

B37575

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

ANNUAL FINANCIAL REPORT

2009

CITY OF VALPARAISO

PORTER COUNTY, INDIANA



FILED
09/28/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	10
Notes to Financial Statements	11-20
Required Supplementary Information:	
Budgetary Comparison Schedule.....	21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22-29
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Internal Service Funds	30
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds	31
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	32
Schedule of Capital Assets.....	33
Schedule of Long-Term Debt	34
Other Report	35
Audit Result and Comment:	
Capital Asset Records	36
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	38-39
Schedule of Expenditures of Federal Awards	40
Note to Schedule of Expenditures of Federal Awards.....	41
Schedule of Findings and Questioned Costs	42
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	43
Exit Conference.....	44

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Emerson Swihart	01-01-08 to 12-31-11
Mayor	Jon Costas	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Jon Costas	01-01-08 to 12-31-11
President of the Common Council	Jon Costas	01-01-08 to 12-31-11
City Administrator	William Hanna Bill Oeding	01-01-09 to 03-31-09 04-01-09 to 12-31-10
Superintendent of Utilities	John Hardwick	01-01-09 to 12-31-10
Controller of Utilities	Richard S. Freeman	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Valparaiso (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 15, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Budgetary Comparison Schedule, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis, Schedules of Funding Progress, or Schedule of Contributions From the Employer and Other Contributing Entities, that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 15, 2010



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Valparaiso (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

July 15, 2010

CITY OF VALPARAISO
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 9,222,419	\$ 792,652	\$ -	\$ -	\$ (8,429,767)	\$ -	\$ (8,429,767)
Public safety	8,691,885	2,941,166	242,614	27,081	(5,481,024)	-	(5,481,024)
Highways and streets	2,364,870	6,639	2,767,307	291,521	700,597	-	700,597
Sanitation	1,599,483	1,723,913	-	-	124,430	-	124,430
Health and welfare	192	10,870	-	-	10,678	-	10,678
Economic development	9,098,418	-	-	-	(9,098,418)	-	(9,098,418)
Culture and recreation	3,787,403	1,494,509	-	12,000	(2,280,894)	-	(2,280,894)
Principal and interest on indebtedness	14,106,020	-	-	-	(14,106,020)	-	(14,106,020)
Total governmental activities	48,870,690	6,969,749	3,009,921	330,602	(38,560,418)	-	(38,560,418)
Business-type activities:							
Stormwater Utility	843,715	726,090	-	-	-	(117,625)	(117,625)
Water Reclamation Utility	9,145,702	6,961,358	-	147,668	-	(2,036,676)	(2,036,676)
Water Utility	7,746,319	4,940,723	-	557,685	-	(2,247,911)	(2,247,911)
Total business-type activities	17,735,736	12,628,171	-	705,353	-	(4,402,212)	(4,402,212)
Total primary government	\$ 66,606,426	\$ 19,597,920	\$ 3,009,921	\$ 1,035,955	(38,560,418)	(4,402,212)	(42,962,630)
General receipts:							
Property taxes					32,459,547	-	32,459,547
Intergovernmental					355,882	-	355,882
Other local sources					15,342,787	2,626	15,345,413
Net proceeds from borrowings					3,100,000	-	3,100,000
Grants and contributions not restricted to specific programs					563,210	-	563,210
Investment earnings					132,635	23,620	156,255
Total general receipts					51,954,061	26,246	51,980,307
Change in net assets					13,393,643	(4,375,966)	9,017,677
Net assets - beginning					17,782,587	14,150,183	31,932,770
Net assets - ending					\$ 31,176,230	\$ 9,774,217	\$ 40,950,447
Assets							
Cash and investments					\$ 9,933,971	\$ 3,733,102	\$ 13,667,073
Restricted assets:							
Cash and investments					21,242,259	6,041,115	27,283,374
Total assets					\$ 31,176,230	\$ 9,774,217	\$ 40,950,447
Net Assets							
Restricted for:							
Highways and streets					\$ 2,939,388	\$ -	\$ 2,939,388
Debt service					811,061	2,539,960	3,351,021
Capital outlay					17,491,810	-	17,491,810
Other purposes					-	3,501,155	3,501,155
Unrestricted					9,933,971	3,733,102	13,667,073
Total net assets					\$ 31,176,230	\$ 9,774,217	\$ 40,950,447

