

**STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA
State Examiner**

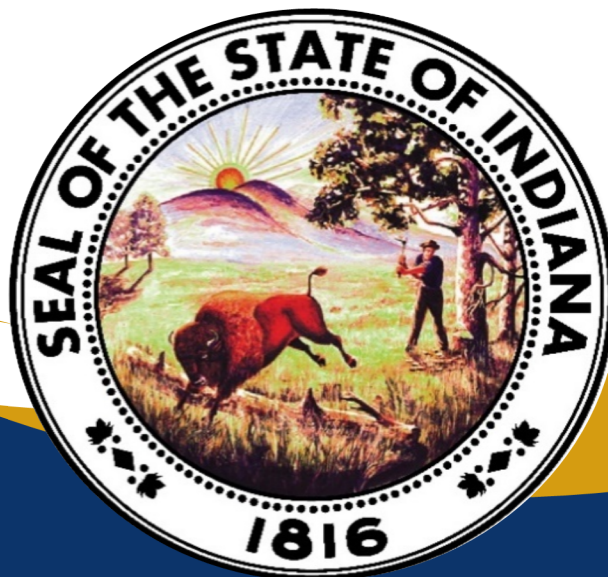
FINANCIAL STATEMENT AUDIT REPORT

OF

CITY OF VALPARAISO

PORTER COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
01/21/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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January 21, 2025

To: The Officials of the City of Valparaiso
City of Valparaiso
Porter County, Indiana

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

In addition to the report presented herein, an audit report for City of Valparaiso Water and Water Reclamation Utilities and a supplemental report for City of Valparaiso were prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

CITY OF VALPARAISO
Porter County, Indiana

FINANCIAL STATEMENT
For the Year Ended December 31, 2023

CITY OF VALPARAISO
Porter County, Indiana

FINANCIAL STATEMENT
For the Year Ended December 31, 2023

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited)	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENT	
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	5
NOTES TO FINANCIAL STATEMENT.....	8
OTHER INFORMATION (Unaudited)	
COMBINING SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	15
SCHEDULE OF PAYABLES AND RECEIVABLES.....	22
SCHEDULE OF LEASES AND DEBT.....	23
SCHEDULE OF CAPITAL ASSETS.....	26
STATE REPORTING INFORMATION	27
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	28
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	29
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE	32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	35

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

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Matthew Murphy	01-01-23 to 12-31-23
President of the Board of Public Works and Safety	Matthew Murphy	01-01-23 to 12-31-23
President Pro Tempore of The Common Council	Casey Schmidt	01-01-23 to 12-31-23
Clerk-Treasurer	Holly Taylor	01-01-23 to 12-31-23
City Administrator	Bill Oeding	01-01-23 to 12-31-23
Executive Director of Utilities	Steve Poulos	01-01-23 to 12-31-23
Utilities Chief Financial Officer	Alina Hahn	01-01-23 to 12-31-23

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
City of Valparaiso
Porter County, Indiana

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2023, or changes in net position for the year then ended.

Basis for Opinion

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

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

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

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

(Continued)

Responsibilities of Management for the Financial Statement

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024, our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Crowe LLP

Indianapolis, Indiana
September 18, 2024

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

<u>Fund</u>	Cash and Investments <u>01-01-23</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-23</u>
GENERAL FUND	\$ 7,795,782	\$ 26,734,196	\$ 24,818,913	\$ 9,711,065
MVH	638,778	1,684,647	1,909,381	414,044
LOCAL ROAD & STREET	1,441,872	691,859	471,186	1,662,545
MVH RESTRICTED	1,212,011	735,389	477,385	1,470,015
PARKING METER	531,630	128,044	117,988	541,686
NON REVERTING OPERATING	1,048,740	4,064,999	4,052,541	1,061,198
EMERGENCY MEDICAL SERVICE	875,589	1,653,778	1,201,036	1,328,331
ST PAUL PROJECT EID	59,087	160,554	151,709	67,932
CRIME CONTROL GRANTS	(7,007)	29,453	26,308	(3,862)
TRANSPORTATION - V-LINE	1,390,988	630,223	1,010,525	1,010,686
LOCAL POLICE EDUCATION	113,873	61,567	60,890	114,550
UNSAFE BUILDING FUND	192,757	20,583	-	213,340
RIVERBOAT FUND	1,788,909	192,043	-	1,980,952
PARK & REC GENERAL FUND	1,551,713	4,483,755	5,032,860	1,002,608
RAINY DAY FUND	4,615,169	100,000	-	4,715,169
LIT (LOCAL INCOME TAX) FUND	1,898,635	3,477,691	3,287,115	2,089,211
VALPO FIRE PROTECT TERR	3,264,561	9,644,458	9,152,457	3,756,562
CUMULATIVE CAPITAL DEVELOPMENT (CCD)	601,690	937,026	417,230	1,121,486
LAW ENFORCEMENT RECORDING	12,100	8,250	-	20,350
EQUIPMENT REPLACEMENT	648,882	1,146,954	1,042,151	753,685
EMPLOYEE BENEFIT PLAN - CENTIER	1,267,425	5,129,272	6,396,697	-
EMPLOYEE BENEFIT PLAN - HORIZON	-	1,582,675	8,458	1,574,217
CUMULATIVE SEWER	2,997,233	311,738	433,193	2,875,778
POLICE PENSION	800,647	436,325	453,000	783,972
FIRE PENSION	830,791	707,807	669,806	868,792
SPECIAL GIFT (PARKS)	50,457	2,710	610	52,557
BIKE LOCKERS	155	-	-	155
CITY TREE ORDINANCE	649	-	-	649
DEPOSITS FROM DEVELOPERS	16,889	-	-	16,889
GIFT CERTIFICATES	39,400	26,377	16,795	48,982
JOINT PARK FUND	78,436	42,500	56,507	64,429
PARK SALES TAX	9,567	71,819	69,195	12,191
PARK TREE FUND	32,030	1,921	17,929	16,022
CREEKSIDE BOND - DEBT SERVICE	466,646	235,719	621,053	81,312
CREEKSIDE BOND - DEBT RESERVE	217,331	644,940	350,000	512,271
NON REVERTING CAPITAL	37,940	27,177	-	65,117
PARK IMPACT FEES	634,595	250,051	650,000	234,646
PARK PAYROLL	(284)	3,548,227	3,547,943	-
CREDIT CARD - NON REV CAPITAL	322	20,411	19,840	893
CREDIT CARD - GENERAL	7,047	134,938	127,659	14,326
CREDIT CARD - NRO	140,637	2,120,090	2,115,462	145,265
CREDIT CARD - GIFT CERTIFICATES	7,458	23,692	18,808	12,342

