

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF VALPARAISO
PORTER COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
11/16/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Swihart	01-01-16 to 12-31-19
Mayor	Jon Costas	01-01-16 to 12-31-19
President of the Board of Public Works	Jon Costas	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	John Bowker Trista Hudson	01-01-17 to 12-31-17 01-01-18 to 12-31-18
City Administrator	Bill Oeding	01-01-17 to 12-31-18
Director of Utilities	Steve Poulos	01-01-17 to 12-31-18
Utilities Chief Financial Officer	Alina Hahn	01-01-17 to 12-31-18



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AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Valparaiso (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2018, 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 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.


Paul D. Joyce, CPA
State Examiner

October 11, 2018



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Valparaiso (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated October 11, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 11, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF VALPARAISO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
GENERAL FUND	\$ 5,659,004	\$ 19,927,410	\$ 19,323,161	\$ 6,263,253
MVH	1,026,094	1,315,087	1,704,001	637,180
LOCAL ROAD & STREET	220,779	486,591	290,110	417,260
PARKING METER	310,898	92,204	56,917	346,185
EMERGENCY MEDICAL SERVICE	684,439	1,339,200	1,201,381	822,258
CRIME CTRL - EXTRA PATROL	8,307	23,410	25,183	6,534
TRANSPORTATION	1,367,780	560,583	755,761	1,172,602
RDC GARMONG LEASE	1,500	-	-	1,500
LOCAL POLICE EDUCATION	148,253	55,441	43,251	160,443
UNSAFE BUILDING FUND	63,721	13,500	-	77,221
RIVERBOAT FUND	1,357,037	187,966	-	1,545,003
RAINY DAY FUND	4,015,169	-	-	4,015,169
LIT (LOCAL INCOME TAX) FUND	1,159,373	2,391,100	2,201,030	1,349,443
FORFEITURE & SEIZED ASSET	4,718	-	-	4,718
VALPO FIRE PROTECT TERR	447,181	10,074,615	9,719,608	802,188
CCIF - CIGARETTE TAX	1,068,759	77,164	-	1,145,923
CUMULATIVE CAPITAL DEV.	91,112	211,477	241,419	61,170
EQUIPMENT REPLACEMENT	381,187	435,889	330,998	486,078
EMPLOYEE BENEFIT PLAN	2,015,318	4,407,808	4,447,927	1,975,199
CUMULATIVE SEWER	1,547,929	276,196	1,618	1,822,507
POLICE PENSION	791,866	556,420	637,676	710,610
FIRE PENSION	868,938	728,957	830,005	767,890
PARK CREDIT CARD FUND	83,140	1,267,085	1,253,175	97,050
PARK & REC. GEN.	393,018	4,292,158	3,693,981	991,195
PARK NON. REV. OPERATING	1,056,672	2,725,452	2,749,409	1,032,715
PARK CASH	1,258	-	-	1,258
DEPOSITS FROM DEVELOPERS	16,889	-	-	16,889
GEN. GIFT CERT.	59,239	17,307	12,155	64,391
BIKE LOCKERS	155	-	-	155
NON REV. CAP.	11,419	12,262	-	23,681
CREEKSIDE DEBT SERVICES	52,916	214,516	217,829	49,603
CS REV. BOND-DEBT SERVICE	217,331	-	-	217,331
PARK SALES TAX	5,794	38,895	38,337	6,352
PARK SPECIAL GIFT	43,483	24,569	17,043	51,009
PARK IMPACT FEES	533,656	210,368	172,280	571,744
PARK TREE FUND	13,549	11,670	5,709	19,510
CITY TREE ORD.	724	-	-	724
RENTAL REGISTRATION	9,945	95	5	10,035
ROAD SAFETY AUDITS GRANT	-	35,078	35,078	-
TRAFFIC SIGNAL OPTIMIZATION	-	26,775	37,778	(11,003)
RANSOM ROAD SAFETY IMPROVEMENTS	-	42,078	44,729	(2,651)
NORTHVIEW ELEM SAFE ROUTE TO SCHOOL	(11,673)	33,587	41,424	(19,510)
POLICE BULLET PROOF PARTNERSHIP	5,341	5,530	-	10,871
POLICE GRANT-EQUIPMENT	924	823,636	195,809	628,751
MUNICIPAL WHEEL TAX FUND	-	260,910	250,938	9,972
TOBACCO ED. GRANT	1,189	-	-	1,189
US 30 CORRIDOR GRANT	(11,829)	338,989	369,160	(42,000)
LARE GRANT	-	52,000	52,000	-
TREE GRANT	-	7,688	7,688	-
LOCAL ROAD & BRIDGE MATCHING GRANT FUND	632,739	-	526,591	106,148
GIFT	32,978	21,339	42,986	11,331
POLICE VEHICLE EQUIPMENT	59,655	23,675	27,197	56,133
TRANSPORTATION-DASH	538,446	2,141,072	1,085,586	1,593,932
TRANS. DASH CREDIT CARD	1,419,732	304,294	1,505,757	218,269
CORPORATION BOND	423,757	1,003,538	1,151,063	276,232
REFUNDING BOND 2015	7,626	-	-	7,626
FIREFIGHTING FUND	115,999	88,355	49,888	154,466
CAPITAL EQUIPMENT	-	325,000	325,000	-
CEMETERY	171,215	35,120	900	205,435
PAYROLL FUND	-	14,477,029	14,477,029	-
RDC GENERAL FUND	1,874,577	971,673	443,589	2,402,661
RDC PROJECT FUND	2,349,649	3,354	192,080	2,160,923
RDC GRANT FUND	(366,035)	706,154	454,552	(114,433)
RDC DEBT RESERVE	1,697,566	24,710	-	1,722,276
RDC-CONSOLIDATED AREA	8,924,829	8,146,842	9,381,922	7,689,749
Stormwater Board Construction	-	9,936,767	1,059,063	8,877,704
Storm Water Board	2,677,424	2,682,999	2,855,422	2,505,001
Storm Water Bond And Interest	858,930	306,001	-	1,164,931
Wastewater Utility Construction	400,923	283	242,506	158,700
Retainage	39,892	-	39,892	-
Wastewater Utility-Operating	1,025,014	11,594,413	11,355,000	1,264,427
Wastewater Util-Bond And Interest	807,847	1,899,768	1,910,678	796,937
Wastewater Utility-Deprec/Improve	5,418,985	3,277,109	1,739,002	6,957,092
Wastewater Utility Debt Reserve	1,566,456	128,374	-	1,694,830
Water Utility-Tank Painting Fund	93,940	86,397	-	180,337
Water Utility-Retainage	292,635	-	292,635	-
Water Utility-Operating	1,464,713	10,847,779	10,136,589	2,175,903
Water Utility-Bond And Interest	408,620	1,633,400	1,633,952	408,068
Water Utility-Customer Deposit	61,455	24,112	26,091	59,476
Water Utility-Construction	2,120,442	8,441	499,396	1,629,487
Water Utility-Improvement	3,043,556	3,995,820	3,471,901	3,567,475
Water Utility Debt Reserve	1,004,009	240,931	-	1,244,940
Totals	\$ 64,890,076	\$ 128,536,415	\$ 115,930,840	\$ 77,495,651

