

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF PORTLAND
JAY COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/11/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Randy D. Geesaman Michele R. Pensinger	03-01-09 to 12-31-11 01-01-12 to 12-31-15
Mayor	Bruce W. Hosier Randy D. Geesaman	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Common Council	William E. Gibson	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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, 2011. 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.

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, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 8, 2012, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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. 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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. They 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, 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

August 8, 2012



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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, 2011, and have issued our report thereon dated August 8, 2012. 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, 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

August 8, 2012

FINANCIAL STATEMENT

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

CITY OF PORTLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,516,261	\$ 2,723,228	\$ 2,965,162	\$ 1,274,327
Motor Vehicle Highway	291,045	920,444	818,749	392,740
Local Road and Street	11,462	22,508	15,000	18,970
Aviation	259,021	53,211	170,314	141,918
Parking Meter	34,206	-	-	34,206
Economic Development Operating	756,887	649,902	306,678	1,100,111
Building Demolition	44,323	10,000	45	54,278
Clerk's Records Perpetuation	16,646	2,918	2,475	17,089
Court Deferral Program	440	6,054	5,822	672
Riverboat Wagering Tax Revenue	188,398	40,283	18,627	210,054
Drug Free Community	2,748	3,300	4,977	1,071
Parks and Recreation	169,049	261,726	231,812	198,963
User Fee	618	5,600	5,784	434
Court Pretrial Diversion	110	776	776	110
Rainy Day	274,188	-	-	274,188
Levy Excess	7,505	27,924	7,505	27,924
TIF 2007 Allocation	368,838	268,144	61,500	575,482
Cumulative Capital Improvement	183,970	18,486	9,826	192,630
Cumulative Capital Development	410,547	80,903	69,201	422,249
Cumulative Capital	470,087	103,721	-	573,808
General Improvement	50,000	-	-	50,000
Police Pension	87,252	68,844	67,474	88,622
Fire Pension	150,768	184,641	132,077	203,332
Ft. Recovery Industrial Grant	-	96,500	96,500	-
Christmas Party Donation	-	600	600	-
Airport Improvement Project 03-18-0068-08	-	69,655	69,655	-
Cash Change and Petty Cash	1,175	-	-	1,175
Bulletproof Vest Program	1,262	-	-	1,262
Smoke Detector Donation	5,280	50	1,371	3,959
Recycling	51,787	94,288	115,353	30,722
Park Donation	205	-	-	205
Boundary Pike Federal Share	-	22,992	22,992	-
Steen Addition	-	552,632	552,632	-
Muhlenkamp Escrow	127,602	9,396	136,998	-
Airport Improvement Project 03-18-0068-07	-	215,879	215,879	-
Federal Stimulus Grant	-	22,500	22,500	-
DARE Donation	16,953	4,370	2,292	19,031
TIF 2007 Construction	15,262	-	15,262	-
TIF 2007 Debt Service Reserve	192,342	695	1,505	191,532
Hudson Family Park Donation	15,390	1,340	4,178	12,552

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

CITY OF PORTLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
TIF 2007 Bond Principal and Interest	216,533	36,007	126,887	125,653
LOIT Public Safety	127,105	141,341	15,569	252,877
Revolving Loans	37,870	19,866	26,000	31,736
Park Concessions	8,138	3,609	3,245	8,502
Mayor's Annual Golf Outing	-	11,115	11,115	-
Police Continuing Education	24,607	5,933	6,446	24,094
Trading Card	71	-	-	71
Portland Forfeiture	2,164	420	2,000	584
Fire Department Investigative	1,861	5,399	3,706	3,554
Sidewalk Reconstruction	27,188	-	-	27,188
Hudson Family Park	184	-	-	184
Redkey City Fines	85	258	301	42
Pre-1977 Pension Non-Reverting	315,568	-	130,450	185,118
Court Costs Due County	2,190	21,686	22,392	1,484
Insurance Surplus Non-Reverting	899,947	3,258	117,894	785,311
Portland City Court	17,324	222,332	225,756	13,900
Criminal Investigative Funds	3,784	2,000	1,550	4,234
Self Insurance	391,488	725,267	484,395	632,360
Bruns Building Escrow	168	34,468	34,636	-
Downtown Facade Program	57,647	50,000	50,648	56,999
Aviation Fuel	16,245	134,325	105,625	44,945
LICA Construction Escrow	8,563	-	8,563	-
Portland Housing Authority	979	15,094	15,774	299
Local Match Boundary Pike/Wayne Street Park Project	146,436	-	5,748	140,688
Payroll	197,509	298	106,148	91,659
Wastewater Utility Operating	-	2,562,184	2,562,184	-
Wastewater Utility Depreciation	1,811,835	1,755,110	1,589,561	1,977,384
Steen Addition Local Match	205,180	376,223	279,692	301,711
Water Utility Operating	317,751	-	302,886	14,865
Water Utility Improvement	2,184,216	1,358,447	1,047,653	2,495,010
Water Utility Meter Deposits	923,284	105,215	108,664	919,835
	<u>189,234</u>	<u>29,100</u>	<u>23,389</u>	<u>194,945</u>
Totals	<u>\$ 13,856,781</u>	<u>\$ 14,162,465</u>	<u>\$ 13,570,398</u>	<u>\$ 14,448,848</u>

