

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF VALPARAISO
PORTER COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
09/30/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Emerson Swihart	01-01-12 to 12-31-15
Mayor	Jon Costas	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Jon Costas	01-01-12 to 12-31-15
President of the Common Council	Jan Dick	01-01-13 to 12-31-14
City Administrator	Bill Oeding	01-01-13 to 12-31-14
Superintendent of Utilities	Steve Poulos	01-01-13 to 12-31-14
Controller of Utilities	Richard Freeman Alina Hahn	01-01-13 to 07-26-13 07-27-13 to 12-31-14



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of 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.


Paul D. Joyce, CPA
State Examiner

August 25, 2014



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Valparaiso (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated August 25, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

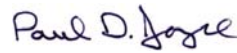
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 25, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 3,531,604	\$ 26,615,204	\$ 27,310,605	\$ 2,836,203
Motor Vehicle Highway	926,260	1,834,915	1,714,826	1,046,349
Local Road And Street	415,386	328,593	166,466	577,513
Parking Meter	176,460	88,839	47,071	218,228
Park Nonreverting Operating	339,205	1,348,186	1,310,142	377,249
Emergency Medical Services/Ambulanc	212,200	917,746	750,978	378,968
Crime Control	9,728	24,622	25,921	8,429
Transportation - V Line	1,161,773	727,790	674,802	1,214,761
Law Enforcement Continuing Ed	149,632	40,368	35,924	154,076
Unsafe Building	48,666	13,000	-	61,666
Riverboat	788,516	187,966	34,790	941,692
Parks And Recreation	529,046	3,176,806	2,913,787	792,065
Rainy Day	3,530,324	453,215	250,000	3,733,539
Forfeiture & Seized Asset Fund	10,561	2,704	9,368	3,897
Redevelopment Grant Fund	-	1,215,237	1,218,522	(3,285)
Major Moves Construction	50,392	-	50,392	-
Cumulative Capl Imprv Cigarette Tax	739,082	85,179	-	824,261
Cumulative Capital Development	292,648	226,284	320,755	198,177
Park Nonreverting Capital	17,152	14,746	-	31,898
Cedit Capital Projects	351,841	2,092,769	1,651,025	793,585
Health Claims	2,898	2,015,647	2,015,647	2,898
Police Pension	623,579	704,045	573,205	754,419
Fire Pension	850,370	738,463	708,660	880,173
Rental Registration	5,405	3,495	120	8,780
Park Tree Fund	9,841	10,855	13,779	6,917
Park Cash Fund	1,058	1,450	1,250	1,258
Credit Card Fund	22,847	858,795	850,989	30,653
Bike Lockers	65	65	-	130
Police Substance Abuse Grant	1,440	-	1,440	-
UTC Grant	(10,488)	10,500	-	12
Urban Waters Grant	(11,196)	20,000	8,804	-
Police Bulletproof Partnership	-	2,293	2,293	-
2012 Advanced Refunding Bond	10,708	-	-	10,708
CFAL Grant	-	-	71,666	(71,666)
Grant - E-Ticket Equipment	-	34,729	34,729	-
Grant - Diesel Retrofit	-	-	48,293	(48,293)
Donations	39,987	40,158	32,897	47,248
Park Donation	104,869	43,584	45,684	102,769
Employee Benefit Plan	203,215	3,744,293	3,573,569	373,939
Grant - Tobacco Education	1,339	-	50	1,289
Rental Rehab	200,154	-	-	200,154

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

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

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Police Vehicle Equipment	54,614	20,505	7,053	68,066
Firefighting Fund	27,538	65,960	61,245	32,253
Capital Equipment	355	300,000	296,403	3,952
Cemetery	175,905	20,300	-	196,205
Indiana Police And Fire Pension	254	14,384	14,384	254
Park Indiana Sales Tax	1,520	25,199	24,968	1,751
Park Gift Certificates	51,208	10,369	11,906	49,671
Park City Tree Ordinance	2,046	-	597	1,449
Park Impact Fees	119,375	117,557	110,546	126,386
Park Creekside Bond Debt Reserve	33,728	758,128	538,693	253,163
Redevelopment Debt Reserve	468,900	-	-	468,900
Transportation - Dash	1,054,471	575,514	892,626	737,359
Dash Credit Card Revenue	333,353	226,221	4,624	554,950
Developer Deposits	16,889	-	-	16,889
Grant - Police Equipment	7,904	1,000	7,980	924
Park Bond & Interest	1,723	359,762	366,850	(5,365)
Debt Service - Other	316,209	600,524	621,049	295,684
Cumulative Sewer	1,126,547	324,906	3,522	1,447,931
2006 Bond Issue	24	-	-	24
2002 Bond Issue	79,638	-	79,638	-
Redevelopment Consolidated TIF Area	6,538,275	11,523,945	6,266,228	11,795,992
Payroll	-	12,398,599	12,398,599	-
Sign Deposit	1,000	-	-	1,000
Storm Water Utility-Operating	2,576,140	2,299,230	1,860,094	3,015,276
Storm Water Util-Bond And Interest	856,206	1,500	-	857,706
Stormwater Board Construction	3,674,562	111,550	3,382,406	403,706
Retainage	-	84,096	42,047	42,049
Wastewater Utility-Operating	1,106,498	7,061,164	7,439,823	727,839
Wastewater Util-Bond And Interest	854,116	10,176,936	10,574,884	456,168
Wastewater Utility-Deprec/Improve	1,205,081	599,999	486,815	1,318,265
Wastewater Utility Debt Reserve	953,160	16,473	-	969,633
Water Utility-Retainage	-	11,058	5,529	5,529
Water Utility-Operating	1,091,740	6,393,069	6,721,053	763,756
Water Utility-Bond And Interest	193,842	5,704,404	5,789,020	109,226
Water Utility-Customer Deposit	212,723	69	42,825	169,967
Water Utility-Construction	376,495	299	251,707	125,087
Water Utility-Improvement	700,482	2,101,707	1,260,867	1,541,322
Water Utility Debt Reserve	784,220	3,896	300,000	488,116
Totals	<u>\$ 40,333,308</u>	<u>\$ 109,530,864</u>	<u>\$ 106,332,430</u>	<u>\$ 43,531,742</u>

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

CITY OF VALPARAISO
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, and urban redevelopment and housing.

