

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF PORTAGE
PORTER COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
09/27/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Pappas	01-01-08 to 12-31-11
Mayor	Olga Velazquez	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Olga Velazquez	01-01-08 to 12-31-11
President of the Common Council	Richard Turnak Edward Gottschling	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Storm Water Management Board	Vernon Cunningham	01-01-10 to 12-31-11
President of the Port Authority	Allen Ekdahl	01-01-10 to 12-31-11
President of the Water Reclamation Board	Olga Velazquez	01-01-08 to 12-31-11
Superintendent of the Water Reclamation Field Division	Robert Dixon	01-01-10 to 12-31-11
Superintendent of the Water Treatment Plant	Donald Slawnikowski	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF PORTAGE, PORTER COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Portage (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 September 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 FINANCIAL STATEMENTS
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 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 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.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, Board of Public Works and Safety, Storm Water Management Board, Water Reclamation Board, Port Authority Board, 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

September 14, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF PORTAGE, PORTER COUNTY, INDIANA

We have audited the financial statement of the City of Portage (City), for the year ended December 31, 2010, and have issued our report thereon dated September 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 FINANCIAL STATEMENTS
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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, Board of Public Works and Safety, Storm Water Management Board, Water Reclamation Board, Port Authority Board, 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

September 14, 2011

FINANCIAL STATEMENT

The financial statement and accompanying notes were prepared by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF PORTAGE
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 Fund	\$ 403,383	\$ 19,851,620	\$ 19,983,782	\$ 271,221
Mvh-Street Fund	193,270	2,826,792	2,993,727	26,335
Local Road And Street Fund	285,107	424,262	579,853	129,516
Park Non-Reverting Operating	130,302	503,237	473,540	159,999
Gift Fund	47,723	43,661	24,727	66,657
Economic Development	825	-	-	825
New Police Continuing Education	40,337	58,668	43,217	55,788
Unsafe Building	20,353	32,900	1,360	51,893
Riverboat	619	209,619	209,000	1,238
Drain Maintenance	150,028	-	97,620	52,408
Park And Recreation Fund	32,227	1,612,677	1,586,681	58,223
Grant Fund	259,901	1,079,489	1,218,723	120,667
Cable Tv Franchise Fund	72,825	361,636	331,077	103,384
Marina Shores Bond	-	21,963	21,963	-
Rainy Day	3,770	1,746,013	1,695,861	53,922
Emergency Response	466	-	-	466
Levy Excess Fund	-	47,064	-	47,064
2006 Ameriplex Debt Service	1,306,875	499	488	1,306,886
Redev: Allocat Area	5,214,109	6,353,675	3,071,708	8,496,076
1993 Lease Debt Service	201,666	22	-	201,688
2002 Tif Bond Series A	2,093	-	-	2,093
2002 Tif Bond Series B	1,304	-	-	1,304
1993 Lease Oper/Reserve	159,507	13,749	509	172,747
Major Moves Construction	211,611	685,328	237,705	659,234
Recovery Bond 2010	-	5,071,745	-	5,071,745
1993 Lease Redempt Acc'T	130,654	15	-	130,669
2008 Tif Bond	389,834	967	30,534	360,267
2006 Ameriplex Bond	563,092	1,730,833	1,712,546	581,379
Marina Operation Fund	203,955	371,710	528,183	47,482
Economic Improvement	-	12,623	7,288	5,335
Port Authority	144,103	29,766	10,188	163,681
Bond Redemption Fund	700,907	1,641,173	1,474,942	867,138
Corporation Bond (Sinking)	2,854	-	2,854	-
1993 Lease Sinking Acc'T	113,398	207,008	206,703	113,703
General Obligation Bond	20,098	-	20,098	-
Edit Bond	553,456	250,000	432,703	370,753
Recovery Bond Debt Reserve	-	570,500	-	570,500
Cum. Capital Improvement	17,244	848,075	450,000	415,319
Cum. Capital Development	227,344	1,191,218	1,286,256	132,306
Park Nr Capital	9,358	185,085	101,021	93,422
Sidewalk Waiver Fund	65,879	14,766	38,135	42,510
Redev: General	798,981	262,688	150,960	910,709
Storm Water Const. Bond	1,903	-	-	1,903
2004 Park Bond	185	-	141	44
Thoroughfare Bond (Proceeds)	620	-	620	-
P&Rnr Impact Fee	87,500	7,700	27,205	67,995
1998 Storm Water Bond	12,650	-	7,290	5,360
Cum. Bldg. & Cap. Imp.	11,020	-	-	11,020
Construction Site	-	359,032	76,502	282,530
Economic Dev Income Tax	12,985	3,256,984	3,054,769	215,200
Storm Water Mnt	26,893	-	-	26,893
Marina Development Fund	75,000	-	75,000	-
Police Pension Fund	103,494	780,860	796,216	88,138
Fire Pension Fund	171,658	548,499	589,773	130,384
Withholding Fund	156,796	3,828,928	3,827,970	157,754
Emp Med Ben Plan	77,140	4,572,775	4,612,742	37,173
Cum Liab/Physical Dam Res	245,085	1,190,048	1,382,600	52,533
Stormwater Operating	282,896	2,086,029	2,097,443	271,482
Stormwater Construction	-	15,453,232	2,469,536	12,983,696
Wastewater Cash Operating	313,258	3,700,486	3,836,922	176,822
Wastewater Bond And Interest	187,955	599,251	591,955	195,251
Wastewater Capital Improvement	289,528	1,050,595	887,616	452,507
Wastewater Revenue Fund	1,916,827	25,633,517	26,600,146	950,198
Wastewater Lift Station Fund	986,299	1,334	-	987,633
Wastewater Petty Cash	1,147	-	347	800
Wastewater Medical Benefit Fund	24,534	389,225	391,019	22,740
Wastewater Debt Serv. Reserve Fund	1,170,584	739,099	-	1,909,683
Totals	<u>\$ 18,835,415</u>	<u>\$ 112,458,640</u>	<u>\$ 90,349,764</u>	<u>\$ 40,944,291</u>

