

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, 2014 to December 31, 2014



FILED
04/21/2016

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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 12-31-19
Mayor	Jon Costas	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Jon Costas	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Jan Dick John Bowker	01-01-14 to 12-31-15 01-01-16 to 12-31-16
City Administrator	Bill Oeding	01-01-14 to 12-31-16
Director of Utilities	Steve Poulos	01-01-14 to 12-31-16
Controller of Utilities	Alina Hahn	01-01-14 to 12-31-16



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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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, 2014.

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 20, 2016, 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.


Paul D. Joyce, CPA
State Examiner

January 20, 2016



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF 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, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 20, 2016, 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 certain deficiencies 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

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

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)


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*.

City of Valparaiso's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

January 20, 2016

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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, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 2,836,204	\$ 20,268,239	\$ 18,628,623	\$ 4,475,820
Motor Vehicle Highway	1,046,348	1,228,117	1,593,070	681,395
Local Road And Street	577,514	464,241	591,827	449,928
Parking Meter	218,228	88,207	142,164	164,271
Emergency Medical Services/Ambulance	378,967	930,784	1,128,966	180,785
Crime Control - Extra Patrol	8,428	16,550	16,671	8,307
Transportation - V-Line	1,214,760	967,897	809,922	1,372,735
Local Police Education	154,076	31,347	59,931	125,492
Unsafe Building	61,666	13,500	-	75,166
Riverboat	941,693	187,966	148,547	981,112
Rainy Day	3,733,539	1,160,391	1,178,761	3,715,169
EDIT Fund	793,585	2,240,015	2,315,547	718,053
Forfeiture & Seized Asset Fund	3,897	821	-	4,718
Valpo Fire Protect Terr	-	9,884,417	9,405,274	479,143
CCIF - Cigarette Tax	824,261	83,930	-	908,191
Cumulative Capital Development	198,176	286,435	393,658	90,953
Equipment Replacement	-	1,195,077	904,939	290,138
Employee Benefit Plan	373,939	4,698,291	3,586,844	1,485,386
Police Pension	754,419	579,220	598,595	735,044
Fire Pension	880,174	673,806	727,874	826,106
Parks and Recreation	792,065	2,713,727	3,156,009	349,783
Park Nonreverting Operating	377,249	1,577,251	1,366,412	588,088
Park Nonreverting Capital	31,898	12,723	-	44,621
Park Cash	1,258	1,350	1,350	1,258
Deposits From Developers	16,889	-	-	16,889
Gen. Gift Cert.	49,672	10,871	9,074	51,469
Bike Lockers	130	-	40	90
CS Rev. Bond-Debt Reserve	253,163	583,718	596,143	240,738
CFAL Grant	(71,666)	71,666	-	-
Park Sales Tax	1,751	23,411	23,380	1,782
Special Gift	102,769	834,396	878,491	58,674
Park Impact Fees	126,386	137,622	-	264,008
Park Tree Fund	6,917	7,983	3,979	10,921
City Tree Ord.	1,449	-	300	1,149
Credit Card Fund	30,653	882,792	883,082	30,363
Park Bond & Interest	(5,366)	5,366	-	-
Employee Health Claims	2,898	-	-	2,898
Rental Registration	8,780	800	75	9,505
Police-Bullet Proof Partn	-	3,402	-	3,402
Police Grant-Equipment	924	-	-	924
UTC Grant	12	-	-	12
Tobacco Ed. Grant	1,289	-	50	1,239