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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 commission 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 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

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

E. Disbursements

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

Personal services. 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Capital outlay. 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.

Other disbursements. Amounts disbursed for various other 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.

F. 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.

G. 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 City. 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 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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

CITY OF VALPARAISO
 NOTES TO FINANCIAL STATEMENT
 (Continued)

On Behalf Payments

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

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the City were not received by December 31, 2017.

Note 8. Restatements

For the year ended December 31, 2017, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances:

<u>Fund</u>	<u>Balance as of December 31, 2016</u>	<u>Prior Period Adjustment</u>	<u>Balance as of January 1, 2017</u>
Wastewater Utility-Operating	\$ 1,025,314	\$ (300)	\$ 1,025,014
Water Utility-Customer Deposits	62,054	(599)	61,455

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The City has entered into a capital lease with the City of 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 2017 totaled \$546,500.

Note 10. *Subsequent Events*

Storm Water Rate Increase

On March 13, 2017, an ordinance was approved by the Common Council of the City to increase the Storm Water Utility rates. The rates will increase in three phases starting upon adoption of the ordinance and then on January 1, 2018, and on January 1, 2019.

2010 Waterworks Refunding Revenue Bonds

On April 9, 2018, the Common Council of the City authorized the refunding of the 2010 Waterworks Revenue Bonds in the aggregate principal amount of \$2,100,000. The Refunding Bond closing was held on June 14, 2018, with coupon rates ranging from 2.25 percent to 3 percent.

