

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, 2018 to December 31, 2018



FILED
08/13/2019

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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	01-01-18 to 12-31-19
President Pro Tempore of the Common Council	Trista Hudson	01-01-18 to 12-31-19
City Administrator	Bill Oeding	01-01-18 to 12-31-19
Executive Director of Utilities	Steve Poulos	01-01-18 to 12-31-19
Utilities Chief Financial Officer	Alina Hahn	01-01-18 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Valparaiso (City), which comprises the financial position and results of operations for the year ended December 31, 2018, 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, 2018.

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, 2018, 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 July 29, 2019, 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

July 29, 2019



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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, 2018, and the related notes to the financial statement, and have issued our report thereon dated July 29, 2019, 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

July 29, 2019

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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, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
GENERAL FUND	\$ 6,263,253	\$ 19,774,985	\$ 19,450,084	\$ 6,588,154
MVH	637,180	2,522,801	1,895,195	1,264,786
LOCAL ROAD & STREET	417,260	571,952	440,066	549,146
PARKING METER	346,185	99,328	53,284	392,229
EMERGENCY MEDICAL SERVICE	822,258	1,080,896	1,118,387	784,767
CRIME CTRL - EXTRA PATROL	6,534	37,467	44,001	-
TRANSPORTATION	1,172,602	446,591	835,922	783,271
RDC GARMONG LEASE	1,500	-	-	1,500
LOCAL POLICE EDUCATION	160,443	55,443	81,534	134,352
UNSAFE BUILDING FUND	77,221	13,500	-	90,721
RIVERBOAT FUND	1,545,003	187,966	236,904	1,496,065
RAINY DAY FUND	4,015,169	2,000,000	2,000,000	4,015,169
LIT NEW (LOCAL INCOME TAX) FUND	-	1,460,664	-	1,460,664
LIT (LOCAL INCOME TAX) FUND	1,349,443	2,488,553	3,837,996	-
FORFEITURE & SEIZED ASSET	4,718	-	-	4,718
VALPO FIRE PROTECT TERR	802,188	9,510,160	9,224,109	1,088,239
CCIF - CIGARETTE TAX	1,145,923	74,172	-	1,220,095
CUMULATIVE CAPITAL DEV.	61,170	247,956	87,369	221,757
EQUIPMENT REPLACEMENT	486,078	447,671	618,232	315,517
EMPLOYEE BENEFIT PLAN	1,975,199	5,143,595	4,941,777	2,177,017
CUMULATIVE SEWER	1,822,507	239,288	3,036	2,058,759
POLICE PENSION	710,610	682,430	605,833	787,207
FIRE PENSION	767,890	912,039	802,206	877,723
PARK & REC. GEN.	991,195	3,434,106	3,151,930	1,273,371
PARK NON REV. OPERATING	1,032,715	2,340,713	2,301,419	1,072,009
PARK CASH	1,258	-	-	1,258
DEPOSITS FROM DEVELOPERS	16,889	-	-	16,889
GEN. GIFT CERT.	64,391	13,035	11,313	66,113
BIKE LOCKERS	155	-	-	155
