

**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, 2013 to December 31, 2013



**FILED**  
02/06/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christopher Stidham	01-01-12 to 12-31-15
Mayor	James Snyder	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	James Snyder	01-01-12 to 12-31-15
President Pro Tempore of the Common Council	Susanne Lynch	01-01-13 to 12-31-14
Secretary/Treasurer of the Water Reclamation Utility	Sherry Smolar	01-01-13 to 12-31-14



## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Portage (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

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, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2014, 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* in considering the City's internal control over financial reporting and compliance.


***Accompanying Information***

*Supplementary Information*

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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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 Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, 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.

  
Paul D. Joyce, CPA  
State Examiner

October 16, 2014



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S 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 PORTAGE, PORTER COUNTY, INDIANA

We have audited, 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, the financial statement of the City of Portage (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated October 16, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be a material weakness.



INDEPENDENT AUDITOR'S 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

***City of Portage's Response to Findings***

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

October 16, 2014

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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 PORTAGE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
PORT AUTHORITY	\$ 164,064	\$ 25,693	\$ 12,232	\$ 177,525
GIFT FUND	43,618	102,476	107,811	38,283
GRANT FUND	58,543	972,856	1,027,289	4,110
MARINA OPERATION FUND	252,006	352,492	328,884	275,614
DEBT SERVICE FUND	796,463	931,911	935,954	792,420
STORM WATER CONST. BOND	1,903	-	-	1,903
RECOVERY BOND 2010	8,102	1,172	-	9,274
RECOVERY BOND DEBT RESERV	570,500	-	-	570,500
REDEV: GENERAL	52,346	1,274,119	885,420	441,045
REDEV: ALLOCAT AREA	8,032,093	7,381,763	7,068,415	8,345,441
2002 TIF BOND SERIES A	2,093	-	-	2,093
2002 TIF BOND SERIES B	1,304	-	-	1,304
ECONOMIC IMPROVEMENT	19,957	6,311	3,938	22,330
2008 TIF BOND	308,693	407	11,975	297,125
MARINA SHORES BOND	-	3,273,996	133,452	3,140,544
2006 AMERIPLEX DEBT SVC	1,307,141	22	-	1,307,163
2006 AMERIPLEX BOND	597,805	1,212,080	1,202,830	607,055
1993 LEASE RENTAL BOND	437,684	-	437,684	-
2004 PARK BOND	44	-	-	44
EDIT BOND	198,887	-	-	198,887
2013 EQPT BOND	-	1,475,000	1,158,837	316,163
2013 TIF BOND	-	5,214,437	83,349	5,131,088
2013 TIF BOND DEBT RESERVE	-	505,563	-	505,563
WITHHOLDING FUND	101,440	19,065	120,505	-
PAYROLL WITHHOLDING STATE TAX	-	408,035	374,052	33,983
PAYROLL WITHHOLDING CWT	-	62,736	57,121	5,615
GENERAL FUND	814,669	17,099,121	17,913,223	567
MVH-STREET FUND	114,735	3,782,110	3,710,353	186,492
LOCAL ROAD & STREET FUND	18,867	552,041	382,221	188,687
PARK NR OPERATING	213,077	389,211	454,879	147,409
EMP MED BEN PLAN	311,724	4,237,824	4,450,244	99,304
ECONOMIC DEVELOPMENT	1,075	-	-	1,075
NEW POLICE CONT. EDUC.	56,859	64,002	55,381	65,480
UNSAFE BUILDING	52,952	14,200	6,375	60,777
PARK & RECREATION FUND	143,285	1,382,879	1,449,341	76,823
CABLE TV FRANCHISE FUND	124,371	464,580	340,560	248,391
ECONOMIC DEV INCOME TAX	260,835	2,906,497	2,873,887	293,445
EMERGENCY RESPONSE	466	-	-	466
LEVY EXCESS FUND	47,064	-	-	47,064
MAJOR MOVES CONSTRUCTION	374,608	51,795	151,110	275,293
CUM. CAPITAL DEVELOPMENT	7,517	354,992	338,264	24,245
PARK NR CAPITAL	109,144	51,641	71,939	88,846
SIDEWALK WAIVER FUND	18,149	4,976	17,186	5,939
FIRE DEPT EQUIPMENT	2,701	57,456	31,993	28,164
DRAIN MAINTENANCE	52,408	-	-	52,408
CUM. CAPITAL IMPROVEMENT	494,189	564,865	638,000	421,054
1998 STORM WATER BOND	2,178	-	-	2,178
PARK NR IMPACT FEE	86,247	2,100	26,972	61,375