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

CITY OF PORTAGE
NOTES TO FINANCIAL INFORMATION

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 presents 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.

License and permits which includes amounts received from businesses, occupations, or non-businesses 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 license 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 PORTAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is 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, recycling fees, dog pound fees; emergency medical service fees, park rental fees; ordinance violations; fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes 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).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

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

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

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 which includes 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 includes 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 includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

CITY OF PORTAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

Debt service principle and interest which includes 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.

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

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

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

CITY OF PORTAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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 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.

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 Plans

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.

CITY OF PORTAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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 IC 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.

CITY OF PORTAGE
NOTES TO FINANCIAL INFORMATION
(Continued)

On Behalf Payments

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

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's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the City. It is presented as intended by the City.

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

	General Fund	Mvh-Street Fund	Local Road And Street Fund	Park Non-Reverting Operating	Gift Fund	Economic Development	New Police Continuing Education
Cash and investments - beginning	\$ 403,383	\$ 193,270	\$ 285,107	\$ 130,302	\$ 47,723	\$ 825	\$ 40,337
Receipts:							
Taxes	8,646,676	798,999	-	-	-	-	-
Licenses and permits	199,466	2,880	-	-	-	-	19,425
Intergovernmental	1,130,808	992,037	324,262	-	-	-	-
Charges for services	2,932,693	-	-	44,173	-	-	12,915
Fines and forfeits	92,058	-	-	-	-	-	10,854
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>6,849,919</u>	<u>1,032,876</u>	<u>100,000</u>	<u>459,064</u>	<u>43,661</u>	<u>-</u>	<u>15,474</u>
Total receipts	<u>19,851,620</u>	<u>2,826,792</u>	<u>424,262</u>	<u>503,237</u>	<u>43,661</u>	<u>-</u>	<u>58,668</u>
Disbursements:							
Personal services	11,107,688	1,791,989	-	-	-	-	-
Supplies	389,274	365,338	449,413	-	-	-	-
Other services and charges	1,253,321	208,220	80,440	-	-	-	23,092
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	12,000	-	-	-	-	-	20,125
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>7,221,499</u>	<u>628,180</u>	<u>50,000</u>	<u>473,540</u>	<u>24,727</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>19,983,782</u>	<u>2,993,727</u>	<u>579,853</u>	<u>473,540</u>	<u>24,727</u>	<u>-</u>	<u>43,217</u>
Excess (deficiency) of receipts over disbursements	<u>(132,162)</u>	<u>(166,935)</u>	<u>(155,591)</u>	<u>29,697</u>	<u>18,934</u>	<u>-</u>	<u>15,451</u>
Cash and investments - ending	<u>\$ 271,221</u>	<u>\$ 26,335</u>	<u>\$ 129,516</u>	<u>\$ 159,999</u>	<u>\$ 66,657</u>	<u>\$ 825</u>	<u>\$ 55,788</u>

