

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

FINANCIAL STATEMENT AUDIT REPORT

OF

CITY OF PORTLAND

JAY COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

11/18/2024



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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November 18, 2024

To: The Officials of the City of Portland
City of Portland
Jay County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the City of Portland. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of City of Portland as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on pages 32 through 33. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 34.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for City of Portland was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

CITY OF PORTLAND
Jay County, Indiana

FINANCIAL STATEMENT
For the Year Ended December 31, 2023

CITY OF PORTLAND
Jay County, Indiana

FINANCIAL STATEMENT
For the Year Ended December 31, 2023

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CITY OF PORTLAND
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	John W. Boggs	01-01-23 to 12-31-23
President of the Board of Public Works and Safety	John W. Boggs	01-01-23 to 12-31-23
President Pro Tempore of The Common Council	Kent McClung	01-01-23 to 12-31-23
Superintendent of Water Utility	Douglas A. Jackson	01-01-23 to 12-31-23
Superintendent of Wastewater Utility	Brad Clayton	01-01-23 to 12-31-23
Clerk-Treasurer	Lori A Phillips	01-01-23 to 12-31-23

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
City of Portland
Jay County, Indiana

Opinions

We have audited the accompanying statement of receipts, disbursements, and cash and investment balances of the City of Portland (the "City") as of December 31, 2023, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement presents fairly, in all material respects, the cash and investment balances of the City as of December 31, 2023, and its cash receipts and cash disbursements for the year then ended, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

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 section of our report, 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 of the City as of December 31, 2023, or changes in net position for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As discussed in Note 1 to the financial statement, the Unit 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 and pervasive.

(Continued)

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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 themselves, 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 as a whole.

(Continued)

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, Schedule of Capital Assets, and State Reporting Information, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
September 27, 2024

CITY OF PORTLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2023

<u>Fund</u>	Cash and Investments <u>01-01-23</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-23</u>
GENERAL FUND	\$ 4,629,366	\$ 4,528,377	\$ 4,355,103	\$ 4,802,640
MOTOR VEHICLE HIGHWAY	702,633	1,112,881	1,145,085	670,429
LOCAL ROAD & STREET	72,096	45,633	6,610	111,119
AVIATION	361,700	192,619	189,329	364,990
DONATION FUND - SAFE HAVEN BABY BOX	1,246	1,423	660	2,009
ECONOMIC DEVELOPMENT INCOME TAX	1,188,931	341,468	387,212	1,143,187
BUILDING DEMOLITION FUND	37,995	10,000	-	47,995
SANITATION FUND	252,889	209,298	68,907	393,280
POLICE CONTINUING EDUCATION	48,362	11,840	14,545	45,657
RIVERBOAT WAGERING TAX REVENUE	418,849	15,760	-	434,609
PARK & RECREATION	359,865	393,972	504,243	249,594
RAINY DAY FUND	443,588	-	-	443,588
LOIT SPECIAL DISTRIBUTION	8,828	-	-	8,828
OPIOID SETTLEMENT	5,759	917	6,676	-
AIP 3-18-0068-021-2021	-	292,207	289,207	3,000
CUM CAP IMP - CIG TAX	135,799	11,472	-	147,271
CUMULATIVE CAPITAL DEVELOPMENT	665,378	230,849	78,345	817,882
PORTLAND STREET DEPT. NON REVERTING	34,619	67,860	2,993	99,486
PORTLAND FIRE DEPT NON REV. EQUIPMENT	391,835	82,171	9,743	464,263
WATSON - RETAINAGE	-	229,095	-	229,095
CUMULATIVE CAPITAL IMPROVEMENT RATE	837,076	136,917	616,686	357,307
AIP 3-18-0068-023-2022	-	47,629	46,661	968
POLICE PENSION FUND	87,428	65,052	69,035	83,445
FIRE PENSION FUND	191,588	116,721	127,524	180,785
LOIT PUBLIC SAFETY FUND	307,897	267,010	206,458	368,449
Portland City Court	16,189	253,870	242,307	27,752
Criminal Investigative Funds	1,320	-	250	1,070
MILESTONE RETAINAGE FUND	-	18,412	-	18,412
AIP 3-18-0068-024-2023	-	10,138	7,852	2,286
IDDC - PUBLIC ART GRANT	-	10,000	10,000	-
IFA - GRANT	-	902,000	-	902,000
ARP GRANT FUND (AMERICAN RESCUE PLAN)	1,360,216	-	1,360,216	-
MVH RESTRICTED	196,187	136,091	110,995	221,283
INSURANCE SURPLUS NON-REVERTING	697,786	1,279,096	1,486,550	490,332
POOL CONSTRUCTION FUND	95,829	-	-	95,829
PARK DONATION FUND	2,059	-	-	2,059
PORTLAND MEN'S SOFTBALL LEAGUE DONATION	300	-	-	300
MAYOR'S ANNUAL GOLF OUTING	599	6,333	6,830	102
POLICE BENEVOLENCE DONATION FUND	4,721	3,050	1,256	6,515
TRADING CARD FUND	71	-	-	71
CONCESSIONS	97,445	40,447	22,745	115,147
PORTLAND FORFEITURE FUND	817	-	-	817
TIF 2007 ALLOCATION FUND	807,385	367,643	557,967	617,061
TIF 2007 CONSTRUCTION FUND	46,704	391,598	387,351	50,951
TIF 2007 DEBT SERVICE RESERVE FUND	192,768	1,307	-	194,075
TIF 2007 BOND & INTEREST	173,271	167,493	168,001	172,763
FIRE DEPT. INVESTIGATIVE FUND	45,392	1,892	865	46,419
EDIT DOWNTOWN FACADE PROGRAM	60,742	-	-	60,742
TIF DOWNTOWN FACADE PROGRAM	27,582	-	-	27,582
PARK BOND & INTEREST	160,157	26,883	128,494	58,546