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

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT

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, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts may include 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.

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,

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Penalties which include fees received for late payments.

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 statement. The aggregate disbursements may include 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.

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

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT
(Continued)

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
(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 statement. 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 any replacement items purchased.

Note 6. Pension Plan

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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 Indiana Public Retirement System 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 Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF PORTLAND
NOTES TO FINANCIAL STATEMENT
(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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Subsequent Event

The City disbursed \$877,500 to a new local company in 2010 from a federal Community Development Block Grant. The company failed to create any of the new jobs required by the grant agreement. The City has agreed to repay \$870,000 to the grantor agency, Indiana Office of Community and Rural Affairs, by September 15, 2012. On March 12, 2012, the Jay Circuit Court entered a default judgment for \$877,500 against the company and in favor of the City. The approximate amount that the City will be able to actually recover from this judgment is not yet known.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 is 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 approved by management of the City. It is presented as intended by the City.

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Aviation	Parking Meter	Economic Development Operating	Building Demolition
Cash and investments - beginning	\$ 1,516,261	\$ 291,045	\$ 11,462	\$ 259,021	\$ 34,206	\$ 756,887	\$ 44,323
Receipts:							
Taxes	1,882,925	699,269	-	33,714	-	-	-
Licenses and permits	16,138	-	-	-	-	-	-
Intergovernmental	539,324	206,708	22,508	1,966	-	177,508	-
Charges for services	74,858	8,369	-	14,130	-	83,791	-
Fines and forfeits	86,083	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	123,900	6,098	-	3,401	-	388,603	10,000
Total receipts	2,723,228	920,444	22,508	53,211	-	649,902	10,000
Disbursements:							
Personal services	1,934,542	394,581	-	27,523	-	-	-
Supplies	89,037	53,101	-	37,763	-	-	-
Other services and charges	622,051	285,365	15,000	95,172	-	281,678	45
Debt service - principal and interest	31,508	-	-	-	-	-	-
Capital outlay	250,100	85,702	-	9,856	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	37,924	-	-	-	-	25,000	-
Total disbursements	2,965,162	818,749	15,000	170,314	-	306,678	45
Excess (deficiency) of receipts over disbursements	(241,934)	101,695	7,508	(117,103)	-	343,224	9,955
Cash and investments - ending	\$ 1,274,327	\$ 392,740	\$ 18,970	\$ 141,918	\$ 34,206	\$ 1,100,111	\$ 54,278

