

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF LAPORTE
LAPORTE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
09/18/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa L. Ludlow	01-01-12 to 12-31-15
Mayor	Blair Milo	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Blair Milo	01-01-12 to 12-31-15
President Pro-Tem of the Common Council	Ronald D. McAtee Steve Luscomb	01-01-12 to 12-31-12 01-01-13 to 12-31-13
Superintendent of Water Utility	Todd A. Taylor	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	Jerry P. Jackson	01-01-12 to 12-31-13



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

TO: THE OFFICIALS OF THE CITY OF LAPORTE, LAPORTE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the City of LaPorte (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 7, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman
State Examiner

August 7, 2013



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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE CITY OF LAPORTE, LAPORTE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of LaPorte (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated August 7, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

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

Compliance and Other Matters

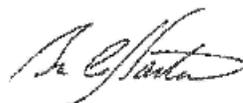
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

City of LaPorte's Response to Findings

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

Purpose of This Report

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



Bruce Hartman
State Examiner

August 7, 2013

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FINANCIAL STATEMENT

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

CITY OF LAPORTE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
GENERAL FUND	\$ 276,794	\$ 13,594,927	\$ 11,897,553	\$ 1,974,168
MVH	103,823	1,037,389	853,570	287,642
LOCAL ROAD & STREET	165,787	205,938	142,526	229,199
PARK NON-REVERTING	48,367	46,323	28,892	65,798
ECONOMIC DEV COMMISSION	10,780	-	-	10,780
LANDFILL BOND DEBT SVC	(173,975)	139,955	69,650	(103,670)
TRANSIT	(95,679)	551,255	552,525	(96,949)
COMMUNITY BLOCK GRANT	(1,761)	711,615	726,443	(16,589)
LAW ENF CONT EDUCATION	63,897	24,000	9,900	77,997
UNSAFE BUILDING	68,920	1,104	7,105	62,919
PARK	428,311	1,955,511	1,721,409	662,413
TRASH	241,958	924,191	922,759	243,390
CEDIT	1,103,457	1,324,333	1,600,538	827,252
LEVY EXCESS FUND	306,506	73,891	-	380,397
MAJOR MOVES CONSTRUCTION	1,765,119	206,880	506,018	1,465,981
CCI	144,990	58,490	6,503	196,977
CCD	1,351,675	436,037	222,032	1,565,680
PARK N/R CAPITAL	53,874	-	-	53,874
REDEVELOPMENT COMM/TIF 1	1,119,442	1,056,151	1,234,111	941,482
INDUSTRIAL DEVELOPMENT	41,815	1,225	-	43,040
LANDFILL RDC BONDS	-	31,149	31,149	-
INSURANCE	58,287	1,662,329	1,657,996	62,620
POLICE PENSION	392,547	1,334,196	1,441,601	285,142
FIRE PENSION	1,243,271	3,800,450	4,331,936	711,785
RIVERBOAT	1,222,343	145,461	200,000	1,167,804
GENERAL TAX FUND	100	3,217,671	3,217,671	100
MVH TAX FUND	-	79,531	79,531	-
L.A.R.E. GRANT 2012	-	11,692	-	11,692
PARK TAX FUND	-	519,268	519,268	-
RECREATION NON-REVERTING	146,420	146,321	160,502	132,239
CIVIC NON-REVERTING	43,209	95,864	74,171	64,902
GOLF NON-REVERTING	3,799	11,907	3,337	12,369
BEECHWOOD N/R CAPITAL	424	-	-	424
BIG CITY-COUNTY SEATBELTS	(4,905)	28,435	24,153	(623)
DUI TASKFORCE	(1,526)	25,832	23,861	445
COPS GRANT	(25,679)	115,727	116,322	(26,274)
POLICE - OPO BANQUET GRANT	-	2,500	2,500	-
CRASH FATALITY REDUCTION	(91)	91	-	-
KIWANIS/TELEDYNE	41,422	377	4,023	37,776
LP STRATEGIC PLANNING	10,138	1,391	-	11,529
DEA FUND	715	-	434	281
VEST FUND	143	1,408	1,408	143
DRUG FREE PARTNERSHIP	400	-	-	400
VERTICAL REAL ESTATE FUND	85,928	8,640	-	94,568
RENTAL REHAB LIEN PYMT	661	-	-	661
CENTRAL STATION INTERIOR	1,170	-	-	1,170
CCD TAX FUND	-	165,689	165,689	-
REDEVELOPMENT COMM/TIF 2	670,226	830,257	68,079	1,432,404
REDEVELOPMENT - TIF III	44,269	521,386	44,269	521,386
DOWNTOWN BID DISTRICT	150,835	86,214	64,429	172,620
REDEVELOPMENT COMM - TIF IV	-	52,999	-	52,999
MASTER PLAN	5,413	-	-	5,413
RESTRICTED DONATIONS	33,059	6,220	5,923	33,356
MAYOR'S VETERANS COMM	8,168	1,125	1,508	7,785
GOOD SAMARITAN FUND	285	3,439	2,138	1,586
EMPLOYEE BENEFIT FUND	1,314,571	1,661,853	986,796	1,989,628
IFA POWERHOUSE GRANT	1,123	-	-	1,123
2012 GO BOND PROCEEDS	-	4,716,862	71,225	4,645,637
BOND-DEBT SERVICE	18,271	306,691	310,855	14,107
BOND-DEBT SERVICE TAX	-	107,366	107,366	-
FIRE EQUIP LEASE BONDS	(61,651)	353,463	284,998	6,814
FIRE EQUIP TAX FUND	-	118,964	118,964	-
PARK BOND DEBT SERVICE	113,004	487,705	488,774	111,935