(Continued)

CITY OF PORTLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
REVOLVING LOAN FUND	\$ 95,977	\$ 3,876	\$ 89	\$ 99,764
DARE DONATION FUND	7,388	-	6,000	1,388
DNR GRANT - TRAILS PROJECT	72,205	-	-	72,205
SMOKE DETECTOR DONATION FUND	990	2,170	37	3,123
DRUG FREE COMMUNITY FUND	5,313	10	3,280	2,043
CRIMINAL INVESTIGATION FUND	9,236	-	-	9,236
SIDEWALK RECONSTRUCTION FUND	45,550	23,754	11,666	57,638
LOCAL ROAD & BRIDGE MATCHING GRANT FUND (CCG)	30,409	345,231	363,394	12,246
HUDSON FAMILY PARK	184	-	-	184
HUDSON FAMILY PARK DONATION	302	-	-	302
CHRISTMAS PARTY DONATION FUND	1,189	3,350	2,808	1,731
AIP 3-18-0068-15 Runway Design Phase 2	2,295	-	-	2,295
AIP 3-18-0068-019-2020 RUNWAY EXT GR/ DR; PAV/ LTG	-	4,360	4,360	-
RECYCLING FUND	34,702	-	-	34,702
AVIATION FUEL FUND	215,911	407,523	380,842	242,592
REDKEY CITY FINES	7,900	4,735	12,550	85
DUNKIRK CITY FINES	138	297	357	78
COURT COSTS DUE COUNTY	1,078	14,238	13,412	1,904
USER FEE FUND-COURT CONT EDUCATION	735	3,852	3,636	951
CASH CHANGE & PETTY CASH	1,175	-	-	1,175
COURT CLERK'S RECORD PERPETUATION	30,392	5,830	3,270	32,952
COURT DEFERRAL PROGRAM	226	6,197	6,257	166
PAYROLL FEDERAL WITHHOLDING	-	276,944	276,944	-
PAYROLL FICA/SS WITHHOLDING	-	260,211	260,211	-
PAYROLL MEDICARE WITHHOLDING	-	94,260	94,260	-
PAYROLL STATE WITHHOLDING	-	110,787	110,787	-
PAYROLL COUNTY WITHHOLDING	-	81,671	81,671	-
PAYROLL PERF	-	321,230	321,230	-
PAYROLL POLICE PENSION	-	143,976	143,976	-
PAYROLL FIRE PENSION	-	102,003	102,003	-
PAYROLL AFLAC/AFLAC TX	-	18,499	18,499	-
PAYROLL DIRECT DEPOSIT	-	2,591,724	2,591,724	-
PAYROLL CHILD SUPPORT	-	14,539	14,539	-
PAYROLL DENTAL INSURANCE	-	20,264	20,264	-
PAYROLL PATRIOT FITNESS	-	1,200	1,200	-
PAYROLL UNITED WAY	-	1,443	1,443	-
PAYROLL HEALTH INSURANCE	-	57,800	57,800	-
PAYROLL INDIANA FARM BUREAU	-	94	94	-
SEWAGE UTILITY OPERATING	855,321	3,096,766	2,731,676	1,220,411
SEWAGE UTILITY DEPRECIATION	1,066,453	-	134,572	931,881
SEWAGE DEBT SERVICE RESERVE-JULY	644,243	33,301	-	677,544
SEWAGE BOND & INTEREST	498,612	623,838	606,902	515,548
WATER UTILITY OPERATING	3,070,978	1,281,293	1,368,451	2,983,820
WATER UTILITY METER DEPOSIT	259,648	32,050	25,627	266,071
WATER UTILITY DEPRECIATION & IMP.	<u>652,427</u>	<u>105,215</u>	<u>245,040</u>	<u>512,602</u>
Totals	<u>\$ 22,782,244</u>	<u>\$ 22,121,955</u>	<u>\$ 22,637,572</u>	<u>\$ 22,266,627</u>