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

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

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

Penalties which include fees received for late payments.

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

E. Disbursements

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

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

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

Funding Policy

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

E. Water and Water Reclamation Utility 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 and Water Reclamation Utilities 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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy

The plan provides for up to 6 percent salary contributions per pay by the employees to be matched 100 percent 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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the City were not received by December 31, 2013.

Note 8. Holding Corporation

The City has entered into a capital lease with Valparaiso 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. Annual lease payments of \$170,700 begin in 2014.

Note 9. Subsequent Events

Rate Increases

On November 25, 2013, ordinances were approved to increase both water and sewer rates. The water rates will increase in three phases starting on January 1, 2014, when rates will increase by 19.01 percent. On July 1, 2014, the rates will increase by 10.76 percent and the final phase will increase rates by 2.79 percent on January 1, 2016. The sewer rates will increase on the same schedule but will increase by 18 percent, 8 percent, and 4 percent respectively.

Capital Assets

During 2014, utility management performed an inventory of capital assets and retired any assets below the capital asset threshold. This process is estimated to result in capital asset retirements of \$1 million in water capital assets and \$6 million in sewer capital assets.

Pratt Industries

On September 17, 2013, Pratt Paper, a recycled paper and packaging company, announced plans to locate a paper mill in Valparaiso, Indiana. The mill will be a heavy water user at 1.3 million gallons per day and will discharge approximately .75 million gallons per day of sewage. Estimated revenues for both water and sewer are \$1.6 million per year and will be realized in the summer of 2015.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

2014 Water and Water Reclamation Bond Issues

The Board of Directors of the Valparaiso City Utilities has approved resolutions recommending the issuance of water and sewer bonds in 2014. It was recommended that waterworks revenue bonds in an amount not to exceed \$18 million be issued to assist in the funding of various water improvement projects such as additional wells, SCADA upgrades, filters and piping. The sewage works revenue bonds were also recommended in an amount not to exceed \$2.6 million for improvements to the sanitary sewer collection system and treatment plant. These improvements include a new pump station, wet well, influent pumps, and piping.

Sublease of Public Works Building

A sublease between City of Valparaiso and Valparaiso City Utilities has been approved for the Public Works building located at 1855 Joliet Road, Valparaiso, Indiana. The maximum annual rent to be paid during the term of the sublease shall not exceed \$139,000. The maximum term of the sublease is 17 years.

2014 PILOT Increases

On November 26, 2013, the Board of Directors of the Valparaiso City Utilities approved the 2014 budgets which include annual PILOT payments totaling \$759,643 for water and \$771,845 for water reclamation.

Note 10. Other Postemployment Benefits

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

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SUPPLEMENTARY INFORMATION - UNAUDITED

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

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

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

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

	General	Motor Vehicle Highway	Local Road And Street	Parking Meter	Park Nonreverting Operating	Emergency Medical Services/Ambulanc	Crime Control	Transportation - V Line
Cash and investments - beginning	\$ 3,531,604	\$ 926,260	\$ 415,386	\$ 176,460	\$ 339,205	\$ 212,200	\$ 9,728	\$ 1,161,773
Receipts:								
Taxes	11,571,112	771,695	-	-	-	-	-	-
Licenses and permits	758,392	5,580	-	-	-	-	-	-
Intergovernmental	1,921,183	1,008,024	316,329	-	-	-	24,622	230,442
Charges for services	2,838,300	1,253	-	88,839	1,348,186	917,465	-	179,645
Fines and forfeits	650	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	9,525,567	48,363	12,264	-	-	281	-	317,703
Total receipts	26,615,204	1,834,915	328,593	88,839	1,348,186	917,746	24,622	727,790
Disbursements:								
Personal services	13,140,890	977,364	-	38,212	-	-	25,921	8,730
Supplies	783,822	309,220	100,000	214	-	-	-	103,143
Other services and charges	3,499,352	428,202	66,466	8,586	-	-	-	551,729
Debt service - principal and interest	4,185,244	-	-	-	-	-	-	-
Capital outlay	148,062	-	-	-	-	-	-	11,200
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	5,553,235	40	-	59	1,310,142	750,978	-	-
Total disbursements	27,310,605	1,714,826	166,466	47,071	1,310,142	750,978	25,921	674,802
Excess (deficiency) of receipts over disbursements	(695,401)	120,089	162,127	41,768	38,044	166,768	(1,299)	52,988
Cash and investments - ending	\$ 2,836,203	\$ 1,046,349	\$ 577,513	\$ 218,228	\$ 377,249	\$ 378,968	\$ 8,429	\$ 1,214,761