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

CITY OF LAPORTE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
PARK BOND TAX FUND	-	151,439	151,439	-
CDBG-R	3	3,634	3,637	-
CMAQ	-	254,893	254,893	-
PAYROLL	-	671,931	671,931	-
MAURICE FOX TRUST	184,546	12,923	-	197,469
ELEANOR FOX TRUST	161,145	-	11,230	149,915
FOX MEMORIAL PARK TRUST	44,650	86	-	44,736
PAYROLL-CLERK OF PORTER	-	809	809	-
PR - DIRECT DEPOSIT	-	3,740,349	3,740,349	-
PAYROLL NET SALARIES	-	1,609,763	1,609,763	-
PAYROLL - FEDERAL	-	819,805	819,805	-
PAYROLL - FICA	1	425,433	425,307	127
PAYROLL - MEDICARE	-	212,922	212,922	-
PAYROLL - STATE W/H	-	255,709	255,709	-
PAYROLL - COUNTY W/H	-	68,322	68,322	-
PAYROLL - PERF	-	15,053	15,053	-
PR AFLAC - POST TAX	-	7,189	7,189	-
AFLAC - PRE-TAX	-	21,562	21,562	-
PAYROLL - HARTFORD LOAN	-	12,516	12,516	-
BOSTON MUTUAL LIFE	-	30,240	30,240	-
PAYROLL - HARTFORD 457	-	114,844	114,844	-
SPOUSAL SUPPORT	-	5,472	5,472	-
CENTIER BANK	-	9,960	9,960	-
CITY OF LP FLEX SPENDING	-	2,435	2,435	-
PAYROLL - GOOD SAMARITAN	-	3,154	3,154	-
CITY OF LP INSURANCE	-	129,364	129,364	-
LPSB - HEALTH SAVINGS	-	43,132	43,132	-
FOP #54	-	4,260	4,260	-
IN CHILD SUPPORT FEE	-	605	605	-
FOP LABOR COUNCIL	-	4,115	4,115	-
GUARDIAN - DISABILITY	-	828	828	-
GUARDIAN - LIFE	-	3,032	3,032	-
LP FIREFIGHTERS LOCAL 363	-	15,242	15,242	-
LP FIREFIGHTERS PAC DUES	-	2,132	2,132	-
LP MUN. EMPLOYEE CRT UNION	-	454,940	454,940	-
LP SUPERIOR COURT #4	-	709	709	-
CHILD SUPPORT	-	71,831	71,831	-
LP SUPERIOR COURT #3	-	11,777	11,777	-
CONTINENTAL AMERICAN INS	-	5,072	5,072	-
MONUMENTAL LIFE INSURANCE	-	1,921	1,921	-
LAKE SUPERIOR COURT	-	1,923	1,923	-
BOWMANHEINTZBOSCIAVICI	-	3,490	3,490	-
STANDING CHAPTER 13	-	28,227	28,227	-
UNITED WAY	-	1,777	1,777	-
FLEXIBLE SPENDING ACCOUNT	4,975	2,620	2,229	5,366
YMCA	-	16,724	16,724	-
UTILITIES - CREDIT CARDS	36	210,659	210,659	36
UTILITIES ACH FUND	965	487,574	487,594	945
PAYROLL EXTRA	1,568	31	-	1,599
WW SRF BOND & INTEREST	190,802	565,475	558,389	197,888
WW SRF DEBT SERVICE	927,916	21,194	-	949,110
SEWAGE FUND	703,856	3,794,525	3,815,357	683,024
SEWAGE DEPRECIATION	802,461	48,642	152,843	698,260
SEWAGE BOND RETIREMENT	859,498	412,464	413,249	858,713
WATER METER DEPOSITS	249,097	35,795	29,505	255,387
WATER DEPRECIATION	224,369	264,827	237,308	251,888
WATER DEBT SERVICE RESERVE	328,500	-	328,500	-
WATER BOND AND INTEREST	14,272	219,523	233,795	-
39 N CONSERVANCY OPERATING FUND	30,089	150,119	154,780	25,428
WATER FUND	620,093	3,280,751	2,799,776	1,101,068
WATER SRF BOND & INTEREST	62,792	136,759	27,939	171,612
WATER SRF DEBT SERVICE	25,441	50,883	-	76,324
Totals	<u>\$ 17,977,524</u>	<u>\$ 61,943,073</u>	<u>\$ 53,813,975</u>	<u>\$ 26,106,622</u>

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

CITY OF LAPORTE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF LAPORTE
NOTES TO FINANCIAL STATEMENT
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

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

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

E. Disbursements

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

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

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

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

CITY OF LAPORTE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

CITY OF LAPORTE
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

CITY OF LAPORTE
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

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

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

CITY OF LAPORTE
NOTES TO FINANCIAL STATEMENT
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

At December 31, 2012, the following funds reported deficits in cash: Landfill Bond Debt Service, \$103,670; Transit, \$96,949; Community Block Grant, \$16,589; Big City-County Seatbelts, \$623; and Cops Grant, \$26,274.

Cash and investment deficits arose primarily from disbursements exceeding receipts due to, a) the delay in assessment, billing, collection, and distribution of property taxes by the County, b) grant disbursements preceding grant receipts/reimbursements, and c) operating costs of the Transit program exceeding receipts. These deficits are to be repaid from future receipts.

Note 8. Holding Corporation

The City has entered into a capital lease with LaPorte Fire Station Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year 2012 totaled \$251,000.