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

CITY OF VALPARAISO
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Redevelopment Consolidated TIF Area	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 17,429,579	\$ 10,193,846	\$ 9,392,729	\$ 37,016,154
Licenses and permits	221,130	9,365	292,063	522,558
Intergovernmental	99,444	1,052,061	2,544,900	3,696,405
Charges for services	3,563,701	-	2,492,771	6,056,472
Fines and forfeits	1,150	-	61,075	62,225
Interfund loans	2,000,000	2,000,000	3,692,000	7,692,000
Other	<u>474,022</u>	<u>389,112</u>	<u>647,596</u>	<u>1,510,730</u>
Total receipts	<u>23,789,026</u>	<u>13,644,384</u>	<u>19,123,134</u>	<u>56,556,544</u>
Disbursements:				
General government	7,692,012	-	801,646	8,493,658
Public safety	7,486,865	-	1,205,020	8,691,885
Highways and streets	-	-	2,364,870	2,364,870
Sanitation	1,599,483	-	-	1,599,483
Health and welfare	-	-	192	192
Economic development	-	6,005,358	2,793,060	8,798,418
Culture and recreation	-	-	3,152,260	3,152,260
Interfund loans	2,000,000	2,100,000	3,592,000	7,692,000
Debt service:				
Principal	12,343,735	260,000	655,000	13,258,735
Interest	-	182,750	664,535	847,285
Capital outlay:				
General government	-	-	8,280	8,280
Economic development	-	300,000	-	300,000
Culture and recreation	-	-	635,143	635,143
Total disbursements	<u>31,122,095</u>	<u>8,848,108</u>	<u>15,872,006</u>	<u>55,842,209</u>
Excess (deficiency) of receipts over disbursements	<u>(7,333,069)</u>	<u>4,796,276</u>	<u>3,251,128</u>	<u>714,335</u>
Other financing sources (uses):				
Net proceeds from borrowings	-	3,100,000	-	3,100,000
Transfers in	-	-	568,165	568,165
Transfers out	-	-	(568,165)	(568,165)
Other receipts	<u>9,319,879</u>	<u>400,168</u>	<u>531,588</u>	<u>10,251,635</u>
Total other financing sources (uses)	<u>9,319,879</u>	<u>3,500,168</u>	<u>531,588</u>	<u>13,351,635</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,986,810</u>	<u>8,296,444</u>	<u>3,782,716</u>	<u>14,065,970</u>
Cash and investment fund balance - beginning	<u>950,124</u>	<u>4,967,988</u>	<u>10,491,088</u>	<u>16,409,200</u>
Cash and investment fund balance - ending	<u>\$ 2,936,934</u>	<u>\$ 13,264,432</u>	<u>\$ 14,273,804</u>	<u>30,475,170</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:				
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.				
				<u>701,060</u>
Net assets of governmental activities				<u>\$ 31,176,230</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 2,936,934	\$ -	\$ 6,295,977	\$ 9,232,911
Restricted assets:				
Cash and investments	<u>-</u>	<u>13,264,432</u>	<u>7,977,827</u>	<u>21,242,259</u>
Total cash and investment assets - ending	<u>\$ 2,936,934</u>	<u>\$ 13,264,432</u>	<u>\$ 14,273,804</u>	<u>\$ 30,475,170</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
Highways and streets	\$ -	\$ -	\$ 2,939,388	\$ 2,939,388
Debt service	-	-	811,061	811,061
Capital outlay	-	13,264,432	4,227,378	17,491,810
Unrestricted	<u>2,936,934</u>	<u>-</u>	<u>6,295,977</u>	<u>9,232,911</u>
Total cash and investment fund balance - ending	<u>\$ 2,936,934</u>	<u>\$ 13,264,432</u>	<u>\$ 14,273,804</u>	<u>\$ 30,475,170</u>

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

CITY OF VALPARAISO
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2009

	Stormwater Utility	Water Reclamation Utility	Water Utility	Totals	Internal Service Funds
Operating receipts:					
Metered and unmetered	\$ -	\$ -	\$ 4,374,575	\$ 4,374,575	\$ -
Fees	697,705	6,749,125	-	7,446,830	-
Penalties	-	60,232	17,899	78,131	-
Charges for services	-	-	-	-	2,250,028
Miscellaneous	28,385	152,001	548,249	728,635	48,154
Total operating receipts	726,090	6,961,358	4,940,723	12,628,171	2,298,182
Operating disbursements:					
Salaries and wages	55,558	1,635,261	2,964,093	4,654,912	-
Employee pensions and benefits	-	424,899	535,564	960,463	-
Sludge removal	-	187,879	-	187,879	-
Purchased power	-	-	298,747	298,747	-
Chemicals	-	78,552	146,287	224,839	-
Material and supplies	-	298,046	806,456	1,104,502	-
Contractual services	22,963	-	-	22,963	-
Rents	-	6,280	-	6,280	-
Transportation	-	51,506	75,442	126,948	-
Insurance claims and expense	-	79,091	100,676	179,767	2,970,509
Refunds	-	-	615	615	-
Equipment and capital improvements	468,831	2,579,804	1,395,088	4,443,723	-
Miscellaneous	15,360	1,907,920	756,864	2,680,144	-
Total operating disbursements	562,712	7,249,238	7,079,832	14,891,782	2,970,509
Excess (deficiency) of operating receipts over operating disbursements	163,378	(287,880)	(2,139,109)	(2,263,611)	(672,327)
Nonoperating receipts (disbursements):					
Rent	-	-	1,834	1,834	-
Investment income	12,381	10,735	504	23,620	-
Refunds	-	-	792	792	-
Debt service of principal	(155,000)	(898,187)	(365,000)	(1,418,187)	-
Interest disbursements	(126,003)	(998,277)	(301,487)	(1,425,767)	-
Total nonoperating receipts (disbursements)	(268,622)	(1,885,729)	(663,357)	(2,817,708)	-
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(105,244)	(2,173,609)	(2,802,466)	(5,081,319)	(672,327)
Capital contributions	-	147,668	557,685	705,353	-
Transfers in	-	926,390	1,487,363	2,413,753	2,575,821
Transfers out	-	(926,390)	(1,487,363)	(2,413,753)	(2,575,821)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(105,244)	(2,025,941)	(2,244,781)	(4,375,966)	(672,327)
Cash and investment fund balance - beginning	1,691,106	8,003,632	4,455,445	14,150,183	1,373,387
Cash and investment fund balance - ending	<u>\$ 1,585,862</u>	<u>\$ 5,977,691</u>	<u>\$ 2,210,664</u>	<u>\$ 9,774,217</u>	<u>\$ 701,060</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 1,585,862	\$ 1,007,511	\$ 1,139,729	\$ 3,733,102	\$ 701,060
Restricted assets:					
Cash and investments	-	4,970,180	1,070,935	6,041,115	-
Total cash and investment assets - December 31	<u>\$ 1,585,862</u>	<u>\$ 5,977,691</u>	<u>\$ 2,210,664</u>	<u>\$ 9,774,217</u>	<u>\$ 701,060</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Debt service	\$ -	\$ 1,694,869	\$ 845,091	\$ 2,539,960	\$ -
Other purposes	-	3,275,311	225,844	3,501,155	-
Unrestricted	1,585,862	1,007,511	1,139,729	3,733,102	701,060
Total cash and investment fund balance - December 31	<u>\$ 1,585,862</u>	<u>\$ 5,977,691</u>	<u>\$ 2,210,664</u>	<u>\$ 9,774,217</u>	<u>\$ 701,060</u>

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

CITY OF VALPARAISO
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 831,197	
State	1,183,127	
Total additions	2,014,324	
Deductions:		
Benefits	1,217,681	
Administrative and general	1,100	
Total deductions	1,218,781	
Excess (deficiency) of total additions over total deductions	795,543	
Cash and investment fund balance - beginning	119,348	
Cash and investment fund balance - ending	\$ 914,891	\$ 277,007

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS

I. 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 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, storm water, and urban redevelopment.