NON REV. CAPITAL	23,681	11,640	30,946	4,375
CREEKSIDE DEBT SERVICES	49,603	203,776	218,781	34,598
CS REV. BOND-DEBT SERVICES	217,331	-	-	217,331
PARK SALE TAX	6,352	39,412	38,826	6,938
PARK SPECIAL GIFT	51,009	6,063	8,916	48,156
PARK IMPACT FEES	571,744	211,229	629,950	153,023
PARK TREE FUND	19,510	2,943	8,852	13,601
CITY TREE ORD.	724	-	-	724
PARK CREDIT CARD FUND	97,050	1,312,687	1,290,592	119,145
JOINT PARK FUND	-	65,000	-	65,000
RENTAL REGISTRATION	10,035	285	5	10,315
ROAD SAFETY AUDITS GRANT	-	29,863	43,982	(14,119)
TRAFFIC SIGNAL OPTIMIZATION	(11,003)	54,225	43,222	-
RANSOM ROAD SAFETY IMPROVEMENTS	(2,651)	30,036	34,046	(6,661)
NORTHVIEW ELEM SAFE ROUTE TO SCHOOL	(19,510)	60,477	49,721	(8,754)
POLICE BULLET PROOF PARTNERSHIP	10,871	-	10,871	-
MUNICIPAL EXCISE TAX	628,751	609,102	-	1,237,853
MUNICIPAL WHEEL TAX FUND	9,972	69,121	-	79,093
TOBACCO ED. GRANT	1,189	699	-	1,888
RECYCLING PARTNERSHIP GRANT	-	18,400	11,930	6,470
US 30 CORRIDOR GRANT	(42,000)	394,922	509,193	(156,271)
LOCAL ROAD & BRIDGE MATCHING GRANT FUND	106,148	-	106,148	-
GIFT	11,331	24,390	26,229	9,492
POLICE VEHICLE EQUIPMENT	56,133	21,125	28,028	49,230
TRANSPORTATION-DASH	1,593,932	606,415	869,264	1,331,083
TRANS. DASH CREDIT CARD	218,269	326,815	6,153	538,931
CORPORATION BOND	276,232	1,371,755	1,155,725	492,262
CITY HALL BOND 2018	-	3,020,256	80,000	2,940,256
REFUNDING BOND 2015	7,626	-	7,626	-
FIREFIGHTING FUND	154,466	81,745	64,444	171,767
CAPITAL EQUIPMENT	-	500,000	496,913	3,087
CEMETERY	205,435	20,390	44,476	181,349
PAYROLL FUND	-	15,150,639	15,150,639	-
RDC GENERAL FUND	2,402,661	2,274,126	149,832	4,526,955
RDC PROJECT FUND	2,160,923	12,989	1,461,480	712,432
RDC GRANT FUND	(114,433)	616,333	530,930	(29,030)
RDC DEBT RESERVE	1,722,276	-	-	1,722,276
RDC-CONSOLIDATED AREA	7,689,749	7,694,944	7,343,560	8,041,133
Stormwater Board Construction	8,877,704	38,240	1,557,230	7,358,714
Storm Water Board	2,505,001	2,881,124	1,649,150	3,736,975
Storm Water Bond And Interest	1,164,931	-	-	1,164,931
Wastewater Utility Construction	158,700	657	2,878	156,479
Wastewater Utility-Operating	1,264,427	12,594,796	12,021,803	1,837,420
Wastewater Utili-Bond And Interest	796,937	1,917,497	1,910,585	803,849
Wastewater Utility-Deprec/Improve	6,957,092	3,969,682	3,569,888	7,356,886
Wastewater Utility Debt Reserve	1,694,830	137,780	-	1,832,610
Water Utility-Tank Painting Fund	180,337	93,016	-	273,353
Water Utility-Operating	2,175,903	10,450,275	9,970,323	2,655,855
Water Utility-Bond And Interest	408,068	3,815,309	3,817,537	405,840
Water Utility-Customer Deposit	59,476	83,301	91,547	51,230
Water Utility-Construction	1,629,487	20,159	331,377	1,318,269
Water Utility-Improvement	3,567,475	3,641,888	2,566,812	4,642,551
Water Utility Debt Reserve	1,244,940	229,530	-	1,474,470
Totals	\$ 77,495,651	\$ 128,500,367	\$ 119,681,007	\$ 86,315,011