See accompanying notes to financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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 basis of accounting also requires presentation of certain information as Other Information.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes. Amounts received including 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. Amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts. Amounts received 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fines and forfeits. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. 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.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed 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. Amounts disbursed for 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. Amounts disbursed for services including, 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. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Unit. It includes all expenditures for the reduction of the principal and interest of the Unit general obligation indebtedness as well as lease agreements.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various purposes including, but 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.

Interfund Transfers: The City may, from time to time, make transfers 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.

Fund Accounting: Separate funds are established, maintained, and reported by the City. Each fund is used to account for amounts 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 Unit. The amounts 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 City itself.

(Continued)

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 December 31 of the year preceding the budget year or January 15 of the budget year if the City is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund (PDIF). 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, the following: 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 Unit 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.

The City has purchased insurance to address the risks described above.

NOTE 6 - PENSION PLAN

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Town authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Town authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

Financial Report

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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

NOTE 6 - PENSION PLAN (Continued)

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.

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.

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, providing retirement, disability, and survivor benefits.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and

NOTE 6 - PENSION PLAN (Continued)

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.

Financial Report

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 One North Capitol, Suite
001 Indianapolis, IN 46204
Ph. (844) 464-6777

Contributions

The contributions requirements of plan members and the City are established by the Board of Trustees of IPRS based on actuarial valuation. Employers may pay all or part of the member contribution for the member.

NOTE 7 - SUBSEQUENT EVENTS

In March 2024, the City issued the Sewage Works Revenue Bonds of 2024 in the amount of \$23,086,000, to fund the EQ basin and wet weather pump station.

OTHER INFORMATION (Unaudited)

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2023

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	AVIATION	DONATION FUND SAFE HAVEN BABY BOX	ECONOMIC DEVELOPMENT INCOME TAX	BUILDING DEMOLITION FUND	SANITATION FUND	POLICE CONTINUING EDUCATION	RIVERBOAT WAGERING TAX REVENUE	PARK & RECREATION	RAINY DAY FUND	LOIT SPECIAL DISTRIBUTION	OPIOID SETTLEMENT
Cash and investments - beginning	\$ 4,629,366	\$ 702,633	\$ 72,096	\$ 361,700	\$ 1,246	\$ 1,188,931	\$ 37,995	\$ 252,889	\$ 48,362	\$ 418,849	\$ 359,865	\$ 443,588	\$ 8,828	\$ 5,759
Receipts:														
Taxes	2,078,173	869,495	-	127,350	-	-	-	-	-	-	259,790	-	-	-
Licenses and permits	85,169	-	-	-	-	-	-	-	4,210	-	-	-	-	-
Intergovernmental receipts	1,585,512	238,263	45,633	7,346	-	318,218	-	-	-	-	15,265	-	-	-
Charges for services	-	5,123	-	57,923	-	16,025	-	209,298	7,630	-	83,332	-	-	-
Fines and forfeits	96,946	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	682,577	-	-	-	1,423	7,225	10,000	-	-	15,760	35,585	-	-	917
Total receipts	4,528,377	1,112,881	45,633	192,619	1,423	341,468	10,000	209,298	11,840	15,760	393,972	-	-	917
Disbursements:														
Personal services	2,813,779	698,829	-	49,168	-	-	-	-	-	-	198,405	-	-	-
Supplies	134,102	102,130	-	3,556	660	5,108	-	-	14,545	-	69,877	-	-	-
Other services and charges	989,371	220,946	6,610	136,605	-	332,104	-	-	-	-	134,064	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	209,153	113,180	-	-	-	-	-	26,647	-	-	101,897	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	208,698	10,000	-	-	-	50,000	-	42,260	-	-	-	-	-	6,676
Total disbursements	4,355,103	1,145,085	6,610	189,329	660	387,212	-	68,907	14,545	-	504,243	-	-	6,676
Excess (deficiency) of receipts over disbursements	173,274	(32,204)	39,023	3,290	763	(45,744)	10,000	140,391	(2,705)	15,760	(110,271)	-	-	(5,759)
Cash and investments - ending	\$ 4,802,640	\$ 670,429	\$ 111,119	\$ 364,990	\$ 2,009	\$ 1,143,187	\$ 47,995	\$ 393,280	\$ 45,657	\$ 434,609	\$ 249,594	\$ 443,588	\$ 8,828	\$ -