General Obligation Bonds

On June 25, 2018, an ordinance was approved by the Common Council of the City to issue General Obligation Bonds not to exceed \$3 million dollars to pay for capital projects, including the renovation of the City Hall, and expenses incurred in connection with or on account of the issuance of the Bonds.

Note 11. *Other Postemployment Benefits*

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

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

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

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	GENERAL FUND	MVH	LOCAL ROAD & STREET	PARKING METER	EMERGENCY MEDICAL SERVICE	CRIME CTRL - EXTRA PATROL	TRANSPORTATION
Cash and investments - beginning	\$ 5,659,004	\$ 1,026,094	\$ 220,779	\$ 310,898	\$ 684,439	\$ 8,307	\$ 1,367,780
Receipts:							
Taxes	10,479,498	73,622	-	-	-	-	-
Licenses and permits	464,191	11,140	-	-	-	-	-
Intergovernmental receipts	906,348	1,207,018	418,496	-	-	23,410	382,669
Charges for services	1,337,869	-	-	46,244	-	-	159,059
Fines and forfeits	-	-	-	45,960	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	6,739,504	23,307	68,095	-	1,339,200	-	18,855
Total receipts	19,927,410	1,315,087	486,591	92,204	1,339,200	23,410	560,583
Disbursements:							
Personal services	10,255,726	1,118,573	-	43,436	-	25,183	4,769
Supplies	1,120,941	298,320	100,000	1,475	-	-	64,189
Other services and charges	3,631,700	287,108	190,110	12,006	-	-	686,803
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	265,700	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	4,049,094	-	-	-	1,201,381	-	-
Total disbursements	19,323,161	1,704,001	290,110	56,917	1,201,381	25,183	755,761
Excess (deficiency) of receipts over disbursements	604,249	(388,914)	196,481	35,287	137,819	(1,773)	(195,178)
Cash and investments - ending	\$ 6,263,253	\$ 637,180	\$ 417,260	\$ 346,185	\$ 822,258	\$ 6,534	\$ 1,172,602

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	RDC GARMONG LEASE	LOCAL POLICE EDUCATION	UNSAFE BUILDING FUND	RIVERBOAT FUND	RAINY DAY FUND	LIT (LOCAL INCOME TAX) FUND	FORFEITURE & SEIZED ASSET
Cash and investments - beginning	\$ 1,500	\$ 148,253	\$ 63,721	\$ 1,357,037	\$ 4,015,169	\$ 1,159,373	\$ 4,718
Receipts:							
Taxes	-	-	-	-	-	2,391,007	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	187,966	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	55,441	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	13,500	-	-	93	-
Total receipts	-	55,441	13,500	187,966	-	2,391,100	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	41,916	-	-	-	1,365,653	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	835,377	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,335	-	-	-	-	-
Total disbursements	-	43,251	-	-	-	2,201,030	-
Excess (deficiency) of receipts over disbursements	-	12,190	13,500	187,966	-	190,070	-
Cash and investments - ending	\$ 1,500	\$ 160,443	\$ 77,221	\$ 1,545,003	\$ 4,015,169	\$ 1,349,443	\$ 4,718

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	VALPO FIRE PROTECT TERR	CCIF - CIGARETTE TAX	CUMULATIVE CAPITAL DEV.	EQUIPMENT REPLACEMENT	EMPLOYEE BENEFIT PLAN	CUMULATIVE SEWER	POLICE PENSION
Cash and investments - beginning	\$ 447,181	\$ 1,068,759	\$ 91,112	\$ 381,187	\$ 2,015,318	\$ 1,547,929	\$ 791,866
Receipts:							
Taxes	5,703,373	-	196,827	402,059	-	-	-
Licenses and permits	-	-	-	-	-	276,196	-
Intergovernmental receipts	477,638	77,164	14,650	33,716	-	-	556,420
Charges for services	1,209,252	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,684,352	-	-	114	4,407,808	-	-
Total receipts	10,074,615	77,164	211,477	435,889	4,407,808	276,196	556,420
Disbursements:							
Personal services	6,286,884	-	-	-	461,133	-	613,478
Supplies	132,477	-	-	-	-	-	98
Other services and charges	572,788	-	-	-	3,986,794	-	24,100
Debt service - principal and interest	37,892	-	-	-	-	-	-
Capital outlay	-	-	241,419	330,998	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,689,567	-	-	-	-	1,618	-
Total disbursements	9,719,608	-	241,419	330,998	4,447,927	1,618	637,676
Excess (deficiency) of receipts over disbursements	355,007	77,164	(29,942)	104,891	(40,119)	274,578	(81,256)
Cash and investments - ending	\$ 802,188	\$ 1,145,923	\$ 61,170	\$ 486,078	\$ 1,975,199	\$ 1,822,507	\$ 710,610