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.

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.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(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, 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) Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the City authority to contribute to the plan.

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

New employees hired have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid) or the My Choice: Retirement Savings Plan for Public Employees (My Choice), which is a multiple-employer defined contribution plan. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

Financial Report

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

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

Contributions

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

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.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy

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

On Behalf Payments

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

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, providing retirement, disability, and survivor benefits.

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

Financial Report

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

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

Contributions

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

Note 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, 2018.

CITY OF VALPARAISO
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The City has entered into a capital lease with the Valparaiso Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2018 totaled \$547,500.

Note 9. *Subsequent Event*

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.

Note 10. *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, 2018

	GENERAL FUND	MVH	LOCAL ROAD & STREET	PARKING METER	EMERGENCY MEDICAL SERVICE	CRIME CTRL - EXTRA PATROL
Cash and investments - beginning	\$ 6,263,253	\$ 637,180	\$ 417,260	\$ 346,185	\$ 822,258	\$ 6,534
Receipts:						
Taxes	10,371,463	877,970	-	-	-	-
Licenses and permits	403,589	9,560	-	-	-	-
Intergovernmental receipts	873,554	1,544,256	571,952	-	-	37,467
Charges for services	1,358,028	-	-	43,028	-	-
Fines and forfeits	-	-	-	56,300	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	6,768,351	91,015	-	-	1,080,896	-
Total receipts	19,774,985	2,522,801	571,952	99,328	1,080,896	37,467
Disbursements:						
Personal services	11,202,482	1,219,682	-	44,317	-	44,001
Supplies	779,558	337,953	150,000	110	-	-
Other services and charges	3,693,794	337,560	290,066	8,857	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,774,250	-	-	-	1,118,387	-
Total disbursements	19,450,084	1,895,195	440,066	53,284	1,118,387	44,001
Excess (deficiency) of receipts over disbursements	324,901	627,606	131,886	46,044	(37,491)	(6,534)
Cash and investments - ending	\$ 6,588,154	\$ 1,264,786	\$ 549,146	\$ 392,229	\$ 784,767	\$ -

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	TRANSPORTATION	RDC GARMONG LEASE	LOCAL POLICE EDUCATION	UNSAFE BUILDING FUND	RIVERBOAT FUND	RAINY DAY FUND
Cash and investments - beginning	\$ 1,172,602	\$ 1,500	\$ 160,443	\$ 77,221	\$ 1,545,003	\$ 4,015,169
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	269,174	-	-	-	187,966	-
Charges for services	149,827	-	-	-	-	-
Fines and forfeits	-	-	55,218	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	27,590	-	225	13,500	-	2,000,000
Total receipts	446,591	-	55,443	13,500	187,966	2,000,000
Disbursements:						
Personal services	4,876	-	-	-	-	-
Supplies	78,180	-	-	-	-	-
Other services and charges	700,008	-	81,534	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	52,768	-	-	-	236,904	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	90	-	-	-	-	2,000,000
Total disbursements	835,922	-	81,534	-	236,904	2,000,000
Excess (deficiency) of receipts over disbursements	(389,331)	-	(26,091)	13,500	(48,938)	-
Cash and investments - ending	\$ 783,271	\$ 1,500	\$ 134,352	\$ 90,721	\$ 1,496,065	\$ 4,015,169

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	LIT NEW (LOCAL INCOME TAX) FUND	LIT (LOCAL INCOME TAX) FUND	FORFEITURE & SEIZED ASSET	VALPO FIRE PROTECT TERR	CCIF - CIGARETTE TAX	CUMULATIVE CAPITAL DEV.
Cash and investments - beginning	\$ -	\$ 1,349,443	\$ 4,718	\$ 802,188	\$ 1,145,923	\$ 61,170
Receipts:						
Taxes	-	2,460,603	-	5,877,061	-	202,585
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	480,633	74,172	14,772
Charges for services	-	-	-	1,133,639	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,460,664	27,950	-	2,018,827	-	30,599
Total receipts	1,460,664	2,488,553	-	9,510,160	74,172	247,956
Disbursements:						
Personal services	-	-	-	6,561,483	-	-
Supplies	-	39,717	-	120,385	-	-
Other services and charges	-	1,273,069	-	516,346	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,064,546	-	-	-	87,369
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,460,664	-	2,025,895	-	-
Total disbursements	-	3,837,996	-	9,224,109	-	87,369
Excess (deficiency) of receipts over disbursements	1,460,664	(1,349,443)	-	286,051	74,172	160,587
Cash and investments - ending	\$ 1,460,664	\$ -	\$ 4,718	\$ 1,088,239	\$ 1,220,095	\$ 221,757

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	EQUIPMENT REPLACEMENT	EMPLOYEE BENEFIT PLAN	CUMULATIVE SEWER	POLICE PENSION	FIRE PENSION	PARK & REC. GEN.
Cash and investments - beginning	\$ 486,078	\$ 1,975,199	\$ 1,822,507	\$ 710,610	\$ 767,890	\$ 991,195
Receipts:						
Taxes	413,799	-	-	-	-	2,540,725
Licenses and permits	-	-	239,288	-	-	-
Intergovernmental receipts	33,872	-	-	682,430	912,039	184,819
Charges for services	-	-	-	-	-	108,562
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	5,143,595	-	-	-	600,000
Total receipts	447,671	5,143,595	239,288	682,430	912,039	3,434,106
Disbursements:						
Personal services	-	540,248	-	605,433	801,656	2,392,479
Supplies	-	-	-	300	300	151,972
Other services and charges	-	4,401,529	-	100	250	414,954
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	618,232	-	-	-	-	86,998
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	3,036	-	-	105,527
Total disbursements	618,232	4,941,777	3,036	605,833	802,206	3,151,930
Excess (deficiency) of receipts over disbursements	(170,561)	201,818	236,252	76,597	109,833	282,176
Cash and investments - ending	\$ 315,517	\$ 2,177,017	\$ 2,058,759	\$ 787,207	\$ 877,723	\$ 1,273,371