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

	Law Enforcement Continuing Ed	Unsafe Building	Riverboat	Parks And Recreation	Rainy Day	Forfeiture & Seized Asset Fund	Redevelopment Grant Fund	Major Moves Construction
Cash and investments - beginning	\$ 149,632	\$ 48,666	\$ 788,516	\$ 529,046	\$ 3,530,324	\$ 10,561	\$ -	\$ 50,392
Receipts:								
Taxes	-	-	-	1,944,022	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	187,966	159,841	-	-	1,215,237	-
Charges for services	-	-	-	122,943	-	-	-	-
Fines and forfeits	40,368	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	13,000	-	950,000	453,215	2,704	-	-
Total receipts	40,368	13,000	187,966	3,176,806	453,215	2,704	1,215,237	-
Disbursements:								
Personal services	-	-	-	1,809,384	-	-	-	-
Supplies	-	-	-	111,865	-	-	-	-
Other services and charges	35,924	-	34,790	353,541	-	9,368	-	50,392
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	86,973	-	-	1,218,522	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	552,024	250,000	-	-	-
Total disbursements	35,924	-	34,790	2,913,787	250,000	9,368	1,218,522	50,392
Excess (deficiency) of receipts over disbursements	4,444	13,000	153,176	263,019	203,215	(6,664)	(3,285)	(50,392)
Cash and investments - ending	\$ 154,076	\$ 61,666	\$ 941,692	\$ 792,065	\$ 3,733,539	\$ 3,897	\$ (3,285)	\$ -

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

	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Park Nonreverting Capital	Cedit Capital Projects	Health Claims	Police Pension	Fire Pension	Rental Registration
Cash and investments - beginning	\$ 739,082	\$ 292,648	\$ 17,152	\$ 351,841	\$ 2,898	\$ 623,579	\$ 850,370	\$ 5,405
Receipts:								
Taxes	-	208,844	-	-	-	-	738,463	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	85,179	17,440	-	2,090,125	-	704,045	-	-
Charges for services	-	-	14,746	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	3,495
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	2,644	2,015,647	-	-	-
Total receipts	85,179	226,284	14,746	2,092,769	2,015,647	704,045	738,463	3,495
Disbursements:								
Personal services	-	-	-	55,580	2,015,647	572,696	707,891	-
Supplies	-	75,000	-	-	-	409	417	-
Other services and charges	-	-	-	1,194,078	-	100	352	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	245,755	-	401,367	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	120
Total disbursements	-	320,755	-	1,651,025	2,015,647	573,205	708,660	120
Excess (deficiency) of receipts over disbursements	85,179	(94,471)	14,746	441,744	-	130,840	29,803	3,375
Cash and investments - ending	\$ 824,261	\$ 198,177	\$ 31,898	\$ 793,585	\$ 2,898	\$ 754,419	\$ 880,173	\$ 8,780

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

	Park Tree Fund	Park Cash Fund	Credit Card Fund	Bike Lockers	Police Substance Abuse Grant	UTC Grant	Urban Waters Grant
Cash and investments - beginning	\$ 9,841	\$ 1,058	\$ 22,847	\$ 65	\$ 1,440	\$ (10,488)	\$ (11,196)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,500	20,000
Charges for services	10,855	1,450	858,795	65	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	10,855	1,450	858,795	65	-	10,500	20,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	1,440	-	8,804
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	13,779	1,250	850,989	-	-	-	-
Total disbursements	13,779	1,250	850,989	-	1,440	-	8,804
Excess (deficiency) of receipts over disbursements	(2,924)	200	7,806	65	(1,440)	10,500	11,196
Cash and investments - ending	\$ 6,917	\$ 1,258	\$ 30,653	\$ 130	\$ -	\$ 12	\$ -

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

	Police Bulletproof Partnership	2012 Advanced Refunding Bond	CFAL Grant	Grant - E-Ticket Equipment	Grant - Diesel Retrofit	Donations	Park Donation
Cash and investments - beginning	\$ -	\$ 10,708	\$ -	\$ -	\$ -	\$ 39,987	\$ 104,869
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,293	-	-	34,729	-	-	-
Charges for services	-	-	-	-	-	-	43,584
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	40,158	-
Total receipts	2,293	-	-	34,729	-	40,158	43,584
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	2,293	-	-	-	48,293	-	-
Other services and charges	-	-	-	-	-	32,105	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	34,729	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	71,666	-	-	792	45,684
Total disbursements	2,293	-	71,666	34,729	48,293	32,897	45,684
Excess (deficiency) of receipts over disbursements	-	-	(71,666)	-	(48,293)	7,261	(2,100)
Cash and investments - ending	\$ -	\$ 10,708	\$ (71,666)	\$ -	\$ (48,293)	\$ 47,248	\$ 102,769

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

	Employee Benefit Plan	Grant - Tobacco Education	Rental Rehab	Police Vehicle Equipment	Firefighting Fund	Capital Equipment	Cemetery
Cash and investments - beginning	\$ 203,215	\$ 1,339	\$ 200,154	\$ 54,614	\$ 27,538	\$ 355	\$ 175,905
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	20,505	65,960	-	20,300
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,744,293	-	-	-	-	300,000	-
Total receipts	3,744,293	-	-	20,505	65,960	300,000	20,300
Disbursements:							
Personal services	1,353,645	-	-	-	54,036	-	-
Supplies	239	50	-	-	4,791	-	-
Other services and charges	-	-	-	7,053	2,418	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	296,403	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,219,685	-	-	-	-	-	-
Total disbursements	3,573,569	50	-	7,053	61,245	296,403	-
Excess (deficiency) of receipts over disbursements	170,724	(50)	-	13,452	4,715	3,597	20,300
Cash and investments - ending	\$ 373,939	\$ 1,289	\$ 200,154	\$ 68,066	\$ 32,253	\$ 3,952	\$ 196,205