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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Diesel Retrofit Grant	(48,293)	48,293	-	-
US 30 Corridor Grant	-	386,057	410,851	(24,794)
Cent Elem Rain Gard Grant	-	17,850	19,500	(1,650)
Trees In Our Town Grant	-	10,000	10,000	-
Facade Improvement	200,154	-	134,973	65,181
Gift	47,248	29,298	60,139	16,407
Police Vehicle Equipment	68,066	19,640	11,996	75,710
Transportation DASH	737,359	896,316	827,953	805,722
Trans. DASH Credit Card	554,949	282,624	5,465	832,108
2006 Bond Issue	24	-	-	24
Corporation Bond & Int.	295,683	1,032,193	895,844	432,032
Refunding Bond 2012	10,708	-	-	10,708
Firefighting Fund	32,253	62,065	62,580	31,738
Cumulative Sewer	1,447,932	185,351	443,357	1,189,926
Capital Equipment	3,952	325,000	328,952	-
Cemetery	196,205	18,320	-	214,525
Sign Deposits	1,000	-	-	1,000
Payroll Fund	-	12,925,061	12,925,061	-
RDC Project Fund	-	13,219,894	2,377,219	10,842,675
RDC Grant Fund	(3,285)	118,540	148,867	(33,612)
RDC Debt Reserve	468,900	1,331,116	-	1,800,016
RDC-Consolidated Area	11,795,991	7,099,760	3,876,238	15,019,513
Indiana Police & Fire	254	-	-	254
Storm Water Utility-Operating	3,015,276	2,528,009	3,360,441	2,182,844
Storm Water - Bond And Interest	857,706	1,224	-	858,930
Stormwater Board Construction	403,706	405	404,111	-
Retainage	42,049	-	42,049	-
Wastewater Utility - Operating	727,839	8,963,435	8,973,233	718,041
Wastewater Util - Bond And Interest	456,168	1,806,417	1,475,162	787,423
Wastewater Utility Deprec/Improve	1,318,266	2,665,000	1,677,965	2,305,301
Wastewater Utility Debt Reserve	969,633	16,729	-	986,362
Water Utility - Retainage	5,529	-	5,529	-
Water Utility - Operating	763,756	7,463,137	7,181,523	1,045,370
Water Utility - Bond And Interest	109,226	17,976,554	17,904,308	181,472
Water Utility - Customer Deposit	169,966	63,326	100,054	133,238
Water Utility - Construction	125,087	17,497,458	-	17,622,545
Water Utility - Improvement	1,541,322	1,995,118	2,377,410	1,159,030
Water Utility Debt Reserve	488,116	46,756	-	534,872
Totals	<u>\$ 43,531,739</u>	<u>\$ 150,897,275</u>	<u>\$ 115,190,378</u>	<u>\$ 79,238,636</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 these types 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 Mayor and the fiscal officer of the City submit 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 a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Public Retirement System
One North Capitol, 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.

On Behalf Payments

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

Indiana Public Retirement System
One North Capitol, 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

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.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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, 2014.

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. Lease payments during the year 2014 totaled \$170,700.

Note 9. Subsequent Events

Rate Increases

On November 25, 2013, ordinances were approved by the City Council to increase both water and sewer rates. The water rates will increase in three phases starting on January 1, 2014, when rates increased by 19.01 percent. On July 1, 2014, the rates increased 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.

Pratt

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 an average of 1.0 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 2016.

2015 Economic Development Revenue Bonds - Pratt Paper, LLC

On August 24, 2015, the Common Council of the City authorized the pledge of net revenues of the Sewage Works to the payment of the City of Valparaiso, Indiana, Taxable Economic Development Revenue Bonds, Series 2015 (Pratt Paper (IN), LLC Project), currently outstanding in the aggregate principal amount of \$10,000,000. A sewage capacity agreement commits Pratt and the Pratt parent company to make the required debt payments per City of Valparaiso Common Council Resolution No.42-2015. The bond closing was held on December 29, 2015.

2015 GO Refunding Bond Issue

On June 22, 2015, the Common Council approved a bond issue refunding the 2006 GO Bond Issue which was outstanding \$3,340,000 in aggregate principle.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

2015 Sewage Works Revenue Bond Issue

On April 7, 2015, sewage works revenue bonds were sold in the amount of \$2,600,000. These bond funds will allow for improvements to the main headworks facility at the wastewater treatment plant. These improvements include new influent lift pumps, variable frequency drives, HVAC instrumentation and control and various piping modifications.

2007 Sewage Works Refunding Revenue Bonds

On September 28, 2015, the Common Council of the City of Valparaiso authorized the refunding of the 2007 Sewage Works Revenue Bonds currently outstanding in the aggregate principal amount of \$10,840,000

Note 10. Other Postemployment Benefits

The City provides health and dental insurance benefits to eligible retirees and their spouses. These benefits do not pose a liability to the City as retirees are required to pay actual costs of insurance. Information regarding the benefits can be obtained by contacting the City.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial 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 Financial 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 other 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, 2014