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

	Unsafe Building	Riverboat	Drain Maintenance	Park And Recreation Fund	Grant Fund	Cable TV Franchise Fund	Marina Shores Bond
Cash and investments - beginning	\$ 20,353	\$ 619	\$ 150,028	\$ 32,227	\$ 259,901	\$ 72,825	\$ -
Receipts:							
Taxes	-	-	-	986,255	-	-	21,963
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	96,751	1,079,489	-	-
Charges for services	-	-	-	-	-	361,636	-
Fines and forfeits	32,900	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	209,619	-	529,671	-	-	-
Total receipts	<u>32,900</u>	<u>209,619</u>	<u>-</u>	<u>1,612,677</u>	<u>1,079,489</u>	<u>361,636</u>	<u>21,963</u>
Disbursements:							
Personal services	-	-	-	763,956	-	-	-
Supplies	-	-	-	95,678	-	78,337	-
Other services and charges	1,360	209,000	97,620	238,265	-	246,693	21,963
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	5,136	-	6,047	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	483,646	1,218,723	-	-
Total disbursements	<u>1,360</u>	<u>209,000</u>	<u>97,620</u>	<u>1,586,681</u>	<u>1,218,723</u>	<u>331,077</u>	<u>21,963</u>
Excess (deficiency) of receipts over disbursements	<u>31,540</u>	<u>619</u>	<u>(97,620)</u>	<u>25,996</u>	<u>(139,234)</u>	<u>30,559</u>	<u>-</u>
Cash and investments - ending	<u>\$ 51,893</u>	<u>\$ 1,238</u>	<u>\$ 52,408</u>	<u>\$ 58,223</u>	<u>\$ 120,667</u>	<u>\$ 103,384</u>	<u>\$ -</u>

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

	Rainy Day	Emergency Response	Levy Excess Fund	2006 Ameriplex Debt Service	Redev: Allocat Area	1993 Lease Debt Service
Cash and investments - beginning	\$ 3,770	\$ 466	\$ -	\$ 1,306,875	\$ 5,214,109	\$ 201,666
Receipts:						
Taxes	-	-	47,064	-	6,353,675	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,746,013	-	-	499	-	22
Total receipts	<u>1,746,013</u>	<u>-</u>	<u>47,064</u>	<u>499</u>	<u>6,353,675</u>	<u>22</u>
Disbursements:						
Personal services	182,120	-	-	-	37,386	-
Supplies	178,310	-	-	-	-	-
Other services and charges	1,135,431	-	-	488	2,654,091	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	380,231	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	200,000	-	-	-	-	-
Total disbursements	<u>1,695,861</u>	<u>-</u>	<u>-</u>	<u>488</u>	<u>3,071,708</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>50,152</u>	<u>-</u>	<u>47,064</u>	<u>11</u>	<u>3,281,967</u>	<u>22</u>
Cash and investments - ending	<u>\$ 53,922</u>	<u>\$ 466</u>	<u>\$ 47,064</u>	<u>\$ 1,306,886</u>	<u>\$ 8,496,076</u>	<u>\$ 201,688</u>

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

	2002 Tif Bond Series A	2002 Tif Bond Series B	1993 Lease Oper/Reserve	Major Moves Construction	Recovery Bond 2010	1993 Lease Redempt Acc't
Cash and investments - beginning	\$ 2,093	\$ 1,304	\$ 159,507	\$ 211,611	\$ -	\$ 130,654
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	13,749	685,328	5,071,745	15
Total receipts	-	-	13,749	685,328	5,071,745	15
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	509	237,705	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	509	237,705	-	-
Excess (deficiency) of receipts over disbursements	-	-	13,240	447,623	5,071,745	15
Cash and investments - ending	\$ 2,093	\$ 1,304	\$ 172,747	\$ 659,234	\$ 5,071,745	\$ 130,669

