

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

ANNUAL FINANCIAL REPORT

2010

CITY OF PORTLAND

JAY COUNTY, INDIANA



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Randy D. Geesaman	03-01-09 to 12-31-11
Mayor	Bruce W. Hosier	01-01-08 to 12-31-11
President of the Common Council	William E. Gibson	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement of the City of Portland (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 14, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 14, 2011



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302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the City of Portland (City), for the year ended December 31, 2010, and have issued our report thereon dated July 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 14, 2011

FINANCIAL STATEMENT(S)

CITY OF PORTLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 1,602,739	\$ 2,756,768	\$ 2,843,246	\$ 1,516,261
Cash Change and Petty Cash	1,175	-	-	1,175
Motor Vehicle Highway	378,423	834,085	921,463	291,045
Local Road And Street	8,031	23,431	20,000	11,462
Aviation	252,954	187,027	180,960	259,021
Parking Meter	34,206	-	-	34,206
Economic Development Operating	816,968	423,791	483,872	756,887
Building Demolition	46,433	10,000	12,110	44,323
Bulletproof Vest Program	1,262	-	-	1,262
Clerk's Records Perpetuation	15,453	3,038	1,845	16,646
Court Deferral Program	770	8,550	8,880	440
Riverboat Wagering Tax Revenue	148,115	40,283	-	188,398
Drug Free Community	2,373	2,720	2,345	2,748
Parks And Recreation	133,169	255,274	219,394	169,049
User Fee	458	5,760	5,600	618
Court Pretrial Diversion	-	440	330	110
Smoke Detector Donation	4,680	2,750	2,150	5,280
Recycling	54,819	109,838	112,870	51,787
Park Donation	-	459	254	205
Boundary Pike Federal Share	-	76,843	76,843	-
Airport Runway 9/27 Grant	-	41,246	41,246	-
Steen Addition	-	8,698	8,698	-
Rainy Day	144,130	180,678	50,620	274,188
Muhlenkamp Escrow	-	127,602	-	127,602
Airport Improvement Project 3-18-0068-07	-	61,588	61,588	-
Federal Stimulus Grant	-	907,500	907,500	-
Dare Donation	17,280	3,501	3,828	16,953
Levy Excess	-	7,505	-	7,505
TIF 2007 Allocation	262,850	390,664	284,676	368,838
TIF 2007 Construction	104,676	476	89,890	15,262
TIF 2007 Debt Service Reserve	191,000	1,342	-	192,342
Hudson Family Park Donation	20,525	-	5,135	15,390
TIF 2007 Bond Principal and Interest	200,939	265,223	249,629	216,533
LOIT Public Safety	84,040	43,065	-	127,105
Revolving Loans	67,690	25,198	55,018	37,870
Park Concessions	7,143	4,185	3,190	8,138
Mayor's Annual Golf Outing	-	12,538	12,538	-
Police Continuing Education	26,807	6,482	8,682	24,607
Trading Card	71	-	-	71
Portland Forfeiture	1,156	1,008	-	2,164
Fire Department Investigative	861	64,421	63,421	1,861
Sidewalk Reconstruction	27,188	-	-	27,188
Hudson Family Park	184	-	-	184
Redkey City Fines	-	402	317	85
Pre 1977 Pension Non-Reverting	315,568	-	-	315,568
Court Costs Due County	1,652	22,746	22,208	2,190
Insurance Surplus Non-Reverting	860,226	217,755	178,034	899,947
Portland City Court	16,993	238,480	238,149	17,324
Criminal Investigative Funds	4,084	-	300	3,784
Self Insurance	414,701	802,025	825,238	391,488
Bruns Building Escrow	-	168	-	168
Downtown Façade Program	-	70,001	12,354	57,647
Homeland Security Grant	-	3,505	3,505	-
Aviation Fuel	-	52,978	36,733	16,245
LICA Construction Escrow	-	8,563	-	8,563
Cumulative Capital Improvement	168,733	18,847	3,610	183,970
Cumulative Capital Development	556,287	78,876	224,616	410,547
Cumulative Capital	477,188	101,125	108,226	470,087
General Improvement	50,000	-	-	50,000
HUD	696	15,463	15,180	979
Local Match Boundary Pike/Wayne Street	329,647	-	183,211	146,436
Fleming Excavating Escrow	23,171	29,506	52,677	-
Park Project	-	1,652,704	1,455,195	197,509
Police Pension	90,038	64,198	66,984	87,252
Fire Pension	164,113	117,406	130,751	150,768
Payroll	-	2,512,261	2,512,261	-
Wastewater Operating	1,663,622	1,593,298	1,445,085	1,811,835
Wastewater Depreciation	1,143,020	352,597	1,290,437	205,180
Steen Addition Local Match	-	380,501	62,750	317,751
Water Operation and Maintenance	1,809,984	1,351,887	977,655	2,184,216
Waterworks Improvement	909,472	105,215	91,403	923,284
Water Meter Deposits	184,890	23,925	19,581	189,234
Totals	<u>\$ 13,842,653</u>	<u>\$ 16,708,409</u>	<u>\$ 16,694,281</u>	<u>\$ 13,856,781</u>