(Continued)

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2023

	AIP 3-18-0068-021-2021	CUM CAP IMP CIG TAX	CUMULATIVE CAPITAL DEVELOPMENT	PORTLAND STREET DEPT. NON REVERTING	PORTLAND FIRE DEPT NON REV. EQUIPMENT	WATSON RETAINAGE	CUMULATIVE CAPITAL IMPROVEMENT RATE	AIP 3-18-0068-023-2022	POLICE PENSION FUND	FIRE PENSION FUND	LOIT PUBLIC SAFETY FUND	Portland City Court	Criminal Investigative Funds
Cash and investments - beginning	\$ -	\$ 135,799	\$ 665,378	\$ 34,619	\$ 391,835	\$ -	\$ 837,076	\$ -	\$ 87,428	\$ 191,588	\$ 307,897	\$ 16,189	\$ 1,320
Receipts:													
Taxes	-	11,472	129,159	-	-	-	129,159	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	7,513	-	-	-	7,480	-	-	-	262,237	-	-
Charges for services	-	-	94,177	-	70,171	-	278	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	253,870	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	292,207	-	-	67,860	12,000	229,095	-	47,629	65,052	116,721	4,773	-	-
Total receipts	292,207	11,472	230,849	67,860	82,171	229,095	136,917	47,629	65,052	116,721	267,010	253,870	-
Disbursements:													
Personal services	-	-	-	-	-	-	-	-	68,927	127,424	68,637	-	-
Supplies	-	-	-	2,993	-	-	-	-	108	100	49,465	-	250
Other services and charges	-	-	-	-	-	-	616,686	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	289,207	-	78,345	-	9,743	-	-	46,661	-	-	88,356	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-	-	-	242,307	-
Total disbursements	289,207	-	78,345	2,993	9,743	-	616,686	46,661	69,035	127,524	206,458	242,307	250
Excess (deficiency) of receipts over disbursements	3,000	11,472	152,504	64,867	72,428	229,095	(479,769)	968	(3,983)	(10,803)	60,552	11,563	(250)
Cash and investments - ending	\$ 3,000	\$ 147,271	\$ 817,882	\$ 99,486	\$ 464,263	\$ 229,095	\$ 357,307	\$ 968	\$ 83,445	\$ 180,785	\$ 368,449	\$ 27,752	\$ 1,070

(Continued)

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2023

	MILESTONE RETAINAGE FUND	AIP 3-18-0068-024-2023	IDDC PUBLIC ART GRANT	IFA GRANT	ARP GRANT FUND (AMERICAN RESCUE PLAN)	MVH RESTRICTED	INSURANCE SURPLUS NON-REVERTING	POOL CONSTRUCTION FUND	PARK DONATION FUND	PORTLAND MEN'S SOFTBALL LEAGUE DONATION	MAYOR'S ANNUAL GOLF OUTING	POLICE BENEVOLENCE DONATION FUND	TRADING CARD FUND
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,360,216	\$ 196,187	\$ 697,786	\$ 95,829	\$ 2,059	\$ 300	\$ 599	\$ 4,721	\$ 71
Receipts:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	10,138	10,000	902,000	-	136,091	-	-	-	-	-	-	-
Charges for services	18,412	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	1,279,096	-	-	-	6,333	3,050	-
Total receipts	18,412	10,138	10,000	902,000	-	136,091	1,279,096	-	-	-	6,333	3,050	-
Disbursements:													
Personal services	-	-	-	-	-	-	1,486,550	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	6,830	1,256	-
Other services and charges	-	-	10,000	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	7,852	-	-	1,360,216	110,995	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	7,852	10,000	-	1,360,216	110,995	1,486,550	-	-	-	6,830	1,256	-
Excess (deficiency) of receipts over disbursements	18,412	2,286	-	902,000	(1,360,216)	25,096	(207,454)	-	-	-	(497)	1,794	-
Cash and investments - ending	\$ 18,412	\$ 2,286	\$ -	\$ 902,000	\$ -	\$ 221,283	\$ 490,332	\$ 95,829	\$ 2,059	\$ 300	\$ 102	\$ 6,515	\$ 71