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

CITY OF PORTAGE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
CUM LIAB/PHYSICAL DAM RES	9,893	539,594	530,690	18,797
POLICE PENSION FUND	78,276	592,426	580,690	90,012
FIRE PENSION FUND	230,978	501,363	490,429	241,912
RIVERBOAT	1,857	218,166	218,166	1,857
2012 STORM WATER BOND	7,924	-	-	7,924
PAYROLL NET WAGES	-	238,178	238,478	(300)
PAYROLL WITHHOLDING FWT	-	1,453,112	1,463,018	(9,906)
PAYROLL WITHHOLDING FICA	-	614,037	605,043	8,994
PAYROLL WITHHOLDING MEDI	-	323,069	322,975	94
PAYROLL WITHHOLDING CIVIL PERF	812	512,579	506,978	6,413
PAYROLL WITHHOLDING POLICE/FIRE PERF	27,910	1,369,303	1,360,739	36,474
PAYROLL WITHHOLDING HEALTH INS	-	86,512	86,512	-
PAYROLL WITHHOLDING DENTAL INS	-	37,153	37,153	-
PAYROLL WITHHOLDING FLEX PLAN	-	18,679	18,679	-
PAYROLL WITHHOLDING LIFE INS	163	14,417	14,579	1
PAYROLL WITHHOLDING DEF COMP VALIC	-	255,873	255,873	-
PAYROLL WITHHOLDING DEF COMP NATIONWIDE	-	133,953	133,953	-
PAYROLL WITHHOLDING FIRE DUES	-	26,566	26,799	(233)
PAYROLL WITHHOLDING FIRE PAC	-	5,588	5,588	-
PAYROLL WITHHOLDING POLICE DUES	-	8,606	8,606	-
PAYROLL WITHHOLDING LOCAL 150 ADMIN	1,832	27,949	29,781	-
PAYROLL WITHHOLDING LOCAL 150 MEM	-	17,213	17,213	-
PAYROLL WITHHOLDING LOCAL 150 PAC	160	1,480	1,640	-
PAYROLL WITHHOLDING AFLAC	-	14,069	14,069	-
PAYROLL HSA	-	1,200	1,200	-
PAYROLL UNITED WAY	-	80	80	-
PAYROLL DIRECT DEPOSIT	-	8,831,746	8,831,726	20
PAYROLL WITHHOLDING BANKRUPTCY	-	67,057	67,057	-
PAYROLL WHLDG GARNISHMENT 305	-	3,978	3,978	-
PAYROLL WITHHOLDING SUPPORT-IN	-	122,423	122,423	-
PAYROLL WITHHOLDING SUPPORT-IL	-	918	918	-
PAYROLL WHLDG GARNISHMENT 347	-	560	560	-
PAYROLL WHLDG GARNISHMENT 1919	-	730	730	-
Wastewater Cash Operating	103,612	5,035,152	5,102,336	36,428
Wastewater Capital Improvement	145,979	748,551	661,499	233,031
Wastewater Debt Service Reserve	1,915,690	2,876	-	1,918,566
Petty Cash	800	-	-	800
Payroll	8,231	1,761,814	1,658,186	111,859
Medical Benefit	25,485	1,521,688	1,507,409	39,764
Wastewater Revenue II	249,033	10,962,546	10,702,849	508,730
Wastewater Centier	117,599	330,221	360,018	87,802
Wastewater Horizon Bond & Interest	165,099	2,056,726	1,899,712	322,113
Stormwater Operating	952,701	569,775	1,481,354	41,122
Stormwater Construction	3,133,680	3,989	1,101,836	2,035,833
Horizon Stormwater Revenue Account	-	1,475,542	587,919	887,623
Totals	<u>\$ 23,439,520</u>	<u>\$ 95,707,881</u>	<u>\$ 87,921,117</u>	<u>\$ 31,226,284</u>

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

CITY OF PORTAGE  
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, wastewater, storm water, trash, 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 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.

CITY OF PORTAGE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements 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.

CITY OF PORTAGE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.



CITY OF PORTAGE  
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.

**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 a cost-sharing 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 Capitol Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF PORTAGE  
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 PORTAGE  
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 Capitol 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 Events**

On March 4, 2014, the Common Council passed Ordinance 14-2 authorizing the issuance of \$3,500,000 in City of Portage Park District Bonds to finance multiple park department projects.

On April 1, 2014, the Common Council passed Ordinance 14-3 authorizing the issuance of \$3,500,000 in Economic Development Income Tax Revenue Bonds, Series 2014 to finance street resurfacing projects.

On June 3, 2014, the Common Council passed Ordinance 14-6 authorizing the refunding of the Economic Development Income Tax Revenue Bonds of 2005, original issue of \$6,565,000, current outstanding principal of \$3,425,000, by issuing County Economic Development Income Tax Revenue Refunding Bonds, Series 2014, in an amount not to exceed \$3,700,000.