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	PARK NON REV. OPERATING	PARK CASH	DEPOSITS FROM DEVELOPERS	GEN. GIFT CERT.	BIKE LOCKERS	NON REV. CAPITAL
Cash and investments - beginning	\$ 1,032,715	\$ 1,258	\$ 16,889	\$ 64,391	\$ 155	\$ 23,681
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	2,240,713	-	-	13,035	-	11,640
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	100,000	-	-	-	-	-
Total receipts	2,340,713	-	-	13,035	-	11,640
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,301,419	-	-	11,313	-	30,946
Total disbursements	2,301,419	-	-	11,313	-	30,946
Excess (deficiency) of receipts over disbursements	39,294	-	-	1,722	-	(19,306)
Cash and investments - ending	\$ 1,072,009	\$ 1,258	\$ 16,889	\$ 66,113	\$ 155	\$ 4,375

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	CREEKSIDE DEBT SERVICES	CS REV. BOND-DEBT SERVICES	PARK SALE TAX	PARK SPECIAL GIFT	PARK IMPACT FEES	PARK TREE FUND
Cash and investments - beginning	\$ 49,603	\$ 217,331	\$ 6,352	\$ 51,009	\$ 571,744	\$ 19,510
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	203,776	-	39,412	6,063	211,229	2,943
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>203,776</u>	<u>-</u>	<u>39,412</u>	<u>6,063</u>	<u>211,229</u>	<u>2,943</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	218,781	-	38,826	8,916	629,950	8,852
Total disbursements	<u>218,781</u>	<u>-</u>	<u>38,826</u>	<u>8,916</u>	<u>629,950</u>	<u>8,852</u>
Excess (deficiency) of receipts over disbursements	<u>(15,005)</u>	<u>-</u>	<u>586</u>	<u>(2,853)</u>	<u>(418,721)</u>	<u>(5,909)</u>
Cash and investments - ending	<u>\$ 34,598</u>	<u>\$ 217,331</u>	<u>\$ 6,938</u>	<u>\$ 48,156</u>	<u>\$ 153,023</u>	<u>\$ 13,601</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	CITY TREE ORD.	PARK CREDIT CARD FUND	JOINT PARK PARK FUND	RENTAL REGISTRATION	ROAD SAFETY AUDITS GRANT	TRAFFIC SIGNAL OPTIMIZATION
Cash and investments - beginning	\$ 724	\$ 97,050	\$ -	\$ 10,035	\$ -	\$ (11,003)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	29,863	54,225
Charges for services	-	1,312,687	65,000	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	285	-	-
Total receipts	-	1,312,687	65,000	285	29,863	54,225
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	43,982	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,290,592	-	5	-	43,222
Total disbursements	-	1,290,592	-	5	43,982	43,222
Excess (deficiency) of receipts over disbursements	-	22,095	65,000	280	(14,119)	11,003
Cash and investments - ending	\$ 724	\$ 119,145	\$ 65,000	\$ 10,315	\$ (14,119)	\$ -

