

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

ANNUAL FINANCIAL REPORT

2010

CITY OF VALPARAISO

PORTER COUNTY, INDIANA



FILED
06/03/2011

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SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the accompanying financial statement(s) of the City of Valparaiso (City), for the year ended December 31, 2010. These financial statement(s) are the responsibility of the City's management. Our responsibility is to express opinions on these financial statement(s) 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(s) are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement(s). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion(s).

As discussed in Note 1, the City prepares its financial statement(s) on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) referred to above present fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated April 21, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Included in the financial statement(s) are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement(s) taken as a whole.

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

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

STATE BOARD OF ACCOUNTS

April 21, 2011



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the financial statement(s) of the City of Valparaiso (City), for the year ended December 31, 2010, and have issued our report thereon dated April 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A 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(s) will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

April 21, 2011

FINANCIAL STATEMENT(S)

CITY OF VALPARAISO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 2,936,935	\$ 22,914,876	\$ 23,993,010	\$ 1,858,801
Motor Vehicle Highway	1,097,652	2,081,039	1,491,477	1,687,214
Local Road And Street	397,909	302,739	283,446	417,202
Parking Meter	53,051	85,631	60,109	78,573
Park Nonreverting Operating	647,055	1,063,656	1,380,538	330,173
Emergency Medical Services/Ambulance	398,660	697,684	701,609	394,735
Donations	19,124	84,088	29,539	73,673
Crime Control	39,438	41,575	66,625	14,388
Transportation V - Line	532,808	1,023,580	808,578	747,810
Railroad Crossing Grant	-	-	18,242	(18,242)
Law Enforcement Continuing Education	119,566	39,958	31,205	128,319
Unsafe Building	14,116	34,050	-	48,166
Riverboat	696,642	171,646	136,933	731,355
Parks And Recreation	115,341	3,728,479	3,063,789	780,031
Park Donation	134,694	31,070	54,203	111,561
Cmaq Public Works Grant	-	-	152,950	(152,950)
License Plate Reader/Taser	-	39,496	39,496	-
Secure Our Schools	-	15,000	8,863	6,137
Rainy Day	2,555,893	1,701,188	715,000	3,542,081
Forfeiture And Seized Asset Fund	4,316	6,375	-	10,691
Levy Excess	-	50,280	-	50,280
Major Moves Construction	1,443,827	255	1,219,268	224,814
Employee Benefit Plan	700,484	3,049,874	3,272,176	478,182
Police Substance Abuse Grant	-	5,500	5,500	-
Grant Tobacco Education	1,514	-	75	1,439
Rental Rehab	191,062	10,660	1,568	200,154
Police Vehicle Equipment	51,261	22,450	11,173	62,538
Firefighting Fund	6,214	61,991	36,490	31,715
Capital Equipment	-	350,000	300,000	50,000
Cemetery	189,424	19,430	-	208,854
Indiana Police And Fire Pension	192,129	336,518	444,276	84,371
Park Indiana Sales Tax	939	22,226	22,287	878
Park Gift Certificates	45,652	15,303	13,754	47,201
Park City Tree Ordinance	3,502	-	1,528	1,974
Park Impact Fees	278,583	63,180	85,510	256,253
Park Creekside Bond Debt Reserve	-	524,388	323,524	200,864
Redevelopment Debt Reserve	468,900	-	-	468,900
Grant- Bullet Proof Partnership	-	863	863	-
Transportation Dash	96,222	949,395	634,565	411,052
Dash Credit Card Revenue	56,398	106,253	153,723	8,928
Developer Deposits	16,889	-	-	16,889
Justice Assistance Grant	12,611	3,500	12,337	3,774
Grant Police Equipment	61,592	85,541	112,543	34,590
Park Bond And Interest	7,630	369,945	377,575	-
Debt Service Other	334,530	570,899	698,760	206,669
Cumulative Capital Improvement Cigarette	495,851	80,308	-	576,159
Cumulative Capital Development	463,690	336,571	486,442	313,819
Park Nonreverting Capital	32,425	12,162	41,188	3,399
Fema Fire Grant (Fire Station)	-	461,368	461,368	-
Cumulative Sewer	1,156,831	107,206	4,210	1,259,827
Cumulative Revolving Improvement	310,243	-	-	310,243
Cedit Capital Projects	697,870	2,019,147	2,339,057	377,960
2006 Bond Issue	214,297	-	214,273	24
2002 Bond Issue	856,171	-	258,819	597,352
Redevelopment Consolidated Tif Area	13,264,432	6,668,138	4,149,095	15,783,475
Health Claims	576	2,905,834	2,905,827	583
Police Pension	452,002	780,210	539,256	692,956
Fire Pension	462,888	1,072,913	694,177	841,624
Payroll	-	10,962,332	10,962,332	-
Sign Deposit	1,000	-	-	1,000
Storm Water Utility-Operating	1,302,700	1,397,808	745,642	1,954,866
Storm Water Utility-Bond And Interest	283,163	279,415	279,415	283,163
Wastewater Utility-Operating	1,007,411	7,062,489	7,150,545	919,355
Wastewater Utility-Bond And Interest	770,520	1,835,149	1,848,697	756,972
Wastewater Utility-Deprec/Improve	831,767	1,758,376	870,294	1,719,849
Wastewater Utility-Construction	2,443,544	3,616	900,000	1,547,160
Wastewater Utility Debt Reserve	924,349	-	-	924,349
Water Utility-Operating	1,102,444	6,318,390	7,148,536	272,298
Water Utility-Bond And Interest	-	3,225,609	3,031,225	194,384
Water Utility-Customer Deposit	225,257	12,877	9,979	228,155
Water Utility-Construction	-	2,644,622	760,000	1,884,622
Water Utility-Improvement	-	1,737,726	1,732,204	5,522
Water Utility-Other #1	116,181	225	116,406	-
Water Utility Debt Reserve	679,625	104,595	-	784,220
Totals	\$ 42,017,800	\$ 92,467,667	\$ 88,412,094	\$ 46,073,373