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Clerk's Records Perpetuation	Court Deferral Program	Riverboat Wagering Tax Revenue	Drug Free Community	Parks and Recreation	User Fee
Cash and investments - beginning	\$ 16,646	\$ 440	\$ 188,398	\$ 2,748	\$ 169,049	\$ 618
Receipts:						
Taxes	-	-	-	-	217,968	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	40,283	3,300	12,708	-
Charges for services	-	-	-	-	30,950	-
Fines and forfeits	2,918	6,054	-	-	-	5,600
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	100	-
Total receipts	<u>2,918</u>	<u>6,054</u>	<u>40,283</u>	<u>3,300</u>	<u>261,726</u>	<u>5,600</u>
Disbursements:						
Personal services	-	-	-	-	60,292	-
Supplies	-	-	-	-	25,197	-
Other services and charges	2,475	-	18,627	-	56,306	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	4,977	90,017	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	5,822	-	-	-	5,784
Total disbursements	<u>2,475</u>	<u>5,822</u>	<u>18,627</u>	<u>4,977</u>	<u>231,812</u>	<u>5,784</u>
Excess (deficiency) of receipts over disbursements	<u>443</u>	<u>232</u>	<u>21,656</u>	<u>(1,677)</u>	<u>29,914</u>	<u>(184)</u>
Cash and investments - ending	<u>\$ 17,089</u>	<u>\$ 672</u>	<u>\$ 210,054</u>	<u>\$ 1,071</u>	<u>\$ 198,963</u>	<u>\$ 434</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Court Pretrial Diversion	Rainy Day	Levy Excess	TIF 2007 Allocation	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ 110	\$ 274,188	\$ 7,505	\$ 368,838	\$ 183,970	\$ 410,547
Receipts:						
Taxes	-	-	-	266,679	-	76,446
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	18,486	4,457
Charges for services	-	-	-	-	-	-
Fines and forfeits	776	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	27,924	1,465	-	-
Total receipts	776	-	27,924	268,144	18,486	80,903
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	2,500	9,826	10,355
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	58,846
Utility operating expenses	-	-	-	-	-	-
Other disbursements	776	-	7,505	59,000	-	-
Total disbursements	776	-	7,505	61,500	9,826	69,201
Excess (deficiency) of receipts over disbursements	-	-	20,419	206,644	8,660	11,702
Cash and investments - ending	\$ 110	\$ 274,188	\$ 27,924	\$ 575,482	\$ 192,630	\$ 422,249

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Capital	General Improvement	Police Pension	Fire Pension	Ft. Recovery Industrial Grant	Christmas Party Donation
Cash and investments - beginning	\$ 470,087	\$ 50,000	\$ 87,252	\$ 150,768	\$ -	\$ -
Receipts:						
Taxes	98,007	-	68,547	49,200	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,714	-	-	134,899	96,500	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	297	542	-	600
Total receipts	<u>103,721</u>	<u>-</u>	<u>68,844</u>	<u>184,641</u>	<u>96,500</u>	<u>600</u>
Disbursements:						
Personal services	-	-	100	625	-	-
Supplies	-	-	-	14	-	-
Other services and charges	-	-	100	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	67,274	131,438	96,500	600
Total disbursements	<u>-</u>	<u>-</u>	<u>67,474</u>	<u>132,077</u>	<u>96,500</u>	<u>600</u>
Excess (deficiency) of receipts over disbursements	<u>103,721</u>	<u>-</u>	<u>1,370</u>	<u>52,564</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 573,808</u>	<u>\$ 50,000</u>	<u>\$ 88,622</u>	<u>\$ 203,332</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Airport Improvement Project 3-18-0068-08	Cash Change and Petty Cash	Bulletproof Vest Program	Smoke Detector Donation	Recycling	Park Donation
Cash and investments - beginning	\$ -	\$ 1,175	\$ 1,262	\$ 5,280	\$ 51,787	\$ 205
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	69,655	-	-	-	-	-
Charges for services	-	-	-	-	94,288	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	50	-	-
Total receipts	<u>69,655</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>94,288</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	1,371	-	-
Other services and charges	69,655	-	-	-	108,288	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	7,065	-
Total disbursements	<u>69,655</u>	<u>-</u>	<u>-</u>	<u>1,371</u>	<u>115,353</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,321)</u>	<u>(21,065)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,175</u>	<u>\$ 1,262</u>	<u>\$ 3,959</u>	<u>\$ 30,722</u>	<u>\$ 205</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Boundary Pike Federal Share	Steen Addition	Muhlenkamp Escrow	Airport Improvement Project 3-18-0068-07	Federal Stimulus Grant	DARE Donation
Cash and investments - beginning	\$ -	\$ -	\$ 127,602	\$ -	\$ -	\$ 16,953
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	22,992	552,632	-	215,879	22,500	3,500
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	9,396	-	-	870
Total receipts	22,992	552,632	9,396	215,879	22,500	4,370
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	22,992	-	-	74,129	22,500	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	552,632	136,998	141,750	-	2,292
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	22,992	552,632	136,998	215,879	22,500	2,292
Excess (deficiency) of receipts over disbursements	-	-	(127,602)	-	-	2,078
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,031</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	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	\$ 15,262	\$ 192,342	\$ 15,390	\$ 216,533	\$ 127,105	\$ 37,870
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	141,341	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	695	1,340	36,007	-	19,866
Total receipts	-	695	1,340	36,007	141,341	19,866
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	15,262	-	2,787	-	-	-
Debt service - principal and interest	-	-	-	126,887	-	-
Capital outlay	-	-	1,391	-	15,569	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,505	-	-	-	26,000
Total disbursements	15,262	1,505	4,178	126,887	15,569	26,000
Excess (deficiency) of receipts over disbursements	(15,262)	(810)	(2,838)	(90,880)	125,772	(6,134)
Cash and investments - ending	\$ -	\$ 191,532	\$ 12,552	\$ 125,653	\$ 252,877	\$ 31,736