(Continued)

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

<u>Fund</u>	Cash and Investments <u>01-01-23</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-23</u>
CREDIT CARD - CS BOND DEBT RESERVE	\$ 5,664	\$ 357,225	\$ 353,478	\$ 9,411
CREDIT CARD - SALES TAX	3,425	51,815	52,000	3,240
CREDIT CARD - SPECIAL GIFT FUND	-	130	130	-
RENTAL REGISTRATION	11,075	350	15	11,410
MUNICIPAL EXCISE SURTAX	424,608	668,769	500,000	593,377
MUNICIPAL WHEEL TAX	28,793	54,763	40,000	43,556
TOBACCO EDUCATION GRANT	1,888	-	-	1,888
RECYCLING PARTNERSHIP GRANT	6,470	-	3,925	2,545
US 30 CORRIDOR GRANT	(225,024)	252,180	196,133	(168,977)
LOCAL ROAD & BRIDGE MATCHING GRANT FUND CCMG	-	1,000,000	1,000,000	-
GIFT	45,410	46,254	65,732	25,932
POLICE VEHICLE EQUIPMENT	95,618	22,330	1,158	116,790
TRANSPORTATION - DASH	942,857	905,096	1,460,913	387,040
TRANSPORTATION - DASH CREDIT CARD	113,857	2,323	1,159	115,021
CORPORATION BOND	653,008	1,339,773	1,426,525	566,256
FIREFIGHTING FUND	115,572	69,021	101,072	83,521
CAPITAL EQUIPMENT	4,880	450,000	453,376	1,504
CEMETERY	269,588	24,230	18,580	275,238
PAYROLL	-	21,381,329	21,381,329	-
RDC GENERAL	6,236,097	612,998	673,034	6,176,061
RDC PROJECT	491,309	1,173,123	1,175,349	489,083
RDC GRANTS	(98,890)	446,884	424,188	(76,194)
RDC DEBT RESERVE	1,124,169	-	-	1,124,169
RDC CONSOLIDATED AREA	9,091,884	11,246,561	14,414,142	5,924,303
FORFEITURE - DOJ PAYMENTS	-	8,188	-	8,188
HEALTHLINC GRANT	(14,711)	82,309	68,422	(824)
FORFEITURE & SEIZED ASSETS	106,558	117,588	70,491	153,655
OPIOID SETTLEMENT UNRESTRICTED	72,620	12,994	4,844	80,770
OPIOID SETTLEMENT RESTRICTED	169,446	46,961	13,114	203,293
POLICE SOCIAL WORK TECHNOLOGY GRANT	2,000	-	-	2,000
RECYCLING EDUCATION GRANT	-	11,775	11,775	-
ARP GRANT	1,853,741	1,219	686,403	1,168,557
CCIF - CIGARETTE TAX	988,563	61,992	-	1,050,555
SAFER GRANT	(14,757)	372,302	371,389	(13,844)
STORMWATER	7,000,574	3,982,363	2,511,903	8,471,034
STORMWATER BOND/INTEREST	1,642,238	62,205	-	1,704,443
STORMWATER CONSTRUCTION	3,238,118	129,522	1,310,922	2,056,718
Wastewater DR Utility Operating	281,248	949,125	794,370	436,003
Wastewater DR Utility Bond and Interest	149,570	359,936	357,769	151,737
Wastewater DR Utility Deprec/Improve	325,968	-	61,933	264,035
Wastewater Meter Replacement Fund	250,000	-	-	250,000

(Continued)

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

<u>Fund</u>	Cash and Investments <u>01-01-23</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-23</u>
Wastewater Retainage Fund	\$ 4,624	\$ 6,498	\$ 4,624	\$ 6,498
Wastewater DR Retainage Fund	18,940	-	-	18,940
Wastewater Utility-Operating	1,929,265	11,872,481	12,578,154	1,223,592
Wastewater Util-Bond And Interest	833,743	1,970,374	1,966,957	837,160
Wastewater Utility-Deprec/Improve	10,875,073	6,358,890	8,663,321	8,570,642
Wastewater Utility Debt Reserve	2,422,124	68,906	-	2,491,030
Water Utility Construction	-	6,026,006	2,596,440	3,429,566
Water Utility-Tank Painting Fund	209,089	106,930	-	316,019
Water Meter Replacement Fund	250,000	-	-	250,000
Water Utility-Operating	5,201,207	10,770,943	11,355,550	4,616,600
Water Utility-Bond And Interest	398,921	7,683,199	7,682,319	399,801
Water Utility-Customer Deposit	51,621	12,523	25,387	38,757
Water Utility-Improvement	9,657,285	7,009,719	8,295,641	8,371,363
Water Utility Debt Reserve	1,682,469	87,116	-	1,769,585
RDA SPORTS PARK CONSTRUCTION	-	25,270,094	1,356,144	23,913,950
RDA PARKING GARAGE CONSTRUCTION	<u>15,554,313</u>	<u>546,323</u>	<u>8,386,829</u>	<u>7,713,807</u>
Totals	<u>\$ 121,793,238</u>	<u>\$ 195,997,493</u>	<u>\$ 181,719,569</u>	<u>\$ 136,071,162</u>