Note 9. LaPorte County Property Taxes

For the past seven property tax years LaPorte County has been unable to establish approved assessment amounts for county-wide properties. This has caused the County to bill property tax owners based on "provisional" tax bills since the 2006 payable 2007 property tax billing year. In July 2013, LaPorte County completed an approved assessment of property values for the 2011 payable 2012 property tax year. Reconciling tax bills for that year will be billed and will be settled

CITY OF LAPORTE
NOTES TO FINANCIAL STATEMENT
(Continued)

by the County to local units of government in 2013. One complete, reconciling tax bill for 2012 payable 2013 will be sent to taxpayers in December 2013 with settlement to local units of government in February 2014. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the County. It is undeterminable how much property tax collections the City will receive once all the reconciliation bills have been distributed and the collections received.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	GENERAL FUND	MVH	LOCAL ROAD & STREET	PARK NON-REVERTING	ECONOMIC DEV COMMISSION	LANDFILL BOND DEBT SVC	TRANSIT
Cash and investments - beginning	\$ 276,794	\$ 103,823	\$ 165,787	\$ 48,367	\$ 10,780	\$ (173,975)	\$ (95,679)
Receipts:							
Taxes	7,086,835	279,866	-	-	-	137,148	-
Licenses and permits	114,645	-	-	-	-	-	-
Intergovernmental	1,956,087	617,114	205,938	-	-	2,807	284,205
Charges for services	7,847	5,190	-	46,323	-	-	118,716
Fines and forfeits	94,160	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	4,335,353	135,219	-	-	-	-	148,334
Total receipts	<u>13,594,927</u>	<u>1,037,389</u>	<u>205,938</u>	<u>46,323</u>	<u>-</u>	<u>139,955</u>	<u>551,255</u>
Disbursements:							
Personal services	6,888,715	637,953	18,322	-	-	-	446,204
Supplies	226,904	87,414	-	-	-	-	67,044
Other services and charges	944,795	63,788	124,204	18,916	-	300	39,277
Debt service - principal and interest	2,916,885	33,638	-	-	-	69,350	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	920,254	30,777	-	9,976	-	-	-
Total disbursements	<u>11,897,553</u>	<u>853,570</u>	<u>142,526</u>	<u>28,892</u>	<u>-</u>	<u>69,650</u>	<u>552,525</u>
Excess (deficiency) of receipts over disbursements	<u>1,697,374</u>	<u>183,819</u>	<u>63,412</u>	<u>17,431</u>	<u>-</u>	<u>70,305</u>	<u>(1,270)</u>
Cash and investments - ending	<u>\$ 1,974,168</u>	<u>\$ 287,642</u>	<u>\$ 229,199</u>	<u>\$ 65,798</u>	<u>\$ 10,780</u>	<u>\$ (103,670)</u>	<u>\$ (96,949)</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	COMMUNITY BLOCK GRANT	LAW ENF CONT EDUCATION	UNSAFE BUILDING	PARK	TRASH	CEDIT	LEVY EXCESS FUND
Cash and investments - beginning	\$ (1,761)	\$ 63,897	\$ 68,920	\$ 428,311	\$ 241,958	\$ 1,103,457	\$ 306,506
Receipts:							
Taxes	-	-	-	1,069,757	-	-	73,891
Licenses and permits	-	9,160	-	-	-	-	-
Intergovernmental	-	-	-	69,798	-	1,320,408	-
Charges for services	710,615	9,567	-	429,852	924,183	-	-
Fines and forfeits	-	5,273	1,104	1,445	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,000	-	-	384,659	8	3,925	-
Total receipts	711,615	24,000	1,104	1,955,511	924,191	1,324,333	73,891
Disbursements:							
Personal services	85,458	-	-	957,989	-	1,057,264	-
Supplies	928	-	-	123,718	-	1,486	-
Other services and charges	16,831	9,900	7,105	154,694	922,759	248,967	-
Debt service - principal and interest	-	-	-	485,008	-	36,972	-
Capital outlay	623,226	-	-	-	-	233,286	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	22,563	-
Total disbursements	726,443	9,900	7,105	1,721,409	922,759	1,600,538	-
Excess (deficiency) of receipts over disbursements	(14,828)	14,100	(6,001)	234,102	1,432	(276,205)	73,891
Cash and investments - ending	\$ (16,589)	\$ 77,997	\$ 62,919	\$ 662,413	\$ 243,390	\$ 827,252	\$ 380,397