	General	Motor Vehicle Highway	Local Road And Street	Parking Meter	Emergency Medical Services/Ambulance	Crime Control - Extra Patrol	Transportation - V-Line
Cash and investments - beginning	\$ 2,836,204	\$ 1,046,348	\$ 577,514	\$ 218,228	\$ 378,967	\$ 8,428	\$ 1,214,760
Receipts:							
Taxes	10,016,361	15,505	-	-	-	-	-
Licenses and permits	352,921	6,400	-	-	-	-	-
Intergovernmental	973,264	1,157,331	322,275	-	-	16,550	446,407
Charges for services	1,260,834	-	-	42,552	930,170	-	189,903
Fines and forfeits	-	-	-	45,655	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,664,859	48,881	141,966	-	614	-	331,587
Total receipts	<u>20,268,239</u>	<u>1,228,117</u>	<u>464,241</u>	<u>88,207</u>	<u>930,784</u>	<u>16,550</u>	<u>967,897</u>
Disbursements:							
Personal services	9,961,896	996,055	-	40,033	-	16,671	4,217
Supplies	700,855	302,467	270,000	168	-	-	104,155
Other services and charges	3,114,499	289,798	321,827	9,350	-	-	684,460
Debt service - principal and interest	19,427	-	-	-	-	-	-
Capital outlay	37,679	-	-	92,613	-	-	17,000
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,794,267	4,750	-	-	1,128,966	-	90
Total disbursements	<u>18,628,623</u>	<u>1,593,070</u>	<u>591,827</u>	<u>142,164</u>	<u>1,128,966</u>	<u>16,671</u>	<u>809,922</u>
Excess (deficiency) of receipts over disbursements	<u>1,639,616</u>	<u>(364,953)</u>	<u>(127,586)</u>	<u>(53,957)</u>	<u>(198,182)</u>	<u>(121)</u>	<u>157,975</u>
Cash and investments - ending	<u>\$ 4,475,820</u>	<u>\$ 681,395</u>	<u>\$ 449,928</u>	<u>\$ 164,271</u>	<u>\$ 180,785</u>	<u>\$ 8,307</u>	<u>\$ 1,372,735</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Local Police Education	Unsafe Building	Riverboat	Rainy Day	EDIT Fund	Forfeiture & Seized Asset Fund	Valpo Fire Protect Terr
Cash and investments - beginning	\$ 154,076	\$ 61,666	\$ 941,693	\$ 3,733,539	\$ 793,585	\$ 3,897	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	5,354,271
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	187,966	-	2,238,515	-	528,586
Charges for services	-	-	-	-	-	-	18,967
Fines and forfeits	30,935	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	412	13,500	-	1,160,391	1,500	821	3,982,593
Total receipts	<u>31,347</u>	<u>13,500</u>	<u>187,966</u>	<u>1,160,391</u>	<u>2,240,015</u>	<u>821</u>	<u>9,884,417</u>
Disbursements:							
Personal services	-	-	-	-	15,714	-	5,827,162
Supplies	-	-	-	-	-	-	132,708
Other services and charges	59,931	-	148,547	-	1,844,789	-	527,067
Debt service - principal and interest	-	-	-	-	-	-	36,632
Capital outlay	-	-	-	-	455,044	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,178,761	-	-	2,881,705
Total disbursements	<u>59,931</u>	<u>-</u>	<u>148,547</u>	<u>1,178,761</u>	<u>2,315,547</u>	<u>-</u>	<u>9,405,274</u>
Excess (deficiency) of receipts over disbursements	<u>(28,584)</u>	<u>13,500</u>	<u>39,419</u>	<u>(18,370)</u>	<u>(75,532)</u>	<u>821</u>	<u>479,143</u>
Cash and investments - ending	<u>\$ 125,492</u>	<u>\$ 75,166</u>	<u>\$ 981,112</u>	<u>\$ 3,715,169</u>	<u>\$ 718,053</u>	<u>\$ 4,718</u>	<u>\$ 479,143</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CCIF - Cigarette Tax	Cumulative Capital Development	Equipment Replacement	Employee Benefit Plan	Police Pension	Fire Pension	Parks And Recreation
Cash and investments - beginning	\$ 824,261	\$ 198,176	\$ -	\$ 373,939	\$ 754,419	\$ 880,174	\$ 792,065
Receipts:							
Taxes	-	208,162	402,849	-	-	-	1,454,265
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	83,930	17,882	39,728	-	579,220	673,806	136,737
Charges for services	-	-	-	-	-	-	108,725
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	60,391	752,500	4,698,291	-	-	1,014,000
Total receipts	<u>83,930</u>	<u>286,435</u>	<u>1,195,077</u>	<u>4,698,291</u>	<u>579,220</u>	<u>673,806</u>	<u>2,713,727</u>
Disbursements:							
Personal services	-	-	-	61,509	574,397	715,676	1,898,321
Supplies	-	75,000	-	-	98	98	135,794
Other services and charges	-	-	66,795	3,523,178	24,100	12,100	391,015
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	258,267	788,144	-	-	-	64,577
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	60,391	50,000	2,157	-	-	666,302
Total disbursements	<u>-</u>	<u>393,658</u>	<u>904,939</u>	<u>3,586,844</u>	<u>598,595</u>	<u>727,874</u>	<u>3,156,009</u>
Excess (deficiency) of receipts over disbursements	<u>83,930</u>	<u>(107,223)</u>	<u>290,138</u>	<u>1,111,447</u>	<u>(19,375)</u>	<u>(54,068)</u>	<u>(442,282)</u>
Cash and investments - ending	<u>\$ 908,191</u>	<u>\$ 90,953</u>	<u>\$ 290,138</u>	<u>\$ 1,485,386</u>	<u>\$ 735,044</u>	<u>\$ 826,106</u>	<u>\$ 349,783</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Park Nonreverting Operating	Park Nonreverting Capital	Park Cash	Deposits From Developers	Gen. Gift Cert.	Bike Lockers
Cash and investments - beginning	\$ 377,249	\$ 31,898	\$ 1,258	\$ 16,889	\$ 49,672	\$ 130
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	1,577,251	12,723	-	-	10,871	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	1,350	-	-	-
Total receipts	1,577,251	12,723	1,350	-	10,871	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,366,412	-	1,350	-	9,074	40
Total disbursements	1,366,412	-	1,350	-	9,074	40
Excess (deficiency) of receipts over disbursements	210,839	12,723	-	-	1,797	(40)
Cash and investments - ending	<u>\$ 588,088</u>	<u>\$ 44,621</u>	<u>\$ 1,258</u>	<u>\$ 16,889</u>	<u>\$ 51,469</u>	<u>\$ 90</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CS Rev. Bond-Debt Reserve	CFAL Grant	Park Sales Tax	Special Gift	Park Impact Fees	Park Tree Fund
Cash and investments - beginning	\$ 253,163	\$ (71,666)	\$ 1,751	\$ 102,769	\$ 126,386	\$ 6,917
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	137,622	-
Intergovernmental	-	-	-	-	-	-
Charges for services	222,718	-	23,411	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	361,000	71,666	-	834,396	-	7,983
Total receipts	583,718	71,666	23,411	834,396	137,622	7,983
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	234,343	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	361,800	-	23,380	878,491	-	3,979
Total disbursements	596,143	-	23,380	878,491	-	3,979
Excess (deficiency) of receipts over disbursements	(12,425)	71,666	31	(44,095)	137,622	4,004
Cash and investments - ending	\$ 240,738	\$ -	\$ 1,782	\$ 58,674	\$ 264,008	\$ 10,921