See accompanying notes to financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Redevelopment Authority was organized by the City as a separate body corporate and politic and as an instrumentality of the City pursuant to state statute for the purpose of financing and constructing and leasing local public improvements to the redevelopment commission of the City. A financial burden/benefit relationship exists between the City and the Redevelopment Authority. The Redevelopment Authority is reported as if it is a part of the City and is reported as the RDA Sports Park Construction fund and the RDA Parking Garage Construction fund.

The accompanying financial statement presents the financial information for the City and the Redevelopment Authority. Although it is legally separate entity from the City, it exists to provide services entirely or almost entirely to the City and the Redevelopment Authority's total debt outstanding, if any, including leases, is expected to be repaid almost entirely with the resources of the City.

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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

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

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

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Charges for services. Amounts received for services including, but not limited to, the following: planning City charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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

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

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

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

Other services and charges. Amounts disbursed for services including, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

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

Utility operating expenses. Amounts disbursed for operating the utilities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NOTE 2 - BUDGETS

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

NOTE 3 - PROPERTY TAXES

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the City is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

(Continued)

NOTE 5 - RISK MANAGEMENT

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

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

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

NOTE 6 - CASH BALANCE DEFICITS

The financial statement contains funds with deficits in cash totaling \$263,701 that existed at December 31, 2023. The funds are entirely funded by reimbursable grants, and the deficits existed due to the timing of the reimbursement occurring after December 31, 2023 for disbursements incurred before year-end. Management noted the corresponding receipts for reimbursement are anticipated to be recognized in 2024.

NOTE 7 - HOLDING CORPORATION

The City has entered into a capital lease with the 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 2023 totaled \$548,000.

NOTE 8 - REDEVELOPMENT AUTHORITY

The Redevelopment Commission of the City has entered into two capital leases with the Redevelopment Authority (the lessor). The lessor was organized as a separate body corporate and politic and as an instrumentality of the City pursuant to state statute for the purpose of financing, constructing, and leasing local public improvements to the Redevelopment Commission of the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2023 totaled \$623,000.

NOTE 9 - SUBSEQUENT EVENTS

In June 2024, the City's Water Reclamation Department issued the Sewage works Revenue Bonds, Series 2024 in the amount of \$62,049,000 to finance construction projects.

In June 2024, the City's Water Department issued the Waterworks Revenue Bonds, Series 2024A in the amount of \$14,447,000 to finance construction projects.

NOTE 10 - PENSION PLANS

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 Commission to contribute to the plan.

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

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

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

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

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

Contributions

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

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.

(Continued)

NOTE 10 - PENSION PLANS (Continued)

Funding Policy

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

On Behalf Payments

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

1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

(Continued)

NOTE 10 - PENSION PLANS (Continued)

Financial Report

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

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

Contributions

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

NOTE 11 - 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 these benefits can be obtained by contacting the City.

OTHER INFORMATION (Unaudited)

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

	GENERAL FUND	MVH	LOCAL ROAD & STREET	MVH RESTRICTED	PARKING METER	NON REVERTING OPERATING	EMERGENCY MEDICAL SERVICE	ST PAUL PROJECT EID	CRIME CONTROL GRANTS	TRANSPORTATION - V-LINE	LOCAL POLICE EDUCATION	UNSAFE BUILDING FUND	RIVERBOAT FUND	PARK & REC GENERAL FUND	RAINY DAY FUND
Cash and investments - beginning	\$ 7,795,782	\$ 638,778	\$ 1,441,872	\$ 1,212,011	\$ 531,630	\$ 1,048,740	\$ 875,589	\$ 59,087	\$ (7,007)	\$ 1,390,988	\$ 113,873	\$ 192,757	\$ 1,788,909	\$ 1,551,713	\$ 4,615,169
Receipts:															
Taxes	14,218,512	800,611	-	-	-	-	-	-	-	-	-	-	-	2,733,693	-
Licenses and permits	528,361	21,210	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	1,804,800	787,249	691,859	735,389	-	-	-	-	29,453	405,001	-	-	192,043	91,227	-
Charges for services	2,423,556	-	-	-	74,154	3,440,236	1,634,979	-	-	225,222	-	-	-	74,186	-
Fines and forfeits	-	-	-	-	53,890	-	-	-	-	-	60,717	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	7,758,967	75,577	-	-	-	624,763	18,799	160,554	-	-	850	20,583	-	1,584,649	100,000
Total receipts	26,734,196	1,684,647	691,859	735,389	128,044	4,064,999	1,653,778	160,554	29,453	630,223	61,567	20,583	192,043	4,483,755	100,000
Disbursements:															
Personal services	14,915,996	1,157,117	-	146,836	54,594	-	-	-	26,308	7,547	-	-	-	3,548,084	-
Supplies	1,036,882	349,278	346,186	86,549	3,033	2,012,017	-	-	-	101,117	-	-	-	167,263	-
Other services and charges	3,991,796	402,986	125,000	244,000	17,589	416,612	-	-	-	773,925	60,890	-	-	525,799	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	486,423	-	-	-	42,772	148,525	-	-	-	127,936	-	-	-	183,761	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	4,387,816	-	-	-	-	1,475,387	1,201,036	151,709	-	-	-	-	-	607,953	-
Total disbursements	24,818,913	1,909,381	471,186	477,385	117,988	4,052,541	1,201,036	151,709	26,308	1,010,525	60,890	-	-	5,032,860	-
Excess (deficiency) of receipts over disbursements	1,915,283	(224,734)	220,673	258,004	10,056	12,458	452,742	8,845	3,145	(380,302)	677	20,583	192,043	(549,105)	100,000
Cash and investments - ending	\$9,711,065	\$ 414,044	\$ 1,662,545	\$ 1,470,015	\$ 541,686	\$ 1,061,198	\$ 1,328,331	\$ 67,932	\$ (3,862)	\$ 1,010,686	\$ 114,550	\$ 213,340	\$ 1,980,952	\$ 1,002,608	\$ 4,715,169