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

	2008 Tif Bond	2006 Ameri- plex Bond	Marina Opera- tion Fund	Economic Improvement	Port Authority	Bond Redemption Fund
Cash and investments - beginning	\$ 389,834	\$ 563,092	\$ 203,955	\$ -	\$ 144,103	\$ 700,907
Receipts:						
Taxes	-	-	471	12,623	17,582	1,408,683
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	139,587
Charges for services	-	-	308,523	-	12,184	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	967	1,730,833	62,716	-	-	92,903
Total receipts	<u>967</u>	<u>1,730,833</u>	<u>371,710</u>	<u>12,623</u>	<u>29,766</u>	<u>1,641,173</u>
Disbursements:						
Personal services	-	-	528,183	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	30,534	1,712,546	-	7,288	10,188	1,385,942
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	89,000
Total disbursements	<u>30,534</u>	<u>1,712,546</u>	<u>528,183</u>	<u>7,288</u>	<u>10,188</u>	<u>1,474,942</u>
Excess (deficiency) of receipts over disbursements	<u>(29,567)</u>	<u>18,287</u>	<u>(156,473)</u>	<u>5,335</u>	<u>19,578</u>	<u>166,231</u>
Cash and investments - ending	<u>\$ 360,267</u>	<u>\$ 581,379</u>	<u>\$ 47,482</u>	<u>\$ 5,335</u>	<u>\$ 163,681</u>	<u>\$ 867,138</u>

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

	Corporation Bond (Sinking)	1993 Lease Sinking Acc't	General Obligation Bond	Edit Bond	Recovery Bond Debt Reserve	Cum. Capital Improvement
Cash and investments - beginning	\$ 2,854	\$ 113,398	\$ 20,098	\$ 553,456	\$ -	\$ 17,244
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	98,075
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	207,008	-	250,000	570,500	750,000
Total receipts	-	207,008	-	250,000	570,500	848,075
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	20,098	-	-	-
Other services and charges	-	206,703	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,854	-	-	182,703	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	250,000	-	450,000
Total disbursements	2,854	206,703	20,098	432,703	-	450,000
Excess (deficiency) of receipts over disbursements	(2,854)	305	(20,098)	(182,703)	570,500	398,075
Cash and investments - ending	\$ -	\$ 113,703	\$ -	\$ 370,753	\$ 570,500	\$ 415,319

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

	Cum. Capital Development	Park Nr Capital	Sidewalk Waiver Fund	Redev: General	Storm Water Const. Bond	2004 Park Bond
Cash and investments - beginning	\$ 227,344	\$ 9,358	\$ 65,879	\$ 798,981	\$ 1,903	\$ 185
Receipts:						
Taxes	299,625	-	14,766	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	29,690	-	-	-	-	-
Charges for services	-	75,002	-	257,994	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>861,903</u>	<u>110,083</u>	<u>-</u>	<u>4,694</u>	<u>-</u>	<u>-</u>
Total receipts	<u>1,191,218</u>	<u>185,085</u>	<u>14,766</u>	<u>262,688</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	19,779	-	-
Supplies	-	-	-	871	-	-
Other services and charges	19,186	8,718	-	126,953	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	910,206	62,303	38,135	3,357	-	141
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>356,864</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,286,256</u>	<u>101,021</u>	<u>38,135</u>	<u>150,960</u>	<u>-</u>	<u>141</u>
Excess (deficiency) of receipts over disbursements	<u>(95,038)</u>	<u>84,064</u>	<u>(23,369)</u>	<u>111,728</u>	<u>-</u>	<u>(141)</u>
Cash and investments - ending	<u>\$ 132,306</u>	<u>\$ 93,422</u>	<u>\$ 42,510</u>	<u>\$ 910,709</u>	<u>\$ 1,903</u>	<u>\$ 44</u>

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

	Thoroughfare Bond (Proceeds)	P&Rnr Impact Fee	1998 Storm Water Bond	Cum. Bldg. And Cap. Imp.	Construction Site	Economic Dev Income Tax
Cash and investments - beginning	\$ 620	\$ 87,500	\$ 12,650	\$ 11,020	\$ -	\$ 12,985
Receipts:						
Taxes	-	7,700	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,464,770
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	359,032	792,214
Total receipts	<u>-</u>	<u>7,700</u>	<u>-</u>	<u>-</u>	<u>359,032</u>	<u>3,256,984</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	107,532
Other services and charges	-	-	7,290	-	76,502	2,065,677
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	620	27,205	-	-	-	206,560
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	675,000
Total disbursements	<u>620</u>	<u>27,205</u>	<u>7,290</u>	<u>-</u>	<u>76,502</u>	<u>3,054,769</u>
Excess (deficiency) of receipts over disbursements	<u>(620)</u>	<u>(19,505)</u>	<u>(7,290)</u>	<u>-</u>	<u>282,530</u>	<u>202,215</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 67,995</u>	<u>\$ 5,360</u>	<u>\$ 11,020</u>	<u>\$ 282,530</u>	<u>\$ 215,200</u>