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	RANSOM ROAD SAFETY IMPROVEMENTS	NORTHVIEW ELEM SAFE ROUTE TO SCHOOL	POLICE BULLET PROOF PARTNERSHIP	MUNICIPAL EXCISE TAX	MUNICIPAL WHEEL TAX FUND	TOBACCO ED. GRANT
Cash and investments - beginning	\$ (2,651)	\$ (19,510)	\$ 10,871	\$ 628,751	\$ 9,972	\$ 1,189
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	30,036	60,477	-	609,102	69,121	699
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>30,036</u>	<u>60,477</u>	<u>-</u>	<u>609,102</u>	<u>69,121</u>	<u>699</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	10,871	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	34,046	49,721	-	-	-	-
Total disbursements	<u>34,046</u>	<u>49,721</u>	<u>10,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,010)</u>	<u>10,756</u>	<u>(10,871)</u>	<u>609,102</u>	<u>69,121</u>	<u>699</u>
Cash and investments - ending	\$ <u>(6,661)</u>	\$ <u>(8,754)</u>	\$ <u>-</u>	\$ <u>1,237,853</u>	\$ <u>79,093</u>	\$ <u>1,888</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	RECYCLING PARTNERSHIP GRANT	US 30 CORRIDOR GRANT	LOCAL ROAD & BRIDGE MATCHING GRANT FUND	GIFT	POLICE VEHICLE EQUIPMENT	TRANSPORTATION- DASH
Cash and investments - beginning	\$ -	\$ (42,000)	\$ 106,148	\$ 11,331	\$ 56,133	\$ 1,593,932
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	18,400	394,922	-	-	-	451,010
Charges for services	-	-	-	-	-	123,989
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	24,390	21,125	31,416
Total receipts	18,400	394,922	-	24,390	21,125	606,415
Disbursements:						
Personal services	-	-	-	-	-	55,996
Supplies	-	-	-	-	-	77,064
Other services and charges	-	-	-	-	28,028	704,413
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	106,148	-	-	31,791
Utility operating expenses	-	-	-	-	-	-
Other disbursements	11,930	509,193	-	26,229	-	-
Total disbursements	11,930	509,193	106,148	26,229	28,028	869,264
Excess (deficiency) of receipts over disbursements	6,470	(114,271)	(106,148)	(1,839)	(6,903)	(262,849)
Cash and investments - ending	\$ 6,470	\$ (156,271)	\$ -	\$ 9,492	\$ 49,230	\$ 1,331,083

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	TRANS. DASH CREDIT CARD	CORPORATION BOND	CITY HALL BOND 2018	REFUNDING BOND 2015	FIREFIGHTING FUND	CAPITAL EQUIPMENT
Cash and investments - beginning	\$ 218,269	\$ 276,232	\$ -	\$ 7,626	\$ 154,466	\$ -
Receipts:						
Taxes	-	1,155,096	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	78,032	-	-	4,000	-
Charges for services	-	-	-	-	27,745	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	326,815	138,627	3,020,256	-	50,000	500,000
Total receipts	326,815	1,371,755	3,020,256	-	81,745	500,000
Disbursements:						
Personal services	-	-	-	-	42,749	-
Supplies	-	-	-	-	1,273	-
Other services and charges	6,153	421,430	80,000	-	16,422	-
Debt service - principal and interest	-	603,295	-	-	-	-
Capital outlay	-	-	-	-	-	496,913
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	131,000	-	7,626	4,000	-
Total disbursements	6,153	1,155,725	80,000	7,626	64,444	496,913
Excess (deficiency) of receipts over disbursements	320,662	216,030	2,940,256	(7,626)	17,301	3,087
Cash and investments - ending	\$ 538,931	\$ 492,262	\$ 2,940,256	\$ -	\$ 171,767	\$ 3,087

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	CEMETERY	PAYROLL FUND	RDC GENERAL FUND	RDC PROJECT FUND	RDC GRANT FUND	RDC DEBT RESERVE
Cash and investments - beginning	\$ 205,435	\$ -	\$ 2,402,661	\$ 2,160,923	\$ (114,433)	\$ 1,722,276
Receipts:						
Taxes	-	-	216,798	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	616,333	-
Charges for services	20,390	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	15,150,639	2,057,328	12,989	-	-
Total receipts	<u>20,390</u>	<u>15,150,639</u>	<u>2,274,126</u>	<u>12,989</u>	<u>616,333</u>	<u>-</u>
Disbursements:						
Personal services	-	-	95,676	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	54,156	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	44,476	-	-	1,461,480	530,930	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	15,150,639	-	-	-	-
Total disbursements	<u>44,476</u>	<u>15,150,639</u>	<u>149,832</u>	<u>1,461,480</u>	<u>530,930</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(24,086)</u>	<u>-</u>	<u>2,124,294</u>	<u>(1,448,491)</u>	<u>85,403</u>	<u>-</u>
Cash and investments - ending	\$ <u>181,349</u>	\$ <u>-</u>	\$ <u>4,526,955</u>	\$ <u>712,432</u>	\$ <u>(29,030)</u>	\$ <u>1,722,276</u>