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT(S)

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, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, 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(S)
(Continued)

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

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

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

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

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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

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

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

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

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable 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.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. *Pension Plan(s)*

A. Public Employees' Retirement Fund

Plan Description

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

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

Funding Policy and Annual Pension Cost

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

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 Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

On Behalf Payments

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

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

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 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.

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

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

Funding Policy

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

Note 7. Subsequent Events

Storm Water Utility

On February 1, 2011, the City approved the issuance and sale of Storm Water Management District Bonds for \$8,860,000. This consists of \$6,425,000 from Storm Water Management District Revenue Bonds of 2011, Series A and \$2,435,000 Storm Water Management District (refunding) Revenue bonds of 2011, Series B. The bonds that are being refunded are the Storm Water Revenue Bonds of 2001.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Sewage Works Utility

On March 14, 2011, the City authorized the issuance of the 2011 Sewage Works Revenue Bonds not to exceed \$1,600,000. The bond proceeds will be used for the construction of the Sewage Disinfection Facility.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Valparaiso's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Parking Meter	Park Nonreverting Operating	Emergency Medical Services/Ambulance	Donations	Crime Control
Cash and investments - beginning	\$ 2,936,935	\$ 1,097,652	\$ 397,909	\$ 53,051	\$ 647,055	\$ 398,660	\$ 19,124	\$ 39,438
Receipts:								
Taxes	11,291,161	1,300,152	-	-	-	-	-	-
Licenses and permits	210,537	3,520	-	23,218	-	-	-	-
Intergovernmental	89,021	750,814	302,739	-	-	-	-	38,075
Charges for services	3,343,298	95	-	4,323	1,053,739	697,684	-	-
Fines and forfeits	685	-	-	58,090	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	7,980,174	26,458	-	-	9,917	-	84,088	3,500
Total receipts	<u>22,914,876</u>	<u>2,081,039</u>	<u>302,739</u>	<u>85,631</u>	<u>1,063,656</u>	<u>697,684</u>	<u>84,088</u>	<u>41,575</u>
Disbursements:								
Personal services	12,934,521	946,831	-	35,835	-	-	-	33,304
Supplies	814,148	262,123	173,398	2,438	-	-	-	-
Other services and charges	3,156,255	282,523	110,048	21,821	751,530	61	29,539	-
Debt service - principal and interest	3,737,849	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	52,348	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	3,350,237	-	-	15	576,660	701,548	-	33,321
Total disbursements	<u>23,993,010</u>	<u>1,491,477</u>	<u>283,446</u>	<u>60,109</u>	<u>1,380,538</u>	<u>701,609</u>	<u>29,539</u>	<u>66,625</u>