**Note 8. Other Postemployment Benefits**

The City provides to eligible retirees and their spouses health insurance at a reduced rate. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

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## SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's 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 PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	PORT AUTHORITY	GIFT FUND	GRANT FUND	MARINA OPERATION FUND	DEBT SERVICE FUND	STORM WATER CONST. BOND	RECOVERY BOND 2010
Cash and investments - beginning	\$ 164,064	\$ 43,618	\$ 58,543	\$ 252,006	\$ 796,463	\$ 1,903	\$ 8,102
Receipts:							
Taxes	-	-	-	325	798,572	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	792,032	-	83,339	-	-
Charges for services	25,693	-	-	352,098	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	102,476	180,824	69	50,000	-	1,172
Total receipts	<u>25,693</u>	<u>102,476</u>	<u>972,856</u>	<u>352,492</u>	<u>931,911</u>	<u>-</u>	<u>1,172</u>
Disbursements:							
Personal services	-	-	36,279	127,624	-	-	-
Supplies	-	-	-	17,814	-	-	-
Other services and charges	11,874	106,871	26,405	110,650	1,252	-	-
Debt service - principal and interest	-	-	-	60,620	884,702	-	-
Capital outlay	358	940	964,605	11,789	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	387	50,000	-	-
Total disbursements	<u>12,232</u>	<u>107,811</u>	<u>1,027,289</u>	<u>328,884</u>	<u>935,954</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>13,461</u>	<u>(5,335)</u>	<u>(54,433)</u>	<u>23,608</u>	<u>(4,043)</u>	<u>-</u>	<u>1,172</u>
Cash and investments - ending	<u>\$ 177,525</u>	<u>\$ 38,283</u>	<u>\$ 4,110</u>	<u>\$ 275,614</u>	<u>\$ 792,420</u>	<u>\$ 1,903</u>	<u>\$ 9,274</u>

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	RECOVERY BOND DEBT RESERV	REDEV: GENERAL	REDEV: ALLOCAT AREA	2002 TIF BOND SERIES A	2002 TIF BOND SERIES B	ECONOMIC IMPROVEMENT	2008 TIF BOND
Cash and investments - beginning	\$ 570,500	\$ 52,346	\$ 8,032,093	\$ 2,093	\$ 1,304	\$ 19,957	\$ 308,693
Receipts:							
Taxes	-	-	6,691,852	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	667,884	-	-	-	6,311	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	606,235	689,911	-	-	-	407
Total receipts	-	1,274,119	7,381,763	-	-	6,311	407
Disbursements:							
Personal services	-	21,358	2,664	-	-	-	-
Supplies	-	330	666	-	-	-	-
Other services and charges	-	327,210	4,907,803	-	-	3,938	11,975
Debt service - principal and interest	-	-	1,841,344	-	-	-	-
Capital outlay	-	-	305,938	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	536,522	10,000	-	-	-	-
Total disbursements	-	885,420	7,068,415	-	-	3,938	11,975
Excess (deficiency) of receipts over disbursements	-	388,699	313,348	-	-	2,373	(11,568)
Cash and investments - ending	\$ 570,500	\$ 441,045	\$ 8,345,441	\$ 2,093	\$ 1,304	\$ 22,330	\$ 297,125

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	MARINA SHORES BOND	2006 AMERIPLEX DEBT SVC	2006 AMERIPLEX BOND	1993 LEASE RENTAL BOND	2004 PARK BOND	EDIT BOND	2013 EQPT BOND
Cash and investments - beginning	\$ -	\$ 1,307,141	\$ 597,805	\$ 437,684	\$ 44	\$ 198,887	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,273,996	22	1,212,080	-	-	-	1,475,000
Total receipts	3,273,996	22	1,212,080	-	-	-	1,475,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	133,452	-	2,500	1,067	-	-	22,019
Debt service - principal and interest	-	-	1,200,330	186,475	-	-	-
Capital outlay	-	-	-	-	-	-	1,136,818
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	250,142	-	-	-
Total disbursements	133,452	-	1,202,830	437,684	-	-	1,158,837
Excess (deficiency) of receipts over disbursements	3,140,544	22	9,250	(437,684)	-	-	316,163
Cash and investments - ending	\$ 3,140,544	\$ 1,307,163	\$ 607,055	\$ -	\$ 44	\$ 198,887	\$ 316,163



CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	2013 TIF BOND	2013 TIF BOND DEBT RESERVE	WITHHOLDING FUND	PAYROLL WITHHOLDING STATE TAX	PAYROLL WITHHOLDING CWT	GENERAL FUND	MVH-STREET FUND
Cash and investments - beginning	\$ -	\$ -	\$ 101,440	\$ -	\$ -	\$ 814,669	\$ 114,735
Receipts:							
Taxes	-	-	-	-	-	8,252,300	1,377,742
Licenses and permits	-	-	-	-	-	239,705	3,165
Intergovernmental	-	-	-	-	-	1,338,731	1,235,919
Charges for services	-	-	-	-	-	2,750,797	177,791
Fines and forfeits	-	-	-	-	-	8,749	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,214,437	505,563	19,065	408,035	62,736	4,508,839	987,493
Total receipts	<u>5,214,437</u>	<u>505,563</u>	<u>19,065</u>	<u>408,035</u>	<u>62,736</u>	<u>17,099,121</u>	<u>3,782,110</u>
Disbursements:							
Personal services	-	-	-	-	-	11,181,385	2,221,972
Supplies	-	-	-	-	-	764,664	374,806
Other services and charges	83,349	-	69,473	-	-	1,717,397	247,424
Debt service - principal and interest	-	-	-	-	-	3,417,500	716,151
Capital outlay	-	-	-	-	-	7,170	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	51,032	374,052	57,121	825,107	150,000
Total disbursements	<u>83,349</u>	<u>-</u>	<u>120,505</u>	<u>374,052</u>	<u>57,121</u>	<u>17,913,223</u>	<u>3,710,353</u>
Excess (deficiency) of receipts over disbursements	<u>5,131,088</u>	<u>505,563</u>	<u>(101,440)</u>	<u>33,983</u>	<u>5,615</u>	<u>(814,102)</u>	<u>71,757</u>
Cash and investments - ending	<u>\$ 5,131,088</u>	<u>\$ 505,563</u>	<u>\$ -</u>	<u>\$ 33,983</u>	<u>\$ 5,615</u>	<u>\$ 567</u>	<u>\$ 186,492</u>