The notes to the financial statement(s) are an integral part of this statement.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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 which include receipts derived 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).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 may include, but are not limited to, the following uses:

Personal services include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are 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 City may, from time to time, transfer money 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 City. Each fund is used to account for money 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 City. The money 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 City 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.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City 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 City 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 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 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.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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 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 5. *Risk Management*

The City 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 City 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. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. *Pension Plan(s)*

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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:

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF 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

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Portland's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Cash Change and Petty Cash	Motor Vehicle Highway	Local Road And Street	Aviation	Parking Meter	Economic Development Operating
Cash and investments - beginning	\$ 1,602,739	\$ 1,175	\$ 378,423	\$ 8,031	\$ 252,954	\$ 34,206	\$ 816,968
Receipts:							
Taxes	1,362,713	-	585,587	-	145,448	-	-
Licenses and permits	20,269	-	-	-	-	-	-
Intergovernmental	1,141,563	-	240,459	23,431	9,676	-	217,226
Charges for services	131,186	-	5,431	-	29,430	-	-
Fines and forfeits	41,517	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	59,520	-	2,608	-	2,473	-	206,565
Total receipts	<u>2,756,768</u>	<u>-</u>	<u>834,085</u>	<u>23,431</u>	<u>187,027</u>	<u>-</u>	<u>423,791</u>
Disbursements:							
Personal services	1,989,957	-	390,669	-	15,847	-	-
Supplies	75,381	-	38,797	-	744	-	-
Other services and charges	588,847	-	263,384	20,000	101,528	-	283,872
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	178,376	-	228,613	-	22,841	-	200,000
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	10,685	-	-	-	40,000	-	-
Total disbursements	<u>2,843,246</u>	<u>-</u>	<u>921,463</u>	<u>20,000</u>	<u>180,960</u>	<u>-</u>	<u>483,872</u>
Excess (deficiency) of receipts over disbursements	<u>(86,478)</u>	<u>-</u>	<u>(87,378)</u>	<u>3,431</u>	<u>6,067</u>	<u>-</u>	<u>(60,081)</u>
Cash and investments - ending	<u>\$ 1,516,261</u>	<u>\$ 1,175</u>	<u>\$ 291,045</u>	<u>\$ 11,462</u>	<u>\$ 259,021</u>	<u>\$ 34,206</u>	<u>\$ 756,887</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Building Demolition	Bulletproof Vest Program	Clerk's Records Perpetuation	Court Deferral Program	Riverboat Wagering Tax Revenue	Drug Free Community	Parks And Recreation
Cash and investments - beginning	\$ 46,433	\$ 1,262	\$ 15,453	\$ 770	\$ 148,115	\$ 2,373	\$ 133,169
Receipts:							
Taxes	-	-	-	-	-	-	206,700
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	40,283	2,720	13,751
Charges for services	-	-	-	-	-	-	33,831
Fines and forfeits	-	-	3,038	8,550	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	10,000	-	-	-	-	-	992
Total receipts	<u>10,000</u>	<u>-</u>	<u>3,038</u>	<u>8,550</u>	<u>40,283</u>	<u>2,720</u>	<u>255,274</u>
Disbursements:							
Personal services	-	-	-	-	-	-	58,416
Supplies	-	-	-	-	-	-	18,367
Other services and charges	22	-	1,845	-	-	-	41,475
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	12,088	-	-	-	-	2,345	101,136
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	8,880	-	-	-
Total disbursements	<u>12,110</u>	<u>-</u>	<u>1,845</u>	<u>8,880</u>	<u>-</u>	<u>2,345</u>	<u>219,394</u>
Excess (deficiency) of receipts over disbursements	<u>(2,110)</u>	<u>-</u>	<u>1,193</u>	<u>(330)</u>	<u>40,283</u>	<u>375</u>	<u>35,880</u>
Cash and investments - ending	<u>\$ 44,323</u>	<u>\$ 1,262</u>	<u>\$ 16,646</u>	<u>\$ 440</u>	<u>\$ 188,398</u>	<u>\$ 2,748</u>	<u>\$ 169,049</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	User Fee	Court Pretrial Diversion	Smoke Detector Donation	Recycling	Park Donation	Boundary Pike Federal Share	Airport Runway 9/27 Grant
Cash and investments - beginning	\$ 458	\$ -	\$ 4,680	\$ 54,819	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	2,750	12,000	-	76,843	41,246
Charges for services	-	-	-	97,838	-	-	-
Fines and forfeits	5,760	440	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	459	-	-
Total receipts	5,760	440	2,750	109,838	459	76,843	41,246
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	254	-	-
Other services and charges	-	-	2,150	104,832	-	76,843	41,246
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,600	330	-	8,038	-	-	-
Total disbursements	5,600	330	2,150	112,870	254	76,843	41,246
Excess (deficiency) of receipts over disbursements	160	110	600	(3,032)	205	-	-
Cash and investments - ending	\$ 618	\$ 110	\$ 5,280	\$ 51,787	\$ 205	\$ -	\$ -