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Park Concessions	Mayor's Annual Golf Outing	Police Continuing Education	Trading Card	Portland Forfeiture	Fire Department Investigative
Cash and investments - beginning	\$ 8,138	\$ -	\$ 24,607	\$ 71	\$ 2,164	\$ 1,861
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,504
Charges for services	3,609	-	-	-	-	710
Fines and forfeits	-	-	5,933	-	420	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	11,115	-	-	-	2,185
Total receipts	3,609	11,115	5,933	-	420	5,399
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	2,715	-	-	-	-	1,202
Other services and charges	-	11,115	5,779	-	2,000	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	530	-	667	-	-	2,504
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	3,245	11,115	6,446	-	2,000	3,706
Excess (deficiency) of receipts over disbursements	364	-	(513)	-	(1,580)	1,693
Cash and investments - ending	<u>\$ 8,502</u>	<u>\$ -</u>	<u>\$ 24,094</u>	<u>\$ 71</u>	<u>\$ 584</u>	<u>\$ 3,554</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	<u>Sidewalk Reconstruction</u>	<u>Hudson Family Park</u>	<u>Redkey City Fines</u>	<u>Pre-1977 Pension Non-Reverting</u>	<u>Court Costs Due County</u>	<u>Insurance Surplus Non-Reverting</u>
Cash and investments - beginning	\$ 27,188	\$ 184	\$ 85	\$ 315,568	\$ 2,190	\$ 899,947
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	258	-	21,686	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	3,258
Total receipts	-	-	258	-	21,686	3,258
Disbursements:						
Personal services	-	-	-	130,450	-	117,894
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	301	-	22,392	-
Total disbursements	-	-	301	130,450	22,392	117,894
Excess (deficiency) of receipts over disbursements	-	-	(43)	(130,450)	(706)	(114,636)
Cash and investments - ending	<u>\$ 27,188</u>	<u>\$ 184</u>	<u>\$ 42</u>	<u>\$ 185,118</u>	<u>\$ 1,484</u>	<u>\$ 785,311</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Portland City Court	Criminal Investigative Funds	Self Insurance	Bruns Building Escrow	Downtown Facade Program	Aviation Fuel
Cash and investments - beginning	\$ 17,324	\$ 3,784	\$ 391,488	\$ 168	\$ 57,647	\$ 16,245
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	134,243
Fines and forfeits	222,332	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	2,000	725,267	34,468	50,000	82
Total receipts	<u>222,332</u>	<u>2,000</u>	<u>725,267</u>	<u>34,468</u>	<u>50,000</u>	<u>134,325</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	91,483
Other services and charges	-	-	484,395	34,636	50,648	14,142
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	225,756	1,550	-	-	-	-
Total disbursements	<u>225,756</u>	<u>1,550</u>	<u>484,395</u>	<u>34,636</u>	<u>50,648</u>	<u>105,625</u>
Excess (deficiency) of receipts over disbursements	<u>(3,424)</u>	<u>450</u>	<u>240,872</u>	<u>(168)</u>	<u>(648)</u>	<u>28,700</u>
Cash and investments - ending	<u>\$ 13,900</u>	<u>\$ 4,234</u>	<u>\$ 632,360</u>	<u>\$ -</u>	<u>\$ 56,999</u>	<u>\$ 44,945</u>

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	LICA Construction Escrow	Portland Housing Authority	Local Match Boundary Pike/Wayne Street	Park Project	Payroll	Wastewater Utility Operating
Cash and investments - beginning	\$ 8,563	\$ 979	\$ 146,436	\$ 197,509	\$ -	\$ 1,811,835
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	15,094	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	1,704,979
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	298	2,562,184	50,131
Total receipts	-	15,094	-	298	2,562,184	1,755,110
Disbursements:						
Personal services	-	15,774	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	8,563	-	5,748	1,715	-	-
Debt service - principal and interest	-	-	-	34,308	-	-
Capital outlay	-	-	-	70,125	-	-
Utility operating expenses	-	-	-	-	-	1,204,838
Other disbursements	-	-	-	-	2,562,184	384,723
Total disbursements	8,563	15,774	5,748	106,148	2,562,184	1,589,561
Excess (deficiency) of receipts over disbursements	(8,563)	(680)	(5,748)	(105,850)	-	165,549
Cash and investments - ending	\$ -	\$ 299	\$ 140,688	\$ 91,659	\$ -	\$ 1,977,384