(Continued)

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2023

	CONCESSIONS	PORTLAND FORFEITURE FUND	TIF 2007 ALLOCATION FUND	TIF 2007 CONSTRUCTION FUND	TIF 2007 DEBT SERVICE RESERVE FUND	TIF 2007 BOND & INTEREST	FIRE DEPT. INVESTIGATIVE FUND	EDIT DOWNTOWN FACADE PROGRAM	TIF DOWNTOWN FACADE PROGRAM	PARK BOND & INTEREST	REVOLVING LOAN FUND	DARE DONATION FUND	DNR GRANT TRAILS PROJECT	SMOKE DETECTOR DONATION FUND
Cash and investments - beginning	\$ 97,445	\$ 817	\$ 807,385	\$ 46,704	\$ 192,768	\$ 173,271	\$ 45,392	\$ 60,742	\$ 27,582	\$ 160,157	\$ 95,977	\$ 7,388	\$ 72,205	\$ 990
Receipts:														
Taxes	-	-	362,609	-	-	-	-	-	-	25,573	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-	-	1,310	-	-	-	-
Charges for services	37,801	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	2,646	-	5,034	391,598	1,307	167,493	1,892	-	-	-	3,876	-	-	2,170
Total receipts	40,447	-	367,643	391,598	1,307	167,493	1,892	-	-	26,883	3,876	-	-	2,170
Disbursements:														
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	22,745	-	-	-	-	-	865	-	-	-	89	2,000	-	37
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	168,001	-	-	-	127,300	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	4,000	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	557,967	387,351	-	-	-	-	-	1,194	-	-	-	-
Total disbursements	22,745	-	557,967	387,351	-	168,001	865	-	-	128,494	89	6,000	-	37
Excess (deficiency) of receipts over disbursements	17,702	-	(190,324)	4,247	1,307	(508)	1,027	-	-	(101,611)	3,787	(6,000)	-	2,133
Cash and investments - ending	\$ 115,147	\$ 817	\$ 617,061	\$ 50,951	\$ 194,075	\$ 172,763	\$ 46,419	\$ 60,742	\$ 27,582	\$ 58,546	\$ 99,764	\$ 1,388	\$ 72,205	\$ 3,123

(Continued)

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2023

	DRUG FREE COMMUNITY FUND	CRIMINAL INVESTIGATION FUND	SIDEWALK RECONSTRUCTION FUND	LOCAL ROAD & BRIDGE MATCHING GRANT FUND (CCG)	HUDSON FAMILY PARK	HUDSON FAMILY PARK DONATION	CHRISTMAS PARTY DONATION FUND	AIP 3-18-0068-15 Runway Design Phase 2	AIP 3-18-0068-019-2020 RUNWAY EXT GR/ DR; PAV/ LTG	RECYCLING FUND	AVIATION FUEL FUND	REDKEY CITY FINES	DUNKIRK CITY FINES	COURT COSTS DUE COUNTY
Cash and investments - beginning	\$ 5,313	\$ 9,236	\$ 45,550	\$ 30,409	\$ 184	\$ 302	\$ 1,189	\$ 2,295	\$ -	\$ 34,702	\$ 215,911	\$ 7,900	\$ 138	\$ 1,078
Receipts:														
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-	4,360	-	-	-	-	-
Charges for services	-	-	13,754	-	-	-	-	-	-	-	407,190	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	4,735	297	14,238
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	10	-	10,000	345,231	-	-	3,350	-	-	-	333	-	-	-
Total receipts	10	-	23,754	345,231	-	-	3,350	-	4,360	-	407,523	4,735	297	14,238
Disbursements:														
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	3,280	-	11,666	-	-	-	-	-	-	-	362,184	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	4,360	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	363,394	-	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	2,808	-	-	-	18,658	12,550	357	13,412
Total disbursements	3,280	-	11,666	363,394	-	-	2,808	-	4,360	-	380,842	12,550	357	13,412
Excess (deficiency) of receipts over disbursements	(3,270)	-	12,088	(18,163)	-	-	542	-	-	-	26,681	(7,815)	(60)	826
Cash and investments - ending	\$ 2,043	\$ 9,236	\$ 57,638	\$ 12,246	\$ 184	\$ 302	\$ 1,731	\$ 2,295	\$ -	\$ 34,702	\$ 242,592	\$ 85	\$ 78	\$ 1,904

(Continued)