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

	Indiana Police And Fire Pension	Park Indiana Sales Tax	Park Gift Certificates	Park City Tree Ordinance	Park Impact Fees	Park Creekside Bond Debt Reserve	Redevelopment Debt Reserve
Cash and investments - beginning	\$ 254	\$ 1,520	\$ 51,208	\$ 2,046	\$ 119,375	\$ 33,728	\$ 468,900
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	25,199	10,369	-	117,557	258,128	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	14,384	-	-	-	-	500,000	-
Total receipts	14,384	25,199	10,369	-	117,557	758,128	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	238,693	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	14,384	24,968	11,906	597	110,546	300,000	-
Total disbursements	14,384	24,968	11,906	597	110,546	538,693	-
Excess (deficiency) of receipts over disbursements	-	231	(1,537)	(597)	7,011	219,435	-
Cash and investments - ending	\$ 254	\$ 1,751	\$ 49,671	\$ 1,449	\$ 126,386	\$ 253,163	\$ 468,900

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

	Transportation - Dash	Dash Credit Card Revenue	Developer Deposits	Grant - Police Equipment	Park Bond & Interest	Debt Service - Other	Cumulative Sewer
Cash and investments - beginning	\$ 1,054,471	\$ 333,353	\$ 16,889	\$ 7,904	\$ 1,723	\$ 316,209	\$ 1,126,547
Receipts:							
Taxes	-	-	-	-	332,483	554,341	-
Licenses and permits	-	-	-	-	-	-	324,906
Intergovernmental	206,683	-	-	1,000	27,279	46,183	-
Charges for services	168,831	226,001	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	200,000	220	-	-	-	-	-
Total receipts	575,514	226,221	-	1,000	359,762	600,524	324,906
Disbursements:							
Personal services	28,728	-	-	-	-	-	-
Supplies	141,784	-	-	7,980	-	-	-
Other services and charges	722,114	4,624	-	-	-	1,450	-
Debt service - principal and interest	-	-	-	-	366,850	619,599	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	3,522
Total disbursements	892,626	4,624	-	7,980	366,850	621,049	3,522
Excess (deficiency) of receipts over disbursements	(317,112)	221,597	-	(6,980)	(7,088)	(20,525)	321,384
Cash and investments - ending	\$ 737,359	\$ 554,950	\$ 16,889	\$ 924	\$ (5,365)	\$ 295,684	\$ 1,447,931

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

	2006 Bond Issue	2002 Bond Issue	Redevelopment Consolidated TIF Area	Payroll	Sign Deposit	Storm Water Utility-Operating	Storm Water Util-Bond And Interest
Cash and investments - beginning	\$ 24	\$ 79,638	\$ 6,538,275	\$ -	\$ 1,000	\$ 2,576,140	\$ 856,206
Receipts:							
Taxes	-	-	6,615,164	-	-	-	-
Licenses and permits	-	-	26,000	-	-	-	-
Intergovernmental	-	-	1,017,829	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,294,539	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	3,864,952	12,398,599	-	4,691	1,500
Total receipts	-	-	11,523,945	12,398,599	-	2,299,230	1,500
Disbursements:							
Personal services	-	-	-	-	-	218,828	-
Supplies	-	-	5,341	-	-	-	-
Other services and charges	-	79,638	1,024,814	-	-	-	-
Debt service - principal and interest	-	-	720,638	-	-	837,136	-
Capital outlay	-	-	2,433,676	-	-	264,966	-
Utility operating expenses	-	-	-	-	-	539,164	-
Other disbursements	-	-	2,081,759	12,398,599	-	-	-
Total disbursements	-	79,638	6,266,228	12,398,599	-	1,860,094	-
Excess (deficiency) of receipts over disbursements	-	(79,638)	5,257,717	-	-	439,136	1,500
Cash and investments - ending	\$ 24	\$ -	\$ 11,795,992	\$ -	\$ 1,000	\$ 3,015,276	\$ 857,706

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

	Stormwater Board Construction	Retainage	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve	Wastewater Utility Debt Reserve	Water Utility-Retainage
Cash and investments - beginning	\$ 3,674,562	\$ -	\$ 1,106,498	\$ 854,116	\$ 1,205,081	\$ 953,160	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	108,632	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	6,939,257	-	-	-	-
Penalties	-	-	57,027	-	-	-	-
Other receipts	2,918	84,096	64,880	10,176,936	599,999	16,473	11,058
Total receipts	111,550	84,096	7,061,164	10,176,936	599,999	16,473	11,058
Disbursements:							
Personal services	-	-	1,737,035	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	126,675	-	-	-	-
Debt service - principal and interest	-	-	109,633	10,502,820	-	-	-
Capital outlay	3,382,406	-	-	-	486,815	-	-
Utility operating expenses	-	-	2,571,226	72,064	-	-	-
Other disbursements	-	42,047	2,895,254	-	-	-	5,529
Total disbursements	3,382,406	42,047	7,439,823	10,574,884	486,815	-	5,529
Excess (deficiency) of receipts over disbursements	(3,270,856)	42,049	(378,659)	(397,948)	113,184	16,473	5,529
Cash and investments - ending	\$ 403,706	\$ 42,049	\$ 727,839	\$ 456,168	\$ 1,318,265	\$ 969,633	\$ 5,529