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	RDC- CONSOLIDATED AREA	Stormwater Board Construction	Storm Water Board	Storm Water Bond And Interest	Wastewater Utility Construction	Wastewater Utility-Operating
Cash and investments - beginning	\$ 7,689,749	\$ 8,877,704	\$ 2,505,001	\$ 1,164,931	\$ 158,700	\$ 1,264,427
Receipts:						
Taxes	6,398,560	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	2,857,118	-	-	11,497,847
Penalties	-	-	-	-	-	67,496
Other receipts	1,296,384	38,240	24,006	-	657	1,029,453
Total receipts	7,694,944	38,240	2,881,124	-	657	12,594,796
Disbursements:						
Personal services	-	-	240,846	-	-	1,840,634
Supplies	-	-	-	-	-	-
Other services and charges	2,750,726	-	-	-	-	128,000
Debt service - principal and interest	2,316,189	-	511,533	-	-	169,313
Capital outlay	2,273,312	-	25,436	-	-	-
Utility operating expenses	-	1,557,230	231,335	-	-	3,523,809
Other disbursements	3,333	-	640,000	-	2,878	6,360,047
Total disbursements	7,343,560	1,557,230	1,649,150	-	2,878	12,021,803
Excess (deficiency) of receipts over disbursements	351,384	(1,518,990)	1,231,974	-	(2,221)	572,993
Cash and investments - ending	\$ 8,041,133	\$ 7,358,714	\$ 3,736,975	\$ 1,164,931	\$ 156,479	\$ 1,837,420

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	Wastewater Util-Bond And Interest	Wastewater Utility- Deprec/Improve	Wastewater Utility Debt Reserve	Water Utility-Tank Painting Fund	Water Utility- Operating	Water Utility-Bond And Interest
Cash and investments - beginning	\$ 796,937	\$ 6,957,092	\$ 1,694,830	\$ 180,337	\$ 2,175,903	\$ 408,068
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	8,509,170	-
Penalties	-	-	-	-	22,289	-
Other receipts	1,917,497	3,969,682	137,780	93,016	1,918,816	3,815,309
Total receipts	1,917,497	3,969,682	137,780	93,016	10,450,275	3,815,309
Disbursements:						
Personal services	-	-	-	-	2,022,198	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	126,794	-
Debt service - principal and interest	1,910,585	-	-	-	92,693	3,728,003
Capital outlay	-	2,562,426	-	-	-	-
Utility operating expenses	-	-	-	-	2,609,396	89,534
Other disbursements	-	1,007,462	-	-	5,119,242	-
Total disbursements	1,910,585	3,569,888	-	-	9,970,323	3,817,537
Excess (deficiency) of receipts over disbursements	6,912	399,794	137,780	93,016	479,952	(2,228)
Cash and investments - ending	\$ 803,849	\$ 7,356,886	\$ 1,832,610	\$ 273,353	\$ 2,655,855	\$ 405,840

CITY OF VALPARAISO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	Water Utility- Customer Deposit	Water Utility- Construction	Water Utility- Improvement	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 59,476	\$ 1,629,487	\$ 3,567,475	\$ 1,244,940	\$ 77,495,651
Receipts:					
Taxes	-	-	-	-	30,514,660
Licenses and permits	-	-	-	-	652,437
Intergovernmental receipts	-	-	-	-	8,283,326
Charges for services	-	-	-	-	7,071,706
Fines and forfeits	-	-	-	-	111,518
Utility fees	-	-	-	-	22,864,135
Penalties	-	-	-	-	89,785
Other receipts	83,301	20,159	3,641,888	229,530	58,912,800
Total receipts	83,301	20,159	3,641,888	229,530	128,500,367
Disbursements:					
Personal services	-	-	-	-	27,714,756
Supplies	-	-	-	-	1,747,683
Other services and charges	-	-	-	-	16,078,171
Debt service - principal and interest	-	-	-	-	9,331,611
Capital outlay	-	-	1,807,169	-	11,486,898
Utility operating expenses	-	-	-	-	8,011,304
Other disbursements	91,547	331,377	759,643	-	45,310,584
Total disbursements	91,547	331,377	2,566,812	-	119,681,007
Excess (deficiency) of receipts over disbursements	(8,246)	(311,218)	1,075,076	229,530	8,819,360
Cash and investments - ending	\$ 51,230	\$ 1,318,269	\$ 4,642,551	\$ 1,474,470	\$ 86,315,011