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2023

	USER FEE FUND-COURT CONT EDUCATION	CASH CHANGE & PETTY CASH	COURT CLERK'S RECORD PERPETUATION	COURT DEFERRAL PROGRAM	PAYROLL FEDERAL WITHHOLDING	PAYROLL FICA/SS WITHHOLDING	PAYROLL MEDICARE WITHHOLDING	PAYROLL STATE WITHHOLDING	PAYROLL COUNTY WITHHOLDING	PAYROLL PERF	PAYROLL POLICE PENSION	PAYROLL FIRE PENSION	PAYROLL AFLAC/ AFLAC TX	PAYROLL DIRECT DEPOSIT
Cash and investments - beginning	\$ 735	\$ 1,175	\$ 30,392	\$ 226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Receipts:														
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intergovernmental receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines and forfeits	3,852	-	5,830	6,197	-	-	-	-	-	-	-	-	-	
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other receipts	-	-	-	-	276,944	260,211	94,260	110,787	81,671	321,230	143,976	102,003	18,499	
Total receipts	3,852	-	5,830	6,197	276,944	260,211	94,260	110,787	81,671	321,230	143,976	102,003	18,499	
Disbursements:														
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other services and charges	-	-	3,270	-	-	-	-	-	-	-	-	-	-	
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other disbursements	3,636	-	-	6,257	276,944	260,211	94,260	110,787	81,671	321,230	143,976	102,003	18,499	
Total disbursements	3,636	-	3,270	6,257	276,944	260,211	94,260	110,787	81,671	321,230	143,976	102,003	18,499	
Excess (deficiency) of receipts over disbursements	216	-	2,560	(60)	-	-	-	-	-	-	-	-	-	
Cash and investments - ending	\$ 951	\$ 1,175	\$ 32,952	\$ 166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

(Continued)

CITY OF PORTLAND
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2023

	PAYROLL CHILD SUPPORT	PAYROLL DENTAL INSURANCE	PAYROLL PATRIOT FITNESS	PAYROLL UNITED WAY	PAYROLL HEALTH INSURANCE	PAYROLL INDIANA FARM BUREAU	SEWAGE UTILITY OPERATING	SEWAGE UTILITY DEPRECIATION	SEWAGE DEBT SERVICE RESERVE-JULY	SEWAGE BOND & INTEREST	WATER UTILITY OPERATING	WATER UTILITY METER DEPOSIT	WATER UTILITY DEPRECIATION & IMP.	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 855,321	\$ 1,066,453	\$ 644,243	\$ 498,612	\$ 3,070,978	\$ 259,648	\$ 652,427	\$ 22,782,244
Receipts:														
Taxes	-	-	-	-	-	-	-	-	-	-	1,783	-	-	3,994,563
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	89,379
Intergovernmental receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	3,551,366
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	1,021,114
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	385,965
Utility fees	-	-	-	-	-	-	3,066,683	-	-	-	1,235,813	-	-	4,302,496
Penalties	-	-	-	-	-	-	-	-	-	-	13,588	-	-	13,588
Other receipts	14,539	20,264	1,200	1,443	57,800	94	30,083	-	33,301	623,838	30,109	32,050	105,215	8,763,484
Total receipts	14,539	20,264	1,200	1,443	57,800	94	3,096,766	-	33,301	623,838	1,281,293	32,050	105,215	22,121,955
Disbursements:														
Personal services	-	-	-	-	-	-	772,145	-	-	-	564,685	-	-	6,848,549
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	793,846
Other services and charges	-	-	-	-	-	-	106,275	-	-	-	56,627	-	-	2,616,918
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	606,902	-	-	-	902,203
Capital outlay	-	-	-	-	-	-	58,291	8,000	-	-	20,230	-	245,040	3,141,207
Utility operating expenses	-	-	-	-	-	-	1,185,195	126,572	-	-	372,799	25,627	-	1,710,193
Other disbursements	14,539	20,264	1,200	1,443	57,800	94	609,770	-	-	-	354,110	-	-	6,624,656
Total disbursements	14,539	20,264	1,200	1,443	57,800	94	2,731,676	134,572	-	606,902	1,368,451	25,627	245,040	22,637,572
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	365,090	(134,572)	33,301	16,936	(87,158)	6,423	(139,825)	(515,617)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,220,411	\$ 931,881	\$ 677,544	\$ 515,548	\$ 2,983,820	\$ 266,071	\$ 512,602	\$ 22,266,627

CITY OF PORTLAND
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2023

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 127,231	\$ 90,100
Wastewater	110,430	276,602
Water	<u>63,115</u>	<u>79,167</u>
Totals	<u>\$ 300,776</u>	<u>\$ 445,869</u>