The City's financial reporting entity is composed of the following:

Primary Government: City of Valparaiso

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Related Organizations

The City's officials are also responsible for appointing the voting majority of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints all but one of the board members of the Valparaiso Community School Corporation. The City also appoints a commission member of the Northwestern Indiana Regional Planning Commission, who must be an elected official of the City.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Redevelopment Consolidated TIF Area accounts for all financial resources received from property taxes attributable to the Tax Incremental Financing (TIF) district within the City to fund the payment of debt and issuance of debt to provide infrastructure for the TIF district.

The City reports the following major enterprise funds:

The stormwater utility fund accounts for the operation of the storm water collection system.

The water reclamation utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The water utility fund accounts for the operation of the water distribution system.

Additionally, the City reports the following fund types:

The internal service funds account for the employee health insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for payroll deductions and collections for state and local government units, and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to either external groups such as creditors, or enabling legislation.

2. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$44,246,659.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
Other Governmental Funds	Other Governmental Funds	\$ 568,165

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

The transfers reported in the proprietary funds are made to the various funds (accounts) within each major business-type fund. They are not reflective of transfers between governmental or business-type funds.

IV. Other Information

A. Risk Management

The City is 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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

The City has chosen to establish a risk financing fund for risks associated with medical benefits for employees, dependents, and retired employees below the age of 65 with at least 20 years of service. The risk financing fund is accounted for in the Employee Benefit Plan and Health Claim Funds, internal service funds, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. Employee contributions and utility payments are receipted directly into the Employee Benefit Plan, and transfers from the General fund line item are made as needed. Actual medical and dental bills are paid from the Health Claim Fund and transfers to that fund are made twice a month in the actual amount of checks to be sent out by the third Party Administrator, Employee Benefit Consultants.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Conduit Debt Obligation

From time to time, the City has issued economic development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2009, information was not available regarding the issued or aggregate amount outstanding of the conduit debt obligation.

C. Rate Structure – Enterprise Funds

Stormwater Utility

The current rate structure was approved by the City Council on November 19, 2009.

Water Reclamation Utility

The current rate structure was approved by the City Council on December 18, 2006.

Water Utility

The current rate structure was approved by the City Council on December 14, 2009.

D. Receipts Pledged

Stormwater Utility Receipts Pledged

The City has pledged future user fees, net of specified operating expenditures, to repay revenue bonds issued in 2001. Proceeds from the bonds provided financing for stormwater projects. The bonds are payable solely from user fees and are payable through 2022. Annual principal and interest payments are expected to require less than 100 percent of net receipts.

Water Reclamation Utility Receipts Pledged

The City has pledged future user fees, net of specified operating expenditures, to repay revenue bonds issued in 2007. Proceeds from the bonds provided financing for sewage works capital improvements. The bonds are payable solely from user fees and are payable through 2028. Annual principal and interest payments are expected to require less than 100 percent of net receipts.

Water Utility Receipts Pledged

The City has pledged future user fees, net of specified operating expenditures, to repay revenue bonds issued in 2002. Proceeds from the bonds provided financing for water works capital improvements. The bonds are payable solely from user fees and are payable through 2022. Annual principal and interest payments are expected to require less than 100 percent of net receipts.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$149,639.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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. The contributions made by the City during the period were \$427,406.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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. The contributions made by the City during the period were \$403,791.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$518,653.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Defined Contribution Pension Plan

Plan Description

The Water Utility has a defined contribution pension plan administered by Centier Bank as authorized by Indiana Code 8-1.5-3-7. The employees of both the Water Utility and Water Reclamation Utility participate in the plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the governing board of the Utilities and the plan administrator. The plan administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Centier Bank
4th Floor Wealth Management
600 East 84th Avenue
Merrillville, IN 46410-6366
Phone 219-755-6110

Funding Policy and Annual Pension Cost

The plan provides for up to 6% salary contributions per pay by the employees to be matched 100% by the employer. The employee can also make additional voluntary contributions allowable by applicable IRS rules. The additional contribution is not matched by the employer. Employer and employee contributions to the plan were \$147,401.24 and \$242,873.29, respectively.

F. Subsequent Events

Stormwater Utility:

On November 10, 2009, the Utilities Board approved a two phase rate increase for stormwater with the first phase to be implemented on January 1, 2010, and the second phase on January 1, 2011.

Water Reclamation Utility:

On January 1, 2010, the third phase of a rate increase takes effect, which was approved by the City Council on December 18, 2006. The third phase is a 4% increase. A 10% and 8% increase went into effect on February 1, 2007, and July 1, 2008, respectively.

On January 13, 2010, the Utility purchased a combination excavator and sewer cleaner through a capital lease. The cost of the equipment was \$235,000, and it was financed at an interest rate of 3.49%. The first payment is due January 13, 2011, with the final payment due on January 13, 2014.

Water Utility:

On December 14, 2009, the City Council approved a water rate increase effective January 1, 2010.

On April 27, 2010, \$2,250,000 of Waterworks Revenue Bonds, Series 2010 were sold. The bond proceeds will be used to pay the costs of certain additions, extensions and improvements to the City's municipal waterworks, and for the issuance costs of the bonds.