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	FIRE PENSION	PARK CREDIT CARD FUND	PARK & REC. GEN.	PARK NON. REV. OPERATING	PARK CASH	DEPOSITS FROM DEVELOPERS	GEN. GIFT CERT.
Cash and investments - beginning	\$ 868,938	\$ 83,140	\$ 393,018	\$ 1,056,672	\$ 1,258	\$ 16,889	\$ 59,239
Receipts:							
Taxes	-	-	2,677,955	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	728,957	-	199,961	-	-	-	-
Charges for services	-	-	124,242	2,025,452	-	-	17,307
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,267,085	1,290,000	700,000	-	-	-
Total receipts	728,957	1,267,085	4,292,158	2,725,452	-	-	17,307
Disbursements:							
Personal services	817,907	-	2,342,619	-	-	-	-
Supplies	98	-	119,685	-	-	-	-
Other services and charges	12,000	-	439,138	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	86,941	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,253,175	705,598	2,749,409	-	-	12,155
Total disbursements	830,005	1,253,175	3,693,981	2,749,409	-	-	12,155
Excess (deficiency) of receipts over disbursements	(101,048)	13,910	598,177	(23,957)	-	-	5,152
Cash and investments - ending	\$ 767,890	\$ 97,050	\$ 991,195	\$ 1,032,715	\$ 1,258	\$ 16,889	\$ 64,391

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	BIKE LOCKERS	NON REV. CAP.	CREEKSIDE DEBT SERVICES	CS REV. BOND-DEBT SERVICE	PARK SALES TAX	PARK SPECIAL GIFT	PARK IMPACT FEES
Cash and investments - beginning	\$ 155	\$ 11,419	\$ 52,916	\$ 217,331	\$ 5,794	\$ 43,483	\$ 533,656
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	12,262	214,516	-	38,895	24,569	210,368
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	12,262	214,516	-	38,895	24,569	210,368
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	217,829	-	38,337	17,043	172,280
Total disbursements	-	-	217,829	-	38,337	17,043	172,280
Excess (deficiency) of receipts over disbursements	-	12,262	(3,313)	-	558	7,526	38,088
Cash and investments - ending	\$ 155	\$ 23,681	\$ 49,603	\$ 217,331	\$ 6,352	\$ 51,009	\$ 571,744

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PARK TREE FUND	CITY TREE ORD.	RENTAL REGISTRATION	ROAD SAFETY AUDITS GRANT	TRAFFIC SIGNAL OPTIMIZATION	RANSOM ROAD SAFETY IMPROVEMENTS
Cash and investments - beginning	\$ 13,549	\$ 724	\$ 9,945	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	35,078	26,775	42,078
Charges for services	11,670	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	95	-	-	-
Total receipts	11,670	-	95	35,078	26,775	42,078
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	35,078	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	5,709	-	5	-	37,778	44,729
Total disbursements	5,709	-	5	35,078	37,778	44,729
Excess (deficiency) of receipts over disbursements	5,961	-	90	-	(11,003)	(2,651)
Cash and investments - ending	\$ 19,510	\$ 724	\$ 10,035	\$ -	\$ (11,003)	\$ (2,651)