CITY OF PORTLAND
SCHEDULE OF LEASES AND DEBT
December 31, 2023

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
CROSSROADS BANK	WHEEL LOADER - REPAIR STREE	\$ 26,853	7/15/2022	7/15/2025
CROSSROADS BANK	LADDER TRUCK - FIGHT FIRES	109,074	6/1/2022	6/1/2028
ENTERPRISE FLEET MANAGEMENT	TRUCK - STREET DEPARTMENT	10,647	8/19/2022	8/18/2025
ENTERPRISE FLEET MANAGEMENT	TRUCK - STREET DEPARTMENT	10,647	8/19/2022	8/18/2025
ENTERPRISE FLEET MANAGEMENT	TRUCK - STREET DEPARTMENT	13,328	10/10/2023	10/9/2026
ENTERPRISE FLEET MANAGEMENT	TRUCK - STREET DEPARTMENT	12,865	11/17/2023	11/16/2026
ENTERPRISE FLEET MANAGEMENT	POLICE DODGE CHARGER	<u>11,445</u>	10/11/2022	10/10/2025

Total governmental activities 194,859

Total of annual lease payments \$ 194,859

<u>Type</u>	<u>Description of Debt Purpose</u>	<u>Ending Principal Balance</u>	<u>Principal Due Within One Year</u>
Governmental activities:			
General obligation bonds	Portland Park & Recreation Bonds-2010	\$ 960,000	\$ 105,000
Revenue bonds	TIF Increment Revenue Bonds Series 2007A	<u>865,000</u>	<u>135,000</u>
Total governmental activities		<u>1,825,000</u>	<u>240,000</u>
Wastewater:			
Revenue bonds	2017 Sewage Bond	2,352,000	133,000
Revenue bonds	Sewage Revenue Bonds Series A	1,964,000	177,000
Revenue bonds	Sewage Revenue Bonds Series B	<u>2,295,000</u>	<u>197,000</u>
Total Wastewater		<u>6,611,000</u>	<u>507,000</u>
Totals		<u>\$ 8,436,000</u>	<u>\$ 747,000</u>

CITY OF PORTLAND
SCHEDULE OF CAPITAL ASSETS
December 31, 2023

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,796,925
Infrastructure	33,866,233
Buildings	3,566,268
Improvements other than buildings	4,257,172
Machinery, equipment, and vehicles	8,596,132
Construction in progress	<u>3,111,567</u>
 Total governmental activities	 <u>55,194,297</u>
Wastewater:	
Land	96,190
Infrastructure	17,372,255
Buildings	6,384,254
Improvements other than buildings	4,861,027
Machinery, equipment, and vehicles	9,784,932
Construction in progress	<u>4,282,233</u>
 Total Wastewater	 <u>42,780,891</u>
Water:	
Land	12,340
Infrastructure	6,716,215
Buildings	3,180,643
Improvements other than buildings	1,674,627
Machinery, equipment, and vehicles	4,032,427
Construction in progress	<u>14,531</u>
 Total Water	 <u>15,630,783</u>
 Total capital assets	 <u>\$ 113,605,971</u>

PORTLAND CIVIL CITY
STATE REPORTING INFORMATION
December 31, 2023

The reports presented herein were prepared in addition to another official report prepared for the City as listed below:

Indiana State Board of Accounts Compliance Examination of the City of Portland.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns*.

SUPPLEMENTARY INFORMATION

CITY OF PORTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	Direct Grant				
AIP-19 Runway Design		20.106	AIP 3-18-0068-019-2020	\$ -	\$ 4,360
AIP-21 - Runway Extension Phase 2		20.106	AIP 3-18-0068-021-2021	-	292,207
AIP-23 Terminal Apron		20.106	AIP 3-18-0068-023-2022	-	46,850
AIP-24 Terminal Apron Expansion Phase 2		20.106	AIP 3-18-0068-024-2023	-	<u>10,138</u>
Total - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs				<u>-</u>	<u>353,555</u>
Highway Planning and Construction	Indiana Department of Transportation				
Blaine Pike Project		20.205	1600965	-	86,978
Votaw Street Project		20.205	1702762	-	<u>278</u>
Total - Highway Planning and Construction				<u>-</u>	<u>87,256</u>
Total - Department of Transportation				<u>-</u>	<u>440,811</u>
<u>Department of the Treasury</u>					
Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan Act of 2021	Direct Grant	21.027	ARPA 21	<u>-</u>	<u>1,360,216</u>
Total - Department of the Treasury				<u>-</u>	<u>1,360,216</u>
Total federal awards expended				<u>\$ -</u>	<u>\$ 1,801,027</u>