CITY OF VALPARAISO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2009

	General Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 17,286,046	\$ 17,286,046	\$ 16,447,927	\$ (838,119)
Licenses and permits	255,000	255,000	220,379	(34,621)
Intergovernmental	845,686	845,686	1,081,096	235,410
Charges for services	2,533,000	2,533,000	2,741,621	208,621
Fines and forfeits	500	500	1,150	650
Other	<u>1,493,270</u>	<u>1,493,270</u>	<u>1,744,271</u>	<u>251,001</u>
Total revenues	<u>22,413,502</u>	<u>22,413,502</u>	<u>22,236,444</u>	<u>(177,058)</u>
Expenditures:				
Current:				
General government:				
Administrative	3,783,891	3,856,870	3,495,163	361,707
Employee benefits	<u>2,029,000</u>	<u>1,898,500</u>	<u>1,854,446</u>	<u>44,054</u>
Total general government	<u>5,812,891</u>	<u>5,755,370</u>	<u>5,349,609</u>	<u>405,761</u>
Public safety:				
Police	4,072,475	4,121,385	3,876,083	245,302
Fire	<u>4,922,366</u>	<u>5,015,343</u>	<u>5,011,730</u>	<u>3,613</u>
Total public safety	<u>8,994,841</u>	<u>9,136,728</u>	<u>8,887,813</u>	<u>248,915</u>
Highways and streets:				
Other highways and streets	<u>960,000</u>	<u>960,000</u>	<u>959,805</u>	<u>195</u>
Sanitation:				
Solid Waste Dept.	<u>1,929,254</u>	<u>1,932,904</u>	<u>1,599,482</u>	<u>333,422</u>
Total expenditures	<u>17,696,986</u>	<u>17,785,002</u>	<u>16,796,709</u>	<u>988,293</u>
Other financing sources (uses):				
Operating transfers in	-	-	4,374,600	4,374,600
Operating transfers out	-	-	(4,374,600)	(4,374,600)
Sale of tax anticipation warrants	-	-	8,872,460	8,872,460
Tax anticipation warrant repayments	-	-	(12,325,385)	(12,325,385)
Interfund loans received	-	-	2,000,000	2,000,000
Interfund loans repayments	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,452,925)</u>	<u>(3,452,925)</u>
Net change in fund balances	4,716,516	4,628,500	1,986,810	(2,641,690)
Fund balances - beginning	<u>950,124</u>	<u>950,124</u>	<u>950,124</u>	<u>-</u>
Fund balances - December 31	<u>\$ 5,666,640</u>	<u>\$ 5,578,624</u>	<u>\$ 2,936,934</u>	<u>\$ (2,641,690)</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road And Street	Parking Meter	Park Nonreverting Operating	Emergency Medical Services/ Ambulance	Donations
Receipts:						
Taxes	\$ 1,810,219	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	3,640	-	21,130	-	-	-
Intergovernmental	797,846	291,521	-	-	-	-
Charges for services	905	-	5,734	1,435,828	718,573	-
Fines and forfeits	-	-	61,075	-	-	-
Interfund loans	-	-	-	-	-	-
Other	24,130	-	-	13,680	-	49,385
Total receipts	2,636,740	291,521	87,939	1,449,508	718,573	49,385
Disbursements:						
General government	-	-	-	-	-	37,987
Public safety	-	-	70,310	-	904,031	-
Highways and streets	1,443,632	385,710	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	1,108,487	-	-
Interfund loans	300,000	-	-	130,000	-	-
Debt service:						
Principal	-	-	-	90,000	-	-
Interest	-	-	-	149,780	-	-
Capital outlay:						
General government	-	-	-	-	-	8,280
Culture and recreation	-	-	-	56,900	-	-
Total disbursements	1,743,632	385,710	70,310	1,535,167	904,031	46,267
Excess (deficiency) of receipts over disbursements	893,108	(94,189)	17,629	(85,659)	(185,458)	3,118
Other financing sources (uses):						
Transfers in	-	-	-	246,165	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	18,902	-	-
Total other financing sources (uses)	-	-	-	265,067	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	893,108	(94,189)	17,629	179,408	(185,458)	3,118
Cash and investment fund balance - beginning	204,544	492,098	35,422	467,647	584,118	16,006
Cash and investment fund balance - ending	<u>\$ 1,097,652</u>	<u>\$ 397,909</u>	<u>\$ 53,051</u>	<u>\$ 647,055</u>	<u>\$ 398,660</u>	<u>\$ 19,124</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 53,051	\$ 647,055	\$ 398,660	\$ 19,124
Restricted assets:						
Cash and investments	1,097,652	397,909	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,097,652</u>	<u>\$ 397,909</u>	<u>\$ 53,051</u>	<u>\$ 647,055</u>	<u>\$ 398,660</u>	<u>\$ 19,124</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ 1,097,652	\$ 397,909	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	53,051	647,055	398,660	19,124
Total cash and investment fund balance - ending	<u>\$ 1,097,652</u>	<u>\$ 397,909</u>	<u>\$ 53,051</u>	<u>\$ 647,055</u>	<u>\$ 398,660</u>	<u>\$ 19,124</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Crime Control	Transportation V-Line	Law Enforcement Continuing Education	Unsafe Building	Riverboat	Parks And Recreation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,660,485
Licenses and permits	-	-	-	-	-	-
Intergovernmental	107,000	550,625	-	-	171,645	-
Charges for services	-	27,460	45,784	-	-	44,914
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	880,000
Other	-	162,048	-	4,550	-	28,358
Total receipts	107,000	740,133	45,784	4,550	171,645	3,613,757
Disbursements:						
General government	-	-	-	-	-	-
Public safety	104,462	-	23,606	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	636,946	-	-	-	-
Culture and recreation	-	-	-	-	-	1,796,699
Interfund loans	-	-	-	-	-	1,500,000
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	578,243
Total disbursements	104,462	636,946	23,606	-	-	3,874,942
Excess (deficiency) of receipts over disbursements	2,538	103,187	22,178	4,550	171,645	(261,185)
Other financing sources (uses):						
Transfers in	-	300,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	229,285
Total other financing sources (uses)	-	300,000	-	-	-	229,285
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,538	403,187	22,178	4,550	171,645	(31,900)
Cash and investment fund balance - beginning	36,900	129,621	97,388	9,566	524,997	147,241
Cash and investment fund balance - ending	<u>\$ 39,438</u>	<u>\$ 532,808</u>	<u>\$ 119,566</u>	<u>\$ 14,116</u>	<u>\$ 696,642</u>	<u>\$ 115,341</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 39,438	\$ 532,808	\$ 119,566	\$ 14,116	\$ 696,642	\$ 115,341
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 39,438</u>	<u>\$ 532,808</u>	<u>\$ 119,566</u>	<u>\$ 14,116</u>	<u>\$ 696,642</u>	<u>\$ 115,341</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	39,438	532,808	119,566	14,116	696,642	115,341
Total cash and investment fund balance - ending	<u>\$ 39,438</u>	<u>\$ 532,808</u>	<u>\$ 119,566</u>	<u>\$ 14,116</u>	<u>\$ 696,642</u>	<u>\$ 115,341</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Park Donation	Rainy Day	Forfeiture and Seized Asset Fund	Major Moves Construction	Police Substance Abuse Grant	Grant Tobacco Education
Receipts:						
Taxes	\$ -	\$ 1,013,327	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	167,000	1,890,000	-	-	-	-
Other	27,000	-	-	-	6,562	-
Total receipts	194,000	2,903,327	-	-	6,562	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	2,098	-	6,562	-
Highways and streets	-	-	-	253,035	-	-
Health and welfare	-	-	-	-	-	192
Economic development	-	-	-	-	-	-
Culture and recreation	80,583	-	-	-	-	-
Interfund loans	125,000	830,000	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	92,525	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	205,583	830,000	2,098	345,560	6,562	192
Excess (deficiency) of receipts over disbursements	(11,583)	2,073,327	(2,098)	(345,560)	-	(192)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	283,401	-	-
Total other financing sources (uses)	-	-	-	283,401	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,583)	2,073,327	(2,098)	(62,159)	-	(192)
Cash and investment fund balance - beginning	146,277	482,566	6,414	1,505,986	-	1,706
Cash and investment fund balance - ending	\$ 134,694	\$ 2,555,893	\$ 4,316	\$ 1,443,827	\$ -	\$ 1,514
Cash and Investment Assets - Ending						
Cash and investments	\$ 134,694	\$ 2,555,893	\$ 4,316	\$ -	\$ -	\$ 1,514
Restricted assets:						
Cash and investments	-	-	-	1,443,827	-	-
Total cash and investment assets - ending	\$ 134,694	\$ 2,555,893	\$ 4,316	\$ 1,443,827	\$ -	\$ 1,514
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	1,443,827	\$ -	\$ -
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	134,694	2,555,893	4,316	-	-	1,514
Total cash and investment fund balance - ending	\$ 134,694	\$ 2,555,893	\$ 4,316	\$ 1,443,827	\$ -	\$ 1,514