CITY OF VALPARAISO
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ 207,835	\$ 190,477
Wastewater	363,370	707,351
Water	281,328	528,736
Governmental activities	<u>1,021,464</u>	<u>-</u>
Totals	<u>\$ 1,873,997</u>	<u>\$ 1,426,564</u>

CITY OF VALPARAISO
SCHEDULE OF LEASES AND DEBT
December 31, 2018

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
1st Source Bank	Park - Toro Workman	8,951	06/15/2017	06/15/2020
Atlas Bobcat	Park- Two (2) Bobcats & Trailer	19,890	09/14/2016	09/14/2019
BBCommunity Leasing Services	Park John Deere Mowers (2)	13,441	07/10/2018	07/01/2021
Centier Bank	Fire Territory Sutphen Model SP70 Fire Truck	155,292	09/22/2017	09/22/2023
De Lage Landen Public Finance	Park - Club Car Electric Golf Carts (24)	18,888	02/07/2018	10/01/2022
Everbank	Park - Turfco Blower & Smithco Sprayer	10,920	05/01/2015	02/01/2020
Fort Motor Credit	Squad Cars 2017	40,408	08/05/2016	08/05/2019
Horizon Bank	Refuse Trucks	128,182	10/15/2016	10/15/2021
Horizon Bank	Park - John Deere Snowblower & Mower	11,026	12/17/2017	07/19/2020
Horizon Bank	Park -2017 Jeep Cherokee	7,530	04/06/2017	04/06/2020
Horizon Bank	Park- 2017 Chevrolet Silverado	10,013	09/24/2017	03/24/2021
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	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
Motorola Solutions Inc.	Fire Territory 800MHZ Portable Radios	98,237	06/01/2018	06/01/2020
Musco Finance LLC	Park - Sports Lighting Tower Park	17,959	10/10/2016	10/10/2021
TCF Equipment Finance	Park - Toro Greensmaster Mower	8,808	05/01/2017	04/01/2021
Valparaiso Building Corporation	Public Works Facility	547,000	01/15/2014	07/15/2031
Wells Fargo	Park - John Deere 8800 Terrain Cut Rough Mower	10,836	04/20/2015	04/30/2020
Total governmental activities		<u>1,316,192</u>		
Wastewater:				
BB Community Leasing Services	2017 Vactor Plus Sewer Cleaning Truck	75,216	06/27/2017	01/01/2021
U.S. Bancorp Government Leasing and Finance Inc	2018 Ford E450 Sewer Camera Van	80,619	12/20/2018	01/15/2021
Valparaiso Building Corporation	Public Works Facility - Sewer Portion	65,500	01/15/2014	07/15/2031
Total Wastewater		<u>221,335</u>		
Water:				
Horizon Bank	2017 MACK Tandem Dump Truck	27,193	08/24/2016	01/01/2019
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>\$ 1,630,220</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Refunding Bonds Series 2015	\$ 2,845,000	\$ 294,750
General obligation bonds	2012 Refunding Bond	1,845,000	312,908
General obligation bonds	General Obligation Bonds Series 2018	2,955,000	132,408
Revenue bonds	Redevelopment District Tax Increment Bonds Series 2014 B	3,950,000	697,600
Revenue bonds	Redevelopment District Tax Increment Bonds Series 2014 A	4,720,000	832,400
Revenue bonds	Redevelopment District Tax Increment Revenue Bonds Series 2015A	2,325,000	158,287
Revenue bonds	Park and Recreation district Refunding Bonds Series 2015	2,560,000	215,242
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2015	7,745,000	1,176,753
Revenue bonds	Redevelopment Refunding Bond Series 2016B	1,500,000	264,525
Revenue bonds	Redevelopment Refunding Bond Series 2016A	1,200,000	363,600
Total governmental activities		<u>31,645,000</u>	<u>4,448,473</u>
Storm Water:			
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series B	875,000	267,024
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2011 Series A	3,660,000	572,648
Revenue bonds	Stormwater Mgmt. District Revenue Bonds of 2017	10,000,000	310,982
Total Storm Water		<u>14,535,000</u>	<u>1,150,654</u>
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2011	1,108,000	105,767
Revenue bonds	Sewage Works Revenue Bonds of 2013	3,005,000	1,238,929
Revenue bonds	Sewage Works Refunding Revenue Bonds 2015	10,200,000	388,350
Revenue bonds	Sewage Works Revenue Bonds of 2015	2,235,000	176,831
Total Wastewater		<u>16,548,000</u>	<u>1,909,877</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds of 2013	2,345,000	612,849
Revenue bonds	Waterworks Revenue Bonds of 2014 Series A	9,980,000	358,500
Revenue bonds	Waterworks Revenue Bonds of 2014 Series B	6,455,000	551,720
Revenue bonds	Waterworks Refunding Revenue Bonds 2018	2,150,000	99,388
Total Water		<u>20,930,000</u>	<u>1,622,457</u>
Totals		<u>\$ 83,658,000</u>	<u>\$ 9,131,461</u>