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	City Tree Ord.	Credit Card Fund	Park Bond & Interest	Employee Health Claims	Rental Registration	Police-Bullet Proof Partn
Cash and investments - beginning	\$ 1,449	\$ 30,653	\$ (5,366)	\$ 2,898	\$ 8,780	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	1,996	-	-	3,402
Charges for services	-	882,792	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	3,370	-	800	-
Total receipts	-	882,792	5,366	-	800	3,402
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	300	883,082	-	-	75	-
Total disbursements	300	883,082	-	-	75	-
Excess (deficiency) of receipts over disbursements	(300)	(290)	5,366	-	725	3,402
Cash and investments - ending	<u>\$ 1,149</u>	<u>\$ 30,363</u>	<u>\$ -</u>	<u>\$ 2,898</u>	<u>\$ 9,505</u>	<u>\$ 3,402</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Police Grant-Equipment	UTC Grant	Tobacco Ed. Grant	Diesel Retrofit Grant	US 30 Corridor Grant	Cent Elem Rain Gard Grant
Cash and investments - beginning	\$ 924	\$ 12	\$ 1,289	\$ (48,293)	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	48,293	386,057	17,850
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	48,293	386,057	17,850
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	50	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	410,851	19,500
Total disbursements	-	-	50	-	410,851	19,500
Excess (deficiency) of receipts over disbursements	-	-	(50)	48,293	(24,794)	(1,650)
Cash and investments - ending	\$ 924	\$ 12	\$ 1,239	\$ -	\$ (24,794)	\$ (1,650)

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Trees In Our Town Grant	Facade Improvement	Gift	Police Vehicle Equipment	Transportation DASH	Trans. DASH Credit Card
Cash and investments - beginning	\$ -	\$ 200,154	\$ 47,248	\$ 68,066	\$ 737,359	\$ 554,949
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	10,000	-	-	-	539,601	-
Charges for services	-	-	-	-	156,715	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	29,298	19,640	200,000	282,624
Total receipts	10,000	-	29,298	19,640	896,316	282,624
Disbursements:						
Personal services	-	-	-	-	17,121	-
Supplies	-	-	-	-	128,561	-
Other services and charges	-	134,973	-	-	665,271	5,465
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	11,996	17,000	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10,000	-	60,139	-	-	-
Total disbursements	10,000	134,973	60,139	11,996	827,953	5,465
Excess (deficiency) of receipts over disbursements	-	(134,973)	(30,841)	7,644	68,363	277,159
Cash and investments - ending	\$ -	\$ 65,181	\$ 16,407	\$ 75,710	\$ 805,722	\$ 832,108

