

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, 2007 to December 31, 2007



FILED
10/07/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda L. Kennedy	08-11-05 to 12-31-11
Mayor	Bruce W. Hosier	01-01-04 to 12-31-11
President of the Common Council	Judith L. Aker William E. Gibson	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2007 to December 31, 2007. 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, 2007, 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

August 19, 2008

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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 1,201,009	\$ 2,920,614	\$ 2,716,183	\$ 1,405,440
Motor Vehicle Highway	698,566	810,684	731,866	777,384
Local Road and Street	41,022	26,204	47,613	19,613
Concessions	3,785	5,282	4,057	5,010
Parks and Recreation	121,324	249,241	146,287	224,278
Economic Development Income Tax	507,478	111,915	223,566	395,827
Insurance Surplus Nonreverting	215,878	11,947	-	227,825
Parking Meter	34,206	-	-	34,206
Mayor's Golf Outing	-	11,540	11,540	-
Law Enforcement Continuing Education	24,714	8,421	11,689	21,446
Forfeiture and Restitution	-	730	730	-
Trading Card	71	-	-	71
Brownfield Grant	-	48,362	48,362	-
Riverboat	81,097	40,590	-	121,687
Weiler Building Grant	-	96,013	96,013	-
Portland Forfeiture	526	30	-	556
TIF 2007 Allocation	-	17,105	-	17,105
TIF Construction	-	1,607,750	1,458,712	149,038
TIF Bond Principal and Interest	-	199,866	8,866	191,000
TIF Debt Service Reserve	-	143,909	43,376	100,533
Premier Ethanol Grant	-	96,033	96,033	-
Revolving Loan	48,150	30,860	8,016	70,994
Bulletproof Vest	269	1,710	717	1,262
DARE Donation	16,374	3,585	3,544	16,415
Police Dog Donation	15	-	-	15
Smoke Detector Donation	2,602	2,985	470	5,117
Local Match Boundary Pike/Wayne Street	1,025,000	-	550,052	474,948
Drug Free Community	37	1,650	1,650	37
Sidewalk Reconstruction	47,691	-	2,759	44,932
Building Demolition	26,029	10,000	9,371	26,658
Infant Car Seat Grant	83	-	-	83
Hudson Family Park	-	1,504	1,320	184
Hudson Family Park Donation	20,525	-	-	20,525
Christmas Party Donation	-	500	500	-
Cumulative Capital Improvement	197,413	22,609	-	220,022
Cumulative Capital Development	292,770	89,608	-	382,378
Cumulative Capital	268,271	111,730	-	380,001
Airport Taxi Grant	5,691	-	-	5,691

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, 2007
(Continued)

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds (continued):				
Airport Runway Grant	-	110,896	110,896	-
Rainy Day	80,119	-	-	80,119
General Improvement	50,000	-	-	50,000
Park Street Gravity Sewer	61,632	4,697	66,329	-
Recycling	67,178	97,972	105,892	59,258
Aviation	511,165	55,868	184,894	382,139
Clerk's Record Perpetuation	13,105	5,500	6,500	12,105
Levy Excess	41,834	-	41,834	-
Police Criminal Investigation	6,645	-	-	6,645
Proprietary Funds:				
Water Utility - Operating	582,157	1,412,529	945,510	1,049,176
Water Utility - Bond and Interest	-	207,614	207,614	-
Water Utility - Debt Service Reserve	168,500	-	168,500	-
Water Utility - Customer Deposit	169,236	31,000	26,434	173,802
Water Utility - Improvement	862,471	105,215	19,052	948,634
Wastewater Utility - Operating	1,154,885	1,612,148	1,512,476	1,254,557
Wastewater Utility - Depreciation	624,844	328,593	169,916	783,521
Self-Insurance	426,187	761,628	426,638	761,177
Fiduciary Funds:				
Housing Authority Payroll	742	15,651	14,508	1,885
LICA Construction Escrow	-	120,033	-	120,033
Unemployment Compensation Nonreverting	34,420	-	-	34,420
Limestone Products Escrow	14,079	8	14,087	-
Payroll	-	2,336,833	2,336,833	-
Fire Pension	119,716	124,928	142,205	102,439
Police Pension	147,361	49,160	73,400	123,121
Pre-1977 Pension Nonreverting	291,645	19,600	-	311,245
Court Costs Due County	-	43,608	43,608	-
Court User Fees	1,221	8,250	7,467	2,004
Court Deferral Program	-	21,123	21,123	-
Court Pretrial Diversion	-	340	340	-
City Court	46,616	396,149	418,203	24,562
Totals	<u>\$ 10,356,354</u>	<u>\$ 14,552,320</u>	<u>\$ 13,287,551</u>	<u>\$ 11,621,123</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 Town provides the following services: public safety, health and social services, culture and recreation, utilities, and general administrative 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.

CITY OF PORTLAND
NOTES TO FINANCIAL INFORMATION
(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 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.

CITY OF PORTLAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2007

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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,129,427
Infrastructure	25,599,599
Buildings	3,779,593
Improvements other than buildings	1,528,290
Machinery and equipment	3,247,746
Construction in progress	2,004,648
Total governmental activities, capital assets not being depreciated	\$ 37,289,303
	Ending Balance
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 12,340
Construction in progress	191,860
Buildings	3,154,403
Improvements other than buildings	4,553,828
Machinery and equipment	662,995
Total Water Utility capital assets	8,575,426
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	76,179
Construction in progress	720,057
Buildings	6,340,754
Improvements other than buildings	4,398,020
Machinery and equipment	1,821,984
Total Wastewater Utility capital assets	13,356,994
Total business-type activities capital assets	\$ 21,932,420

CITY OF PORTLAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
2006 TIF District bonds	\$ 1,910,000	\$ 90,263

CITY OF PORTLAND
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2008, with Linda L. Kennedy, Clerk-Treasurer; Bruce W. Hosier, Mayor; and William E. Gibson, President of the Common Council. Our examination disclosed no material items that warrant comment at this time.