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

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Water Utility-Construction	Water Utility-Improvement	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 1,091,740	\$ 193,842	\$ 212,723	\$ 376,495	\$ 700,482	\$ 784,220	\$ 40,333,308
Receipts:							
Taxes	-	-	-	-	-	-	22,736,124
Licenses and permits	-	-	-	-	-	-	1,114,878
Intergovernmental	-	-	-	-	-	-	9,435,561
Charges for services	-	-	-	-	-	-	7,338,976
Fines and forfeits	-	-	-	-	-	-	44,513
Utility fees	5,262,621	-	-	-	-	-	14,496,417
Penalties	53,695	-	-	-	-	-	110,722
Other receipts	1,076,753	5,704,404	69	299	2,101,707	3,896	54,253,673
Total receipts	6,393,069	5,704,404	69	299	2,101,707	3,896	109,530,864
Disbursements:							
Personal services	1,813,270	-	-	-	-	-	24,557,857
Supplies	-	-	-	-	-	-	1,705,105
Other services and charges	143,365	-	-	-	-	-	8,377,136
Debt service - principal and interest	64,040	5,711,337	-	-	-	-	23,355,990
Capital outlay	15,148	-	-	-	1,260,867	-	10,286,889
Utility operating expenses	2,022,263	77,683	-	-	-	-	5,282,400
Other disbursements	2,662,967	-	42,825	251,707	-	300,000	32,767,053
Total disbursements	6,721,053	5,789,020	42,825	251,707	1,260,867	300,000	106,332,430
Excess (deficiency) of receipts over disbursements	(327,984)	(84,616)	(42,756)	(251,408)	840,840	(296,104)	3,198,434
Cash and investments - ending	\$ 763,756	\$ 109,226	\$ 169,967	\$ 125,087	\$ 1,541,322	\$ 488,116	\$ 43,531,742

CITY OF VALPARAISO
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ 12,047	\$ 61,457
Wastewater	160,139	499,751
Water	159,033	572,716
Governmental activities	<u>703,116</u>	<u>-</u>
Totals	<u>\$ 1,034,335</u>	<u>\$ 1,133,924</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Centier Bank	Various Public Works Equipment	\$ 182,661	1/1/2009	1/1/2014
Centier Bank	(2) Side Loaded Garbage Trucks	81,924	10/1/2009	1/1/2014
Centier Bank	Garbage Trucks	78,767	6/26/2013	6/26/2017
Centier Bank	Jacobsen Tractor	12,762	4/9/2013	4/9/2018
De Lage Landen Public Finance	Electric Golf Carts	14,639	6/1/2010	6/1/2015
Ford Motor Credit	Squad Cars	33,142	7/20/2012	7/20/2015
Ford Motor Credit	Squad Cars	39,205	9/30/2013	9/30/2016
Harris Bank	Fire Truck	93,934	1/1/2012	1/1/2016
Horizon Bank	Ambulance & Related Equipment	104,805	9/1/2013	9/1/2016
LaPorte Chrysler	Squad Cars	39,100	12/1/2011	11/30/2014
Musco Sports Lighting LLC	Park Lighting	23,988	7/31/2008	8/31/2014
Valparaiso Building Corporation	Public Works Facility	170,700	1/15/2014	7/15/2031
Wells Fargo	Golf Equipment	11,349	1/15/2010	12/15/2014
Western Equipment Finance	AR-522 Mower	12,831	9/13/2012	8/13/2016
Western Finance & Lease	Golf Course Equipment	40,500	1/15/2010	12/15/2014
Total governmental activities		<u>940,307</u>		
Wastewater:				
Horizon Bank	2011 Vactor Truck	<u>85,813</u>	3/4/2011	3/4/2014
Water:				
Horizon Bank	2010 Hydro Excavator	<u>64,040</u>	1/13/2010	1/13/2014
Total of annual lease payments		<u>\$ 1,090,160</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2006 GO Bonds	\$ 3,575,000	\$ 304,673
General obligation bonds	2012 Refunding Bond	3,110,000	316,671
Revenue bonds	Park & Recreation Refunding Bonds of 2004	3,020,000	234,343
Revenue bonds	Redevelopment District Tax Increment Revenue Bonds Series 2009	2,605,000	269,406
Revenue bonds	Redevelopment District Special Taxing District Bonds Series 2006A	3,390,000	471,750
Total governmental activities		<u>15,700,000</u>	<u>1,596,843</u>
Storm Water:			
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series B	1,845,000	266,711
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series A	<u>5,370,000</u>	<u>570,850</u>
Total Storm Water		<u>7,215,000</u>	<u>837,561</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2007	10,880,000	522,150
Revenue bonds	Sewage Works Revenue Bonds of 2011	1,421,000	105,399
Revenue bonds	Sewage Works Revenue Bonds of 2013	<u>8,245,000</u>	<u>834,240</u>
Total Wastewater		<u>20,546,000</u>	<u>1,461,789</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds of 2013	4,930,000	521,009
Revenue bonds	Waterworks Revenue Bonds of 2010	<u>2,180,000</u>	<u>108,683</u>
Total Water		<u>7,110,000</u>	<u>629,692</u>
Totals		<u>\$ 50,571,000</u>	<u>\$ 4,525,885</u>

CITY OF VALPARAISO
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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

	Ending Balance
Governmental activities:	
Land	\$ 4,953,995
Infrastructure	83,550,863
Buildings	10,108,448
Improvements other than buildings	250,854
Machinery, equipment, and vehicles	<u>7,230,056</u>
Total governmental activities	<u>106,094,216</u>
Storm Water:	
Infrastructure	<u>14,644,190</u>
Wastewater:	
Land	575,915
Infrastructure	51,068,635
Buildings	21,177,920
Improvements other than buildings	12,406,403
Machinery, equipment, and vehicles	<u>10,507,500</u>
Total Wastewater	<u>95,736,373</u>
Water:	
Land	410,590
Buildings	4,423,888
Improvements other than buildings	35,607,279
Machinery, equipment, and vehicles	<u>17,641,743</u>
Total Water	<u>58,083,500</u>
Total capital assets	<u><u>\$ 274,558,279</u></u>