Excess (deficiency) of receipts over disbursements	<u>(1,078,134)</u>	<u>589,562</u>	<u>19,293</u>	<u>25,522</u>	<u>(316,882)</u>	<u>(3,925)</u>	<u>54,549</u>	<u>(25,050)</u>
Cash and investments - ending	<u>\$ 1,858,801</u>	<u>\$ 1,687,214</u>	<u>\$ 417,202</u>	<u>\$ 78,573</u>	<u>\$ 330,173</u>	<u>\$ 394,735</u>	<u>\$ 73,673</u>	<u>\$ 14,388</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Transportation V-Line	Railroad Crossing Grant	Law Enforcement Continuing Education	Unsafe Building	Riverboat	Parks And Recreation	Park Donation	Cmaq Public Works Grant
Cash and investments - beginning	\$ 532,808	\$ -	\$ 119,566	\$ 14,116	\$ 696,642	\$ 115,341	\$ 134,694	\$ -
Receipts:								
Taxes	-	-	-	-	-	2,710,229	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	523,753	-	-	-	171,646	-	-	-
Charges for services	31,721	-	39,958	-	-	61,788	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	468,106	-	-	34,050	-	956,462	31,070	-
Total receipts	1,023,580	-	39,958	34,050	171,646	3,728,479	31,070	-
Disbursements:								
Personal services	11,129	-	-	-	-	1,820,265	-	-
Supplies	73,366	-	-	-	-	145,440	-	-
Other services and charges	724,083	18,242	31,205	-	136,933	408,725	54,203	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	86,915	-	152,950
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	602,444	-	-
Total disbursements	808,578	18,242	31,205	-	136,933	3,063,789	54,203	152,950
Excess (deficiency) of receipts over disbursements	215,002	(18,242)	8,753	34,050	34,713	664,690	(23,133)	(152,950)
Cash and investments - ending	\$ 747,810	\$ (18,242)	\$ 128,319	\$ 48,166	\$ 731,355	\$ 780,031	\$ 111,561	\$ (152,950)

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	License Plate Reader/Taser	Secure Our Schools	Rainy Day	Forfeiture And Seized Asset Fund	Levy Excess	Major Moves Construction	Employee Benefit Plan	Police Substance Abuse Grant
Cash and investments - beginning	\$ -	\$ -	\$ 2,555,893	\$ 4,316	\$ -	\$ 1,443,827	\$ 700,484	\$ -
Receipts:								
Taxes	39,496	-	1,061,188	-	50,280	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	15,000	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	640,000	6,375	-	255	3,049,874	5,500
Total receipts	39,496	15,000	1,701,188	6,375	50,280	255	3,049,874	5,500
Disbursements:								
Personal services	-	8,259	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	5,500
Other services and charges	-	604	-	-	-	111,541	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	16,299	-	-	-	-	1,107,727	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	23,197	-	715,000	-	-	-	3,272,176	-
Total disbursements	39,496	8,863	715,000	-	-	1,219,268	3,272,176	5,500
Excess (deficiency) of receipts over disbursements	-	6,137	986,188	6,375	50,280	(1,219,013)	(222,302)	-
Cash and investments - ending	\$ -	\$ 6,137	\$ 3,542,081	\$ 10,691	\$ 50,280	\$ 224,814	\$ 478,182	\$ -

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Grant Tobacco Education	Rental Rehab	Police Vehicle Equipment	Firefighting Fund	Capital Equipment	Cemetery	Indiana Police And Fire Pension	Park Indiana Sales Tax
Cash and investments - beginning	\$ 1,514	\$ 191,062	\$ 51,261	\$ 6,214	\$ -	\$ 189,424	\$ 192,129	\$ 939
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	61,991	-	19,430	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	10,660	22,450	-	350,000	-	336,518	22,226
Total receipts	-	10,660	22,450	61,991	350,000	19,430	336,518	22,226
Disbursements:								
Personal services	-	-	-	31,240	-	-	-	-
Supplies	-	-	-	5,140	-	-	-	-
Other services and charges	75	1,568	11,153	-	300,000	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	20	110	-	-	444,276	22,287
Total disbursements	75	1,568	11,173	36,490	300,000	-	444,276	22,287
Excess (deficiency) of receipts over disbursements	(75)	9,092	11,277	25,501	50,000	19,430	(107,758)	(61)
Cash and investments - ending	\$ 1,439	\$ 200,154	\$ 62,538	\$ 31,715	\$ 50,000	\$ 208,854	\$ 84,371	\$ 878