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Rental Rehab	Police Vehicle Equipment	Firefighting Fund	Capital Equipment	Cemetery	Creekside Golf Operations
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	53,677	-	17,220	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	16,735	-	300,000	-	-
Total receipts	-	16,735	53,677	300,000	17,220	-
Disbursements:						
General government	-	-	-	300,000	1,620	-
Public safety	-	-	51,194	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	51,194	300,000	1,620	-
Excess (deficiency) of receipts over disbursements	-	16,735	2,483	-	15,600	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(65,621)
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(65,621)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	16,735	2,483	-	15,600	(65,621)
Cash and investment fund balance - beginning	191,062	34,526	3,731	-	173,824	65,621
Cash and investment fund balance - ending	<u>\$ 191,062</u>	<u>\$ 51,261</u>	<u>\$ 6,214</u>	<u>\$ -</u>	<u>\$ 189,424</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 191,062	\$ 51,261	\$ 6,214	\$ -	\$ 189,424	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 191,062</u>	<u>\$ 51,261</u>	<u>\$ 6,214</u>	<u>\$ -</u>	<u>\$ 189,424</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	191,062	51,261	6,214	-	189,424	-
Total cash and investment fund balance - ending	<u>\$ 191,062</u>	<u>\$ 51,261</u>	<u>\$ 6,214</u>	<u>\$ -</u>	<u>\$ 189,424</u>	<u>\$ -</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Park City Tree Ordinance	Park Impact Fees	Park Creekside Bond Debt Reserve	Redevelopment Debt Reserve	Grant- Bullet Proof Partnership	Grant E Ticket Equipment
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	133,562	-	-	-	-
Intergovernmental	-	-	-	-	3,900	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	125,000	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	258,562	-	-	3,900	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	3,900	1,318
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	17,077	131,921	-	-	-	-
Interfund loans	-	125,000	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	17,077	256,921	-	-	3,900	1,318
Excess (deficiency) of receipts over disbursements	(17,077)	1,641	-	-	-	(1,318)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(180,544)	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(180,544)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,077)	1,641	(180,544)	-	-	(1,318)
Cash and investment fund balance - beginning	20,579	276,942	180,544	468,900	-	1,318
Cash and investment fund balance - ending	\$ 3,502	\$ 278,583	\$ -	\$ 468,900	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,502	\$ 278,583	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	468,900	-	-
Total cash and investment assets - ending	\$ 3,502	\$ 278,583	\$ -	\$ 468,900	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	468,900	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	3,502	278,583	-	-	-	-
Total cash and investment fund balance - ending	\$ 3,502	\$ 278,583	\$ -	\$ 468,900	\$ -	\$ -