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	MAJOR MOVES CONSTRUCTION	CCI	CCD	PARK N/R CAPITAL	REDEVELOPMENT COMM/TIF 1	INDUSTRIAL DEVELOPMENT	LANDFILL RDC BONDS
Cash and investments - beginning	\$ 1,765,119	\$ 144,990	\$ 1,351,675	\$ 53,874	\$ 1,119,442	\$ 41,815	\$ -
Receipts:							
Taxes	-	-	237,231	-	1,051,888	-	31,149
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	58,490	23,404	-	3,512	-	-
Charges for services	206,880	-	-	-	-	1,225	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	175,402	-	751	-	-
Total receipts	<u>206,880</u>	<u>58,490</u>	<u>436,037</u>	<u>-</u>	<u>1,056,151</u>	<u>1,225</u>	<u>31,149</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	29,426	-	-
Debt service - principal and interest	-	-	-	-	387,000	-	-
Capital outlay	506,018	6,503	159,746	-	746,920	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	62,286	-	70,765	-	31,149
Total disbursements	<u>506,018</u>	<u>6,503</u>	<u>222,032</u>	<u>-</u>	<u>1,234,111</u>	<u>-</u>	<u>31,149</u>
Excess (deficiency) of receipts over disbursements	<u>(299,138)</u>	<u>51,987</u>	<u>214,005</u>	<u>-</u>	<u>(177,960)</u>	<u>1,225</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,465,981</u>	<u>\$ 196,977</u>	<u>\$ 1,565,680</u>	<u>\$ 53,874</u>	<u>\$ 941,482</u>	<u>\$ 43,040</u>	<u>\$ -</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	INSURANCE	POLICE PENSION	FIRE PENSION	RIVERBOAT	GENERAL TAX FUND	MVH TAX FUND	L.A.R.E. GRANT 2012
Cash and investments - beginning	\$ 58,287	\$ 392,547	\$ 1,243,271	\$ 1,222,343	\$ 100	\$ -	\$ -
Receipts:							
Taxes	-	119,852	179,671	-	3,217,671	79,531	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	8,715	13,942	145,461	-	-	11,692
Charges for services	-	540,317	957,244	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>1,662,329</u>	<u>665,312</u>	<u>2,649,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>1,662,329</u>	<u>1,334,196</u>	<u>3,800,450</u>	<u>145,461</u>	<u>3,217,671</u>	<u>79,531</u>	<u>11,692</u>
Disbursements:							
Personal services	-	556,098	983,567	200,000	-	-	-
Supplies	-	-	287	-	-	-	-
Other services and charges	1,657,996	4,620	2,017	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>-</u>	<u>880,883</u>	<u>3,346,065</u>	<u>-</u>	<u>3,217,671</u>	<u>79,531</u>	<u>-</u>
Total disbursements	<u>1,657,996</u>	<u>1,441,601</u>	<u>4,331,936</u>	<u>200,000</u>	<u>3,217,671</u>	<u>79,531</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,333</u>	<u>(107,405)</u>	<u>(531,486)</u>	<u>(54,539)</u>	<u>-</u>	<u>-</u>	<u>11,692</u>
Cash and investments - ending	<u>\$ 62,620</u>	<u>\$ 285,142</u>	<u>\$ 711,785</u>	<u>\$ 1,167,804</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 11,692</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PARK TAX FUND	RECREATION NON-REVERTING	CIVIC NON-REVERTING	GOLF NON-REVERTING	BEECHWOOD N/R CAPITAL	BIG CITY-COUNTY SEATBELTS	DUI TASKFORCE
Cash and investments - beginning	\$ -	\$ 146,420	\$ 43,209	\$ 3,799	\$ 424	\$ (4,905)	\$ (1,526)
Receipts:							
Taxes	519,268	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	28,434	25,832
Charges for services	-	146,321	95,864	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	11,907	-	1	-
Total receipts	<u>519,268</u>	<u>146,321</u>	<u>95,864</u>	<u>11,907</u>	<u>-</u>	<u>28,435</u>	<u>25,832</u>
Disbursements:							
Personal services	-	51,217	4,054	-	-	24,153	23,861
Supplies	-	-	-	-	-	-	-
Other services and charges	-	104,984	63,054	3,167	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	519,268	4,301	7,063	170	-	-	-
Total disbursements	<u>519,268</u>	<u>160,502</u>	<u>74,171</u>	<u>3,337</u>	<u>-</u>	<u>24,153</u>	<u>23,861</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(14,181)</u>	<u>21,693</u>	<u>8,570</u>	<u>-</u>	<u>4,282</u>	<u>1,971</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 132,239</u>	<u>\$ 64,902</u>	<u>\$ 12,369</u>	<u>\$ 424</u>	<u>\$ (623)</u>	<u>\$ 445</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	COPS GRANT	POLICE - OPO BANQUET GRANT	CRASH FATALITY REDUCTION	KIWANIS/ TELEDYNE	LP STRATEGIC PLANNING	DEA FUND	VEST FUND
Cash and investments - beginning	\$ (25,679)	\$ -	\$ (91)	\$ 41,422	\$ 10,138	\$ 715	\$ 143
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	115,727	2,500	91	-	-	-	853
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	377	1,391	-	555
Total receipts	<u>115,727</u>	<u>2,500</u>	<u>91</u>	<u>377</u>	<u>1,391</u>	<u>-</u>	<u>1,408</u>
Disbursements:							
Personal services	116,322	-	-	-	-	-	555
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	4,023	-	434	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	2,500	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	853
Total disbursements	<u>116,322</u>	<u>2,500</u>	<u>-</u>	<u>4,023</u>	<u>-</u>	<u>434</u>	<u>1,408</u>
Excess (deficiency) of receipts over disbursements	<u>(595)</u>	<u>-</u>	<u>91</u>	<u>(3,646)</u>	<u>1,391</u>	<u>(434)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (26,274)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,776</u>	<u>\$ 11,529</u>	<u>\$ 281</u>	<u>\$ 143</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	DRUG FREE PARTNERSHIP	VERTICAL REAL ESTATE FUND	RENTAL REHAB LIEN PYMT	CENTRAL STATION INTERIOR	CCD TAX FUND	REDEVELOPMENT COMM/TIF 2	REDEVELOPMENT - TIF III
Cash and investments - beginning	\$ 400	\$ 85,928	\$ 661	\$ 1,170	\$ -	\$ 670,226	\$ 44,269
Receipts:							
Taxes	-	-	-	-	165,689	710,522	444,407
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,684	-
Charges for services	-	8,640	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	116,051	76,979
Total receipts	-	8,640	-	-	165,689	830,257	521,386
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	54,500	44,269
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	165,689	13,579	-
Total disbursements	-	-	-	-	165,689	68,079	44,269
Excess (deficiency) of receipts over disbursements	-	8,640	-	-	-	762,178	477,117
Cash and investments - ending	\$ 400	\$ 94,568	\$ 661	\$ 1,170	\$ -	\$ 1,432,404	\$ 521,386