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	2006 Bond Issue	Corporation Bond & Int.	Refunding Bond 2012	Firefighting Fund	Cumulative Sewer	Capital Equipment
Cash and investments - beginning	\$ 24	\$ 295,683	\$ 10,708	\$ 32,253	\$ 1,447,932	\$ 3,952
Receipts:						
Taxes	-	885,190	-	-	-	-
Licenses and permits	-	-	-	-	185,351	-
Intergovernmental	-	67,003	-	-	-	-
Charges for services	-	-	-	32,065	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	80,000	-	30,000	-	325,000
Total receipts	-	1,032,193	-	62,065	185,351	325,000
Disbursements:						
Personal services	-	-	-	57,678	-	-
Supplies	-	-	-	4,902	-	-
Other services and charges	-	-	-	-	425,000	-
Debt service - principal and interest	-	830,844	-	-	-	-
Capital outlay	-	-	-	-	16,140	325,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	65,000	-	-	2,217	3,952
Total disbursements	-	895,844	-	62,580	443,357	328,952
Excess (deficiency) of receipts over disbursements	-	136,349	-	(515)	(258,006)	(3,952)
Cash and investments - ending	\$ 24	\$ 432,032	\$ 10,708	\$ 31,738	\$ 1,189,926	\$ -

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Cemetery	Sign Deposits	Payroll Fund	RDC Project Fund	RDC Grant Fund	RDC Debt Reserve
Cash and investments - beginning	\$ 196,205	\$ 1,000	\$ -	\$ -	\$ (3,285)	\$ 468,900
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	118,540	-
Charges for services	18,320	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	12,925,061	13,219,894	-	1,331,116
Total receipts	18,320	-	12,925,061	13,219,894	118,540	1,331,116
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	1,046,103	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	12,925,061	1,331,116	148,867	-
Total disbursements	-	-	12,925,061	2,377,219	148,867	-
Excess (deficiency) of receipts over disbursements	18,320	-	-	10,842,675	(30,327)	1,331,116
Cash and investments - ending	<u>\$ 214,525</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 10,842,675</u>	<u>\$ (33,612)</u>	<u>\$ 1,800,016</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	RDC-Consolidated Area	Indiana Police & Fire	Storm Water Utility-Operating	Storm Water - Bond And Interest	Stormwater Board Construction	Retainage
Cash and investments - beginning	\$ 11,795,991	\$ 254	\$ 3,015,276	\$ 857,706	\$ 403,706	\$ 42,049
Receipts:						
Taxes	6,095,769	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	3,900	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	2,429,879	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,000,091	-	98,130	1,224	405	-
Total receipts	<u>7,099,760</u>	<u>-</u>	<u>2,528,009</u>	<u>1,224</u>	<u>405</u>	<u>-</u>
Disbursements:						
Personal services	-	-	244,243	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,441,559	-	-	-	-	-
Debt service - principal and interest	727,305	-	-	-	-	-
Capital outlay	707,374	-	308,835	-	-	-
Utility operating expenses	-	-	1,969,802	-	404,111	42,049
Other disbursements	-	-	837,561	-	-	-
Total disbursements	<u>3,876,238</u>	<u>-</u>	<u>3,360,441</u>	<u>-</u>	<u>404,111</u>	<u>42,049</u>
Excess (deficiency) of receipts over disbursements	<u>3,223,522</u>	<u>-</u>	<u>(832,432)</u>	<u>1,224</u>	<u>(403,706)</u>	<u>(42,049)</u>
Cash and investments - ending	<u>\$ 15,019,513</u>	<u>\$ 254</u>	<u>\$ 2,182,844</u>	<u>\$ 858,930</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Wastewater Utility - Operating	Wastewater Util - Bond And Interest	Wastewater Utility Deprec/Improve	Wastewater Utility Debt Reserve	Water Utility - Retainage	Water Utility - Operating
Cash and investments - beginning	\$ 727,839	\$ 456,168	\$ 1,318,266	\$ 969,633	\$ 5,529	\$ 763,756
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	8,258,145	-	-	-	-	6,443,770
Penalties	69,389	-	-	-	-	59,414
Other receipts	635,901	1,806,417	2,665,000	16,729	-	959,953
Total receipts	<u>8,963,435</u>	<u>1,806,417</u>	<u>2,665,000</u>	<u>16,729</u>	<u>-</u>	<u>7,463,137</u>
Disbursements:						
Personal services	1,775,270	-	-	-	-	1,841,898
Supplies	-	-	-	-	-	-
Other services and charges	121,854	-	-	-	-	148,995
Debt service - principal and interest	85,764	1,475,162	-	-	-	63,635
Capital outlay	-	-	906,120	-	-	-
Utility operating expenses	2,505,619	-	-	-	-	2,492,473
Other disbursements	4,484,726	-	771,845	-	5,529	2,634,522
Total disbursements	<u>8,973,233</u>	<u>1,475,162</u>	<u>1,677,965</u>	<u>-</u>	<u>5,529</u>	<u>7,181,523</u>
Excess (deficiency) of receipts over disbursements	<u>(9,798)</u>	<u>331,255</u>	<u>987,035</u>	<u>16,729</u>	<u>(5,529)</u>	<u>281,614</u>
Cash and investments - ending	<u>\$ 718,041</u>	<u>\$ 787,423</u>	<u>\$ 2,305,301</u>	<u>\$ 986,362</u>	<u>\$ -</u>	<u>\$ 1,045,370</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Water Utility - Bond And Interest	Water Utility - Customer Deposit	Water Utility - Construction	Water Utility - Improvement	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 109,226	\$ 169,966	\$ 125,087	\$ 1,541,322	\$ 488,116	\$ 43,531,739
Receipts:						
Taxes	-	-	-	-	-	24,432,372
Licenses and permits	-	-	-	-	-	682,294
Intergovernmental	-	-	-	-	-	8,594,939
Charges for services	-	-	-	-	-	5,491,917
Fines and forfeits	-	-	-	-	-	76,590
Utility fees	-	-	-	-	-	17,131,794
Penalties	-	-	-	-	-	128,803
Other receipts	17,976,554	63,326	17,497,458	1,995,118	46,756	94,358,566
Total receipts	17,976,554	63,326	17,497,458	1,995,118	46,756	150,897,275
Disbursements:						
Personal services	-	-	-	-	-	24,047,861
Supplies	-	-	-	-	-	1,854,856
Other services and charges	-	-	-	-	-	14,960,573
Debt service - principal and interest	642,192	-	-	-	-	4,115,304
Capital outlay	-	-	-	1,617,767	-	6,669,659
Utility operating expenses	354,162	-	-	-	-	7,768,216
Other disbursements	16,907,954	100,054	-	759,643	-	55,773,909
Total disbursements	17,904,308	100,054	-	2,377,410	-	115,190,378
Excess (deficiency) of receipts over disbursements	72,246	(36,728)	17,497,458	(382,292)	46,756	35,706,897
Cash and investments - ending	\$ 181,472	\$ 133,238	\$ 17,622,545	\$ 1,159,030	\$ 534,872	\$ 79,238,636