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	LOCAL ROAD & STREET FUND	PARK NR OPERATING	EMP MED BEN PLAN	ECONOMIC DEVELOPMENT	NEW POLICE CONT. EDUCT.	UNSAFE BUILDING	PARK & RECREATION FUND
Cash and investments - beginning	\$ 18,867	\$ 213,077	\$ 311,724	\$ 1,075	\$ 56,859	\$ 52,952	\$ 143,285
Receipts:							
Taxes	-	-	1,800,030	-	-	-	890,610
Licenses and permits	-	-	-	-	23,980	-	-
Intergovernmental	352,041	-	187,851	-	-	-	91,710
Charges for services	-	389,101	-	-	13,100	-	-
Fines and forfeits	-	-	-	-	8,126	14,200	-
Utility fees	-	-	-	-	-	-	-
Other receipts	200,000	110	2,249,943	-	18,796	-	400,559
Total receipts	<u>552,041</u>	<u>389,211</u>	<u>4,237,824</u>	<u>-</u>	<u>64,002</u>	<u>14,200</u>	<u>1,382,879</u>
Disbursements:							
Personal services	-	168,675	-	-	-	-	707,171
Supplies	281,109	91,843	-	-	-	-	86,324
Other services and charges	51,112	149,702	2,582,474	-	19,029	6,375	239,771
Debt service - principal and interest	-	-	1,632,770	-	-	-	398,969
Capital outlay	-	44,659	-	-	36,352	-	5,410
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	50,000	-	235,000	-	-	-	11,696
Total disbursements	<u>382,221</u>	<u>454,879</u>	<u>4,450,244</u>	<u>-</u>	<u>55,381</u>	<u>6,375</u>	<u>1,449,341</u>
Excess (deficiency) of receipts over disbursements	<u>169,820</u>	<u>(65,668)</u>	<u>(212,420)</u>	<u>-</u>	<u>8,621</u>	<u>7,825</u>	<u>(66,462)</u>
Cash and investments - ending	<u>\$ 188,687</u>	<u>\$ 147,409</u>	<u>\$ 99,304</u>	<u>\$ 1,075</u>	<u>\$ 65,480</u>	<u>\$ 60,777</u>	<u>\$ 76,823</u>

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	CABLE TV FRANCHISE FUND	ECONOMIC DEV INCOME TAX	EMERGENCY RESPONSE	LEVY EXCESS FUND	MAJOR MOVES CONSTRUCTION	CUM. CAPITAL DEVELOPMENT	PARK NR CAPITAL
Cash and investments - beginning	\$ 124,371	\$ 260,835	\$ 466	\$ 47,064	\$ 374,608	\$ 7,517	\$ 109,144
Receipts:							
Taxes	-	-	-	-	-	201,707	-
Licenses and permits	464,580	-	-	-	-	-	-
Intergovernmental	-	2,425,942	-	-	-	21,051	-
Charges for services	-	-	-	-	-	-	51,641
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	480,555	-	-	51,795	132,234	-
Total receipts	<u>464,580</u>	<u>2,906,497</u>	<u>-</u>	<u>-</u>	<u>51,795</u>	<u>354,992</u>	<u>51,641</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	2,033	-	-	-	-	-
Other services and charges	340,560	2,198,321	-	-	2,712	1,946	30,809
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	193,533	-	-	148,398	205,318	41,130
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	480,000	-	-	-	131,000	-
Total disbursements	<u>340,560</u>	<u>2,873,887</u>	<u>-</u>	<u>-</u>	<u>151,110</u>	<u>338,264</u>	<u>71,939</u>
Excess (deficiency) of receipts over disbursements	<u>124,020</u>	<u>32,610</u>	<u>-</u>	<u>-</u>	<u>(99,315)</u>	<u>16,728</u>	<u>(20,298)</u>
Cash and investments - ending	<u>\$ 248,391</u>	<u>\$ 293,445</u>	<u>\$ 466</u>	<u>\$ 47,064</u>	<u>\$ 275,293</u>	<u>\$ 24,245</u>	<u>\$ 88,846</u>