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Park Gift Certificates	Park City Tree Ordinance	Park Impact Fees	Park Creekside Bond Debt Reserve	Redevelopment Debt Reserve	Grant- Bullet Proof Partnership	Transportation Dash	Dash Credit Card Revenue
Cash and investments - beginning	\$ 45,652	\$ 3,502	\$ 278,583	\$ -	\$ 468,900	\$ -	\$ 96,222	\$ 56,398
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	63,180	-	-	-	-	-
Intergovernmental	-	-	-	-	-	863	478,608	-
Charges for services	-	-	-	258,168	-	-	270,787	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	15,303	-	-	266,220	-	-	200,000	106,253
Total receipts	15,303	-	63,180	524,388	-	863	949,395	106,253
Disbursements:								
Personal services	-	-	-	-	-	-	11,673	-
Supplies	-	-	-	-	-	863	564,264	-
Other services and charges	13,754	1,528	85,510	-	-	-	58,283	4,723
Debt service - principal and interest	-	-	-	237,880	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	85,644	-	-	345	149,000
Total disbursements	13,754	1,528	85,510	323,524	-	863	634,565	153,723
Excess (deficiency) of receipts over disbursements	1,549	(1,528)	(22,330)	200,864	-	-	314,830	(47,470)
Cash and investments - ending	\$ 47,201	\$ 1,974	\$ 256,253	\$ 200,864	\$ 468,900	\$ -	\$ 411,052	\$ 8,928

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Developer Deposits	Justice Assistance Grant	Grant Police Equipment	Park Bond And Interest	Debt Service Other	Cumulative Capital Improvement Cigarette Tax	Cumulative Capital Development	Park Nonreverting Capital
Cash and investments - beginning	\$ 16,889	\$ 12,611	\$ 61,592	\$ 7,630	\$ 334,530	\$ 495,851	\$ 463,690	\$ 32,425
Receipts:								
Taxes	-	-	-	284,301	454,456	-	336,571	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	3,500	54,000	-	-	80,308	-	-
Charges for services	-	-	-	-	-	-	-	12,162
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	31,541	85,644	116,443	-	-	-
Total receipts	-	3,500	85,541	369,945	570,899	80,308	336,571	12,162
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	12,337	-	-	-	-	75,000	-
Other services and charges	-	-	29,196	415	2,800	-	265,045	41,188
Debt service - principal and interest	-	-	-	342,600	655,960	-	146,397	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	83,347	34,560	40,000	-	-	-
Total disbursements	-	12,337	112,543	377,575	698,760	-	486,442	41,188
Excess (deficiency) of receipts over disbursements	-	(8,837)	(27,002)	(7,630)	(127,861)	80,308	(149,871)	(29,026)
Cash and investments - ending	\$ 16,889	\$ 3,774	\$ 34,590	\$ -	\$ 206,669	\$ 576,159	\$ 313,819	\$ 3,399

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fema Fire Grant (Fire Station)	Cumulative Sewer	Cumulative Revolving Improvement	Cedit Capital Projects	2006 Bond Issue	2002 Bond Issue	Redevelopment Consolidated Tif Area	Health Claims
Cash and investments - beginning	\$ -	\$ 1,156,831	\$ 310,243	\$ 697,870	\$ 214,297	\$ 856,171	\$ 13,264,432	\$ 576
Receipts:								
Taxes	-	-	-	2,017,648	-	-	5,536,445	-
Licenses and permits	-	107,206	-	-	-	-	11,684	-
Intergovernmental	461,368	-	-	-	-	-	444,311	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	1,499	-	-	675,698	2,905,834
Total receipts	461,368	107,206	-	2,019,147	-	-	6,668,138	2,905,834
Disbursements:								
Personal services	-	-	-	40,366	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	1,774,799	-	258,819	2,883,543	-
Debt service - principal and interest	-	-	-	-	-	-	723,600	-
Capital outlay	461,368	-	-	523,892	214,273	-	541,952	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	4,210	-	-	-	-	-	2,905,827
Total disbursements	461,368	4,210	-	2,339,057	214,273	258,819	4,149,095	2,905,827
Excess (deficiency) of receipts over disbursements	-	102,996	-	(319,910)	(214,273)	(258,819)	2,519,043	7
Cash and investments - ending	\$ -	\$ 1,259,827	\$ 310,243	\$ 377,960	\$ 24	\$ 597,352	\$ 15,783,475	\$ 583