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Transportation DASH	DASH Credit Card Revenue	Developer Deposits	Justice Assistance Grant	Grant Police Equipment	Park Bond and Interest
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 429,393
Licenses and permits	-	-	-	-	-	-
Intergovernmental	406,546	-	-	31,050	100,664	-
Charges for services	64,721	64,188	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	100,000	-	-	-	-	-
Other	-	65	2,367	-	-	1,390
Total receipts	571,267	64,253	2,367	31,050	100,664	430,783
Disbursements:						
General government	-	-	-	18,439	39,072	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	547,806	3,549	-	-	-	-
Culture and recreation	-	-	-	-	-	711
Interfund loans	-	-	-	-	-	92,000
Debt service:						
Principal	-	-	-	-	-	265,000
Interest	-	-	-	-	-	69,525
Capital outlay:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	547,806	3,549	-	18,439	39,072	427,236
Excess (deficiency) of receipts over disbursements	23,461	60,704	2,367	12,611	61,592	3,547
Other financing sources (uses):						
Transfers in	22,000	-	-	-	-	-
Transfers out	-	(22,000)	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	22,000	(22,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	45,461	38,704	2,367	12,611	61,592	3,547
Cash and investment fund balance - beginning	50,762	17,694	14,522	-	-	4,083
Cash and investment fund balance - ending	<u>\$ 96,223</u>	<u>\$ 56,398</u>	<u>\$ 16,889</u>	<u>\$ 12,611</u>	<u>\$ 61,592</u>	<u>\$ 7,630</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 96,223	\$ 56,398	\$ 16,889	\$ 12,611	\$ 61,592	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	7,630
Total cash and investment assets - ending	\$ 96,223	\$ 56,398	\$ 16,889	\$ 12,611	\$ 61,592	\$ 7,630
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	7,630
Capital outlay	-	-	-	-	-	-
Unrestricted	96,223	56,398	16,889	12,611	61,592	-
Total cash and investment fund balance - ending	\$ 96,223	\$ 56,398	\$ 16,889	\$ 12,611	\$ 61,592	\$ 7,630

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Debt Service Other	Cumulative Improvement Cigarette Tax	Cumulative Capital Development	Park Nonreverting Capital	Cumulative Sewer
Receipts:					
Taxes	\$ 782,331	\$ -	\$ 485,094	\$ -	\$ -
Licenses and permits	-	-	-	-	133,731
Intergovernmental	-	84,103	-	-	-
Charges for services	-	-	-	13,767	-
Fines and forfeits	-	-	-	-	-
Interfund loans	330,000	200,000	-	-	-
Other	-	-	-	-	-
Total receipts	1,112,331	284,103	485,094	13,767	133,731
Disbursements:					
General government	1,307	63,479	339,742	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	16,782	-
Interfund loans	490,000	-	-	-	-
Debt service:					
Principal	300,000	-	-	-	-
Interest	352,705	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total disbursements	1,144,012	63,479	339,742	16,782	-
Excess (deficiency) of receipts over disbursements	(31,681)	220,624	145,352	(3,015)	133,731
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31,681)	220,624	145,352	(3,015)	133,731
Cash and investment fund balance - beginning	366,212	275,227	318,337	35,440	1,023,100
Cash and investment fund balance - ending	<u>\$ 334,531</u>	<u>\$ 495,851</u>	<u>\$ 463,689</u>	<u>\$ 32,425</u>	<u>\$ 1,156,831</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	334,531	495,851	463,689	32,425	1,156,831
Total cash and investment assets - ending	<u>\$ 334,531</u>	<u>\$ 495,851</u>	<u>\$ 463,689</u>	<u>\$ 32,425</u>	<u>\$ 1,156,831</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	334,531	-	-	-	-
Capital outlay	-	495,851	463,689	32,425	1,156,831
Unrestricted	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 334,531</u>	<u>\$ 495,851</u>	<u>\$ 463,689</u>	<u>\$ 32,425</u>	<u>\$ 1,156,831</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Cumulative Revolving Improvement	Cedit Capital Projects	2006 Bond Issue	2002 Bond Issue	Totals
Receipts:					
Taxes	\$ -	\$ 2,211,880	\$ -	\$ -	\$ 9,392,729
Licenses and permits	-	-	-	-	292,063
Intergovernmental	-	-	-	-	2,544,900
Charges for services	-	-	-	-	2,492,771
Fines and forfeits	-	-	-	-	61,075
Interfund loans	-	-	-	-	3,692,000
Other	-	11,326	-	-	647,596
Total receipts	-	2,223,206	-	-	19,123,134
Disbursements:					
General government	-	-	-	-	801,646
Public safety	-	-	37,539	-	1,205,020
Highways and streets	-	-	-	282,493	2,364,870
Health and welfare	-	-	-	-	192
Economic development	-	1,604,759	-	-	2,793,060
Culture and recreation	-	-	-	-	3,152,260
Interfund loans	-	-	-	-	3,592,000
Debt service:					
Principal	-	-	-	-	655,000
Interest	-	-	-	-	664,535
Capital outlay:					
General government	-	-	-	-	8,280
Culture and recreation	-	-	-	-	635,143
Total disbursements	-	1,604,759	37,539	282,493	15,872,006
Excess (deficiency) of receipts over disbursements	-	618,447	(37,539)	(282,493)	3,251,128
Other financing sources (uses):					
Transfers in	-	-	-	-	568,165
Transfers out	-	(300,000)	-	-	(568,165)
Other receipts	-	-	-	-	531,588
Total other financing sources (uses)	-	(300,000)	-	-	531,588
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	318,447	(37,539)	(282,493)	3,782,716
Cash and investment fund balance - beginning	310,243	379,423	251,837	1,138,664	10,491,088
Cash and investment fund balance - ending	<u>\$ 310,243</u>	<u>\$ 697,870</u>	<u>\$ 214,298</u>	<u>\$ 856,171</u>	<u>\$ 14,273,804</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 6,295,977
Restricted assets:					
Cash and investments	310,243	697,870	214,298	856,171	7,977,827
Total cash and investment assets - ending	<u>\$ 310,243</u>	<u>\$ 697,870</u>	<u>\$ 214,298</u>	<u>\$ 856,171</u>	<u>\$ 14,273,804</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 2,939,388
Debt service	-	-	-	-	811,061
Capital outlay	310,243	697,870	214,298	856,171	4,227,378
Unrestricted	-	-	-	-	6,295,977
Total cash and investment fund balance - ending	<u>\$ 310,243</u>	<u>\$ 697,870</u>	<u>\$ 214,298</u>	<u>\$ 856,171</u>	<u>\$ 14,273,804</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As Of And For The Year Ended December 31, 2009