CITY OF VALPARAISO
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 1,146,618	\$ 92,733
Storm Water	171,131	159,295
Wastewater	272,732	579,935
Water	<u>211,339</u>	<u>651,376</u>
Totals	<u>\$ 1,801,820</u>	<u>\$ 1,483,339</u>

CITY OF VALPARAISO
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
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	4,880	6/1/2010	6/1/2015
Ford Motor Credit	Squad Cars	40,929	8/30/2014	8/30/2017
Ford Motor Credit	Squad Cars	37,045	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	Furniture & Fixtures Public works	10,519	12/9/2015	12/9/2017
Horizon Bank	One (1) 2015 Dump Truck/Plow	21,765	10/15/2014	10/15/2021
Horizon Bank	One (1) 2015 Dump Truck/Plow	21,765	10/15/2014	10/15/2021
Horizon Bank	One (1) 2015 Dump Truck/Plow	22,074	10/15/2014	10/15/2021
Horizon Bank	Ambulance & Related Equipment	104,805	9/1/2013	9/1/2016
Horizon Bank	2015 Dump Truck/Plows (4) Hot Box (1) Column Jacks (6)	100,540	11/12/2014	11/12/2021
Horizon Bank	One (1) 2015 Dump Truck/Plow	21,765	10/15/2014	10/15/2021
TCF Equipment	Golf Carts (45)	37,056	7/30/2014	6/30/2018
Valparaiso Building Corporation	Public Works Facility	542,000	1/15/2014	7/15/2031
Western Equipment Finance	AR-522 Mower	12,834	9/13/2012	8/13/2016
Total of annual lease payments		<u>\$ 1,202,645</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2006 GO Bonds	\$ 3,420,000	\$ 308,668
General obligation bonds	2012 Refunding Bond	2,860,000	314,108
Revenue bonds	Redevelopment District Tax Increment Bonds Series 2014 B	5,700,000	383,026
Revenue bonds	Redevelopment District Tax Increment Bonds Series 2014 A	6,800,000	456,476
Revenue bonds	Park & Recreation Refunding Bonds of 2004	3,020,000	235,606
Revenue bonds	Redevelopment District Tax Increment Revenue Bonds Series 2009	2,430,000	274,188
Revenue bonds	Redevelopment District Special Taxing District Bonds Series 2006A	3,080,000	452,550
Total governmental activities		<u>27,310,000</u>	<u>2,424,622</u>
Storm Water:			
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series B	1,845,000	265,986
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series A	5,010,000	569,975
Total Storm Water		<u>6,855,000</u>	<u>835,961</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2007	10,860,000	521,350
Revenue bonds	Sewage Works Revenue Bonds of 2011	1,363,000	105,428
Revenue bonds	Sewage Works Revenue Bonds of 2013	7,510,000	1,239,026
Total Wastewater		<u>19,733,000</u>	<u>1,865,804</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds of 2013	4,495,000	614,721
Revenue bonds	Waterworks Revenue Bonds of 2010	2,160,000	108,215
Revenue bonds	Waterworks Revenue Bonds of 2014 Series A	10,705,000	638,986
Revenue bonds	Waterworks Revenue Bonds of 2014 Series B	7,185,000	146,035
Total Water		<u>24,545,000</u>	<u>1,507,957</u>
Totals		<u>\$ 78,443,000</u>	<u>\$ 6,634,344</u>