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Steen Addition	Rainy Day	Muhlenkamp Escrow	Airport Improvement Project 3-18-0068-07	Federal Stimulus Grant	Dare Donation	Levy Excess
Cash and investments - beginning	\$ -	\$ 144,130	\$ -	\$ -	\$ -	\$ 17,280	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	7,505
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	8,698	180,678	-	61,588	877,500	3,501	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	127,602	-	30,000	-	-
Total receipts	<u>8,698</u>	<u>180,678</u>	<u>127,602</u>	<u>61,588</u>	<u>907,500</u>	<u>3,501</u>	<u>7,505</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	10,916	-	61,588	-	391	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,698	39,704	-	-	907,500	3,437	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>8,698</u>	<u>50,620</u>	<u>-</u>	<u>61,588</u>	<u>907,500</u>	<u>3,828</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>130,058</u>	<u>127,602</u>	<u>-</u>	<u>-</u>	<u>(327)</u>	<u>7,505</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 274,188</u>	<u>\$ 127,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,953</u>	<u>\$ 7,505</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	TIF 2007 Allocation	TIF 2007 Construction	TIF 2007 Debt Service Reserve	Hudson Family Park Donation	TIF 2007 Bond Principal and Interest	LOIT Public Safety	Revolving Loans
Cash and investments - beginning	\$ 262,850	\$ 104,676	\$ 191,000	\$ 20,525	\$ 200,939	\$ 84,040	\$ 67,690
Receipts:							
Taxes	258,695	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	43,065	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	131,969	476	1,342	-	265,223	-	25,198
Total receipts	<u>390,664</u>	<u>476</u>	<u>1,342</u>	<u>-</u>	<u>265,223</u>	<u>43,065</u>	<u>25,198</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	18
Other services and charges	1,680	39,890	-	5,135	-	-	55,000
Debt service - principal and interest	-	-	-	-	118,463	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	282,996	50,000	-	-	131,166	-	-
Total disbursements	<u>284,676</u>	<u>89,890</u>	<u>-</u>	<u>5,135</u>	<u>249,629</u>	<u>-</u>	<u>55,018</u>
Excess (deficiency) of receipts over disbursements	<u>105,988</u>	<u>(89,414)</u>	<u>1,342</u>	<u>(5,135)</u>	<u>15,594</u>	<u>43,065</u>	<u>(29,820)</u>
Cash and investments - ending	<u>\$ 368,838</u>	<u>\$ 15,262</u>	<u>\$ 192,342</u>	<u>\$ 15,390</u>	<u>\$ 216,533</u>	<u>\$ 127,105</u>	<u>\$ 37,870</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Park Concessions	Mayor's Annual Golf Outing	Police Continuing Education	Trading Card	Portland Forfeiture	Fire Department Investigative	Sidewalk Reconstruction
Cash and investments - beginning	\$ 7,143	\$ -	\$ 26,807	\$ 71	\$ 1,156	\$ 861	\$ 27,188
Receipts:							
Taxes	278	-	-	-	-	-	-
Licenses and permits	-	-	1,690	-	-	-	-
Intergovernmental	-	-	-	-	-	64,346	-
Charges for services	3,907	-	2,083	-	-	-	-
Fines and forfeits	-	-	1,997	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	12,538	712	-	1,008	75	-
Total receipts	<u>4,185</u>	<u>12,538</u>	<u>6,482</u>	<u>-</u>	<u>1,008</u>	<u>64,421</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	1,800	-
Other services and charges	3,190	12,538	2,325	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	6,357	-	-	61,621	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>3,190</u>	<u>12,538</u>	<u>8,682</u>	<u>-</u>	<u>-</u>	<u>63,421</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>995</u>	<u>-</u>	<u>(2,200)</u>	<u>-</u>	<u>1,008</u>	<u>1,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 8,138</u>	<u>\$ -</u>	<u>\$ 24,607</u>	<u>\$ 71</u>	<u>\$ 2,164</u>	<u>\$ 1,861</u>	<u>\$ 27,188</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Hudson Family Park	Redkey City Fines	Pre 1977 Pension Non-Reverting	Court Costs Due County	Insurance Surplus Non-Reverting	Portland City Court	Criminal Investigative Funds
Cash and investments - beginning	\$ 184	\$ -	\$ 315,568	\$ 1,652	\$ 860,226	\$ 16,993	\$ 4,084
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	402	-	22,746	-	238,480	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	217,755	-	-
Total receipts	-	402	-	22,746	217,755	238,480	-
Disbursements:							
Personal services	-	-	-	-	169,974	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	8,060	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	317	-	22,208	-	238,149	300
Total disbursements	-	317	-	22,208	178,034	238,149	300
Excess (deficiency) of receipts over disbursements	-	85	-	538	39,721	331	(300)
Cash and investments - ending	\$ 184	\$ 85	\$ 315,568	\$ 2,190	\$ 899,947	\$ 17,324	\$ 3,784