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	NORTHVIEW ELEM SAFE ROUTE TO SCHOOL	POLICE BULLET PROOF PARTNERSHIP	POLICE GRANT- EQUIPMENT	MUNICIPAL WHEEL TAX FUND	TOBACCO ED. GRANT	US 30 CORRIDOR GRANT
Cash and investments - beginning	\$ (11,673)	\$ 5,341	\$ 924	\$ -	\$ 1,189	\$ (11,829)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	33,587	5,530	823,636	260,910	-	338,989
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>33,587</u>	<u>5,530</u>	<u>823,636</u>	<u>260,910</u>	<u>-</u>	<u>338,989</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	194,885	69,000	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	924	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	41,424	-	-	181,938	-	369,160
Total disbursements	<u>41,424</u>	<u>-</u>	<u>195,809</u>	<u>250,938</u>	<u>-</u>	<u>369,160</u>
Excess (deficiency) of receipts over disbursements	<u>(7,837)</u>	<u>5,530</u>	<u>627,827</u>	<u>9,972</u>	<u>-</u>	<u>(30,171)</u>
Cash and investments - ending	<u>\$ (19,510)</u>	<u>\$ 10,871</u>	<u>\$ 628,751</u>	<u>\$ 9,972</u>	<u>\$ 1,189</u>	<u>\$ (42,000)</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	LARE GRANT	TREE GRANT	LOCAL ROAD & BRIDGE MATCHING GRANT FUND	GIFT	POLICE VEHICLE EQUIPMENT	TRANSPORTATION- DASH
Cash and investments - beginning	\$ -	\$ -	\$ 632,739	\$ 32,978	\$ 59,655	\$ 538,446
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	52,000	7,688	-	-	-	424,686
Charges for services	-	-	-	-	-	123,012
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	21,339	23,675	1,593,374
Total receipts	52,000	7,688	-	21,339	23,675	2,141,072
Disbursements:						
Personal services	-	-	-	-	-	19,745
Supplies	-	-	-	-	-	101,182
Other services and charges	-	-	-	10,300	27,197	936,086
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	526,591	-	-	28,565
Utility operating expenses	-	-	-	-	-	-
Other disbursements	52,000	7,688	-	32,686	-	8
Total disbursements	52,000	7,688	526,591	42,986	27,197	1,085,586
Excess (deficiency) of receipts over disbursements	-	-	(526,591)	(21,647)	(3,522)	1,055,486
Cash and investments - ending	\$ -	\$ -	\$ 106,148	\$ 11,331	\$ 56,133	\$ 1,593,932

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	TRANS. DASH CREDIT CARD	CORPORATION BOND	REFUNDING BOND 2015	FIREFIGHTING FUND	CAPITAL EQUIPMENT	CEMETERY
Cash and investments - beginning	\$ 1,419,732	\$ 423,757	\$ 7,626	\$ 115,999	\$ -	\$ 171,215
Receipts:						
Taxes	-	816,450	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	56,588	-	4,060	-	-
Charges for services	-	-	-	34,295	-	35,120
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	304,294	130,500	-	50,000	325,000	-
Total receipts	304,294	1,003,538	-	88,355	325,000	35,120
Disbursements:						
Personal services	-	-	-	31,801	-	-
Supplies	-	-	-	2,242	-	-
Other services and charges	5,757	417,830	-	12,656	-	-
Debt service - principal and interest	-	602,733	-	-	-	-
Capital outlay	-	-	-	-	325,000	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,500,000	130,500	-	3,189	-	900
Total disbursements	1,505,757	1,151,063	-	49,888	325,000	900
Excess (deficiency) of receipts over disbursements	(1,201,463)	(147,525)	-	38,467	-	34,220
Cash and investments - ending	\$ 218,269	\$ 276,232	\$ 7,626	\$ 154,466	\$ -	\$ 205,435

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PAYROLL FUND	RDC GENERAL FUND	RDC PROJECT FUND	RDC GRANT FUND	RDC DEBT RESERVE	RDC- CONSOLIDATED AREA
Cash and investments - beginning	\$ -	\$ 1,874,577	\$ 2,349,649	\$ (366,035)	\$ 1,697,566	\$ 8,924,829
Receipts:						
Taxes	-	215,128	-	-	-	6,506,253
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	706,154	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	14,477,029	756,545	3,354	-	24,710	1,640,589
Total receipts	14,477,029	971,673	3,354	706,154	24,710	8,146,842
Disbursements:						
Personal services	-	85,028	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	98,561	24,710	-	-	2,674,790
Debt service - principal and interest	-	-	-	-	-	2,319,519
Capital outlay	-	260,000	167,370	454,552	-	4,305,175
Utility operating expenses	-	-	-	-	-	-
Other disbursements	14,477,029	-	-	-	-	82,438
Total disbursements	14,477,029	443,589	192,080	454,552	-	9,381,922
Excess (deficiency) of receipts over disbursements	-	528,084	(188,726)	251,602	24,710	(1,235,080)
Cash and investments - ending	\$ -	\$ 2,402,661	\$ 2,160,923	\$ (114,433)	\$ 1,722,276	\$ 7,689,749