CITY OF VALPARAISO
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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	\$ 9,143,195
Infrastructure	87,071,662
Buildings	13,533,756
Improvements other than buildings	7,071,398
Machinery, equipment, and vehicles	10,861,601
Total governmental activities	127,681,612
Storm Water:	
Land	383,568
Infrastructure	15,197,535
Total Storm Water	15,581,103
Wastewater:	
Land	575,915
Infrastructure	54,327,400
Buildings	26,713,755
Improvements other than buildings	116,067
Machinery, equipment, and vehicles	9,629,467
Construction in progress	416,286
Total Wastewater	91,778,890
Water:	
Land	413,126
Buildings	5,014,220
Improvements other than buildings	32,981,409
Machinery, equipment, and vehicles	17,058,067
Construction in progress	1,490,857
Total Water	56,957,679
Total capital assets	\$ 291,999,284

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF 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, 2014. 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 program.

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, 2014.

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.

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 weaknesses.

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 2014-002 to be material weaknesses.

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.


Paul D. Joyce, CPA
State Examiner

January 20, 2016

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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, 2014

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
Department of Agriculture				
Urban and Community Forestry Program 2012 Trees in Our Towns Key to Our Health II	Indiana Department of Natural Resources	10.675	12-DG-1142-0004-090	\$ 10,000
Total - Department of Agriculture				<u>10,000</u>
Department of Commerce				
Coastal Zone Management Administration Awards Central Elementary Rain Garden	Indiana Department of Natural Resources	11.419	NA13NOS4190046	17,850
Total - Department of Commerce				<u>17,850</u>
Department of Justice				
Bulletproof Vest Partnership Program Bullet Proof Partnership	Direct	16.607	1121-0235	3,402
Total - Department of Justice				<u>3,402</u>
Department of Transportation				
Federal Transit Cluster				
Federal Transit-Formula Grants	Northwestern Indiana Regional Planning Commission	20.507		
V-Line			IN-90-X636	51,988
V-Line Route Study			IN-90-X609	39,542
Chicago Dash			IN-90-X636	43,489
V-Line			IN-90-X653	223,747
Chicago Dash			IN-90-X653	165,886
Chicago Dash 4th Bus			IN-95-X035	<u>199,096</u>
Total - Federal Transit Cluster				<u>723,748</u>
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
Five Point Roundabout			DES #810295	74,044
Vale Park West Pathway			DES #1173705	44,497
US 30 Corridor Improvements			DES #1298670	386,057
Diesel Retrofit	Northwestern Indiana Regional Planning Commission		DES #10807052	<u>48,293</u>
Total - Highway Planning and Construction Cluster				<u>552,891</u>
Highway Safety Cluster				
State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	2435	2,184
Alcohol Impaired Driving Countermeasures				
Incentive Grants I DUI ASSISTANCE	City of Portage	20.601	OP-12-04-02-45	3,287
Occupant Protection Incentive Grants				
Seat Belt Patrol	Indiana Criminal Justice Institute	20.602	1232	3,131
Total - Highway Safety Cluster				<u>8,602</u>
Total - Department of Transportation				<u>1,285,241</u>
Total federal awards expended				<u>\$ 1,316,493</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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
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?	yes

Identification of Major Program:

Name of Federal Program or Cluster

Federal Transit 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

FINDING 2014-001 - FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the City related to financial transactions and reporting. The City has not separated incompatible activities related to receipts and cash and investment balances.

The Parks Department processes approximately \$850,000 annually in credit card payments. The Bookkeeper at the Parks Department reconciles the credit card bank account without an oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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

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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - INTERNAL CONTROL OVER FEDERAL TRANSIT FORMULA GRANTS

Federal Agency: Department of Transportation
Federal Program: Federal Transit-Formula Grants
CFDA Number: 20.507
Federal Award Numbers: IN-90-X636, IN-90-X609, IN-90-X653, IN-95-X035
Pass-Through Entity: Northwestern Indiana Regional Planning Commission

The City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management, Matching and Reporting compliance requirements. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The City has not designed or implemented adequate policies or procedures to ensure that requests for reimbursement, matching percentage calculations, or required reports were accurately prepared. One person was responsible for preparing and submitting all requests for reimbursements and reports

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) 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."