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	SIDEWALK WAIVER FUND	FIRE DEPT EQUIPMENT	DRAIN MAINTENANCE	CUM. CAPITAL IMPROVEMENT	1998 STORM WATER BOND	PARK NR IMPACT FEE	CUM LIAB/PHYSICAL DAM RES
Cash and investments - beginning	\$ 18,149	\$ 2,701	\$ 52,408	\$ 494,189	\$ 2,178	\$ 86,247	\$ 9,893
Receipts:							
Taxes	-	-	-	-	-	-	261,866
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	98,865	-	-	27,328
Charges for services	4,976	57,456	-	-	-	2,100	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	466,000	-	-	250,400
Total receipts	<u>4,976</u>	<u>57,456</u>	<u>-</u>	<u>564,865</u>	<u>-</u>	<u>2,100</u>	<u>539,594</u>
Disbursements:							
Personal services	-	-	-	-	-	-	44,638
Supplies	-	866	-	-	-	-	-
Other services and charges	-	1,515	-	-	-	9,100	236,052
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	17,186	29,612	-	-	-	17,872	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	638,000	-	-	250,000
Total disbursements	<u>17,186</u>	<u>31,993</u>	<u>-</u>	<u>638,000</u>	<u>-</u>	<u>26,972</u>	<u>530,690</u>
Excess (deficiency) of receipts over disbursements	<u>(12,210)</u>	<u>25,463</u>	<u>-</u>	<u>(73,135)</u>	<u>-</u>	<u>(24,872)</u>	<u>8,904</u>
Cash and investments - ending	<u>\$ 5,939</u>	<u>\$ 28,164</u>	<u>\$ 52,408</u>	<u>\$ 421,054</u>	<u>\$ 2,178</u>	<u>\$ 61,375</u>	<u>\$ 18,797</u>

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	POLICE PENSION FUND	FIRE PENSION FUND	RIVERBOAT	2012 STORM WATER BOND	PAYROLL NET WAGES	PAYROLL WITHHOLDING FWT	PAYROLL WITHHOLDING FICA
Cash and investments - beginning	\$ 78,276	\$ 230,978	\$ 1,857	\$ 7,924	\$ -	\$ -	\$ -
Receipts:							
Taxes	10,616	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	496,810	501,363	218,166	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	85,000	-	-	-	238,178	1,453,112	614,037
Total receipts	592,426	501,363	218,166	-	238,178	1,453,112	614,037
Disbursements:							
Personal services	600	600	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	495,090	489,829	218,166	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	85,000	-	-	-	238,478	1,463,018	605,043
Total disbursements	580,690	490,429	218,166	-	238,478	1,463,018	605,043
Excess (deficiency) of receipts over disbursements	11,736	10,934	-	-	(300)	(9,906)	8,994
Cash and investments - ending	\$ 90,012	\$ 241,912	\$ 1,857	\$ 7,924	\$ (300)	\$ (9,906)	\$ 8,994

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	PAYROLL WITHHOLDING MEDI	PAYROLL WITHHOLDING CIVIL PERF	PAYROLL WITHHOLDING POLICE/FIRE PERF	PAYROLL WITHHOLDING HEALTH INS	PAYROLL WITHHOLDING DENTAL INS	PAYROLL WITHHOLDING FLEX PLAN	PAYROLL WITHHOLDING LIFE INS
Cash and investments - beginning	\$ -	\$ 812	\$ 27,910	\$ -	\$ -	\$ -	\$ 163
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	323,069	512,579	1,369,303	86,512	37,153	18,679	14,417
<b>Total receipts</b>	<b>323,069</b>	<b>512,579</b>	<b>1,369,303</b>	<b>86,512</b>	<b>37,153</b>	<b>18,679</b>	<b>14,417</b>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	322,975	506,978	1,360,739	86,512	37,153	18,679	14,579
<b>Total disbursements</b>	<b>322,975</b>	<b>506,978</b>	<b>1,360,739</b>	<b>86,512</b>	<b>37,153</b>	<b>18,679</b>	<b>14,579</b>
Excess (deficiency) of receipts over disbursements	94	5,601	8,564	-	-	-	(162)
Cash and investments - ending	\$ 94	\$ 6,413	\$ 36,474	\$ -	\$ -	\$ -	\$ 1

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	PAYROLL WITHHOLDING DEF COMP VALIC	PAYROLL WITHHOLDING DEF COMP NATIONWIDE	PAYROLL WITHHOLDING FIRE DUES	PAYROLL WITHHOLDING FIRE PAC	PAYROLL WITHHOLDING POLICE DUES	PAYROLL WITHHOLDING LOCAL 150 ADMIN	PAYROLL WITHHOLDING LOCAL 150 MEM
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,832	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	255,873	133,953	26,566	5,588	8,606	27,949	17,213
Total receipts	255,873	133,953	26,566	5,588	8,606	27,949	17,213
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	255,873	133,953	26,799	5,588	8,606	29,781	17,213
Total disbursements	255,873	133,953	26,799	5,588	8,606	29,781	17,213
Excess (deficiency) of receipts over disbursements	-	-	(233)	-	-	(1,832)	-
Cash and investments - ending	\$ -	\$ -	\$ (233)	\$ -	\$ -	\$ -	\$ -

