

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

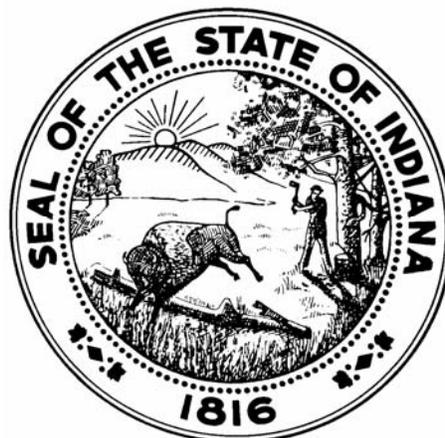
EXAMINATION REPORT

OF

CITY OF PORTLAND

JAY COUNTY, INDIANA

January 1, 2006 to December 31, 2006



**FILED**  
10/03/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda L. Kennedy	08-11-05 to 12-31-07
Mayor	Bruce W. Hosier	01-01-04 to 12-31-07
Judge	Michele R. Pensinger	01-01-04 to 12-31-07
President of the Common Council	Glen Bryant Judith L. Aker	01-01-06 to 12-31-06 01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Portland (City), for the period of January 1, 2006 to December 31, 2006. The City's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 23, 2007

CITY OF PORTLAND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 1,387,384	\$ 2,577,956	\$ 2,764,331	\$ 1,201,009
Motor Vehicle Highway	704,065	857,812	863,311	698,566
Local Road and Street	41,004	25,651	25,633	41,022
Parks and Recreation	207,890	163,060	249,626	121,324
Law Enforcement Continuing Education	19,614	11,904	6,804	24,714
Riverboat	40,590	40,507	-	81,097
Rainy Day	55,587	24,532	-	80,119
Cumulative Capital Improvement	174,417	22,996	-	197,413
Cumulative Capital Development	305,572	94,018	106,820	292,770
Economic Development Income Tax	652,244	271,658	416,424	507,478
Concessions	2,421	5,057	3,693	3,785
Insurance Surplus Nonreverting	206,764	9,114	-	215,878
Parking Meter	34,206	-	-	34,206
Fire Station Loan	5,191	-	5,191	-
Mayor's Golf Outing	-	12,379	12,379	-
Forfeiture and Restitution	4	-	4	-
Trading Card Fund	259	200	388	71
Weiler Building Grant	-	422,207	422,207	-
Portland Forfeiture	-	526	-	526
Revolving Loan	32,226	26,136	10,212	48,150
Bulletproof Vest Program	269	-	-	269
DARE Donation	15,212	4,600	3,438	16,374
Police Dog Donation	15	-	-	15
Smoke Detector Donation	1,604	2,121	1,123	2,602
Local Match Boundary Pike	1,025,000	-	-	1,025,000
Drug Free Community	173	4,539	4,675	37
Sidewalk Reconstruction	47,723	-	32	47,691
Building Demolition	16,029	10,000	-	26,029
Infant Carseat	381	-	298	83
Local Match CF-97-165	19,338	-	19,338	-
Hudson Family Park Donation	25	20,500	-	20,525
Cumulative Capital	161,417	108,068	1,214	268,271
Airport Lighting	5,544	-	5,544	-
Airport Taxi Grant	5,691	-	-	5,691
General Improvement	50,000	-	-	50,000
Park Street Gravity Sewer	-	61,632	-	61,632
Recycling	63,148	96,308	92,278	67,178
Aviation	495,433	131,840	116,108	511,165
Clerk's Record Perpetuation	9,071	4,034	-	13,105
Levy Excess	59,998	41,834	59,998	41,834
Police Criminal Investigation	6,645	-	-	6,645

The accompanying notes are an integral part of the financial information.

CITY OF PORTLAND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2006  
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Water Utility - Operating	535,036	1,383,921	1,336,800	582,157
Water Utility - Bond and Interest	-	417,142	417,142	-
Water Utility - Debt Service Reserve	168,500	-	-	168,500
Water Utility - Customer Deposit	160,955	32,203	23,922	169,236
Water Utility - Improvement	775,052	105,215	17,796	862,471
Wastewater Utility - Operating	955,950	1,568,905	1,369,970	1,154,885
Wastewater Utility - Depreciation	1,064,243	310,305	749,704	624,844
Self-Insurance	253,562	880,310	707,685	426,187
Fiduciary Funds:				
Housing Authority	1,231	17,309	17,798	742
Police Officers' Pension	170,346	48,940	71,925	147,361
Firefighters' Pension	119,372	136,699	136,355	119,716
Payroll	-	2,265,613	2,265,613	-
Unemployment Compensation Nonreverting	34,420	-	-	34,420
Limestone Products Escrow	-	14,079	-	14,079
Pre 1977 Pension Nonreverting	261,126	30,519	-	291,645
Court Costs Due County	-	32,128	32,128	-
User Fee - Court Continuing Education	369	6,117	5,265	1,221
Court Deferral Program	-	11,900	11,900	-
Court Pretrial Diversion	-	853	853	-
City Court	18,888	331,833	304,105	46,616
Totals	<u>\$ 10,371,204</u>	<u>\$ 12,645,180</u>	<u>\$ 12,660,030</u>	<u>\$ 10,356,354</u>

The accompanying notes are an integral part of the financial information.