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF PORTLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 1 - BASIS OF PRESENTATION

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the City of Portland City (the "City") under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the City, it is not intended to and does not present the receipts, disbursements, and cash and investment balances – regulatory basis of the City.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - OTHER INFORMATION

The City did not have any subrecipient activity for the year ended December 31, 2023.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Those Charged with Governance
City of Portland
Jay County, Indiana

We have audited, in accordance with the 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 Portland ("City"), which comprise the statement of receipts, disbursements, and cash and investment balances of the City as of and for the year ended December 31, 2023 and the related notes to the financial statement, which collectively comprise the City's financial statement, and have issued our report thereon dated September 27, 2024.

Report on 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) as a basis for designing 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.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free from 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 financial statement. 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*.

(Continued)

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
September 27, 2024



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

Those Charged with Governance
City of Portland
Jay County, Indiana

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the City of Portland's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
September 27, 2024

CITY OF PORTLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2023

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 weakness(es) identified?	<u> X </u>	Yes	_____	No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u> X </u>	None Reported

Noncompliance material to financial statement noted?	_____	Yes	<u> X </u>	No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u> X </u>	None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____	Yes	<u> X </u>	No
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____	Yes	<u> X </u>	No
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(Continued)

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

Section II – Financial Statement Findings

FINDING 2023-001

Subject: Preparation and Review of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes:

-
- Accurate and timely recording of transactions "

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements "

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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.

(Continued)

CITY OF PORTLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

Section II – Financial Statement Findings (Continued)

FINDING 2023-001 (Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the assistance listing number (ALN) or other identifying number when the ALN information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

Condition: 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).

Cause: Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. In the City's submission for the year ended December 31, 2023, the City did not report the \$1,360,216 of federal expenditures for the year from the Coronavirus State and Local Fiscal Recover Fund.

An audit adjustment was proposed, accepted by the City, and made to the SEFA to correct the issue noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the error identified in the Context section.

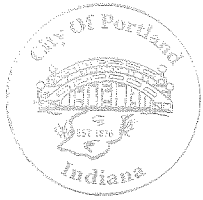
Identification as a repeat finding, if applicable: No. Not a repeat finding.

Recommendation: We recommended that the City's management establish a formal review over the SEFA to ensure amounts reported are accurate. The City should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the underlying detail each year.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None noted.



City of PORTLAND
PORTLAND, INDIANA

Jeff A. Westlake
Mayor

Lori Phillips
Clerk-Treasurer

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS
December 31, 2023

FINDING 2023-001

Subject: Preparation and Review of the Schedule of Expenditures of Federal Awards
Audit Findings: Significant Deficiency

Condition: 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).

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Unit financial reporting system was the source of the SEFA. In the City's submission for the year ended December 31, 2023, the City did not report the \$1,360,216 of federal expenditures for the year from the Coronavirus State and Local Fiscal Recover Fund.

An audit adjustment was proposed, accepted by the City, and made to the SEFA to correct the issues noted above.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Management will ensure that the SEFA preparation and review internal control process in place is followed and thoroughly documented to detect and prevent material misstatements to the SEFA.

Responsible Party and Timeline for Completion: The Clerk-Treasurer is the responsible party. The completion will go into effect upon the next SEFA submission.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Subject: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs - Special Tests and Provisions - Wage Rate Requirements

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs

Assistance Listings Number: 20.106

Federal Award Numbers or and Years (Other Identifying Numbers): AIP 3-18-0068-019-2020,
AIP 3-18-0068-021-2021,
AIP 3-18-0068-023-2022

Compliance Requirement: Special Tests and Provisions - Wage Rate

Requirements Audit Finding: Material Weakness

Condition and Context

The City had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would be effective in preventing, or detecting and correcting, material noncompliance related to wage rate requirements on construction contracts paid with Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (AIP) funds.

Construction contracts in excess of \$2,000 financed by federal assistance funds must pay wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) to their laborers and mechanics. Nonfederal entities are to include in its construction contracts subject to the wage rate requirements a provision that the contractor or subcontractor comply with these requirements and the DOL regulations. This would include a requirement to submit a copy of the payroll and statement of compliance to the entity for each week in which contract work was performed.

The City's engineering firm received the certified payrolls from the contractors; however, the City did not have any processes in place to ensure the required certified payrolls were completed and submitted.

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) "

Status: Resolved