	Health Claims	Employee Benefit Plan	Totals
Operating receipts:			
Charges for services	\$ -	\$ 2,250,028	\$ 2,250,028
Miscellaneous	-	48,154	48,154
	<u>-</u>	<u>2,298,182</u>	<u>2,298,182</u>
Total operating receipts			
Operating disbursements:			
Insurance claims and expense	<u>2,575,823</u>	<u>394,686</u>	<u>2,970,509</u>
Excess (deficiency) of receipts over disbursements	<u>(2,575,823)</u>	<u>1,903,496</u>	<u>(672,327)</u>
Transfers in	2,575,821	-	2,575,821
Transfers out	<u>-</u>	<u>(2,575,821)</u>	<u>(2,575,821)</u>
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(2)	(672,325)	(672,327)
Cash and investment fund balance - beginning	<u>578</u>	<u>1,372,809</u>	<u>1,373,387</u>
Cash and investment fund balance - ending	<u>\$ 576</u>	<u>\$ 700,484</u>	<u>\$ 701,060</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	<u>\$ 576</u>	<u>\$ 700,484</u>	<u>\$ 701,060</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Unrestricted	<u>\$ 576</u>	<u>\$ 700,484</u>	<u>\$ 701,060</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 427,406	\$ 403,791	\$ 831,197
State	<u>540,728</u>	<u>642,399</u>	<u>1,183,127</u>
Total additions	<u>968,134</u>	<u>1,046,190</u>	<u>2,014,324</u>
Deductions:			
Benefits	537,906	679,775	1,217,681
Administrative and general	<u>600</u>	<u>500</u>	<u>1,100</u>
Total deductions	<u>538,506</u>	<u>680,275</u>	<u>1,218,781</u>
Excess (deficiency) of total additions over total deductions	429,628	365,915	795,543
Cash and investment fund balance - beginning	<u>22,374</u>	<u>96,974</u>	<u>119,348</u>
Cash and investment fund balance - ending	<u><u>\$ 452,002</u></u>	<u><u>\$ 462,889</u></u>	<u><u>\$ 914,891</u></u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	Payroll	Sign Deposit	Indiana Police and Fire Pension	Park Indiana Sales Tax	Park Gift Certificates	Park Credit Card Services Account	Park Cash Change	Totals
Additions:								
Agency fund additions	\$ 10,875,808	\$ -	\$ 323,101	\$ 23,091	\$ 18,086	\$ 706,293	\$ 1,404	\$ 11,947,783
Deductions:								
Agency fund deductions	10,875,808	-	160,229	22,692	17,960	689,207	1,754	11,767,650
Excess (deficiency) of total additions over total deductions	-	-	162,872	399	126	17,086	(350)	180,133
Cash and investment fund balance - beginning	-	1,000	29,258	541	45,527	19,140	1,408	96,874
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 192,130</u>	<u>\$ 940</u>	<u>\$ 45,653</u>	<u>\$ 36,226</u>	<u>\$ 1,058</u>	<u>\$ 277,007</u>

CITY OF VALPARAISO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, park department	\$ 15,847,472
Capital assets, not being depreciated:	
Land	2,807,855
Infrastructure	72,202,379
Buildings	10,440,367
Improvements other than buildings	186,590
Machinery and equipment	<u>9,224,548</u>
Total governmental activities, capital assets	<u>\$ 110,709,211</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 464,475
Construction in progress	183,617
Buildings	4,099,791
Improvements other than buildings	32,006,397
Machinery and equipment	<u>15,588,086</u>
Total Water Utility capital assets	<u>52,342,366</u>
Water Reclamation Utility:	
Capital assets, not being depreciated:	
Land	575,915
Construction in progress	8,960,886
Buildings	17,954,447
Improvements other than buildings	12,110,668
Distribution and collection systems	42,674,334
Machinery and equipment	<u>7,092,491</u>
Total Water Reclamation Utility capital assets	<u>89,368,741</u>
Total business-type activities capital assets	<u>\$ 141,711,107</u>

CITY OF VALPARAISO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 DECEMBER 31, 2009

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
City:		
Fire department equipment	\$ 764,345	\$ 205,446
Police Vehicles	168,834	92,756
Public Works Equipment and Vehicles	1,090,000	240,000
Storage facility, trucks, and leaf blowers	336,685	348,165
Park Department:		
Fairway and greens mowers	28,708	16,782
Ricoh color copier	16,933	8,597
Golf simulators	67,266	25,284
Playground equipment	4,685	4,899
Playground equipment	133,866	50,000
Ball field lights	99,779	23,988
Irrigation system	12,752	12,752
Land contract	9,400	10,000
Bonds payable:		
General obligation bonds:		
2002 Road construction/reconstruction	2,425,000	237,453
2005 Road construction/reconstruction	1,395,000	112,066
2006 Police station	4,150,000	306,441
1998 Park GO bond	1,265,000	342,600
Revenue bonds:		
Park Revenue Bond	3,395,000	237,080
Redevelopment Capital Projects 2006	4,250,000	447,350
Redevelopment Capital Projects 2009	3,100,000	113,667
Total governmental activities debt	<u>\$ 22,713,253</u>	<u>\$ 2,835,326</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Revenue Bond 2002	\$ 6,480,000	\$ 663,393
Water Reclamation Utility:		
Capital leases:		
Vactor 2115/2006 Sterline L 7500 Vacuum Truck	56,189	58,336
State Revolving Loan Fund	11,982,000	1,303,147
Revenue bonds:		
Water Reclamation Revenue Bond 2007	10,970,000	545,550
Total Water Reclamation Utility	<u>23,008,189</u>	<u>1,907,033</u>
Stormwater Utility:		
Revenue bonds:		
Stormwater Projects	2,505,000	279,415
Total business-type activities debt	<u>\$ 31,993,189</u>	<u>\$ 2,849,841</u>