(Continued)

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

	LIT (LOCAL INCOME TAX) FUND	VALPO FIRE PROTECT TERR	CUMULATIVE CAPITAL DEVELOPMENT (CCD)	LAW ENFORCEMENT RECORDING	EQUIPMENT REPLACEMENT	EMPLOYEE BENEFIT PLAN - CENTIER	EMPLOYEE BENEFIT PLAN - HORIZON	CUMULATIVE SEWER	POLICE PENSION	FIRE PENSION	SPECIAL GIFT (PARKS)	BIKE LOCKERS	CITY TREE ORDINANCE	DEPOSITS FROM DEVELOPERS
Cash and investments - beginning	\$ 1,898,635	\$ 3,264,561	\$ 601,690	\$ 12,100	\$ 648,882	\$1,267,425	\$ -	\$ 2,997,233	\$ 800,647	\$ 830,791	\$ 50,457	\$ 155	\$ 649	\$ 16,889
Receipts:														
Taxes	-	7,823,791	881,111	-	1,067,086	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	311,738	-	-	-	-	-	-
Intergovernmental receipts	3,386,571	585,669	55,915	-	79,853	-	-	-	436,325	707,807	-	-	-	-
Charges for services	-	19,360	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	91,120	1,215,638	-	8,250	15	5,129,272	1,582,675	-	-	-	2,710	-	-	-
Total receipts	3,477,691	9,644,458	937,026	8,250	1,146,954	5,129,272	1,582,675	311,738	436,325	707,807	2,710	-	-	-
Disbursements:														
Personal services	-	8,084,904	-	-	-	5,422,480	8,458	-	452,585	669,341	-	-	-	-
Supplies	-	201,976	-	-	60,491	-	-	-	315	315	-	-	-	-
Other services and charges	1,534,557	861,374	-	-	51,503	-	-	32,206	100	150	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,752,558	-	417,230	-	930,157	-	-	394,307	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	4,203	-	-	-	974,217	-	6,680	-	-	610	-	-	-
Total disbursements	3,287,115	9,152,457	417,230	-	1,042,151	6,396,697	8,458	433,193	453,000	669,806	610	-	-	-
Excess (deficiency) of receipts over disbursements	190,576	492,001	519,796	8,250	104,803	(1,267,425)	1,574,217	(121,455)	(16,675)	38,001	2,100	-	-	-
Cash and investments - ending	\$ 2,089,211	\$ 3,756,562	\$ 1,121,486	\$ 20,350	\$ 753,685	\$ -	\$ 1,574,217	\$ 2,875,778	\$ 783,972	\$ 868,792	\$ 52,557	\$ 155	\$ 649	\$ 16,889

(Continued)

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

	GIFT CERTIFICATES	JOINT PARK FUND	PARK SALES TAX	PARK TREE FUND	CREEKSIDE BOND - DEBT SERVICE	CREEKSIDE BOND - DEBT RESERVE	NON REVERTING CAPITAL	PARK IMPACT FEES	PARK PAYROLL	CREDIT CARD - NON REV CAPITAL	CREDIT CARD - GENERAL	CREDIT CARD - NRO	CREDIT CARD - GIFT CERTIFICATES	CREDIT CARD - CS BOND DEBT RESERVE	CREDIT CARD - SALES TAX
Cash and investments - beginning	\$ 39,400	\$ 78,436	\$ 9,567	\$ 32,030	\$ 466,646	\$ 217,331	\$ 37,940	\$ 634,595	\$ (284)	\$ 322	\$ 7,047	\$ 140,637	\$ 7,458	\$ 5,664	\$ 3,425
Receipts:															
Taxes	-	-	71,819	-	-	-	-	-	-	-	-	-	-	-	51,815
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	42,500	-	-	-	-	-	250,051	-	47,776	2,119,940	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	26,377	-	-	1,921	235,719	644,940	27,177	-	3,548,227	20,411	87,162	150	23,692	357,225	-
Total receipts	26,377	42,500	71,819	1,921	235,719	644,940	27,177	250,051	3,548,227	20,411	134,938	2,120,090	23,692	357,225	51,815
Disbursements:															
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	215,428	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	650,000	-	19,840	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	16,795	56,507	69,195	17,929	405,625	350,000	-	-	3,547,943	-	127,659	2,115,462	18,808	353,478	52,000
Total disbursements	16,795	56,507	69,195	17,929	621,053	350,000	-	650,000	3,547,943	19,840	127,659	2,115,462	18,808	353,478	52,000
Excess (deficiency) of receipts over disbursements	9,582	(14,007)	2,624	(16,008)	(385,334)	294,940	27,177	(399,949)	284	571	7,279	4,628	4,884	3,747	(185)
Cash and investments - ending	\$ 48,982	\$ 64,429	\$ 12,191	\$ 16,022	\$ 81,312	\$ 512,271	\$ 65,117	\$ 234,646	\$ -	\$ 893	\$ 14,326	\$ 145,265	\$ 12,342	\$ 9,411	\$ 3,240

(Continued)