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	PAYROLL WITHHOLDING LOCAL 150 PAC	PAYROLL WITHHOLDING AFLAC	PAYROLL HSA	PAYROLL UNITED WAY	PAYROLL DIRECT DEPOSIT	PAYROLL WITHHOLDING BANKRUPTCY
Cash and investments - beginning	\$ 160	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,480	14,069	1,200	80	8,831,746	67,057
Total receipts	<u>1,480</u>	<u>14,069</u>	<u>1,200</u>	<u>80</u>	<u>8,831,746</u>	<u>67,057</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,640	14,069	1,200	80	8,831,726	67,057
Total disbursements	<u>1,640</u>	<u>14,069</u>	<u>1,200</u>	<u>80</u>	<u>8,831,726</u>	<u>67,057</u>
Excess (deficiency) of receipts over disbursements	<u>(160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>



CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	PAYROLL WHLDG GARNISHMENT 305	PAYROLL WITHHOLDING SUPPORT-IN	PAYROLL WITHHOLDING SUPPORT-IL	PAYROLL WHLDG GARNISHMENT 347	PAYROLL WHLDG GARNISHMENT 1919	Wastewater Cash Operating
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,612
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,978	122,423	918	560	730	5,035,152
Total receipts	<u>3,978</u>	<u>122,423</u>	<u>918</u>	<u>560</u>	<u>730</u>	<u>5,035,152</u>
Disbursements:						
Personal services	-	-	-	-	-	1,637,673
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	143,135
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	47,495
Utility operating expenses	-	-	-	-	-	1,771,219
Other disbursements	3,978	122,423	918	560	730	1,502,814
Total disbursements	<u>3,978</u>	<u>122,423</u>	<u>918</u>	<u>560</u>	<u>730</u>	<u>5,102,336</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(67,184)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,428</u>

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Wastewater Capital Improvement	Wastewater Debt Service Reserve	Petty Cash	Payroll	Medical Benefit	Wastewater Revenue II
Cash and investments - beginning	\$ 145,979	\$ 1,915,690	\$ 800	\$ 8,231	\$ 25,485	\$ 249,033
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	235,745	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	10,881,870
Other receipts	512,806	2,876	-	1,761,814	1,521,688	80,676
Total receipts	<u>748,551</u>	<u>2,876</u>	<u>-</u>	<u>1,761,814</u>	<u>1,521,688</u>	<u>10,962,546</u>
Disbursements:						
Personal services	-	-	-	1,658,186	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	661,499	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,507,409	10,702,849
Total disbursements	<u>661,499</u>	<u>-</u>	<u>-</u>	<u>1,658,186</u>	<u>1,507,409</u>	<u>10,702,849</u>
Excess (deficiency) of receipts over disbursements	<u>87,052</u>	<u>2,876</u>	<u>-</u>	<u>103,628</u>	<u>14,279</u>	<u>259,697</u>
Cash and investments - ending	<u>\$ 233,031</u>	<u>\$ 1,918,566</u>	<u>\$ 800</u>	<u>\$ 111,859</u>	<u>\$ 39,764</u>	<u>\$ 508,730</u>

CITY OF PORTAGE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Wastewater Centier	Wastewater Horizon Bond & Interest	Stormwater Operating	Stormwater Construction	Horizon Stormwater Revenue Account	Totals
Cash and investments - beginning	\$ 117,599	\$ 165,099	\$ 952,701	\$ 3,133,680	\$ -	\$ 23,439,520
Receipts:						
Taxes	-	-	-	-	-	20,285,620
Licenses and permits	-	-	-	-	-	731,430
Intergovernmental	-	-	-	-	-	8,106,893
Charges for services	-	-	-	-	-	4,498,948
Fines and forfeits	-	-	-	-	-	31,075
Utility fees	-	-	-	-	-	10,881,870
Other receipts	330,221	2,056,726	569,775	3,989	1,475,542	51,172,045
Total receipts	330,221	2,056,726	569,775	3,989	1,475,542	95,707,881
Disbursements:						
Personal services	-	-	182,730	-	134,938	18,126,493
Supplies	-	-	-	-	-	1,620,455
Other services and charges	-	-	-	-	-	15,000,357
Debt service - principal and interest	-	1,899,712	-	-	-	12,238,573
Capital outlay	-	-	106,251	1,101,781	184,573	5,268,687
Utility operating expenses	18	-	392,373	55	168,408	2,332,073
Other disbursements	360,000	-	800,000	-	100,000	33,334,479
Total disbursements	360,018	1,899,712	1,481,354	1,101,836	587,919	87,921,117
Excess (deficiency) of receipts over disbursements	(29,797)	157,014	(911,579)	(1,097,847)	887,623	7,786,764
Cash and investments - ending	\$ 87,802	\$ 322,113	\$ 41,122	\$ 2,035,833	\$ 887,623	\$ 31,226,284