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility Depreciation	Steen Addition Local Match	Water Utility Operating	Water Utility Improvement	Water Utility Meter Deposits	Totals
Cash and investments - beginning	\$ 205,180	\$ 317,751	\$ 2,184,216	\$ 923,284	\$ 189,234	\$ 13,856,781
Receipts:						
Taxes	-	-	-	-	-	3,392,755
Licenses and permits	-	-	-	-	-	16,138
Intergovernmental	-	-	-	-	-	2,310,458
Charges for services	-	-	-	-	-	444,948
Fines and forfeits	-	-	-	-	-	352,060
Utility fees	-	-	1,324,678	-	-	3,029,657
Penalties	-	-	11,535	-	-	11,535
Other receipts	376,223	-	22,234	105,215	29,100	4,604,914
Total receipts	376,223	-	1,358,447	105,215	29,100	14,162,465
Disbursements:						
Personal services	-	-	-	-	-	2,681,781
Supplies	-	-	-	-	-	301,883
Other services and charges	-	-	-	-	-	2,333,854
Debt service - principal and interest	-	-	-	-	-	192,703
Capital outlay	279,692	302,886	-	108,664	-	2,115,198
Utility operating expenses	-	-	844,912	-	-	2,049,750
Other disbursements	-	-	202,741	-	23,389	3,895,229
Total disbursements	279,692	302,886	1,047,653	108,664	23,389	13,570,398
Excess (deficiency) of receipts over disbursements	96,531	(302,886)	310,794	(3,449)	5,711	592,067
Cash and investments - ending	\$ 301,711	\$ 14,865	\$ 2,495,010	\$ 919,835	\$ 194,945	\$ 14,448,848

CITY OF PORTLAND
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 139,773	\$ 44,763
Wastewater	57,943	128,005
Water	<u>17,850</u>	<u>67,369</u>
Totals	<u>\$ 215,566</u>	<u>\$ 240,137</u>

CITY OF PORTLAND
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Portland Park & Recreation Bonds - 2010	\$ 1,670,000	\$ 97,666
Revenue bonds	TIF Increment Revenue Bonds Series 2007A	1,290,000	60,338
Revenue bonds	TIF Increment Revenue Bonds Series 2007B	<u>525,000</u>	<u>64,750</u>
Totals		<u>\$ 3,485,000</u>	<u>\$ 222,754</u>

CITY OF PORTLAND
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 1,157,677
Infrastructure	27,603,682
Buildings	3,477,923
Improvements other than buildings	2,580,232
Machinery, equipment and vehicles	3,704,216
Construction in progress	3,217,619
Total governmental activities	41,741,349
Wastewater:	
Land	76,179
Buildings	6,340,754
Improvements other than buildings	5,736,816
Machinery, equipment and vehicles	2,102,911
Construction in progress	1,113,001
Total Wastewater	15,369,661
Water:	
Land	12,340
Buildings	3,154,403
Improvements other than buildings	5,031,734
Machinery, equipment and vehicles	826,608
Total Water	9,025,085
Total capital assets	\$ 66,136,095

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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, 2011. 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, 2011.

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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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

August 8, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF PORTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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 CDBG Cluster			
Community Development Block Grants/State's Program and			
Non-Entitlement Grants in Hawaii	14.228	DR2-09-065	\$ 22,500
		CF-10-120	552,632
		DR2-09-207	<u>96,500</u>
Total for federal grantor agency			<u>671,632</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	A249-8-320075	<u>22,992</u>
Direct Grant			
Airport Improvement Program	20.106	3-18-0068-07	215,879
		3-18-0068-08	<u>69,655</u>
Total for program			<u>285,534</u>
Total for federal grantor agency			<u>308,526</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-05444	<u>2,504</u>
Total for federal grantor agency			<u>2,504</u>
Total federal awards expended			<u>\$ 982,662</u>

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

CITY OF PORTLAND
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 Portland and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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:

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 statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major program:	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 CDBG Cluster

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

Auditee qualified as low-risk auditee?	no
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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 August 8, 2012, with Michele R. Pensinger, Clerk-Treasurer; Randy D. Geesaman, Mayor; and William E. Gibson, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.