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

	Storm Water Mnt	Marina Development Fund	Police Pension Fund	Fire Pension Fund	Withholding Fund	Emp Med Ben Plan
Cash and investments - beginning	\$ 26,893	\$ 75,000	\$ 103,494	\$ 171,658	\$ 156,796	\$ 77,140
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	505,860	473,499	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	275,000	75,000	3,828,928	4,572,775
Total receipts	-	-	780,860	548,499	3,828,928	4,572,775
Disbursements:						
Personal services	-	-	545,541	514,088	3,827,970	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	675	685	-	2,449,984
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	75,000	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	250,000	75,000	-	2,162,758
Total disbursements	-	75,000	796,216	589,773	3,827,970	4,612,742
Excess (deficiency) of receipts over disbursements	-	(75,000)	(15,356)	(41,274)	958	(39,967)
Cash and investments - ending	\$ 26,893	\$ -	\$ 88,138	\$ 130,384	\$ 157,754	\$ 37,173

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

	Cum Liab/Physical Dam Res	Stormwater Operating	Stormwater Construction	Wastewater Cash Operating	Wastewater Bond And Interest	Wastewater Capital Improvement
Cash and investments - beginning	\$ 245,085	\$ 282,896	\$ -	\$ 313,258	\$ 187,955	\$ 289,528
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,190,048	2,086,029	15,453,232	3,700,486	599,251	1,050,595
Total receipts	1,190,048	2,086,029	15,453,232	3,700,486	599,251	1,050,595
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	700,000	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	591,930	-
Capital outlay	-	1,114,814	1,351,028	164,315	-	834,122
Utility operating expenses	-	821,555	-	3,025,537	-	-
Other disbursements	682,600	161,074	1,118,508	647,070	25	53,494
Total disbursements	1,382,600	2,097,443	2,469,536	3,836,922	591,955	887,616
Excess (deficiency) of receipts over disbursements	(192,552)	(11,414)	12,983,696	(136,436)	7,296	162,979
Cash and investments - ending	\$ 52,533	\$ 271,482	\$ 12,983,696	\$ 176,822	\$ 195,251	\$ 452,507

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

	Wastewater Revenue Fund	Wastewater Lift Station Fund	Wastewater Petty Cash	Wastewater Medical Benefit Fund	Wastewater Debt Service Reserve Fund	Totals
Cash and investments - beginning	\$ 1,916,827	\$ 986,299	\$ 1,147	\$ 24,534	\$ 1,170,584	\$ 18,835,415
Receipts:						
Taxes	-	-	-	-	-	18,616,082
Licenses and permits	-	-	-	-	-	221,771
Intergovernmental	-	-	-	-	-	7,334,828
Charges for services	-	-	-	-	-	4,005,120
Fines and forfeits	-	-	-	-	-	135,812
Utility fees	8,893,392	-	-	-	-	8,893,392
Other receipts	<u>16,740,125</u>	<u>1,334</u>	<u>-</u>	<u>389,225</u>	<u>739,099</u>	<u>73,251,635</u>
Total receipts	<u>25,633,517</u>	<u>1,334</u>	<u>-</u>	<u>389,225</u>	<u>739,099</u>	<u>112,458,640</u>
Disbursements:						
Personal services	-	-	-	-	-	19,318,700
Supplies	-	-	-	-	-	1,684,851
Other services and charges	-	-	-	-	-	15,217,069
Debt service - principal and interest	871,129	-	-	-	-	1,463,059
Capital outlay	-	-	-	-	-	5,396,902
Utility operating expenses	338	-	-	390,659	-	4,238,089
Other disbursements	<u>25,728,679</u>	<u>-</u>	<u>347</u>	<u>360</u>	<u>-</u>	<u>43,031,094</u>
Total disbursements	<u>26,600,146</u>	<u>-</u>	<u>347</u>	<u>391,019</u>	<u>-</u>	<u>90,349,764</u>
Excess (deficiency) of receipts over disbursements	<u>(966,629)</u>	<u>1,334</u>	<u>(347)</u>	<u>(1,794)</u>	<u>739,099</u>	<u>22,108,876</u>
Cash and investments - ending	<u>\$ 950,198</u>	<u>\$ 987,633</u>	<u>\$ 800</u>	<u>\$ 22,740</u>	<u>\$ 1,909,683</u>	<u>\$ 40,944,291</u>

CITY OF PORTAGE
 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.