CITY OF PORTAGE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Park District Bonds of 2004	\$ 830,000	\$ 430,100
General obligation bonds	Economic Development Revenue Bonds Series 2006	14,143,000	1,209,580
General obligation bonds	Redevelopment District Tax Increment Revenue and Refunding Bonds of 2008	6,435,000	897,381
General obligation bonds	Redevelopment District Tax Increment Revenue Bonds of 2010	5,390,000	521,288
General obligation bonds	EDIT Revenue Bonds 2013 (Equipment)	1,330,000	310,675
General obligation bonds	Redevelopment District Bonds Series 2013	5,720,000	299,917
Revenue bonds	EDIT Revenue Bonds 2013 (Fronius)	4,915,080	210,253
Revenue bonds	Special Improvement District Bonds of 2005	6,883,000	590,792
Revenue bonds	Economic Development Income Tax Revenue Bonds of 2005	3,825,000	591,250
Revenue bonds	Marina Revenue Refunding Bonds of 2006 Series B	163,000	59,654
Total governmental activities		<u>49,634,080</u>	<u>5,120,890</u>
Wastewater Utility:			
Revenue bonds	Sewage Works Revenue Bonds of 1996 Series A	4,245,000	1,155,902
Revenue bonds	Sewage Works Revenue Bonds of 2010	16,440,000	740,405
Total Wastewater Utility		<u>20,685,000</u>	<u>1,896,307</u>
Stormwater Utility:			
General obligation bonds	Stormwater Management District Refunding Bonds of 2012	2,275,000	435,000
Totals		<u>\$ 72,594,080</u>	<u>\$ 7,452,197</u>

CITY OF PORTAGE  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2013

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	\$ 67,688,499
Infrastructure	55,478,937
Buildings	9,043,451
Improvements other than buildings	7,646,196
Machinery, equipment, and vehicles	15,741,146
Total governmental activities	155,598,229
Wastewater Utility:	
Land	1,056,256
Infrastructure	2,077,561
Buildings	17,904,811
Improvements other than buildings	25,162,381
Machinery, equipment, and vehicles	10,156,328
Construction in progress	11,709,899
Total Wastewater Utility	68,067,236
Total capital assets	\$ 223,665,465

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

***Report on Compliance for the Major Federal Program***

We have audited the City of Portage's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)


***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. 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.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

October 16, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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 PORTAGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program Police Ed. Byrne Justice	Direct grant	16.738	2012-DJ-BX-0987	\$ <u>16,310</u>
Bulletproof Vest Partnership Program Police Vests	Direct grant	16.607	FY 2013 BVP	<u>1,388</u>
Public Safety Partnership and Community Policing Grants 2005 COPS Technology Initiative	Direct grant	16.710	2005CKWX0025	<u>27,581</u>
Total - Department of Justice				<u>45,279</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Pan Am/Airport Improvements Iron Horse Trail Phase II Central Avenue/County Line Road Intersection Project	Indiana Department of Transportation	20.205	DES#0810293 DES#0300602 DES#0810298	9,108 40,299 <u>51,795</u>
Total - Highway Planning and Construction Cluster				<u>101,202</u>
Highway Safety Cluster				
State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	PT-12-11-04-26	17,643
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Task Force Indiana Enforcement	Indiana Criminal Justice Institute	20.601	PT-11-04-04-28	<u>18,649</u>
Total - Highway Safety Cluster				<u>36,292</u>
Total - Department of Transportation				<u>137,494</u>
<u>Environmental Protection Agency</u>				
Congressionally Mandated Projects Treatment Plant	Direct grant	66.202	XP-00E00754	<u>235,745</u>
<u>Department of Homeland Security</u>				
Assistance to Firefighters Grant 2012 Fire Radios	Direct grant	97.044	EMW-2012-FR-00176	<u>681,582</u>
Total federal awards expended				<u>\$ 1,100,100</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 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 PORTAGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
97.044	Assistance to Firefighters Grant

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**

**FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER REPORTING THE FEDERAL EXPENDITURES ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: expenditures were understated \$79,376 in total for two grants; expenditures were overstated \$444,323 in total for two grants; three nonfederal grants totaling \$11,630 were included that should not have been; and five grants either had the incorrect CFDA number or had no CFDA number.

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

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. . . ."

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.

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#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



Christopher D. Stidham Clerk-Treasurer

## Office of the Clerk-Treasurer

### FINDING 2012-4 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CONGRESSIONALLY MANDATED PROJECTS AND ASSISTANCE TO FIREFIGHTERS GRANT

Original Assigned SBA Audit Report Number: B43054

Report Period: 01/01/2012 to 12/31/2012

Pass-Through Entity or Federal Grantor Agency: Environmental Protection Agency, Department of Homeland Security

Contact Person Responsible for Corrective Action: Christopher D. Stidham, Clerk-Treasurer, Sherryl Smolar, Utility Secretary-Treasurer

Contact Phone Number: (219) 762-7784

#### State of Audit Finding:

The City of Portage and Portage Utility Service Board had previously failed to comply with Federal grant requirements for ensuring compliance with vendor suspension and debarment guidelines. The City of Portage and Portage Utility Service Board have instituted new procedures requiring all vendors receiving Federal grant dollars to be eligible to do business with the Federal Government. Additionally, the City of Portage and Portage Utility Service Board ensures compliance with this requirement by searching vendors in the Federal debarment database. Vendors are also requirement to complete forms certifying non-collusion, compliance with immigration laws, and investment in Iran restrictions.