CITY OF PORTLAND  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City provides the following services: public safety, health and social services, culture and recreation, general administrative services, and water and wastewater utility services.

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. 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.

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.

CITY OF PORTLAND  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. 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 7. Subsequent Event

The City's Redevelopment District issued \$1,910,000 of tax increment revenue bonds on February 1, 2007. The last of the bonds mature in 2028. Interest rates vary from 4.25% to 5.00%. The proceeds are being used to make improvements to the City's industrial park.

Note 8. Loans Receivable

The City makes economic development loans to local businesses. The total outstanding balance of the eleven loans was \$489,305 at December 31, 2006. Payments were received on all loans during 2006. Interest rates vary from 4% to 9%.

CITY OF PORTLAND  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2006

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

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets has not yet occurred.

<u>Primary Government</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>	
Capital assets, not being depreciated:	
Land	\$ 1,132,327
Infrastructure	7,197,386
Buildings	3,741,654
Improvements other than buildings	1,434,220
Machinery and equipment	3,494,213
Construction in progress	<u>1,643,836</u>
<b>Total governmental activities, capital assets not being depreciated</b>	<b><u>\$ 18,643,636</u></b>

<u>Primary Government</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 12,340
Construction in progress	311,131
Buildings	3,154,403
Improvements other than buildings	4,433,716
Machinery and equipment	<u>644,784</u>
<b>Total Water Utility capital assets</b>	<b><u>8,556,374</u></b>

<b>Wastewater Utility:</b>	
Capital assets, not being depreciated:	
Land	76,179
Construction in progress	1,537,637
Buildings	6,340,754
Improvements other than buildings	3,463,968
Machinery and equipment	<u>1,769,340</u>
<b>Total Wastewater Utility capital assets</b>	<b><u>13,187,878</u></b>

<b>Total business-type activities capital assets</b>	<b><u>\$ 21,744,252</u></b>
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**CITY OF SAMPLE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
For The Year Ended December 31, 2006**

The only long-term debt at December 31, 2006, was \$205,000 of Water Utility revenue bonds, all of which were due in 2007. This was payable from business-type activities.

CITY OF PORTLAND  
EXAMINATION RESULTS AND COMMENTS

DEPOSIT OF POLICE DEPARTMENT COLLECTIONS

On 17 separate instances, collections by the Police Department were remitted to the Clerk-Treasurer for deposit 8 to 25 days after receipt.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DEPOSIT OF CITY COURT COLLECTIONS

Collections by the City Court were held at least a week before being deposited on five separate occasions.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CITY OF PORTLAND  
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2007, with Bruce W. Hosier, Mayor; Linda L. Kennedy, Clerk-Treasurer; Michele R. Pensinger, Judge; and Judith L. Aker, President of the Common Council. The officials' responses have been made a part of this report and may be found on pages 12 and 13.



**City of PORTLAND**  
PORTLAND, INDIANA

**Bruce W. Hosier**  
*Mayor*

**Linda L. Kennedy**  
*Clerk-Treasurer*

July 23, 2007

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

In response to the City of Portland Examination Results and Comments.

**Comment:** On seventeen separate instances, collections by the Police Department were not remitted to the Clerk-Treasurer for deposit for from eight to 25 days.

**Response:** Police Chief Sours has been made aware of this situation and has taken steps to be in compliance with IC 5-13-6-1, and deposits have been and continue to be made daily.

Sincerely,

A handwritten signature in cursive script, which appears to read "Linda L. Kennedy".

Linda L. Kennedy  
Clerk-Treasurer

cc: Chief Sours

**PORTLAND CITY COURT**  
1616 N. FRANKLN STREET, SUITE B  
PORTLAND, INDIANA 47371  
MICHELE R. PENSINGER, JUDGE  
260-726-3358

*Indiana State Board of Accounts  
302 W. Washington Street  
Room E418  
Indianapolis, IN 46204*

*June 29, 2007*

*To Whom It May Concern:*

*I am responding to the findings of the Outside Office Exit Conference for the office of Portland City Court. The audit was conducted by Barry Moore. The examination results and comments were collections often not deposited timely. I have expressed to the new clerk that deposits are to be made every day that money is collected. This will correct the problem.*

*Respectfully,*



*Michele R. Pensinger  
Portland City Court Judge*

*cc: Barry Moore*