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	DOWNTOWN BID DISTRICT	REDEVELOPMENT COMM - TIF IV	MASTER PLAN	RESTRICTED DONATIONS	MAYOR'S VETERANS COMM	GOOD SAMARITAN FUND	EMPLOYEE BENEFIT FUND
Cash and investments - beginning	\$ 150,835	\$ -	\$ 5,413	\$ 33,059	\$ 8,168	\$ 285	\$ 1,314,571
Receipts:							
Taxes	-	52,999	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	86,214	-	-	6,220	1,125	3,439	1,661,853
Total receipts	86,214	52,999	-	6,220	1,125	3,439	1,661,853
Disbursements:							
Personal services	450	-	-	2,238	-	-	-
Supplies	166	-	-	-	-	-	-
Other services and charges	63,787	-	-	-	-	-	974,984
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	26	-	-	3,685	1,508	2,138	11,812
Total disbursements	64,429	-	-	5,923	1,508	2,138	986,796
Excess (deficiency) of receipts over disbursements	21,785	52,999	-	297	(383)	1,301	675,057
Cash and investments - ending	\$ 172,620	\$ 52,999	\$ 5,413	\$ 33,356	\$ 7,785	\$ 1,586	\$ 1,989,628

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	IFA POWERHOUSE GRANT	2012 GO BOND PROCEEDS	BOND-DEBT SERVICE	BOND-DEBT SERVICE TAX	FIRE EQUIP LEASE BONDS	FIRE EQUIP TAX FUND	PARK BOND DEBT SERVICE
Cash and investments - beginning	\$ 1,123	\$ -	\$ 18,271	\$ -	\$ (61,651)	\$ -	\$ 113,004
Receipts:							
Taxes	-	-	179,612	107,366	209,639	118,964	266,549
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	14,997	-	17,324	-	21,878
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	4,716,862	112,082	-	126,500	-	199,278
Total receipts	-	4,716,862	306,691	107,366	353,463	118,964	487,705
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	46,250	400	-	-	-	400
Debt service - principal and interest	-	-	310,455	-	284,998	-	451,438
Capital outlay	-	24,975	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	107,366	-	118,964	36,936
Total disbursements	-	71,225	310,855	107,366	284,998	118,964	488,774
Excess (deficiency) of receipts over disbursements	-	4,645,637	(4,164)	-	68,465	-	(1,069)
Cash and investments - ending	\$ 1,123	\$ 4,645,637	\$ 14,107	\$ -	\$ 6,814	\$ -	\$ 111,935