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Pension	Fire Pension	Payroll	Sign Deposit	Storm Water Utility-Operating	Storm Water Utility-Bond And Interest	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest
Cash and investments - beginning	\$ 452,002	\$ 462,888	\$ -	\$ 1,000	\$ 1,302,700	\$ 283,163	\$ 1,007,411	\$ 770,520
Receipts:								
Taxes	187,932	275,066	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	592,278	797,847	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	1,393,384	-	6,825,059	-
Penalties	-	-	-	-	-	-	63,277	-
Other receipts	-	-	10,962,332	-	4,424	279,415	174,153	1,835,149
Total receipts	780,210	1,072,913	10,962,332	-	1,397,808	279,415	7,062,489	1,835,149
Disbursements:								
Personal services	538,633	693,654	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	623	523	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	279,415	2,151	1,848,697
Capital outlay	-	-	-	-	231,676	-	-	-
Utility operating expenses	-	-	-	-	81,668	-	6,578,974	-
Other disbursements	-	-	10,962,332	-	432,298	-	569,420	-
Total disbursements	539,256	694,177	10,962,332	-	745,642	279,415	7,150,545	1,848,697
Excess (deficiency) of receipts over disbursements	240,954	378,736	-	-	652,166	-	(88,056)	(13,548)
Cash and investments - ending	\$ 692,956	\$ 841,624	\$ -	\$ 1,000	\$ 1,954,866	\$ 283,163	\$ 919,355	\$ 756,972

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility-Deprec/Improve	Wastewater Utility-Construction	Wastewater Utility Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Customer Deposit
Cash and investments - beginning	\$ 831,767	\$ 2,443,544	\$ 924,349	\$ 1,102,444	\$ -	\$ 225,257
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	4,816,387	-	-
Penalties	-	-	-	44,286	-	-
Other receipts	1,758,376	3,616	-	1,457,717	3,225,609	12,877
Total receipts	<u>1,758,376</u>	<u>3,616</u>	<u>-</u>	<u>6,318,390</u>	<u>3,225,609</u>	<u>12,877</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	718,330	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	4,365,405	-	9,979
Other disbursements	870,294	900,000	-	2,783,131	2,312,895	-
Total disbursements	<u>870,294</u>	<u>900,000</u>	<u>-</u>	<u>7,148,536</u>	<u>3,031,225</u>	<u>9,979</u>
Excess (deficiency) of receipts over disbursements	<u>888,082</u>	<u>(896,384)</u>	<u>-</u>	<u>(830,146)</u>	<u>194,384</u>	<u>2,898</u>
Cash and investments - ending	<u>\$ 1,719,849</u>	<u>\$ 1,547,160</u>	<u>\$ 924,349</u>	<u>\$ 272,298</u>	<u>\$ 194,384</u>	<u>\$ 228,155</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility-Construction	Water Utility-Improvement	Water Utility-Other #1	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 116,181	\$ 679,625	\$ 42,017,800
Receipts:					
Taxes	-	-	-	-	25,544,925
Licenses and permits	-	-	-	-	419,345
Intergovernmental	-	-	-	-	4,804,131
Charges for services	-	-	-	-	5,855,144
Fines and forfeits	-	-	-	-	58,775
Utility fees	-	-	-	-	13,034,830
Penalties	-	-	-	-	107,563
Other receipts	2,644,622	1,737,726	225	104,595	42,642,954
Total receipts	<u>2,644,622</u>	<u>1,737,726</u>	<u>225</u>	<u>104,595</u>	<u>92,467,667</u>
Disbursements:					
Personal services	-	-	-	-	17,105,710
Supplies	-	-	-	-	2,134,017
Other services and charges	-	-	-	-	11,570,858
Debt service - principal and interest	-	-	-	-	8,692,879
Capital outlay	-	88,446	-	-	3,477,846
Utility operating expenses	-	-	-	-	11,036,026
Other disbursements	760,000	1,643,758	116,406	-	34,394,758
Total disbursements	<u>760,000</u>	<u>1,732,204</u>	<u>116,406</u>	<u>-</u>	<u>88,412,094</u>
Excess (deficiency) of receipts over disbursements	<u>1,884,622</u>	<u>5,522</u>	<u>(116,181)</u>	<u>104,595</u>	<u>4,055,573</u>
Cash and investments - ending	<u>\$ 1,884,622</u>	<u>\$ 5,522</u>	<u>\$ -</u>	<u>\$ 784,220</u>	<u>\$ 46,073,373</u>