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

	CREDIT CARD - SPECIAL GIFT FUND	RENTAL REGISTRATION	MUNICIPAL EXCISE SURTAX	MUNICIPAL WHEEL TAX	TOBACCO EDUCATION GRANT	RECYCLING PARTNERSHIP GRANT	US 30 CORRIDOR GRANT	LOCAL ROAD & BRIDGE MATCHING GRANT FUND CCMG	GIFT	POLICE VEHICLE EQUIPMENT	TRANSPORTATION - DASH	TRANSPORTATION - DASH CREDIT CARD	CORPORATION BOND
Cash and investments - beginning	\$ -	\$ 11,075	\$ 424,608	\$ 28,793	\$ 1,888	\$ 6,470	\$ (225,024)	\$ -	\$ 45,410	\$ 95,618	\$ 942,857	\$ 113,857	\$ 653,008
Receipts:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	1,137,799
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	668,769	54,763	-	-	252,180	1,000,000	-	-	595,875	-	69,474
Charges for services	-	-	-	-	-	-	-	-	-	-	307,563	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	130	350	-	-	-	-	-	-	46,254	22,330	1,658	2,323	132,500
Total receipts	130	350	668,769	54,763	-	-	252,180	1,000,000	46,254	22,330	905,096	2,323	1,339,773
Disbursements:													
Personal services	-	-	-	-	-	-	-	-	-	-	91,182	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	128,427	-	-
Other services and charges	-	-	500,000	40,000	-	-	-	-	-	1,158	1,241,304	1,159	550,350
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	-	-	-	876,175
Capital outlay	-	-	-	-	-	-	-	1,000,000	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	130	15	-	-	-	3,925	196,133	-	65,732	-	-	-	-
Total disbursements	130	15	500,000	40,000	-	3,925	196,133	1,000,000	65,732	1,158	1,460,913	1,159	1,426,525
Excess (deficiency) of receipts over disbursements	-	335	168,769	14,763	-	(3,925)	56,047	-	(19,478)	21,172	(555,817)	1,164	(86,752)
Cash and investments - ending	\$ -	\$ 11,410	\$ 593,377	\$ 43,556	\$ 1,888	\$ 2,545	\$ (168,977)	\$ -	\$ 25,932	\$ 116,790	\$ 387,040	\$ 115,021	\$ 566,256

(Continued)

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

	FIREFIGHTING FUND	CAPITAL EQUIPMENT	CEMETERY	PAYROLL	RDC GENERAL	RDC PROJECT	RDC GRANTS	RDC DEBT RESERVE	RDC CONSOLIDATED AREA	FORFEITURE - DOJ PAYMENTS	HEALTHLINC GRANT	FORFEITURE & SEIZED ASSETS	OPIOID SETTLEMENT UNRESTRICTED	OPIOID SETTLEMENT RESTRICTED
Cash and investments - beginning	\$ 115,572	\$ 4,880	\$ 269,588	\$ -	\$6,236,097	\$ 491,309	\$ (98,890)	\$ 1,124,169	\$ 9,091,884	\$ -	\$ (14,711)	\$ 106,558	\$ 72,620	\$ 169,446
Receipts:														
Taxes	-	-	-	-	296,923	-	-	-	7,965,251	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	446,884	-	-	-	82,309	-	-	-
Charges for services	19,021	-	24,230	-	116,141	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	50,000	450,000	-	21,381,329	199,934	1,173,123	-	-	3,281,310	8,188	-	117,588	12,994	46,961
Total receipts	69,021	450,000	24,230	21,381,329	612,998	1,173,123	446,884	-	11,246,561	8,188	82,309	117,588	12,994	46,961
Disbursements:														
Personal services	45,765	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	1,970	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	23,622	-	18,580	-	673,034	-	-	-	6,117,030	-	-	67,504	4,844	13,114
Debt service - principal and interest	-	-	-	-	-	1,175,349	-	-	510,402	-	-	-	-	-
Capital outlay	29,715	448,496	-	-	-	-	424,188	-	7,780,851	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	4,880	-	21,381,329	-	-	-	-	5,859	-	68,422	2,987	-	-
Total disbursements	101,072	453,376	18,580	21,381,329	673,034	1,175,349	424,188	-	14,414,142	-	68,422	70,491	4,844	13,114
Excess (deficiency) of receipts over disbursements	(32,051)	(3,376)	5,650	-	(60,036)	(2,226)	22,696	-	(3,167,581)	8,188	13,887	47,097	8,150	33,847
Cash and investments - ending	\$ 83,521	\$ 1,504	\$ 275,238	\$ -	\$6,176,061	\$ 489,083	\$ (76,194)	\$ 1,124,169	\$ 5,924,303	\$ 8,188	\$ (824)	\$ 153,655	\$ 80,770	\$ 203,293

(Continued)