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PARK BOND TAX FUND	CDBG-R	CMAQ	PAYROLL	MAURICE FOX TRUST	ELEANOR FOX TRUST	FOX MEMORIAL PARK TRUST
Cash and investments - beginning	\$ -	\$ 3	\$ -	\$ -	\$ 184,546	\$ 161,145	\$ 44,650
Receipts:							
Taxes	151,439	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	3,634	179,849	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	75,044	671,931	12,923	-	86
Total receipts	<u>151,439</u>	<u>3,634</u>	<u>254,893</u>	<u>671,931</u>	<u>12,923</u>	<u>-</u>	<u>86</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	3,637	75,044	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	151,439	-	179,849	671,931	-	11,230	-
Total disbursements	<u>151,439</u>	<u>3,637</u>	<u>254,893</u>	<u>671,931</u>	<u>-</u>	<u>11,230</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>12,923</u>	<u>(11,230)</u>	<u>86</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,469</u>	<u>\$ 149,915</u>	<u>\$ 44,736</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PAYROLL-CLERK OF PORTER	PR - DIRECT DEPOSIT	PAYROLL NET SALARIES	PAYROLL - FEDERAL	PAYROLL - FICA	PAYROLL - MEDICARE	PAYROLL - STATE W/H
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>809</u>	<u>3,740,349</u>	<u>1,609,763</u>	<u>819,805</u>	<u>425,433</u>	<u>212,922</u>	<u>255,709</u>
Total receipts	<u>809</u>	<u>3,740,349</u>	<u>1,609,763</u>	<u>819,805</u>	<u>425,433</u>	<u>212,922</u>	<u>255,709</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>809</u>	<u>3,740,349</u>	<u>1,609,763</u>	<u>819,805</u>	<u>425,307</u>	<u>212,922</u>	<u>255,709</u>
Total disbursements	<u>809</u>	<u>3,740,349</u>	<u>1,609,763</u>	<u>819,805</u>	<u>425,307</u>	<u>212,922</u>	<u>255,709</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	PAYROLL - COUNTY W/H	PAYROLL - PERF	PR AFLAC - POST TAX	AFLAC - PRE-TAX	PAYROLL - HARTFORD LOAN	BOSTON MUTUAL LIFE	PAYROLL - HARTFORD 457
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>68,322</u>	<u>15,053</u>	<u>7,189</u>	<u>21,562</u>	<u>12,516</u>	<u>30,240</u>	<u>114,844</u>
Total receipts	<u>68,322</u>	<u>15,053</u>	<u>7,189</u>	<u>21,562</u>	<u>12,516</u>	<u>30,240</u>	<u>114,844</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>68,322</u>	<u>15,053</u>	<u>7,189</u>	<u>21,562</u>	<u>12,516</u>	<u>30,240</u>	<u>114,844</u>
Total disbursements	<u>68,322</u>	<u>15,053</u>	<u>7,189</u>	<u>21,562</u>	<u>12,516</u>	<u>30,240</u>	<u>114,844</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	SPOUSAL SUPPORT	CENTIER BANK	CITY OF LP FLEX SPENDING	PAYROLL - GOOD SAMARITAN	CITY OF LP INSURANCE	LPSB - HEALTH SAVINGS	FOP #54
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,472	9,960	2,435	3,154	129,364	43,132	4,260
Total receipts	<u>5,472</u>	<u>9,960</u>	<u>2,435</u>	<u>3,154</u>	<u>129,364</u>	<u>43,132</u>	<u>4,260</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,472	9,960	2,435	3,154	129,364	43,132	4,260
Total disbursements	<u>5,472</u>	<u>9,960</u>	<u>2,435</u>	<u>3,154</u>	<u>129,364</u>	<u>43,132</u>	<u>4,260</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	IN CHILD SUPPORT FEE	FOP LABOR COUNCIL	GUARDIAN - DISABILITY	GUARDIAN - LIFE	LP FIREFIGHTERS LOCAL 363	LP FIREFIGHTERS PAC DUES	LP MUN. EMPLOYEE CRT UNION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>605</u>	<u>4,115</u>	<u>828</u>	<u>3,032</u>	<u>15,242</u>	<u>2,132</u>	<u>454,940</u>
Total receipts	<u>605</u>	<u>4,115</u>	<u>828</u>	<u>3,032</u>	<u>15,242</u>	<u>2,132</u>	<u>454,940</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>605</u>	<u>4,115</u>	<u>828</u>	<u>3,032</u>	<u>15,242</u>	<u>2,132</u>	<u>454,940</u>
Total disbursements	<u>605</u>	<u>4,115</u>	<u>828</u>	<u>3,032</u>	<u>15,242</u>	<u>2,132</u>	<u>454,940</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	LP SUPERIOR COURT #4	CHILD SUPPORT	LP SUPERIOR COURT #3	CONTINENTAL AMERICAN INS	MONUMENTAL LIFE INSURANCE	LAKE SUPERIOR COURT	BOWMAN HEINTZ BOSCIA/VICI
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	709	71,831	11,777	5,072	1,921	1,923	3,490
Total receipts	<u>709</u>	<u>71,831</u>	<u>11,777</u>	<u>5,072</u>	<u>1,921</u>	<u>1,923</u>	<u>3,490</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	709	71,831	11,777	5,072	1,921	1,923	3,490
Total disbursements	<u>709</u>	<u>71,831</u>	<u>11,777</u>	<u>5,072</u>	<u>1,921</u>	<u>1,923</u>	<u>3,490</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	STANDING CHAPTER 13	UNITED WAY	FLEXIBLE SPENDING ACCOUNT	YMCA	UTILITIES - CREDIT CARDS	UTILITIES ACH FUND	PAYROLL EXTRA
Cash and investments - beginning	\$ -	\$ -	\$ 4,975	\$ -	\$ 36	\$ 965	\$ 1,568
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>28,227</u>	<u>1,777</u>	<u>2,620</u>	<u>16,724</u>	<u>210,659</u>	<u>487,574</u>	<u>31</u>
Total receipts	<u>28,227</u>	<u>1,777</u>	<u>2,620</u>	<u>16,724</u>	<u>210,659</u>	<u>487,574</u>	<u>31</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>28,227</u>	<u>1,777</u>	<u>2,229</u>	<u>16,724</u>	<u>210,659</u>	<u>487,594</u>	<u>-</u>
Total disbursements	<u>28,227</u>	<u>1,777</u>	<u>2,229</u>	<u>16,724</u>	<u>210,659</u>	<u>487,594</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>391</u>	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>31</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,366</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 945</u>	<u>\$ 1,599</u>

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WW SRF BOND & INTEREST	WW SRF DEBT SERVICE	SEWAGE FUND	SEWAGE DEPRECIATION	SEWAGE BOND RETIREMENT	WATER METER DEPOSITS	WATER DEPRECIATION
Cash and investments - beginning	\$ 190,802	\$ 927,916	\$ 703,856	\$ 802,461	\$ 859,498	\$ 249,097	\$ 224,369
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	3,794,525	48,642	-	-	50,850
Other receipts	565,475	21,194	-	-	412,464	35,795	213,977
Total receipts	565,475	21,194	3,794,525	48,642	412,464	35,795	264,827
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	152,843	-	-	215,353
Utility operating expenses	-	-	2,786,396	-	-	-	-
Other disbursements	558,389	-	1,028,961	-	413,249	29,505	21,955
Total disbursements	558,389	-	3,815,357	152,843	413,249	29,505	237,308
Excess (deficiency) of receipts over disbursements	7,086	21,194	(20,832)	(104,201)	(785)	6,290	27,519
Cash and investments - ending	\$ 197,888	\$ 949,110	\$ 683,024	\$ 698,260	\$ 858,713	\$ 255,387	\$ 251,888