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Self Insurance	Bruns Building Escrow	Downtown Facade Program	Homeland Security Grant	Aviation Fuel	LICA Construction Escrow
Cash and investments - beginning	\$ 414,701	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	847	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	3,505	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	802,025	168	70,001	-	52,131	8,563
Total receipts	<u>802,025</u>	<u>168</u>	<u>70,001</u>	<u>3,505</u>	<u>52,978</u>	<u>8,563</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	35,283	-
Other services and charges	-	-	12,354	-	820	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	3,505	630	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	825,238	-	-	-	-	-
Total disbursements	<u>825,238</u>	<u>-</u>	<u>12,354</u>	<u>3,505</u>	<u>36,733</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(23,213)</u>	<u>168</u>	<u>57,647</u>	<u>-</u>	<u>16,245</u>	<u>8,563</u>
Cash and investments - ending	<u>\$ 391,488</u>	<u>\$ 168</u>	<u>\$ 57,647</u>	<u>\$ -</u>	<u>\$ 16,245</u>	<u>\$ 8,563</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Cumulative Capital	General Improvement	HUD	Local Match Boundary Pike/Wayne Street
Cash and investments - beginning	\$ 168,733	\$ 556,287	\$ 477,188	\$ 50,000	\$ 696	\$ 329,647
Receipts:						
Taxes	-	73,955	94,816	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	18,847	4,921	6,309	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	15,463	-
Total receipts	<u>18,847</u>	<u>78,876</u>	<u>101,125</u>	<u>-</u>	<u>15,463</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	15,180	-
Supplies	-	-	-	-	-	-
Other services and charges	3,610	224,616	108,226	-	-	183,211
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,610</u>	<u>224,616</u>	<u>108,226</u>	<u>-</u>	<u>15,180</u>	<u>183,211</u>
Excess (deficiency) of receipts over disbursements	<u>15,237</u>	<u>(145,740)</u>	<u>(7,101)</u>	<u>-</u>	<u>283</u>	<u>(183,211)</u>
Cash and investments - ending	<u>\$ 183,970</u>	<u>\$ 410,547</u>	<u>\$ 470,087</u>	<u>\$ 50,000</u>	<u>\$ 979</u>	<u>\$ 146,436</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fleming Excavating Escrow	Park Project	Police Pension	Fire Pension	Payroll	Wastewater Operating
Cash and investments - beginning	\$ 23,171	\$ -	\$ 90,038	\$ 164,113	\$ -	\$ 1,663,622
Receipts:						
Taxes	-	-	-	65,731	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	63,639	50,686	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	1,385,106
Other receipts	29,506	1,652,704	559	989	2,512,261	208,192
Total receipts	<u>29,506</u>	<u>1,652,704</u>	<u>64,198</u>	<u>117,406</u>	<u>2,512,261</u>	<u>1,593,298</u>
Disbursements:						
Personal services	-	-	66,884	130,126	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,455,195	100	625	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	83,608
Utility operating expenses	-	-	-	-	-	928,067
Other disbursements	52,677	-	-	-	2,512,261	433,410
Total disbursements	<u>52,677</u>	<u>1,455,195</u>	<u>66,984</u>	<u>130,751</u>	<u>2,512,261</u>	<u>1,445,085</u>
Excess (deficiency) of receipts over disbursements	<u>(23,171)</u>	<u>197,509</u>	<u>(2,786)</u>	<u>(13,345)</u>	<u>-</u>	<u>148,213</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 197,509</u>	<u>\$ 87,252</u>	<u>\$ 150,768</u>	<u>\$ -</u>	<u>\$ 1,811,835</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Depreciation	Steen Addition Local Match	Water Operation and Maintenance	Waterworks Improvement	Water Meter Deposits	Totals
Cash and investments - beginning	\$ 1,143,020	\$ -	\$ 1,809,984	\$ 909,472	\$ 184,890	\$ 13,842,653
Receipts:						
Taxes	-	-	-	-	-	2,802,275
Licenses and permits	-	-	-	-	-	21,959
Intergovernmental	-	-	-	-	-	3,209,231
Charges for services	-	-	-	-	-	303,706
Fines and forfeits	-	-	-	-	-	322,930
Utility fees	-	-	1,298,166	-	-	2,683,272
Other receipts	352,597	380,501	53,721	105,215	23,925	7,365,036
Total receipts	352,597	380,501	1,351,887	105,215	23,925	16,708,409
Disbursements:						
Personal services	-	-	-	-	-	2,837,053
Supplies	-	-	-	-	-	170,644
Other services and charges	-	-	-	-	-	3,715,514
Debt service - principal and interest	-	-	-	-	-	118,463
Capital outlay	909,937	62,582	167,206	41,138	-	3,041,322
Utility operating expenses	-	-	562,948	-	19,581	1,510,596
Other disbursements	380,500	168	247,501	50,265	-	5,300,689
Total disbursements	1,290,437	62,750	977,655	91,403	19,581	16,694,281
Excess (deficiency) of receipts over disbursements	(937,840)	317,751	374,232	13,812	4,344	14,128
Cash and investments - ending	\$ 205,180	\$ 317,751	\$ 2,184,216	\$ 923,284	\$ 189,234	\$ 13,856,781