CITY OF VALPARAISO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 DECEMBER 31, 2010

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

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 474,475
Construction in progress	232,202
Buildings	4,238,164
Improvements other than buildings	32,505,763
Machinery and equipment	<u>16,966,022</u>
Total Water Utility capital assets	<u>54,416,626</u>
Water Reclamation Utility:	
Capital assets, not being depreciated:	
Land	575,915
Construction in progress	190,094
Buildings	21,117,898
Improvements other than buildings	12,406,403
Machinery and equipment	10,250,523
Distribution and collection systems	<u>46,323,659</u>
Total Water Reclamation Utility capital assets	<u>90,864,492</u>
Total business-type activities capital assets	<u>\$ 145,281,118</u>

CITY OF VALPARAISO
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire Department Equipment	\$ 264,753	\$ 206,446
Police Vehicles	235,130	113,609
Public Works 7 Trucks	609,476	165,000
Public Works Garbage Trucks	276,415	75,000
Park Department:		
Fairway and Greens Mowers	12,658	16,782
Ricoh Color Copier	10,047	8,597
Golf Simulators	46,582	25,284
Playground Equipment	91,782	50,000
Ball Field Lights	82,275	23,988
Golf Carts	55,024	14,639
Golf Equipment	39,306	11,349
Golf Equipment	145,330	40,498
Notes & Loans Payable	28,146	14,073
General Obligation Bonds:		
1998 Park GO Bond	980,000	349,775
2002 Road Construction/Reconstruction	2,295,000	237,453
2005 Road Construction/Reconstruction	1,345,000	114,835
2006 Police Station	4,015,000	301,379
Revenue Bonds:		
Park Revenue Bond	3,305,000	237,080
Redevelopment Capital Projects 2006	3,975,000	446,350
Redevelopment Capital Projects 2009	2,940,000	275,250
Total governmental activities debt	<u>\$ 20,751,924</u>	<u>\$ 2,727,387</u>
Business-type activities:		
Water Utility:		
Capital leases:		
2010 Hydro-Excavator	\$ 235,000	\$ 55,725
Revenue bonds:		
2002 Waterworks Capital Improvement	6,105,000	669,046
2010 Waterworks Capital Improvement	2,240,000	109,672
Total Water Utility	<u>8,580,000</u>	<u>834,443</u>
Wastewater Utility:		
Capital leases:		
2011 Tandem Dump Truck	67,601	23,896
State Revolving Loan Capital Projects	11,138,000	1,302,817
Revenue bonds:		
2007 Capital Improvements	10,930,000	514,250
Total Wastewater Utility	<u>22,135,601</u>	<u>1,840,963</u>
Stormwater Utility:		
Capital leases:		
Street Sweeper	120,063	33,122
Revenue bonds:		
2002 Stormwater Bond	2,345,000	277,455
Total Stormwater Utility	<u>2,465,063</u>	<u>310,577</u>
Total business-type activities debt	<u>\$ 33,180,664</u>	<u>\$ 2,985,983</u>