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

	POLICE SOCIAL WORK TECHNOLOGY GRANT	RECYCLING EDUCATION GRANT	ARP GRANT	CCIF - CIGARETTE TAX	SAFER GRANT	STORMWATER	STORMWATER BOND/INTEREST	STORMWATER CONSTRUCTION	Wastewater DR Utility Operating	Wastewater DR Utility Bond and Interest	Wastewater DR Utility Deprec/ Improve	Wastewater Meter Replacement Fund	Wastewater Retainage Fund	Wastewater DR Retainage Fund
Cash and investments - beginning	\$ 2,000	\$ -	\$1,853,741	\$ 988,563	\$(14,757)	\$ 7,000,574	\$ 1,642,238	\$ 3,238,118	\$ 281,248	\$ 149,570	\$ 325,968	\$ 250,000	\$ 4,624	\$ 18,940
Receipts:														
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	11,775	1,219	61,992	372,302	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	3,100,430	-	24,662	842,805	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	10,037	-	-	-	-	-
Other receipts	-	-	-	-	-	881,933	62,205	104,860	96,283	359,936	-	-	6,498	-
Total receipts	-	11,775	1,219	61,992	372,302	3,982,363	62,205	129,522	949,125	359,936	-	-	6,498	-
Disbursements:														
Personal services	-	-	-	-	371,389	422,722	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	1,487,920	-	-	-	357,769	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	61,933	-	-	-
Utility operating expenses	-	-	-	-	-	601,261	-	1,310,922	434,434	-	-	-	-	-
Other disbursements	-	11,775	686,403	-	-	-	-	-	359,936	-	-	-	4,624	-
Total disbursements	-	11,775	686,403	-	371,389	2,511,903	-	1,310,922	794,370	357,769	61,933	-	4,624	-
Excess (deficiency) of receipts over disbursements	-	-	(685,184)	61,992	913	1,470,460	62,205	(1,181,400)	154,755	2,167	(61,933)	-	1,874	-
Cash and investments - ending	\$ 2,000	\$ -	\$1,168,557	\$ 1,050,555	\$(13,844)	\$ 8,471,034	\$ 1,704,443	\$ 2,056,718	\$ 436,003	\$ 151,737	\$ 264,035	\$ 250,000	\$ 6,498	\$ 18,940

(Continued)

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

	Wastewater Utility- Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/ Improve	Wastewater Utility Debt Reserve	Water Utility Construction	Water Utility-Tank Painting Fund	Water Meter Replacement Fund	Water Utility- Operating	Water Utility-Bond And Interest	Water Utility- Customer Deposit	Water Utility- Improvement	Water Utility Debt Reserve	RDA SPORTS PARK CONSTRUCTION	RDA PARKING GARAGE CONSTRUCTION	Totals
Cash and investments - beginning	\$ 1,929,265	\$ 833,743	\$ 10,875,073	\$ 2,422,124	\$ -	\$ 209,089	\$ 250,000	\$ 5,201,207	\$ 398,921	\$ 51,621	\$ 9,657,285	\$ 1,682,469	\$ -	\$ 15,554,313	\$ 121,793,238
Receipts:															
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,048,411
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	861,309
Intergovernmental receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,606,703
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,818,915
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	114,607
Utility fees	11,612,347	-	-	-	-	-	-	8,735,259	-	-	-	-	-	-	24,315,503
Penalties	66,645	-	-	-	-	-	-	20,298	-	-	-	-	-	-	96,980
Other receipts	193,489	1,970,374	6,358,890	68,906	6,026,006	106,930	-	2,015,386	7,683,199	12,523	7,009,719	87,116	25,270,094	546,323	109,135,065
Total receipts	11,872,481	1,970,374	6,358,890	68,906	6,026,006	106,930	-	10,770,943	7,683,199	12,523	7,009,719	87,116	25,270,094	546,323	195,997,493
Disbursements:															
Personal services	2,172,279	-	-	-	-	-	-	2,461,654	-	-	-	-	-	-	40,059,241
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,495,819
Other services and charges	179,574	-	-	-	-	-	-	152,086	-	-	-	-	-	-	18,621,846
Debt service - principal and interest	90,744	1,966,957	-	-	-	-	-	161,338	1,628,726	-	-	-	-	-	8,470,808
Capital outlay	-	-	7,891,476	-	-	-	-	-	-	-	7,535,998	-	1,356,144	8,386,829	40,069,139
Utility operating expenses	3,992,826	-	-	-	-	-	-	3,343,938	53,593	-	-	-	-	-	9,736,974
Other disbursements	6,142,731	-	771,845	-	2,596,440	-	-	5,236,534	6,000,000	25,387	759,643	-	-	-	60,265,742
Total disbursements	12,578,154	1,966,957	8,663,321	-	2,596,440	-	-	11,355,550	7,682,319	25,387	8,295,641	-	1,356,144	8,386,829	181,719,569
Excess (deficiency) of receipts over disbursements	(705,673)	3,417	(2,304,431)	68,906	3,429,566	106,930	-	(584,607)	880	(12,864)	(1,285,922)	87,116	23,913,950	(7,840,506)	14,277,924
Cash and investments - ending	\$ 1,223,592	\$ 837,160	\$ 8,570,642	\$ 2,491,030	\$ 3,429,566	\$ 316,019	\$ 250,000	\$ 4,616,600	\$ 399,801	\$ 38,757	\$ 8,371,363	\$ 1,769,585	\$ 23,913,950	\$ 7,713,807	\$ 136,071,162

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 3,303,436	\$ 731,364
Storm Water	-	213,828
Wastewater	350,410	896,150
Water	<u>975,505</u>	<u>797,467</u>
Totals	<u>\$ 4,629,351</u>	<u>\$ 2,638,809</u>