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Stormwater Board Construction	Storm Water Board	Storm Water Bond And Interest	Wastewater Utility Construction	Retainage	Wastewater Utility- Operating
Cash and investments - beginning	\$ -	\$ 2,677,424	\$ 858,930	\$ 400,923	\$ 39,892	\$ 1,025,014
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	2,677,526	-	-	-	11,202,796
Penalties	-	-	-	-	-	70,096
Other receipts	9,936,767	5,473	306,001	283	-	321,521
Total receipts	9,936,767	2,682,999	306,001	283	-	11,594,413
Disbursements:						
Personal services	-	258,148	-	-	-	1,905,799
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	116,561
Debt service - principal and interest	-	1,051,262	-	-	-	169,053
Capital outlay	1,059,063	823,271	-	-	-	-
Utility operating expenses	-	416,740	-	-	39,892	3,001,113
Other disbursements	-	306,001	-	242,506	-	6,162,474
Total disbursements	1,059,063	2,855,422	-	242,506	39,892	11,355,000
Excess (deficiency) of receipts over disbursements	8,877,704	(172,423)	306,001	(242,223)	(39,892)	239,413
Cash and investments - ending	\$ 8,877,704	\$ 2,505,001	\$ 1,164,931	\$ 158,700	\$ -	\$ 1,264,427

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Wastewater Util- Bond And Interest	Wastewater Utility- Deprec/ Improve	Wastewater Utility Debt Reserve	Water Utility-Tank Painting Fund	Water Utility- Retainage	Water Utility- Operating
Cash and investments - beginning	\$ 807,847	\$ 5,418,985	\$ 1,566,456	\$ 93,940	\$ 292,635	\$ 1,464,713
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	8,354,581
Penalties	-	-	-	-	-	58,346
Other receipts	1,899,768	3,277,109	128,374	86,397	-	2,434,852
Total receipts	1,899,768	3,277,109	128,374	86,397	-	10,847,779
Disbursements:						
Personal services	-	-	-	-	-	1,859,978
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	123,955
Debt service - principal and interest	1,910,678	-	-	-	-	111,359
Capital outlay	-	967,157	-	-	-	-
Utility operating expenses	-	-	-	-	292,635	2,571,749
Other disbursements	-	771,845	-	-	-	5,469,548
Total disbursements	1,910,678	1,739,002	-	-	292,635	10,136,589
Excess (deficiency) of receipts over disbursements	(10,910)	1,538,107	128,374	86,397	(292,635)	711,190
Cash and investments - ending	\$ 796,937	\$ 6,957,092	\$ 1,694,830	\$ 180,337	\$ -	\$ 2,175,903

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Water Utility- Bond And Interest	Water Utility- Customer Deposit	Water Utility- Construction	Water Utility- Improvement	Water Utility- Debt Reserve	Totals
Cash and investments - beginning	\$ 408,620	\$ 61,455	\$ 2,120,442	\$ 3,043,556	\$ 1,004,009	\$ 64,890,076
Receipts:						
Taxes	-	-	-	-	-	29,462,172
Licenses and permits	-	-	-	-	-	751,527
Intergovernmental receipts	-	-	-	-	-	8,032,172
Charges for services	-	-	-	-	-	5,624,132
Fines and forfeits	-	-	-	-	-	101,401
Utility fees	-	-	-	-	-	22,234,903
Penalties	-	-	-	-	-	128,442
Other receipts	1,633,400	24,112	8,441	3,995,820	240,931	62,201,666
Total receipts	1,633,400	24,112	8,441	3,995,820	240,931	128,536,415
Disbursements:						
Personal services	-	-	-	-	-	26,130,207
Supplies	-	-	-	-	-	1,940,707
Other services and charges	-	-	-	-	-	15,997,482
Debt service - principal and interest	1,633,952	-	-	-	-	7,836,448
Capital outlay	-	-	-	2,712,258	-	13,390,361
Utility operating expenses	-	-	-	-	-	6,322,129
Other disbursements	-	26,091	499,396	759,643	-	44,313,506
Total disbursements	1,633,952	26,091	499,396	3,471,901	-	115,930,840
Excess (deficiency) of receipts over disbursements	(552)	(1,979)	(490,955)	523,919	240,931	12,605,575
Cash and investments - ending	\$ 408,068	\$ 59,476	\$ 1,629,487	\$ 3,567,475	\$ 1,244,940	\$ 77,495,651