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the City.

We recommended that the City establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

AUDITEE - PREPARED DOCUMENT

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



3210 N. Campbell • Valparaiso, IN 46385 • 219-462-5144 phone • 219-465-0098 fax • www.ValpoParks.org

FINDING 2014-01

Contact Person Responsible for Corrective Action: Brenda Piper – Bookkeeper
Contact Phone Number: 219-462-5144

Description of Corrective Action Plan: Reconciliation of the credit card bank account will be reconciled by the Bookkeeper each month. The Assistant Bookkeeper will review and indicate, with a check mark and initial that she concurs that the credit card bank statement balances.

Anticipated Completion Date: January 15, 2016



(Signature)

Director of Parks

(Title)

1/20/16

(Date)

CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Taylor Wegrzyn, Assistant Planner
Contact Phone Number: (219) 462-1161

Description of Corrective Action Plan:

The City of Valparaiso participates in Federal Transportation Administration programs. As such, it is the City's responsibility to maintain internal control over these Federal programs. Currently, one City employee is responsible for preparing and submitting all requests for reimbursements and reports. The City will take the actions stated in this plan in order to correct these internal control deficiencies.

In order to obtain proper internal control, the City shall implement these additional oversight measures:

- 1. Compliance with the City of Valparaiso Grant Policy**
 - A. *Prior to and while requesting Federal and State grant reimbursements, the Assistant Planner will work according to the City of Valparaiso's Federal and State Grant Policy approved by the Board of Public Works and Safety, Resolution NO. 1, 2015. The Assistant Planner will comply with all components of the policy to ensure proper authorization for the requests is obtained and to inform the Clerk-Treasurer's Office of all requirements associated with each grant.*
- 2. Preparation of Requests for Reimbursement:**
 - A. *Quarterly/Annual Reimbursements: Upon the end of a fiscal quarter or year, the Assistant Planner shall prepare requests for transit reimbursements along with any additional reports required by the FTA, DOT, INDOT, The City of Valparaiso, NIRPC, or associated grant recipients.*
 - B. *Other Reimbursements: Requests for reimbursements which are not required to be submitted at quarterly or annual intervals shall be prepared by the Assistant Planner as necessary. The requests shall include any additional reports required by the FTA, DOT, INDOT, the City of Valparaiso, NIRPC, or any associated grant recipients.*
- 3. Review of Requests for Reimbursement:**
 - a. *Delivery: Any requests for transit reimbursements will be delivered to the Planning Director in full for their review. The requests along with any associated reports will be delivered to the Planning Director on a timely*

Our City...Our Values

Honestly Accountable Surprisingly Responsive Boldly Proactive Creatively Frugal Respectfully Compassionate

basis allowing for their review prior to any required reporting/reimbursement deadlines.

- b. Review: The Planning Director, working with the Clerk-Treasurer's Office, will review said documents for compliance requirements within the federal program and the City's Grant Policy.*
- c. Approval: If the requests for reimbursement are found to be in compliance, the Planning Director will sign all requests for reimbursement with his/her initials.*
- d. Disapproval: If the Director finds the requests for reimbursement to be noncompliant, he/she will return the requests to the Assistant Planner for correction.*
- e. Continued Disapproval: If the Planning Director finds that the requests for reimbursement have been intentionally misused or the Assistant Planner has continually failed to correct requests, the Planning Director will relieve the Assistant Planner of the requests and undertake the duty of preparing the requests. The Planning Director will submit the revised requests for reimbursement to the Clerk-Treasurer's Office for their approval. The Deputy Clerk-Treasurer will review the requests for compliance and initial the requests should they approve.*

4. Submittals:

- a. Upon approval and signature by the Planning Director, the Assistant Planner will submit all requests for reimbursement to the applicable parties. The Planning Director will be copied on all electronic mail submittals. For in-print submittals, the Assistant Planner will submit only copies containing the Planning Director's original signatures.*

5. Receiving of Funds:

- a. When funds are received from the awarding agency, the Clerk-Treasurer's Office will record the amount received in the fund records and ensure that the funds received are consistent with the requests for reimbursement approved by the Planning Director.*

Anticipated Completion Date: Effective Immediately (January 13, 2015)

Our City...Our Values

Honestly Accountable Surprisingly Responsive Boldly Proactive Creatively Frugal Respectfully Compassionate


(Signature)

Assistant Planner
(Title)

1/26/16
(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.