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 66,037,499
Infrastructure	51,989,886
Buildings	9,683,451
Improvements other than buildings	7,646,196
Machinery and equipment	<u>13,879,826</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 149,236,858</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 907,261
Buildings	2,578,393
Plant	15,303,718
Improvements other than buildings	25,090,255
Machinery and equipment	8,947,372
Furniture and fixtures	188,102
Construction in Progress	<u>1,464,526</u>
Total business-type activities capital assets	<u>\$ 54,479,627</u>

CITY OF PORTAGE
 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:		
Capital leases:		
2006 Pontiac Montana	\$ 3,677	\$ 3,908
2006 Street equipment	91,999	93,813
2006 Fire equipment	250,946	131,793
Bonds payable:		
General obligation bonds:		
1996 Storm water bond	1,260,000	249,440
1998 Storm water bond	1,985,000	235,249
2004 Park bond	1,960,000	433,313
Revenue bonds:		
1993 Redevelopment bond	680,000	193,410
2005 EDIT bond	4,945,000	585,113
2006 Marina bond	301,000	59,704
2006 Economic redevelopment bond	15,040,000	1,174,638
2008 Refunding TIF	7,840,000	889,474
2010 Tax increment revenue bonds	<u>5,705,000</u>	<u>269,831</u>
Total governmental activities debt	<u>\$ 40,062,622</u>	<u>\$ 4,319,686</u>
Business-type activities:		
Wastewater Utility:		
Notes and loans payable:		
State revolving loan payable	\$ 7,030,000	\$ 1,155,590
Revenue bonds:		
2010 Water Reclamation Revenue Bonds	<u>16,500,000</u>	<u>741,698</u>
Total Wastewater Utility	<u>\$ 23,530,000</u>	<u>\$ 1,897,288</u>

CITY OF PORTAGE
AUDIT RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the records to the bank account indicated cash necessary to balance of \$458.18. A similar comment appeared in the prior report.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BUILDING PERMITS AND CONTRACTOR LICENSES CONTROLS

The Portage Building Department issues several types of permits (building, electrical, plumbing, and mechanical) and contractor licenses. Permits and licenses are numbered sequentially by the department's computer system. A log or computer generated report of permits and licenses issued in numerical order, was not available for audit. We were not able to determine if all permits and licenses issued were accountable and that all fees were remitted to the Clerk-Treasurer's office. Permits and licenses are considered accountable items and an accounting for all items issued should be available for audit.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TIMELY REMITTANCE OF CONTRACTOR LICENSE FEES

The Building Department collects the application fee when the contractor's license (or renewal) application is received. However, the Building Department retains the fees until all paper work, such as proof of insurance, is received from the contractor. After processing the completed application, the Building Department remits the fees for deposit with the Clerk-Treasurer's office. The time lapse between receiving the fee with the application and remittance to the Clerk-Treasurer's office for deposit ranged from 12 to 125 days.

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

Public funds deposited should be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision should be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF PORTAGE
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL REPORT

The City and Town Annual Report (CTAR) was not reflective of the City's records.

Fund	Receipts			Disbursements		
	CTAR	Records	Difference	CTAR	Records	Difference
2006 Ameriplex Debt Svc	\$ 6,354,174	\$ 499	\$ 6,353,675	\$ 418,594	\$ 488	\$ 418,106
Redev: Allocat Area	6,354,174	6,353,675	499	418,594	3,071,708	(2,653,114)
2002 Tif Bond Series A	22	-	22	-	-	-
2002 Tif Bond Series B	13,749	-	13,749	509	-	509
Recovery Bond 2010	5,071,760	5,071,745	15	-	-	-
1993 Lease Redempt Acc't	5,071,760	15	5,071,745	-	-	-

Indiana Code 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

ACCOUNTS RECEIVABLE CONTROL - UTILITIES

As stated in prior reports, the Accounts Receivable control account (per the general ledger) does not agree to the Accounts Receivable detail (in the computerized billing system). At December 31, 2010, the Accounts Receivable control account had a balance of \$1,398,075 and the balance per the detail computerized customer listing was \$1,038,439. The general ledger shows a balance of \$359,636 more than the Accounts Receivable detail at December 31, 2010.