CITY OF LAPORTE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	WATER DEBT SERVICE RESERVE	WATER BOND AND INTEREST	39 N CONSERVANCY OPERATING FUND	WATER FUND	WATER SRF BOND & INTEREST	WATER SRF DEBT SERVICE	Totals
Cash and investments - beginning	\$ 328,500	\$ 14,272	\$ 30,089	\$ 620,093	\$ 62,792	\$ 25,441	\$ 17,977,524
Receipts:							
Taxes	-	-	-	-	-	-	16,490,944
Licenses and permits	-	-	-	-	-	-	123,805
Intergovernmental	-	-	-	-	-	-	5,136,376
Charges for services	-	-	-	-	-	-	4,208,784
Fines and forfeits	-	-	-	-	-	-	101,982
Utility fees	-	-	150,119	3,278,478	-	-	7,322,614
Other receipts	-	219,523	-	2,273	136,759	50,883	28,558,568
Total receipts	-	219,523	150,119	3,280,751	136,759	50,883	61,943,073
Disbursements:							
Personal services	-	-	-	-	-	-	12,054,420
Supplies	-	-	-	-	-	-	507,947
Other services and charges	-	-	-	-	-	-	5,507,078
Debt service - principal and interest	-	-	-	-	-	-	5,074,513
Capital outlay	-	-	-	-	-	-	2,750,051
Utility operating expenses	-	-	-	2,507,135	-	-	5,293,531
Other disbursements	328,500	233,795	154,780	292,641	27,939	-	22,626,435
Total disbursements	328,500	233,795	154,780	2,799,776	27,939	-	53,813,975
Excess (deficiency) of receipts over disbursements	(328,500)	(14,272)	(4,661)	480,975	108,820	50,883	8,129,098
Cash and investments - ending	\$ -	\$ -	\$ 25,428	\$ 1,101,068	\$ 171,612	\$ 76,324	\$ 26,106,622

CITY OF LAPORTE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 124,021	\$ 139,852
Water	123,427	139,166
Governmental activities	3,783,109	8,870,502
Totals	\$ 4,030,557	\$ 9,149,520

CITY OF LAPORTE
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
LaPorte Fire Station Building Corporation	Fire Station - Equipment	\$ 253,000	11-09-05	01-15-26
Redevelopment Lease Rental Refunding Bonds of 2012	Downtown TIF	<u>352,000</u>	02-07-12	02-01-22
Total of annual lease payments		<u>\$ 605,000</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	G.O. Refunding Bonds of 2004 - Police Station	\$ 702,000
General obligation bonds	Park District Bonds of 1997 - Park Renovations	320,000
General obligation bonds	G.O. Bonds of 2012	4,750,000
Revenue bonds	Redevelopment - Eastgate TIF III	1,423,835
Revenue bonds	Redevelopment District Bonds of 2007 - Landfill	<u>1,565,000</u>
Total governmental activities		<u>8,760,835</u>
Wastewater:		
Revenue bonds	Sewage Works Revenue Bonds of 2006	4,500,000
Revenue bonds	Sewage Works Revenue Bonds of 2007	1,885,000
Revenue bonds	Sewage Works Revenue Bonds of 2000 - Series A - SRF	1,168,000
Revenue bonds	Sewage Works Revenue Bonds of 2001 - Series B - SRF	<u>2,998,000</u>
Total Wastewater		<u>10,551,000</u>
Water:		
Revenue bonds	Waterworks Revenue Bonds of 2011 - SRF	3,095,554
Revenue bonds	Waterworks Revenue Bonds of 2011 - SRF - Forgivable	<u>2,325,000</u>
Total Water		<u>5,420,554</u>
Totals		<u>\$ 24,732,389</u>
		<u>\$ 2,023,421</u>

CITY OF LAPORTE
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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

	Ending Balance
Governmental activities:	
Land	\$ 1,408,751
Infrastructure	22,994,821
Buildings	9,169,129
Improvements other than buildings	2,767,107
Machinery, equipment, and vehicles	5,999,813
Total governmental activities	42,339,621
Wastewater:	
Land	155,887
Infrastructure	23,592,585
Buildings	20,749,218
Improvements other than buildings	374,208
Machinery, equipment, and vehicles	595,280
Construction in progress	98,063
Total Wastewater	45,565,241
Water:	
Land	185,484
Infrastructure	25,323,153
Buildings	3,540,977
Improvements other than buildings	60,243
Machinery, equipment, and vehicles	642,834
Construction in progress	4,586,309
Total Water	34,339,000
Total capital assets	\$ 122,243,862

CITY OF LAPORTE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The City has not established internal controls to ensure the Schedule of Expenditures of Federal Awards (SEFA) is prepared accurately. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

We noted the following error in the SEFA: Expenditures for a major program were not included. The City relied on an outside consultant who determined the major program was not to be included. The failure to include these federal disbursements resulted in the SEFA being materially incorrect. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Also, a review of pay requests revealed that \$33,150.20 in invoices for the Capitalization Grants for Drinking Water State Revolving Funds grant were submitted for reimbursement twice and consequently were paid twice, while in another instance the City paid \$87,375.78 in eligible engineering cost that were not submitted for reimbursement until more than a year later. For instance, an invoice dated November 24, 2010, in the amount of \$4,544.15 wasn't submitted for reimbursement until August 3, 2012.

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

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF LAPORTE, LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of LaPorte's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2 to be material weakness.