CITY OF VALPARAISO
OTHER REPORT

The annual report presented herein was prepared in addition to another official report:

Water and Water Reclamation Utilities

CITY OF VALPARAISO
AUDIT RESULT AND COMMENT

CAPITAL ASSET RECORDS

Water Utility

The new computer software allows for the user to maintain detailed capital asset records by asset number and item. Additionally, a report called a "Fixed Asset Master Report," which lists all of the assets and the cost associated with each asset can be generated. The last page of the Fixed Asset Master Report provides totals by Capital Asset Classification (land, buildings, etc.) with an overall total. The totals by classification, as well as the overall total, do not agree to the balance of the capital asset accounts in the general ledger. The total capital assets reported in the general ledger exceeds the Fixed Asset Master Report by \$3,878,309.

The Controller maintains a capital asset report by classification in excel (a commercially packaged computer spreadsheet software). This report has been developed based upon the detailed capital assets records from the former computer software and some manually maintained records. He then incorporated the additions and disposals of assets from July 2009 to December 2009 from the new computer software. It was this report that was used to verify the capital assets reported in the general ledger. The general ledger balance exceeds this report by \$45,315.

Officials are working on reconciling the capital asset records of the Water Utility. It is important that the discrepancy between the Fixed Asset Master Report and the General Ledger be resolved as officials plan to rely upon the Fixed Asset Master Report as the detailed record of capital assets. Officials believe that, when the former software data was converted, not all capital assets were converted. Also, not all of the assets maintained manually (outside of the former software) were entered into the new software.

Water Reclamation

A detailed record of capital assets has not been maintained for the Water Reclamation Utility. A summary by classification is maintained in Excel which agrees to the general ledger in total, but not by category. Specifically, construction in progress per the summary in Excel exceeds the balance reported in the general ledger by \$395,401. This essentially means that, within the general ledger, \$395,401 of the construction in progress has been classified as a completed asset for which depreciation expense should be computed. Furthermore, the summary classification maintained in Excel is the basis for computing depreciation expense. The Water Reclamation Utility computes depreciation expense using composite rates which differ by classification. For example, the composite rate for sewer lines is 1%, while the composite rate for treatment center is 5%. A comparison was made of the prior audit period ending balances by classification to the current period beginning balances, and differences were noted. The most material differences were reclassifying over \$10,000,000 in sewer lines to treatment center. Since depreciation is computed on the beginning balance of the capital assets, this resulted in over \$400,000 of additional depreciation expense in the 2009. No adjusting entry was made to correct prior years depreciation; nor could explanation be provided for the change in classification.

Donated infrastructure is not recorded as capital assets. Commercial and residential contractors receive permits and approvals to install sewer lines and mains. When the work is completed and inspected, the completed project is submitted to the Utility Board for acceptance. Once accepted, the Utility Board agrees to maintain the infrastructure as well as take ownership of the assets; however, this infrastructure is not recorded in the records of the Utility. The value of these assets not recorded in the records of the Utility is not known; therefore, the report was qualified.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger, City and Town Form 211, or properly approved form, as applicable. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

Compliance

We have audited the compliance of the City of Valparaiso (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

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

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

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

STATE BOARD OF ACCOUNTS

July 15, 2010

CITY OF VALPARAISO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		\$ 3,900
Direct Grant			
Edward Byrne Memorial Justice Assistance Grant Program Local Solicitation	16.738	2009-DJ-BX-1372	18,439
Direct Grant			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Units of Local Government Upgrading Technology for Law Enforcement In Porter County	16.804	2009-SB-B9-1904	39,072
Total for federal grantor agency			61,411
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Northwestern Indiana Regional Planning Commission			
Federal Transit Cluster			
Federal Transit-Formula Grants	20.507		
V-Line		IN-95-X012	394,879
DASH		IN-95-X012	323,334
Marketing		IN-90-X547	2,180
Total for program			720,393
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety Operation Pull Over	20.600	PT-09-04-01-36	14,865
Pass-Through Indiana Department of Transportation			
Highway Safety Cluster			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
Aggressive Driving Enforcement Program		K4-2009-08-01-16	45,433
DUI Task Force		K8-2009-03-03-25	32,117
DUI Task Force		K8-2010-03-03-25	12,045
Total for program			89,595
Total for cluster			104,460
Total for federal grantor agency			824,853
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Congressionally Mandated Projects	66.202		
Hospital Storm Sewer Replacement		XP-00E08301-1	95,945
Water Infrastructure		XP-00E74501-0	97,717
Total for federal grantor agency			193,662
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy and Defense Development			
ARRA - State Energy Program	81.041		
Energy Feasibility Study Grant Program		9-EFS-005	6,568
Total for federal grantor agency			6,568
Total federal awards expended			\$ 1,086,494

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

CITY OF VALPARAISO
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

CITY OF VALPARAISO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.507	Federal Transit Formula Grants

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF VALPARAISO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF VALPARAISO
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2010, with Sharon Emerson Swihart, Clerk-Treasurer; Bill Oeding, City Administrator; and Jon Costas, Mayor.