Adjustments and errors noted in the prior report have not been corrected as of August 15, 2011. In addition, officials could not produce a detail listing of customer balances ("Aged Trial Balance" or "Names and Balances") as of December 31, 2010. Such reports can only be generated for the current date. The Accounts Receivable detail used for audit was calculated based on various computer generated reports that were available.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY FEDERAL PAYROLL REPORTS

The Water Reclamation Utility payroll reports to the federal government for 2010 did not reconcile. The four quarterly Form 941's ("Employer's Quarterly Federal Tax Return"), line 2, wages, tips and other compensation, did not agree to the box 1 total wages, tips, and other compensation on the Form W-2's ("Wage and Tax Statement"). The Form 941's exceeded the amount on the Form W-2's by \$32,539.17. Also, Social security wages and Medicare wages did agree on the two reports. In testing 10 individual employees, the box 1 wages on the Form W-2's could not be reconciled to the social security wages by adding the pretax deductions for four employees (40 percent).

CITY OF PORTAGE
AUDIT RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS - UTILITIES

The Portage Utilities (Water Reclamation and Storm Water Utilities) did not maintain detailed capital asset records. The General Ledger did maintain capital asset accounts and the balances in these accounts were used for reporting purposes. We were not able to trace the 2010 purchases of capital assets (additions) of land, trucks, equipment, street sweepers, plant improvements, and construction in progress to a detail listing of all assets owned by the Utilities. Assets added in 2010 totaled \$2,420,907. City and Town Form 211, Capital Asset Ledger, was not maintained or available for audit.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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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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 PORTAGE, PORTER COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Portage (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 each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are 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 each of its major federal programs 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 each of its other major federal programs for the year ended December 31, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City's management, Common Council, Board of Public Works and Safety, Storm Water Management Board, Water Reclamation Board, Port Authority Board, 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

September 14, 2011

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The schedule of expenditures of federal awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF PORTAGE
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 COMMERCE</u>			
Pass-Through Indiana Department of Natural Resources Coastal Zone Management Administration Awards Little Calumet River Restoration Project Outdoor Science Ed	11.419		\$ 35,082 <u>33,995</u>
Total for federal grantor agency			<u>69,077</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant Bulletproof Vest Partnership Program	16.607		<u>16,763</u>
Pass-Through City of Valparaiso ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803		<u>39,464</u>
Total for federal grantor agency			<u>56,227</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205		<u>299,118</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Alcohol Impaired Driving Countermeasures Incentive Grants Safety Belt Performance Grants	20.600 20.601 20.609		11,819 15,749 <u>21,835</u>
Total for cluster			<u>49,403</u>
Total for federal grantor agency			<u>348,521</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through National Fish and Wildlife Foundation National Wetland Program Development Grants and Five Star Restoration Training Grant Portage Lakefront Restoration	66.462	IN 2008-0069-004	<u>14,017</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0002195	<u>116,808</u>
Total federal awards expended			<u>\$ 604,650</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF PORTAGE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Portage (City) 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 PORTAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	none reported
Significant deficiency identified?	yes
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 Programs:

CFDA Number	Name of Federal Program or Cluster
81.128	Highway Planning and Construction Cluster ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

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

FINDING 2010-1 - INTERNAL CONTROL/DAVIS BACON

Federal Agency: U.S. Department of Energy
Federal Program: ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)
CFDA Number: 81.128
Award Number and Year: DE-EE0002195, 2010

CITY OF PORTAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Compliance with the Davis-Bacon Act requires payment of federal prevailing wage rates for construction, repair or alteration work funded in whole or in part with Energy Efficiency and Conservation Block Grant (EECBG) funds. The grantee must establish controls for monitoring wages paid by contractors. They must obtain recent and applicable wage rates from the U.S. Department of Labor and incorporate them into the construction contract. The grantee must also obtain weekly certified payroll records from the contractor in order to verify compliance with the payment of prevailing wages.

According to the Economic Development Coordinator, no one is monitoring compliance. Neither the Economic Development Coordinator, nor the City Engineer reviewed payroll records from the contractor to determine if prevailing wage rates were paid. Due to the lack of records, it could not be determined if contractors were paid prevailing wages.

The lack of monitoring of compliance with the Davis-Bacon Act could result in cancellation of contracts and/or the repayment of federal funds.

CERCLA § 104(g) (1) states:

"All laborers and mechanics employed by contractors or subcontractors in the performance of construction, repair, or alteration work funded in whole or in part under this section shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The President shall not approve any such funding without first obtaining adequate assurance that required labor standards will be maintained upon the construction work."