CITY OF VALPARAISO
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ 79,183	\$ 185,570
Wastewater	573,119	733,424
Water	190,246	784,673
Governmental activities	2,141,825	383
Totals	\$ 2,984,373	\$ 1,704,050

CITY OF VALPARAISO
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
1st Source Bank	Park Vehicle 2016 Ford F-150	\$ 5,884	08/24/2016	08/24/2019
1st Source Bank	Park Vehicle 2017 Ford 4WD	7,296	09/07/2016	09/07/2019
1st Source Bank	Park Vehicle 2016 GMC Sierra	7,722	08/24/2016	08/24/2019
Atlas Bobcat	Park- Two (2) Bobcats & Trailer	26,520	09/14/2016	09/14/2019
Centier Bank	Fire Territory Vehicles	82,855	03/06/2015	06/06/2018
Everbank	Turfco Blower & Smithco Sprayer	16,380	05/01/2015	02/01/2020
Ford Motor Credit	Squad Cars 2016	36,383	08/28/2015	08/28/2018
Fort Motor Credit	Squad Cars 2017	14,408	08/05/2016	08/05/2019
Horizon Bank	Public Works Equipment Various	100,540	12/06/2014	11/12/2021
Horizon Bank	2015 Dump Truck/Plows (4) Hot Box (1) Column Jacks (6)	22,074	11/12/2014	11/12/2021
Horizon Bank	Refuse Trucks	128,182	10/15/2016	10/15/2021
Horizon Bank	John Deere Snowblower & Mower	11,026	12/17/2017	07/19/2020
Horizon Bank	One (1) 2015 Dump Truck/Plow	21,765	10/15/2014	10/15/2021
Horizon Bank	One (1) 2015 Dump Truck/Plow	21,765	10/15/2014	10/15/2021
Horizon Bank	One (1) 2015 Dump Truck/Plow	21,765	10/15/2014	10/15/2021
Musco Finance LLC	Sports Lighting Tower Park	17,959	10/10/2016	10/10/2021
TCF Equipment	Golf Carts (45)	12,352	07/30/2014	06/30/2018
TCF Equipment Finance	Toro Greensmaster Mower	8,808	05/01/2017	04/01/2021
City of Valparaiso Building Corporation	Public Works Facility	482,000	01/15/2014	07/15/2031
Wells Fargo	John Deere 8800 Terrain Cut Rough Mower	10,836	04/20/2015	04/30/2020
Total governmental activities		<u>1,056,520</u>		
Wastewater:				
BB Community Leasing Services	2017 Vactor Plus Sewer Cleaning Truck	75,216	06/27/2017	01/01/2021
Centier Bank	2014 Caterpillar 924K Wheel Loader	28,597	05/01/2015	01/01/2018
City of Valparaiso Building Corporation	Public Works Facility - Sewer Portion	65,500	01/15/2014	07/15/2031
Total Wastewater		<u>169,313</u>		
Water:				
Horizon Bank	2017 MACK Tandem Dump Truck	27,193	08/24/2016	01/01/2019
City of Valparaiso Building Corporation	Public Works Facility - Distribution Portion	65,500	01/15/2014	07/15/2031
Total Water		<u>92,693</u>		
Total of annual lease payments		<u>\$ 1,318,526</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2012 Refunding Bond	\$ 2,105,000	\$ 313,108
General obligation bonds	General Obligation Refunding Bonds Series 2015	3,060,000	290,188
Revenue bonds	Park and Recreation district Refunding Bonds Series 2015	2,700,000	219,417
Revenue bonds	Redevelopment District Tax Increment Bonds Series 2014 A	5,345,000	832,600
Revenue bonds	Redevelopment District Tax Increment Bonds Series 2014 B	4,475,000	698,800
Revenue bonds	Redevelopment District Tax Increment Revenue Bonds Series 2015A	2,395,000	160,491
Revenue bonds	Redevelopment Refunding Bond Series 2016A	1,515,000	358,200
Revenue bonds	Redevelopment Refunding Bond Series 2016B	1,705,000	260,750
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2015	8,640,000	1,176,986
Total governmental activities		<u>31,940,000</u>	<u>4,310,540</u>
Storm Water:			
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series A	4,065,000	576,200
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series B	1,105,000	269,672
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2017	10,000,000	310,982
Total Storm Water		<u>15,170,000</u>	<u>1,156,854</u>
Wastewater:			
Revenue bonds	Sewage Works Refunding Revenue Bonds 2015	10,200,000	388,350
Revenue bonds	Sewage Works Revenue Bonds of 2011	1,175,000	106,041
Revenue bonds	Sewage Works Revenue Bonds of 2013	4,165,000	1,237,162
Revenue bonds	Sewage Works Revenue Bonds of 2015	2,345,000	179,031
Total Wastewater		<u>17,885,000</u>	<u>1,910,584</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds of 2010	2,100,000	106,390
Revenue bonds	Waterworks Revenue Bonds of 2013	2,900,000	614,946
Revenue bonds	Waterworks Revenue Bonds of 2014 Series A	9,980,000	358,500
Revenue bonds	Waterworks Revenue Bonds of 2014 Series B	6,825,000	551,778
Total Water		<u>21,805,000</u>	<u>1,631,614</u>
Totals		<u>\$ 86,800,000</u>	<u>\$ 9,009,592</u>