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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 THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the City of Valparaiso's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2013. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

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


Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

August 25, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Urban and Community Forestry Program	Indiana Department of Natural Resources	10.675		
Urban Forestry - UTC Grant			IN11-DG-230	\$ 10,500
Urban Waters Initiative			IN11-DG-354	20,000
Total - Department of Agriculture				<u>30,500</u>
<u>Department of Justice</u>				
JAG Program Cluster				
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	Direct	16.738	2009-SB-B9-1904	<u>7,980</u>
Police Grant Equipment				
Edward Byrne Memorial Justice Assistance Grant Program	Direct	16.738	2011-DJ-BX-3009	<u>34,729</u>
E-Ticket Equipment Grant				
Total - JAG Program Cluster				<u>42,709</u>
Bulletproof Vest Partnership Program	Direct	16.607	1121-0235	<u>2,293</u>
Bulletproof Vest Partnership				
Total - Department of Justice				<u>45,002</u>
<u>Department of Transportation</u>				
Federal Transit Cluster				
Federal Transit-Formula Grants	Northwestern Indiana Regional Planning Commission	20.507		
V-Line			IN-90-X636	152,793
Transportation Marketing			IN-90-x609	313
Chicago Dash			IN-90-X6636	121,712
Chicago Dash 4th bus			IN-95-X035	<u>33,205</u>
Total - Federal Transit Cluster				<u>308,023</u>
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
Traffic Signal Modernization			DES #710065	8,993
Five Point Roundabout			DES #810295	1,110,703
Land Use Study - Airport Zone Development			DES #900076	130
US 30 Corridor Improvements			DES #1298670	53,290
CMAQ - Vale Park West Pathway			DES #1173705	<u>95,542</u>
Total - Highway Planning and Construction Cluster				<u>1,268,658</u>
Highway Safety Cluster				
State and Community Highway Safety	Town of Chesterton	20.600		
Agressive Driving			1904	<u>1,321</u>
Alcohol Impaired Driving				
Countermeasures Incentive Grants I	City of Portage	20.601	OP-12-04-02-45	<u>5,240</u>
DUI ASSISTANCE				
Occupant Protection Incentive Grants	Indiana Criminal Justice Institute	20.602		
Seat Belt Patrol			1232	<u>6,806</u>
Total - Highway Safety Cluster				<u>13,367</u>
Total - Department of Transportation				<u>1,590,048</u>
<u>Environmental Protection Agency</u>				
NonPoint Source Implementation Grants	Save the Dunes Conservation Fund Inc.	66.460		
Calumet Streetscape			A-305-8-189	<u>7,590</u>
Total federal awards expended				<u>\$ 1,673,140</u>

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 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 VALPARAISO
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Program:

Name of Federal Program or Cluster
Highway Planning and Construction Cluster

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.

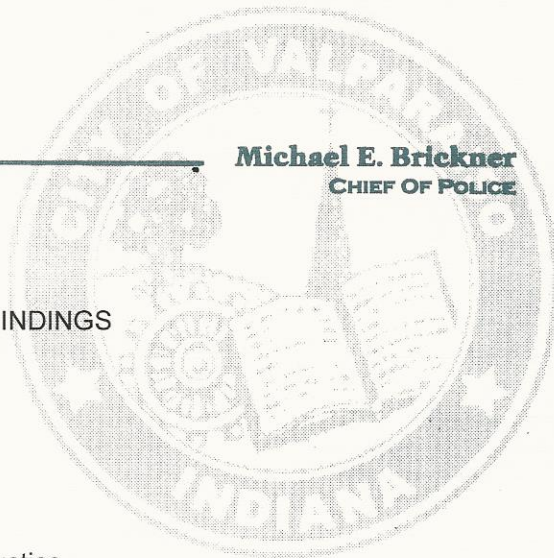
AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



VALPARAISO
POLICE DEPARTMENT

Michael E. Brickner
CHIEF OF POLICE



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-02 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: U.S. Department of Justice
Contact Person Responsible for Corrective Action: Mike Brickner, Chief of Police
Contact Phone Number: 219-462-2135

Status of Audit Finding:

All grants are now on file in the Clerk-Treasurer's Office.

The City has contracted with Cypra & Associates, a certified Grant Manager to oversee any Federal Grant activity. Departments have been instructed to contact Cypra & Associates any time Federal monies are requested or received. All Grant award papers are now in the Clerk-Treasurer's office.

Richard D. Spicer
(Signature)

Asst. Chief of Police
(Title)

JULY 30, 2014
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



VALPARAISO
POLICE DEPARTMENT

Michael E. Brickner
CHIEF OF POLICE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-03 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602

Report Period: January 1, 2012 to December 31, 2012

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Justice

Contact Person Responsible for Corrective Action: Mike Brickner, Chief of Police

Contact Phone Number: 219-462-2135

Status of Audit Finding:

Going forward, Grant Managers will not be considered employees of the City. If a Grant Manager is used for any grant they will be compensated on a contractual basis as approved by the Board of Public Works & Safety and within the Grant budget.