CFR 40 § 31.36(i) (5) states:

"Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2,000 awarded by grantees and subgrantees when required by Federal grant program legislation)."

CFR 29 § 5.5(a)(3) states in part:

"(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate Federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under § 5.5(a)(3)(i) of Regulations, 29 CFR part 5. This information may be submitted in any form desired. Optional Form WH-347 is available for this purpose and may be purchased from the Superintendent of Documents (Federal Stock Number 029-005-00014-1), U.S. Government Printing Office, Washington, DC 20402. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors.

(B) Each payroll submitted shall be accompanied by a 'Statement of Compliance,' signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following: . . .

CITY OF PORTAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the (write the name of the agency) or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12."

We recommended that City officials establish controls to ensure that federal prevailing wage rates are paid on construction contracts to be in compliance with the Davis-Bacon Act.

CITY OF PORTAGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



City of Portage
Department of Public Works
6070 CENTRAL AVENUE • PORTAGE, INDIANA 46368
Telephone (219) 762-4204 Fax: (219) 764-5749

OLGA VELAZQUEZ
MAYOR

CRAIG L. HENDRIX, P.E.
DIRECTOR

September 9, 2011

CORRECTIVE ACTION PLAN

Section III – Federal Awards Findings and Questioned Costs

FINDING 2010-1, INTERNAL CONTROLS – DAVIS BACON

Federal Agency: US Department of Energy
Federal Program: ARRA – Energy Efficiency and Conservation Block Grant
CFDA Number: 81,128
Federal Award Number: DE-EE00022195
Auditee Contact Person: Craig Hendrix
Title of Contact Person: Director of Public Works
Phone Number: (219) 762-4204

CORRECTIVE ACTION TAKEN

Davis-Bacon wage compliance was a requirement of being awarded the project. A wage determination was held and local AFL-CIO wages were adopted. All contractors hired to complete the work were fully signatory, union contractors paying AFL-CIO wages.

Contractors that performed work have been contacted to supply certified payrolls. Contractors are currently assembling the payroll information.

In the future, any grants awarded and subject to Davis-Bacon compliance will be monitored for payroll conformance on a monthly basis and/or as required by the grantor agency. Any contracts let and payable from the grant proceeds will include Davis-Bacon compliance provisions.

Respectfully,

Craig Hendrix, P.E.
Director

H.I.H.2

CITY OF PORTAGE
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2011, with Donna Pappas, Clerk-Treasurer; Olga Velazquez, Mayor; and Edward Gottschling, President of the Common Council. The Official Response has been made a part of this report and may be found on page 46.



City of Portage Department of Public Works

6070 CENTRAL AVENUE • PORTAGE, INDIANA 46368

Telephone (219) 762-4204 Fax: (219) 764-5749

OLGA VELAZQUEZ
MAYOR

CRAIG L. HENDRIX, P.E.
DIRECTOR

DATE: September 15, 2011
TO: Ms. Jane Elder, CPA, State Board of Accounts
Olga G. Velazquez, Mayor
Donna M. Pappas, Clerk-Treasurer
FROM: Craig Hendrix, Director of Public Works
SUBJECT: Corrective Action Plan for Building Department Issues

This memorandum is in response to two issues cited as a result of the audit of the Building Department.

Issue No. 1:

The Building Department does not have a listing in numerical order of all permits and licenses issued.

The Building Department utilizes database software that automatically assigns numbers to all permits and contractor licenses in numerical order. The software cannot create reports that print all of the permits and licenses in numerical order. The information is available, but must be done manually.

Solution

The Building Department will manually create spreadsheets that will list every permit and license in numerical order. The listing can then be verified with the database software. The permit spreadsheet will include: permit number, address of work and permit fee. The contractor license spreadsheet will include: the license number, name of the contractor and license fee. Spreadsheets for 2010 are being completed at this time. Spreadsheets for 2011 and after will be kept and available for review until such time as the software is able to generate the information automatically.

Issue No. 2:

The Building Department is not depositing contractor license fees when received. Deposits should be made daily.

The Building Department often receives more than a dozen contractor licensing applications a day. Many of the applications are incomplete and therefore cannot be approved. In the past, checks were not being deposited until applications were complete to avoid having to issue return checks from the Clerk-Treasurer's office.

Solution

Since January 28, 2011, the Building Department has receipted licensing fees the same day the applications arrive. All fees received are deposited on a daily basis.