CITY OF VALPARAISO
SCHEDULE OF CAPITAL ASSETS
December 31, 2018

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	\$ 12,802,555
Infrastructure	86,796,236
Buildings	32,891,904
Improvements other than buildings	13,879,149
Machinery, equipment, and vehicles	17,498,096
Construction in progress	<u>377,323</u>
Total governmental activities	<u>164,245,263</u>
Storm Water:	
Land	1,260,713
Infrastructure	<u>19,840,983</u>
Total Storm Water	<u>21,101,696</u>
Wastewater:	
Land	691,668
Infrastructure	38,568,324
Buildings	27,430,837
Improvements other than buildings	123,602
Machinery, equipment, and vehicles	<u>35,439,593</u>
Total Wastewater	<u>102,254,024</u>
Water:	
Land	1,140,303
Infrastructure	49,101,337
Buildings	7,495,592
Improvements other than buildings	610,938
Machinery, equipment, and vehicles	<u>19,116,262</u>
Total Water	<u>77,464,432</u>
Total capital assets	<u>\$ 365,065,415</u>

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, 2018. 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, 2018.

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
Paul D. Joyce, CPA
State Examiner

July 29, 2019

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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, 2018

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 Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
Indiana Department of Transportation	20.205	810434	\$ -	\$ 1,281	
Calumet Ave @ Burlington Beach Rd		900074	-	238	
Burlington Beach Rd @ S.R. 49		900075	-	102,640	
SILHAVY/LAPORTE TO EVANS		1298670	-	394,922	
US 30 CORRIDOR IMPROVEMENTS		1382601	-	440,514	
SILHAVY/LAPORTE ROUNDABOUT					
AUXILIARY LANES CALUMET BURLINGTON					
BCH TO BULLSEYE LK RD		1400569	-	71,661	
Northview Elementary Safe Routes To School		1500421	-	60,477	
RANSOM ROAD SAFETY IMPROVEMENTS		1601159	-	30,036	
TRAFFIC SIGNAL OPTIMIZATION		1601160	-	54,225	
ROAD SAFETY AUDITS		1601906	-	29,863	
Total - Highway Planning and Construction Cluster				-	1,185,857
Federal Transit Cluster					
Federal Transit_Formula Grants					
Northwestern Indiana Regional Planning Commission	20.507	IN-2016-031	-	124,890	
ChicagoDash 4th Bus		IN-2016-033	-	37,162	
Chicago Dash		IN-2016-033	-	88,671	
V-LINE		IN-2017-027	-	148,763	
V-LINE		IN-90-X667	-	119,292	
Chicago Dash					
Total - Federal Transit Cluster				-	518,778
Highway Safety Cluster					
Alcohol Impaired Driving Countermeasures Incentive Grants I					
Town of Chesterton	20.601	D3-18-12038	-	1,939	
DUI Assistance					
National Priority Safety Programs					
Town of Chesterton	20.616	D3-17-11130	-	4,824	
Operation Pullover					
Total - Highway Safety Cluster				-	6,763
Total - Department of Transportation				-	1,711,398
Total federal awards expended				\$ -	\$ 1,711,398

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, 2018. 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/>.