evening of July 22, 2005, and the funeral was held on Saturday, July 23, 2005. All employees were compensated with 1/2 day off on Friday, July 22, 2005.

Indiana Code 35-44-2-4(b) states that "A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony."

CITY OF PORTLAND
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2006, with Linda L. Kennedy, Clerk-Treasurer; and Bruce Hosier, Mayor.