CITY OF PORTLAND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,157,676
Infrastructure	27,466,437
Buildings	4,077,806
Improvements other than buildings	2,036,109
Machinery and equipment	3,905,913
Construction in progress	<u>3,747,015</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 42,390,956</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 12,340
Buildings	3,154,403
Improvements other than buildings	4,994,011
Machinery and equipment	<u>745,667</u>
 Total Water Utility capital assets	 <u>8,906,421</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	76,179
Construction in progress	909,994
Buildings	6,340,754
Improvements other than buildings	5,724,159
Machinery and equipment	<u>2,028,883</u>
 Total Wastewater Utility capital assets	 <u>15,079,969</u>
 Total business-type activities capital assets	 <u>\$ 23,986,390</u>

CITY OF PORTLAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan payable	\$ 121,021	\$ 66,821
Bonds payable:		
Park and Recreation District	1,670,000	65,816
Tax Increment Revenue, Series A	1,290,000	60,338
Tax Increment Revenue, Series B	<u>565,000</u>	<u>66,550</u>
Total governmental activities debt	<u>\$ 3,646,021</u>	<u>\$ 259,525</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Portland (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2010. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 14, 2011

CITY OF PORTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	DR2-09-065 CF-10-120	\$ 847,500 <u>8,698</u>
Total for federal grantor agency			<u>856,198</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant Airport Improvement Program	20.106	3-18-0068-06 3-18-0068-07	41,246 <u>61,588</u>
Total for federal grantor agency			<u>102,834</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development ARRA - State Energy Program	81.041	10-APE-004	<u>41,866</u>
Total for federal grantor agency			<u>41,866</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2009-FO-05444	<u>56,871</u>
Total for federal grantor agency			<u>56,871</u>
Total federal awards expended			<u>\$ 1,057,769</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF PORTLAND
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Portland and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

_____ Name of Federal Program or Cluster
CDBG - State Administered Small Cities Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF PORTLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF PORTLAND
EXIT CONFERENCE

The contents of this report were discussed on July 14, 2011, with Randy D. Geesaman, Clerk-Treasurer; Bruce W. Hosier, Mayor; and William E. Gibson, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.