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

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
1st Source	Fire Protection Territory - 2018 Sutphen SP70 Fire Truck	\$ 112,554	3/21/2019	10/15/2025
1st Source Bank	Fire Protection Territory - 2019 Ford F450 Ambulance	109,120	3/21/2019	3/1/2024
1st Source Bank	Fire Protection Territory - One (1) 2019 Ford F550 Ambulance	32,917	3/21/2019	10/15/2024
1st Source Bank	Fire Protection Territory - Bunker Gear Loan	31,543	8/6/2020	2/4/2025
1st Source Bank	Parks - 2022 Chevy Silverado 1500 & 2022 Bobcat with Accessories	33,306	1/17/2023	1/1/2026
1st Source Bank	One (1) 2024 Chevrolet Silverado 2500 HD	17,562	3/14/2024	3/14/2026
1st Source Bank	Two (2) Dodge Ram 5500 Plus Retrofit & Upfit Costs	7,035	2/15/2024	9/15/2026
Centier Bank	Park - 2015 Toro Sidewinder	13,108	6/29/2021	6/29/2024
Centier Bank	Park - Three 2021 John Deere Gator TX Utility Vehicles	3,903	4/14/2021	4/14/2024
Centier Bank	Parks - One (1) 2021 GMC 1500 One (1) 2022 Chevy 3500 Dump Truck One (1) 2022 Chevy Silverado 1500	49,264	7/9/2021	7/9/2024
De Lage Landen Public Finance LLC	2024 Club Car Tempo Gas Golf Carts (24) & 2024 Club Car Tempo 2+2 Gas Golf Carts (2)	24,222	5/1/2024	10/1/2028
Horizon Bank	Parks - 2022 Ford Transit	11,698	7/27/2022	7/27/2025
Horizon Bank	Parks - 2022 GMC Sierra	15,072	7/27/2022	7/27/2025
Horizon Bank	Three (3) 2023 Ferris 40HP 72' Mowers	16,840	10/12/2023	4/12/2026
Key Government Finance Inc	Fire - Two 2021 Sutphen Heavy Duty Custom Pumper Fire Trucks	191,481	2/12/2021	2/1/2027
Philips Medical Capital	Fire Protection Territory - Philips Tempus Pro Package 2 (x8)	99,234	11/23/2021	9/30/2024
City of Valparaiso Redevelopment Authority	Lease Rental Bonds Series 2022 - Parking Garage	886,500	7/15/2023	1/15/2040
City of Valparaiso Redevelopment Authority	Taxable Economic Development Lease Rental Revenue Bonds Series 2023A (Sports Park)	875,000	1/15/2024	1/15/2040
City of Valparaiso Redevelopment Authority	Taxable Economic Development Lease Rental Revenue Bonds Series 2023B (Sports Park)	309,000	1/15/2024	1/15/2043
Valparaiso Building Corporation	First Mortgage Bonds Series 2013 (Public Works Facility)	<u>546,000</u>	1/15/2014	7/15/2031
Total governmental activities		<u>3,385,359</u>		

(Continued)

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

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Wastewater:				
U.S Bancorp	2022 John Deere Excavator	\$ 24,494	3/15/2022	3/15/2024
Valparaiso Municipal Building Corp	Public Works Facility - Sewer Portion	<u>65,500</u>	1/15/2014	7/15/2031
Total Wastewater		<u>89,994</u>		
Water:				
U.S. Bancorp	2022 John Deere Excavator	24,494	3/15/2022	3/15/2024
U.S. Bancorp	2022 Mack Hydro Vactor	70,594	7/19/2021	1/15/2025
Valparaiso Municipal Building Corp	Public Works Facility - Distribution Portion	<u>65,500</u>	1/15/2014	7/15/2031
Total Water		<u>160,588</u>		
Total of annual lease payments		<u>\$ 3,635,941</u>		

<u>Description of Debt</u>	<u>Ending Principal Balance</u>	<u>Principal Due Within One Year</u>
Governmental activities:		
General obligation bonds	\$ 2,180,000	\$ 205,000
General obligation bonds	455,000	300,000
General obligation bonds	1,650,000	260,000
Revenue bonds		
Economic Development Revenue Bonds		
Series 2019 (VJW The Brooks LLC Project)	5,780,000	310,000
Revenue bonds		
Economic Development Tax Increment Revenue Bonds		
Series 2018 (Vale View)	654,000	22,000
Revenue bonds	1,820,000	160,000
Revenue bonds	1,935,000	90,000
Revenue bonds	1,930,000	1,275,000
Revenue bonds	370,000	250,000
Revenue bonds		
Taxable Economic Development Revenue Bonds		
Series 2015 (Pratt Paper IN LLC Project)	2,800,000	1,090,000
Revenue bonds		
Taxable Economic Development Revenue Bonds		
Series 2019 (St Paul Valparaiso LLC Project)	1,650,000	-

(Continued)

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

Description of Debt		Ending Principal Balance	Principal Due Within One Year
<u>Type</u>	<u>Purpose</u>		
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2023A (Journeyman)	\$ 3,780,000	\$ -
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2023B (Journeyman)	1,960,000	150,000
Revenue bonds	Taxable Economic Development Tax Increment Revenue Bonds Series 2021 (Calkins Hill)	<u>1,250,000</u>	<u>12,460</u>
Total governmental activities		<u>28,214,000</u>	<u>4,124,460</u>
Storm Water:			
Revenue bonds	Stormwater Mgmt District Revenue Refunding Bonds Series 2019	1,370,000	535,000
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2017	<u>9,760,000</u>	<u>160,000</u>
Total Storm Water		<u>11,130,000</u>	<u>695,000</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Revenue Bonds 2015	6,865,000	1,425,000
Revenue bonds	Sewage Works Revenue Bonds of 2011	738,000	82,000
Revenue bonds	Sewage Works Revenue Bonds of 2015	1,665,000	120,000
Revenue bonds	Sewage Works Revenue Bonds of 2019	<u>4,750,000</u>	<u>250,000</u>
Total Wastewater		<u>14,018,000</u>	<u>1,877,000</u>
Water:			
Revenue bonds	Waterworks Refunding Revenue Bonds 2018	1,515,000	485,000
Revenue bonds	Waterworks Revenue Bonds of 2014 Series A	9,980,000	-
Revenue bonds	Waterworks Revenue Bonds of 2014 Series B	4,315,000	605,000
Notes and Loans Payable	Waterworks Bond Anticipation Note 2023	<u>6,000,000</u>	<u>-</u>
Total Water		<u>21,810,000</u>	<u>1,090,000</u>
Redevelopment Authority			
Revenue bonds	Taxable Economic Development Lease Rental Revenue Bonds Series 2022 (Parking Garage)	15,560,000	-
Revenue bonds	Taxable Economic Development Lease Rental Revenue Bonds Series 2023A (Sports Park)	17,105,000	-
Revenue bonds	Taxable Economic Development Lease Rental Revenue Bonds Series 2023B (Sports Park)	<u>6,340,000</u>	<u>-</u>
Total Redevelopment Authority		<u>39,005,000</u>	<u>-</u>
Totals		<u>\$ 153,182,000</u>	<u>\$ 7,786,460</u>