Richard L. Spier
(Signature)

Asst. Chief of Police
(Title)

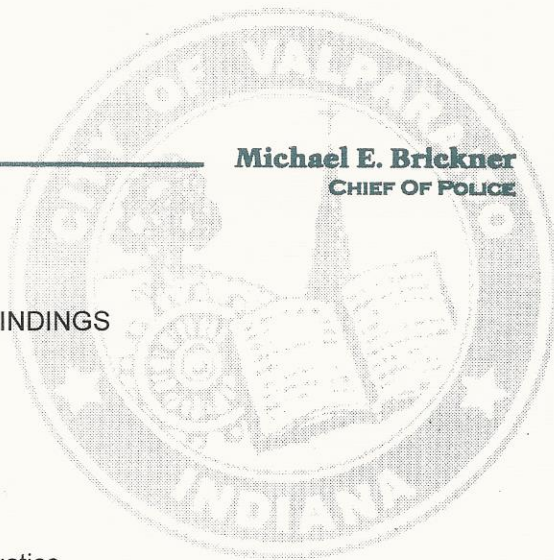
July 30, 2014
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



VALPARAISO
POLICE DEPARTMENT

Michael E. Brickner
CHIEF OF POLICE



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-04 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602

Report Period: January 1, 2012 to December 31, 2012

Pass-Through Entity or Federal Grantor Agency: U.S. Department of Justice

Contact Person Responsible for Corrective Action: Mike Brickner, Chief of Police

Contact Phone Number: 219-462-2135

Status of Audit Finding:

Capital Asset Records of equipment purchased through the School Safety Grant are available both at the Valparaiso community schools and at the Police Department.

Richard L. Spicer
(Signature)

Asst. Chief of Police
(Title)

July 30, 2014
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



VALPARAISO
POLICE DEPARTMENT

Michael E. Brickner
CHIEF OF POLICE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-05 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: U.S. Department of Justice
Contact Person Responsible for Corrective Action: Mike Brickner, Chief of Police
Contact Phone Number: 219-462-2135

Status of Audit Finding:

The City is in the process of answering all findings related to the Secure our Schools Federal Grant to the US Department of Justice. All of the information has been sent to the DOJ and we are awaiting their determination as to whether any monies will be repaid. In the future, Cypra and Associates will monitor all grant reporting for correctness.

Richard L. Spicer
(Signature)

Asst. Chief of Police
(Title)

July 30, 2014
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



VALPARAISO
POLICE DEPARTMENT

Michael E. Brickner
CHIEF OF POLICE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-06 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: U.S. Department of Justice
Contact Person Responsible for Corrective Action: Mike Brickner, Chief of Police
Contact Phone Number: 219-462-2135

Status of Audit Finding:

The City is in the process of answering all findings related to the Secure our Schools Federal Grant to the US Department of Justice. All of the information has been sent to the DOJ and we are awaiting their determination as to whether any monies will be repaid. In the future, Cypra and Associates will monitor all grant reporting for correctness.

Richard L. Spicer
(Signature)

Asst. Chief of Police
(Title)

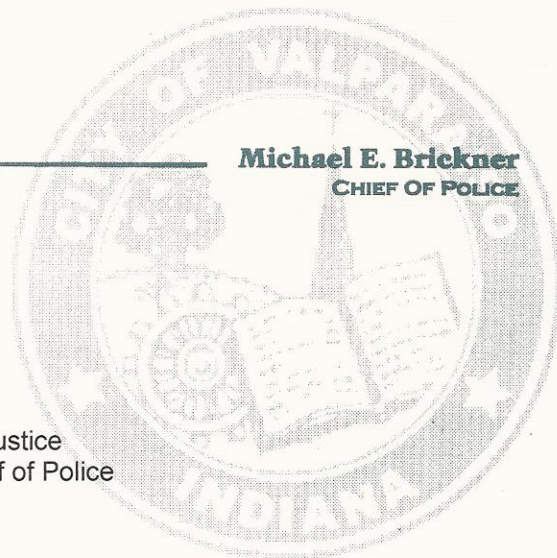
July 30, 2014
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



VALPARAISO
POLICE DEPARTMENT

Michael E. Brickner
CHIEF OF POLICE



FINDING 2012-07 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: U.S. Department of Justice
Contact Person Responsible for Corrective Action: Mike Brickner, Chief of Police
Contact Phone Number: 219-462-2135

Status of Audit Finding:

The City is in the process of answering all findings related to the Secure our Schools Federal Grant to the US Department of Justice. All of the information has been sent to the DOJ and we are awaiting their determination as to whether any monies will be repaid. In the future, Cypra and Associates will monitor all grant reporting for correctness.

Richard L. Spian
(Signature)

Asst. Chief of Police
(Title)

July 30, 2014
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)



OFFICE OF CITY ENGINEER
166 Lincolnway
Valparaiso, IN 46383
Phone: 219-462-1161
Fax: 219-464-4273

www.valpo.us

FINDING 2012-08 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Transportation
Contact Person Responsible for Corrective Action: Tim Burkman, Engineering Director
Contact Phone Number: 219-462-2135

Status of Audit Finding:

As grant agreements (INDOT/LPA Contracts) are executed by the Board of Public Works and Safety, hard copies are also given to the Clerk-Treasurer's office for record keeping. Electronic files of these agreements are shared on the city's common server directory, able to be accessed by any city department. As invoice vouchers are submitted for payment under the grants, the Engineering Director reviews them for eligibility and accuracy, then dates, initials, and notes "OK to Pay" on the consultant invoices. The Engineering Administrator provides a secondary review of all invoices and claim vouchers and initials the amounts on the claim voucher once they are determined to be complete and accurate and prepares the claim. On projects where the Redevelopment Commission is funding the local match, the Redevelopment Commission Advisor then signs the claim for submission to the Clerk-Treasurer's office.

The Engineering Administrator maintains a listing of all claim voucher amounts submitted for reimbursement under the grant. This record is shared with the Clerk-Treasurer's office in anticipation of those reimbursement amounts to be received. As the reimbursements are received, the Engineering Administrator updates the list, noting the date that each amount is received. The Engineering Administrator also maintains an "LPA Claim Log Sheet" provided by the state (INDOT) that tracks the claim dates, invoice numbers, dates of services, gross and net amounts of each claim, and available balance under the grant. A copy of this log is maintained and kept within each project file.