CITY OF VALPARAISO
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2017

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

	Ending Balance
Governmental activities:	
Land	\$ 12,537,255
Infrastructure	86,626,541
Buildings	32,971,703
Improvements other than buildings	12,438,081
Machinery, equipment, and vehicles	<u>16,100,398</u>
Total governmental activities	<u>160,673,978</u>
Storm Water:	
Land	1,091,018
Infrastructure	<u>16,978,050</u>
Total Storm Water	<u>18,069,068</u>
Wastewater:	
Land	575,915
Infrastructure	37,099,097
Buildings	27,387,273
Improvements other than buildings	105,706
Machinery, equipment, and vehicles	<u>34,661,505</u>
Total Wastewater	<u>99,829,496</u>
Water:	
Land	1,140,303
Infrastructure	47,982,790
Buildings	7,399,711
Improvements other than buildings	610,939
Machinery, equipment, and vehicles	<u>19,031,354</u>
Total Water	<u>76,165,097</u>
Total capital assets	<u>\$ 354,737,639</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for the Major Federal Program

We have audited the City of Valparaiso's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

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


Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

October 11, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF VALPARAISO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Urban and Community Forestry Program Tree Grant	Indiana Department Of Natural Resources	10.675	E9-16-UFA10	\$ -	\$ 7,688
Total - Department of Agriculture				-	7,688
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program Bullet Proof Vest Partnership Program	Direct	16.607	1121-0235	-	5,530
Total - Department of Justice				-	5,530
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
Calumet Ave @ Burlington Beach Rd			0810434	-	155,114
Burlington Beach Rd @ S.R. 49			900074	-	81,801
Vale Park West Pathway			1173705	-	43,750
US 30 Corridor Improvements			1298670	-	338,989
Silhavy/Laporte Roundabout			1382601	-	236,240
City-Wide Traffic Signal Project			1382602	-	6,549
Auxiliary Lanes Calumet Burlington Bch To Bullseye Lk Rd			1400569	-	182,699
Northview Elementary Safe Routes To School			1500421	-	33,587
Ransom Road Safety Improvements			1601159	-	42,078
Traffic Signal Optimization			1601160	-	26,775
Road Safety Audits			1601906	-	35,078
Total - Highway Planning and Construction Cluster				-	1,182,660
<u>Federal Transit Cluster</u>					
Federal Transit Formula Grants	Northwestern Indiana Regional Planning Commission	20.507			
Chicago Dash			IN-90-X667	-	29,783
Chicago Dash			IN-90-X653	-	147,030
V-Line			IN-90-X653	-	225,870
V-LINE			IN-90-X667	-	29,783
ChicagoDash 4th Bus			IN-95-X035	-	120,857
Total - Federal Transit Cluster				-	553,323
<u>Highway Safety Cluster</u>					
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Assistance	Town of Chesterton	20.601	D3-18-12038	-	3,004
National Priority Safety Programs Operation Pullover	Town of Chesterton	20.616	D3-17-11130	-	4,464
Total - Highway Safety Cluster				-	7,468
Total - Department of Transportation				-	1,743,451
Total federal awards expended				\$ -	\$ 1,756,669

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF VALPARAISO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2017. The information in the SEFA 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 SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF VALPARAISO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Highway Planning and Construction Cluster	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

OTHER REPORTS

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