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

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



Bruce Hartman
State Examiner

August 7, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

CITY OF LAPORTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant/Entitlement Grants	Direct	14.218	B-09-MC-18-0021	\$ 68,397
		14.218	B-10-MC-18-0021	548,615
		14.218	B-11-MC-18-0021	<u>96,543</u>
Total - Community Development Block Grant/Entitlement Grants				<u>713,555</u>
ARRA - Community Development Block Grant				
ARRA Entitlement Grants	Direct	14.253	B-09-MY-18-0021	<u>3,634</u>
Total - Department of Housing and Urban Development				<u>717,189</u>
<u>U.S. Department of Justice</u>				
Bulletproof Vest Partnership Program	Direct	16.607	11056937	<u>1,408</u>
Public Safety Partnership and Community Policing Grants	Indiana Criminal Justice Institute	16.710	2009RKWX0347	<u>115,727</u>
Total - Department of Justice				<u>117,135</u>
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		<u>274,424</u>
Federal Transit Cluster				
Federal Transit - Formula Grants	Northern Indiana Regional Planning Commission	20.507	Qrtly Reim	<u>212,177</u>
Highway Safety Cluster				
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601	PT-11-04-04-12	<u>28,436</u>
Total - Department of Transportation				<u>515,037</u>
<u>U.S. Environmental Protection Agency</u>				
Capitalization Grants for Drinking Water State Revolving Funds	Indiana Finance Authority	66.468	DW 10144501	<u>1,527,346</u>
Total federal awards expended				<u>\$ 2,876,707</u>

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

CITY OF LAPORTE
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 LaPorte and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF LAPORTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.468	CDBG - Entitlement Grants Cluster Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

We noted the following error: Expenditures for a major program were not included. The City relied on an outside consultant who determined the major program was not to be included. An audit adjustment was proposed, accepted by the City, and made to the SEFA presented in this report. This adjustment resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

Section III – Federal Award Findings

**FINDING 2012-2 - INTERNAL CONTROL AND NONCOMPLIANCE
RELATED TO REPORTING AND CASH MANAGEMENT**

Federal Agency: U.S. Environmental Protection Agency
Federal Program (CFDA Title): Capitalization Grants for Drinking Water State Revolving Funds
CFDA Numbers: 66.468
Pass-Through Entity: Indiana Finance Authority
Award Numbers and Years: DW10144501

The primary objective of the Drinking Water State Revolving Fund Program is to provide loans to qualified applicants for water supply infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act requirements and protect the public health objectives of the Act.

To qualify for potential assistance, a project must be eligible, ranked, and included on the comprehensive project priority list within an IUP (Intended Use Plan) generated at the State level. The projects are included as part of the application package. Allowable project costs are limited to the actual costs of the works described in the project application. (40 CFR)

The City assessed the risk of the occurrence of material noncompliance or instances where unallowable costs could be charged to the federal program and not be detected, and as a result hired an engineer to monitor the project. The responsibility of the engineer in part was to provide engineering services during construction, review legal documentation, review pay requests for accuracy, and completeness. However, there was no oversight of duties performed by the engineer by the City.

The lack of oversight revealed the following issues: \$33,150.20 in invoices were submitted for reimbursement twice and consequently were paid twice, this was subsequently corrected in the next reimbursement by the reimbursement being reduced by the duplicate reimbursement; the City paid \$87,375.78 in eligible engineering costs that were not submitted for reimbursement until more than a year later.

OMB Circular A133 Section 300(b) states that the auditee shall:

"Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Putting complete responsibility of the internal controls on the contractor only increases the risk of controls not being designed or operated effectively to provide reasonable assurance that the controls will prevent or detect material misstatements of fraud on a timely manner.

We recommended the City design and implement internal controls that not only provide a reasonable assurance that material noncompliance are prevented or detected in a timely manner, but also design and implement a monitoring process to ensure the effectiveness of those controls.



Office of the Clerk Treasurer, 801 Michigan Avenue, La Porte, Indiana 46350
Telephone 219-362-9512 FAX 219-362-8955 E-mail: tludlow@cityoflaporte.com Website: www.cityoflaporte.com

TO: Lisa Jackson
State Board of Accounts

FROM: Teresa L. Ludlow, Clerk-Treasurer

DATE: August 12, 2013

RE: Corrective Action Plan for Audit Findings for period 1-1-12 to 12-31-12

Finding 2012.1. Internal Controls Over Financial Transactions and Reporting

Prior to the 2012 Annual Report, the City has always reported the State Revolving Funds on the Federal Schedule. However, in 2013 we were advised by two separate CPA's that this was not necessary since they were loans and not grants. In the future, we will report the information as we have in the past.

Finding 2012.2. Controls Related to Reporting

Federal Agency: Environmental Protection Agency

Federal Program (CFDA Title): Capitalization Grants for Drinking Water State Revolving Funds

CFDA Numbers: 66.468

Pass-Through Entity: Indiana Finance Authority

Award Numbers and Years DW10144501

The errors were primarily the result of relying solely on the outside engineering firm to review invoices and to track billings and payments. While the engineering firm can effectively review invoices to assure that the work being invoiced is being completed, there is a need to develop a system of accounting cross checks. To resolve this problem, policies and procedures have been modified as follows:

1. Invoices shall first be reviewed by the department and tracked on a computerized spreadsheet.
2. Rather than forward the invoice only to the outside engineering firm, the invoice will also be forwarded to the Clerk-Treasurer's office for review and approval prior to payment. The Clerk-Treasurer shall maintain a separate record of billings and payments.
3. The department head and the Clerk-Treasurer's department shall meet on a monthly basis to review all invoices, payments and the separate tracking records.

CITY OF LAPORTE
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2013, with Blair Milo, Mayor; Teresa L. Ludlow, Clerk-Treasurer; Joanne Layman, Deputy Clerk-Treasurer; Steve Luscomb, President Pro-Tem of the Common Council; Donald Baugher, City Attorney; and Rebecca Meyer McCuaig, City Attorney.