CITY OF VALPARAISO
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2010

	General Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 11,153,971	\$ 11,153,971	\$ 10,391,497	\$ (762,474)
Licenses and permits	215,000	215,000	209,736	(5,264)
Intergovernmental	2,674,444	2,675,444	3,067,277	391,833
Charges for services	1,600,000	1,600,000	1,620,461	20,461
Fines and forfeits	1,000	1,000	685	(315)
Other	535,000	535,000	541,679	6,679
Total revenues	<u>16,179,415</u>	<u>16,180,415</u>	<u>15,831,335</u>	<u>(349,080)</u>
Expenditures:				
Current:				
General government:				
Administrative	3,891,422	3,891,422	3,364,422	527,000
Employee Benefits	2,429,000	2,429,000	2,341,774	87,226
Total general government	<u>6,320,422</u>	<u>6,320,422</u>	<u>5,706,196</u>	<u>614,226</u>
Public safety:				
Police	4,058,213	4,058,213	3,914,434	143,779
Fire	5,036,204	5,036,204	4,899,558	136,646
Total public safety	<u>9,094,417</u>	<u>9,094,417</u>	<u>8,813,992</u>	<u>280,425</u>
Highways and streets:				
Other highways and streets	880,000	880,000	879,247	753
Sanitation:				
Solid Waste Dept.	1,935,354	1,935,354	1,510,034	425,320
Total expenditures	<u>18,230,193</u>	<u>18,230,193</u>	<u>16,909,469</u>	<u>1,320,724</u>
Other financing sources (uses):				
Operating transfers in	-	-	3,345,693	3,345,693
Operating transfers out	-	-	(3,345,693)	(3,345,693)
Sale of tax anticipation warrants	-	-	3,737,849	3,737,849
Tax anticipation warrant repayments	-	-	(3,737,849)	(3,737,849)
Net change in fund balances	(2,050,778)	(2,049,778)	(1,078,134)	(1,669,804)
Fund balances - beginning	<u>2,936,935</u>	<u>2,936,935</u>	<u>2,936,935</u>	<u>-</u>
Fund balances - December 31	<u>\$ 886,157</u>	<u>\$ 887,157</u>	<u>\$ 1,858,801</u>	<u>\$ (1,669,804)</u>

CITY OF VALPARAISO
OTHER REPORT(S)

The annual report presented herein was prepared in addition to the other official report(s) prepared for the individual City office(s) listed below:

Water and Water Reclamation Utilities

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

We have audited the compliance of the City of Valparaiso (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

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

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

STATE BOARD OF ACCOUNTS

April 21, 2011

CITY OF VALPARAISO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance Make Your Trees Count	10.664		\$ <u>6,189</u>
Total for federal grantor agency			<u>6,189</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		<u>863</u>
Direct Grant			
ARRA - Public Safety Partnership and Community Policing Grants Secure Our Schools	16.710	2010CKWX0624	<u>8,863</u>
Direct Grant			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1372 2010-DJ-BX-0857	12,337 <u>39,496</u>
Total for program			<u>51,833</u>
Direct Grant			
ARRA - Edward Byrne Memorial Justice Assistance Grant Program Grant to Units of Local Government Upgrading Technology for Law Enforcement in Porter County	16.804	2009-SB-B9-1904	<u>108,542</u>
Total for federal grantor agency			<u>170,101</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	Project #0810295 Project #0810564 DES #901277	119,369 24,220 <u>10,644</u>
Total for program			<u>154,233</u>
Pass-Through Northwestern Indiana Regional Planning Commission Federal Transit Cluster			
Federal Transit Formula Grants	20.507		
V-Line		IN-95-X012	582,124
Chicago Dash		IN-95-X012	<u>475,175</u>
Total for program			<u>1,057,299</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF VALPARAISO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Big City/Big County Seat Belt Enforcement		PT-10-04-04-32	9,000
		PT-11-04-04-31	<u>7,500</u>
Total for program			<u>16,500</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
Aggressive Driving Enforcement Program		K4-2009-08-01-16	11,542
		K4-2010-08-01-16	6,061
DUI Task Force Enforcement Program		K4-2009-03-03-25	27,660
		K4-2010-03-03-25	<u>15,000</u>
Total for program			<u>60,263</u>
Total for cluster			<u>76,763</u>
Total for federal grantor agency			<u>1,288,295</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Congressionally Mandated Projects	66.202		
Water Infrastructure		XP-00E74501-0	<u>34,943</u>
Pass-Through Indiana Department of Transportation			
ARRA - National Clean Diesel Emission Reduction Program	66.039		
CMAQ Grant for LPA Equipment		A249-10-320292	<u>128,529</u>
Total for federal grantor agency			<u>163,472</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	11-EECBG-04-003	<u>236,275</u>
Total for federal grantor agency			<u>236,275</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
ARRA - Assistance to Firefighters Grant	97.115		
		EMW-2009-FC-01671R	<u>461,368</u>
Total for federal grantor agency			<u>461,368</u>
Total federal awards expended			<u>\$ 2,325,700</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF VALPARAISO
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

CITY OF VALPARAISO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.115	Federal Transit Cluster ARRA – Assistance to Firefighters Grant

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF VALPARAISO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF VALPARAISO
EXIT CONFERENCE

The contents of this report were discussed on April 21, 2011, with Sharon Emerson Swihart, Clerk-Treasurer; Bill Oeding, City Administrator; and Jon Costas, Mayor. Our audit disclosed no material items that warrant comment at this time.