CITY OF VALPARAISO
SCHEDULE OF CAPITAL ASSETS
December 31, 2023

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 8,586,104
Infrastructure	97,362,966
Buildings	37,566,028
Improvements other than buildings	23,091,610
Machinery, equipment, and vehicles	<u>23,602,239</u>
Total governmental activities	<u>190,208,947</u>
Storm Water:	
Land	1,376,129
Infrastructure	<u>23,894,401</u>
Total Storm Water	<u>25,270,530</u>
Wastewater:	
Land	558,014
Infrastructure	49,213,083
Buildings	27,059,306
Improvements other than buildings	172,956
Machinery, equipment, and vehicles	39,791,454
Construction in progress	<u>3,104,604</u>
Total Wastewater	<u>119,899,417</u>
Water:	
Land	2,143,754
Infrastructure	57,091,577
Buildings	8,134,756
Improvements other than buildings	649,838
Machinery, equipment, and vehicles	21,349,006
Construction in progress	<u>3,600,622</u>
Total Water	<u>92,969,553</u>
Redevelopment Authority:	
Land	<u>5,849,308</u>
Total Redevelopment Authority	<u>5,849,308</u>
Total capital assets	<u>\$ 440,047,063</u>

VALPARAISO CIVIL CITY
STATE REPORTING INFORMATION
December 31, 2023

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

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

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

SUPPLEMENTARY INFORMATION

CITY OF VALPARAISO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended	Total Passed Through to Subrecipient
<u>Department of Transportation</u>					
Federal Transit Cluster					
Federal Transit Formula Grants					
Northwestern Indiana Regional Planning Commission					
Chicago Dash		20.507	IN-2017-027-00	\$ 7,541	\$ -
Chicago Dash		20.507	IN-2018-026-00	180,148	-
Dash		20.507	IN-2018-027-00	52,856	-
V-Line		20.507	IN-2019-030-00	191,016	-
V-Line		20.507	IN-2019-030-00	12,303	-
V-Line		20.507	IN-2020-039-00	64,729	-
Dash SS Connect		20.507	IN-2020-039-00	<u>218,379</u>	<u>-</u>
Total – Federal Transit Cluster				<u>726,972</u>	<u>-</u>
Highway Planning and Construction					
Indiana Department of Transportation					
Silhavy/ Laporte to Evans		20.205	900075	3,555	-
US 30 Corridor Improvements			1298670	252,179	-
Lincolnway/Cambell Roundabout			1902686	66,474	-
SR130 @ 400N			2101133	165,775	-
Downtown to TOD Pathway			2101141	<u>211,080</u>	<u>-</u>
Total – Highway Planning and Construction				<u>699,063</u>	<u>-</u>
Total - Department of Transportation				<u>1,426,035</u>	<u>-</u>
<u>Department of Treasury</u>					
American Rescue Plan Act					
COVID-19 American Rescue Plan	Indiana Finance Authority	21.027	LS-250210-OLS-21	<u>686,403</u>	<u>-</u>
Total – Department of the Treasury				<u>686,403</u>	<u>-</u>
<u>Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response (SAFER)					
	Direct Award	97.083	EMW-2019-FF-00895	<u>372,301</u>	<u>-</u>
Total – Department of Homeland Security				<u>372,301</u>	<u>-</u>
Total federal awards expended				<u>\$ 2,484,739</u>	<u>\$ -</u>

CITY OF VALPARAISO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2023

NOTE 1 - BASIS OF PRESENTATION

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

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

NOTE 2 - INDIRECT COST RATE

The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Those Charged with Governance
City of Valparaiso
Porter County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Valparaiso ("City"), which comprise the statement of receipts, disbursements, and cash and investment balances of the City as of and for the year ended December 31, 2023 and the related notes to the financial statement, which collectively comprise the City's financial statement, and have issued our report thereon September 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report On Compliance and Other Matters

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

(Continued)

Purpose of this Report

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
September 18, 2024

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

Those Charged with Governance
City of Valparaiso
Porter County, Indiana

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited the City of Valparaiso's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Major Federal Program

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

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
September 18, 2024

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

Section I – Summary of Auditor’s Results:

Financial Statements

Type of auditor’s report issued:	Adverse as to GAAP, Unmodified as to regulatory basis		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	___X___ No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	___X___ None Reported	
Noncompliance material to financial statements noted?	_____ Yes	___X___ No	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	___X___ No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	___X___ None Reported	
Type of auditor’s report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____ Yes	___X___ No	

Identification of major programs:

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee?	_____ Yes	___X___ No
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Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.



CITY OF
VALPARAISO

*Office of the
Clerk-Treasurer*

166 Lincolnway
Valparaiso, IN 46383
(219) 462-1161

Valpo.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

Context: The City's internal control process was not effective to prevent, or detect and correct, errors related to financial reporting.

An oversight or review process had been implemented over the financial information submitted into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. However, the internal controls were not effective which resulted in the double reporting of the financial activity of three stormwater funds. This resulted in the overstatement of the beginning cash and investments balances, receipts, disbursements, and ending cash and investments balances by \$10,975,629, \$3,288,586, \$2,383,285, and \$11,880,930, respectively.

Status: Resolved.