Christopher D. Stidham  
Clerk-Treasurer  
June 12, 2014

Sherryl Smolar  
Secretary-Treasurer  
June 12, 2014



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**Christopher D. Stidham** Clerk-Treasurer

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## Office of the Clerk-Treasurer

### FINDING 2012-5 – NONCOMPLIANCE WITH EQUIPMENT MANAGEMENT REQUIREMENT

Original Assigned SBA Audit Report Number: B43054

Report Period: 01/01/2012 to 12/31/2012

Pass-Through Entity or Federal Grantor Agency: Department of Homeland Security

Contact Person Responsible for Corrective Action: Christopher D. Stidham, Clerk-Treasurer

Contact Phone Number: (219) 762-7784

#### State of Audit Finding:

The City of Portage had previously failed to maintain proper asset records for equipment purchased with Federal grant dollars. To correct the issue, the City of Portage has created a separate asset ledger for equipment purchased with Federal grant dollars. The ledger includes the date of purchase, the equipment serial number, value, and receiving agency. Equipment damaged, destroyed or disposed of will be recorded on the asset ledger as appropriate. Equipment disposal will be in compliance with grant guidelines.

**Christopher D. Stidham**

Clerk-Treasurer

June 12, 2014

CITY OF PORTAGE  
UTILITY SERVICE BOARD

Sanitary Sewer Department  
6071 Central Avenue - Portage, Indiana 46368-3587  
Telephone (219) 762-2016 Fax (219) 762-1307



Home of the Port of Indiana

August 28, 2014

FINDING 2012-5 – NONCOMPLIANCE WITH EQUIPMENT MANAGEMENT REQUIREMENTS

Original Assigned SBA Audit Report Number: B43054

Report Period: 01/01/2012 to 12/31/2012

Federal Agency: Environmental Protection Agency

Contact Person Responsible for Corrective Action: Sherryl L. Smolar, Utility Secretary-Treasurer

Contact Phone Number (219) 762-2016

State of Audit Finding:

The Utility was not in compliance with the reporting requirements for the Federal Grant Program with regard to descriptions (serial numbers) purchase prices for equipment and inventory procedures as well as being identified separately from other Capital Asset purchases and projects. The Portage Utility Service Board has begun the required record keeping of such items as is outlined and will maintain such records going forward. The inventorying and recording keeping of any and all other Capital Asset Records is currently being developed.

Sherryl L. Smolar

Secretary-Treasurer

Portage Utility Service Board

August 28, 2014

CITY OF PORTAGE  
UTILITY SERVICE BOARD

Sanitary Sewer Department  
6071 Central Avenue - Portage, Indiana 46368-3587  
Telephone (219) 762-2016 Fax (219) 762-1307



Home of the Port of Indiana

July 9, 2014

FINDING 2012-6 – NONCOMPLIANCE WITH REPORTING REQUIREMENT

Original Assigned SBA Audit Report Number: B43054

Report Period: 01/01/2012 to 12/31/2012

Federal Agency: Environmental Protection Agency

Contact Person Responsible for Corrective Action: Sherryl L. Smolar, Utility Secretary-Treasurer

Contact Phone Number (219) 762-2016

State of Audit Finding:

The Utility was not in compliance with the semi-annual reporting requirements for the Federal Grant Program. The Portage Utility Service Board has submitted the required reports named in the 2012 Audit for both reporting periods as is required. They were not submitted on Form 5700-2A but were accepted. The Portage Utility Service Board in the future will be using the required forms to submit the information for the designated reporting periods when due.



Sherryl L. Smolar

Secretary-Treasurer

Portage Utility Service Board

July 9, 2014



Christopher D. Stidham Clerk-Treasurer

## Office of the Clerk-Treasurer

State Board of Accounts  
302 Washington Street, Room E418  
Indianapolis, Indiana 46204-2765

October 16, 2014

To Whom It May Concern:

Please accept this document as this office's corrective action plan for the State Board of Accounts Audit of the City of Portage's 2013 financial records.

### **Finding #2013-01 - Internal Controls Over the Schedule of Expenditures of Federal Awards**

The City of Portage Office of the Clerk-Treasurer is required to properly report Federal grant awards annually via the Schedule of Expenditures and Federal Awards (SEFA). To ensure this occurs in the future, we will be taking the following corrective steps.

The Office of the Clerk-Treasurer will centralize record-keeping for all Federal grants and maintain custody over those records. This will aid office staff in properly preparing the SEFA each year as accurate records will be maintained in the office. Staff will verify amounts reported in the Annual Report to ensure accuracy.

We look forward to having this issue resolved as soon as possible. Should you have any questions about our corrective action plan, please feel free to contact me.

Respectfully,

**Christopher D. Stidham**  
Clerk-Treasurer

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.