The Engineering Administrator also checks the System for Award Management's website (www.SAM.gov) to ensure that any consultants paid under the grant agreement have not been debarred or suspended from doing business with the federal government. Those reports are printed out and placed in the respective project file.


(Signature)

Engineering Director
(Title)

July 31, 2014
(Date)

Our City...Our Values

Honestly Accountable Surprisingly Responsive Boldly Proactive Creatively Frugal Respectfully Compassionate



OFFICE OF CITY ENGINEER
166 Lincolnway
Valparaiso, IN 46383
Phone: 219-462-1161
Fax: 219-464-4273

www.valpo.us

FINDING 2012-09 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: Save the Dunes Conservation Fund, Inc.
Contact Person Responsible for Corrective Action: Tim Burkman, Engineering Director
Contact Phone Number: 219-462-1161

Status of Audit Finding:

The Engineering Department maintains electronic files on the city's shared server for the grant that is accessible by all city departments and a hard copy is placed on file with the Clerk-Treasurer's office. The Clerk-Treasurer's office has established a separate account for the grant. A hard copy of the grant agreement is kept within the project file in the Engineering Department.

The Chief Deputy Engineer dates, initials, and notes "OK to Pay" on all invoices submitted with a claim voucher for reimbursement after reviewing for accuracy and eligibility. The Engineering Director signs the claim voucher, after providing a secondary review. The Utility Board then approves the claims, which are submitted to the Clerk-Treasurer's office for payment.

A separate grant account has been established for the specific project through the Clerk-Treasurer's office. Claims are paid out of this account and reimbursements received under the grant are placed into it as part of the tracking system put in place.

The Engineering Administrator checks the System for Award Management's website (www.SAM.gov) to ensure that any contractors paid under the grant agreement have not been debarred or suspended from work with the federal government. Copies of those records are maintained within the project file.

A handwritten signature in black ink, appearing to read 'T. Burkman', is written over a horizontal line.

(Signature)

Engineering Director

(Title)

July 31, 2014

(Date)

Our City...Our Values

Honestly Accountable Surprisingly Responsive Boldly Proactive Creatively Frugal Respectfully Compassionate



OFFICE OF CITY ENGINEER
166 Lincolnway
Valparaiso, IN 46383
Phone: 219-462-1161
Fax: 219-464-4273

www.valpo.us

FINDING 2012-10 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: Save the Dunes Conservation Fund, Inc.
Contact Person Responsible for Corrective Action: Tim Burkman, Engineering Director
Contact Phone Number: 219-462-1161

Status of Audit Finding:

The City of Valparaiso schedules a Common Construction Wage Committee Meeting to establish wage rates for each quarter of the calendar year, to be utilized on Roadway, Streetscape, Utility and Pathway public improvement projects. These wage rates are maintained on the city's shared server directory that can be accessed by all departments and utilized on any projects that surpass the threshold for prevailing wage rate requirements established by the state. Certified payrolls are required to be submitted by contractors on such projects, and are reviewed for compliance by the Engineering Administrator prior to the Engineering Director approving the claim for the period submitted.


(Signature)

Engineering Director
(Title)

July 31, 2014
(Date)

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FINDING 2012-11 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602
Report Period: January 1, 2012 to December 31, 2012
Pass-Through Entity or Federal Grantor Agency: Save the Dunes Conservation Fund, Inc.
Contact Person Responsible for Corrective Action: Tim Burkman, Engineering Director
Contact Phone Number: 219-462-1161

Status of Audit Finding:

The Chief Deputy Engineer ensures that payroll reports and time sheets clearly identify the specific efforts spent by individuals on grant related activities that are considered as an in-kind match. He then signs and submits the reports to the Engineering Director, who also reviews and signs them. These reports are prepared in conjunction with each pay period (twice per month) and then submitted quarterly to the Lake Michigan Coastal Program Grant Specialist with the Indiana Department of Natural Resources. The reports are kept on within the project file, and are electronically stored on the city's shared server, able to be accessed by any city department. These reports indicate the time spent on the specific grant activity, as well as other time spent on other city projects (non-grant related activities). The sum of the hours listed on the tracking sheet matches the time reported on the Employee's Service Record (general time sheet).


(Signature)

Engineering Director
(Title)

July 31, 2014
(Date)

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Valparaiso City Utilities

205 Billings Street
Valparaiso, Indiana 46383-3699

"Water is our Most Valuable Natural Resource"

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-12 (Auditor Assigned Reference Number)

Original Assigned SBA Audit Report Number: B42602

Report Period: January 1, 2012 to December 31, 2012

Pass-Through Entity or Federal Grantor Agency: Indiana Finance Authority

Contact Person Responsible for Corrective Action: Alina Hahn, Controller

Contact Phone Number: 219-462-6174

Status of Audit Finding:

Valparaiso City Utilities management has been made aware of their duties and responsibilities to insure that internal controls are in place so that compliance requirements will be met. City Administration has contracted with a certified federal grant administrator to assist in the tracking and management of all State of Indiana, Federal and independent grants as a means of meeting all grant requirements and compliance. Grant Administrator will communicate with all departments applying for and receiving grants and will have a direct link to the department heads. The Grant administrator will review each project before, during and after completion of the project.

Alina Hahn
(Signature)

Controller
(Title)

7-31-14
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b).)

Phone: (219) 462-6174 x0

Fax: (219) 477-4254

E-Mail: ahahn@valpo.us

Water Department

Visit our website at www.valparaisoutilities.org

OTHER REPORT

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