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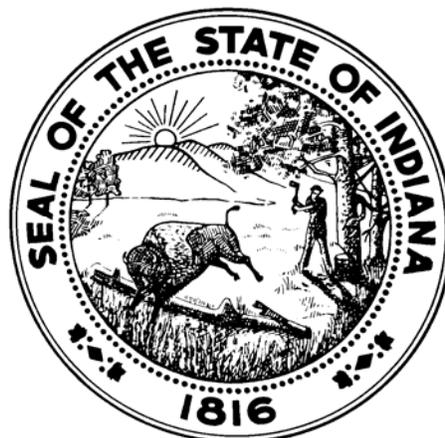
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2006

CITY OF LAPORTE

LAPORTE COUNTY, INDIANA



**FILED**

05/15/2007



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa L. Ludlow	01-01-04 to 12-31-07
Mayor	Leigh E. Morris	01-01-04 to 12-31-07
President Pro-Tem of Common Council	Terry Scherer	01-01-06 to 12-31-07
President of the Board of Public Works and Safety	Leigh E. Morris	01-01-04 to 12-31-07
Superintendent of Water Utility	Todd Taylor	01-01-06 to 12-31-07
Superintendent of Wastewater Utility	Jerry Jackson	01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF LAPORTE, LAPORTE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaPorte (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 29, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the table of contents, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 29, 2007



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

TO: THE OFFICIALS OF THE CITY OF LAPORTE, LAPORTE COUNTY, INDIANA

We have audited the financial statements of the City of LaPorte (City), as of and for the year ended December 31, 2006, and have issued our report thereon dated March 29, 2007. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have discussed with the management of the City on April 16, 2007. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

March 29, 2007

CITY OF LAPORTE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 6,906,255	\$ 1,088,977	\$ 489,970	\$ -	\$ (5,327,308)	\$ -	\$ (5,327,308)
Public safety	4,989,368	175,482	947,081	2,460	(3,864,345)	-	(3,864,345)
Highways and streets	920,859	3,758	1,040,884	4,608,476	4,732,259	-	4,732,259
Sanitation	770,860	639,298	-	-	(131,562)	-	(131,562)
Culture and recreation	1,865,076	622,641	7,940	-	(1,234,495)	-	(1,234,495)
Urban redevelopment	287,339	-	259,115	-	(28,224)	-	(28,224)
Economic development	145,933	-	122,701	-	(23,232)	-	(23,232)
Principal on long-term debt	627,000	-	-	-	(627,000)	-	(627,000)
Interest on long-term debt	458,331	-	-	-	(458,331)	-	(458,331)
Total governmental activities	<u>16,971,021</u>	<u>2,530,156</u>	<u>2,867,691</u>	<u>4,610,936</u>	<u>(6,962,238)</u>	<u>-</u>	<u>(6,962,238)</u>
Business-type activities:							
Water	2,830,747	3,090,775	-	-	-	260,028	260,028
Wastewater	3,334,387	3,733,791	-	-	-	399,404	399,404
Total business-type activities	<u>6,165,134</u>	<u>6,824,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,432</u>	<u>659,432</u>
Total government	<u>\$ 23,136,155</u>	<u>\$ 9,354,722</u>	<u>\$ 2,867,691</u>	<u>\$ 4,610,936</u>	<u>(6,962,238)</u>	<u>659,432</u>	<u>(6,302,806)</u>
General receipts:							
Property taxes					8,630,798	-	8,630,798
County economic development income tax					1,181,501	-	1,181,501
Other local sources					168,072	-	168,072
Excise taxes					663,353	-	663,353
Franchise fees					178,284	-	178,284
Gaming					166,560	-	166,560
Bonds					-	4,500,000	4,500,000
Grants and contributions not restricted to specific programs					1,064,620	-	1,064,620
Unrestricted investment earnings					67,448	84,436	151,884
Total general receipts					<u>12,120,636</u>	<u>4,584,436</u>	<u>16,705,072</u>
Change in net assets					5,158,398	5,243,868	10,402,266
Net assets - beginning					<u>8,302,320</u>	<u>2,628,069</u>	<u>10,930,389</u>
Net assets - ending					<u>\$ 13,460,718</u>	<u>\$ 7,871,937</u>	<u>\$ 21,332,655</u>
<b>Assets</b>							
Cash and investments					\$ 3,945,838	\$ 1,049,689	\$ 4,995,527
Restricted assets:							
Cash and investments					<u>9,514,880</u>	<u>6,822,248</u>	<u>16,337,128</u>
Total assets					<u>\$ 13,460,718</u>	<u>\$ 7,871,937</u>	<u>\$ 21,332,655</u>
<b>Net Assets</b>							
Restricted for:							
Debt service					\$ 1,136,929	\$ 1,652,516	\$ 2,789,445
Capital projects/improvements					5,853,913	4,928,126	10,782,039
Highways and streets					351,906	-	351,906
Other purposes					2,172,132	241,606	2,413,738
Unrestricted					<u>3,945,838</u>	<u>1,049,689</u>	<u>4,995,527</u>
Total net assets					<u>\$ 13,460,718</u>	<u>\$ 7,871,937</u>	<u>\$ 21,332,655</u>

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

CITY OF LAPORTE  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Park and Recreation	Major Moves Construction	CEDIT	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 6,079,859	\$ 47,382	\$ 946,035	\$ -	\$ -	\$ 1,557,522	\$ 8,630,798
Licenses and permits	83,630	-	-	-	-	2,630	86,260
Intergovernmental	1,486,070	818,122	90,697	4,592,802	1,181,501	1,383,431	9,552,623
Charges for services	514,325	3,758	302,746	-	-	1,066,087	1,886,916
Fines and forfeits	103,504	-	635	-	-	7,915	112,054
Other	380,282	3,043	16,511	34,678	68	460,486	895,068
<b>Total receipts</b>	<b>8,647,670</b>	<b>872,305</b>	<b>1,356,624</b>	<b>4,627,480</b>	<b>1,181,569</b>	<b>4,478,071</b>	<b>21,163,719</b>
<b>Disbursements:</b>							
General government	3,210,729	-	-	-	823,123	799,804	4,833,656
Public safety	4,610,578	-	-	-	-	162,956	4,773,534
Highways and streets	-	752,250	-	-	-	135,096	887,346
Sanitation	-	-	-	-	-	785,274	785,274
Culture and recreation	-	-	1,256,493	-	-	354,642	1,611,135
Urban redevelopment	-	-	-	-	-	310,640	310,640
Economic development	-	-	-	-	-	88,932	88,932
Debt service:							
Principal	-	-	-	-	-	627,000	627,000
Interest	-	-	-	-	-	458,331	458,331
Capital outlay:							
General government	-	-	-	-	393,161	476,044	869,205
Public safety	-	-	-	-	-	227,485	227,485
Highways and streets	-	-	-	33,513	-	-	33,513
Culture and recreation	-	-	-	-	-	258,868	258,868
Economic development	-	-	-	-	-	57,001	57,001
<b>Total disbursements</b>	<b>7,821,307</b>	<b>752,250</b>	<b>1,256,493</b>	<b>33,513</b>	<b>1,216,284</b>	<b>4,742,073</b>	<b>15,821,920</b>
Excess (deficiency) of revenue over disbursements	826,363	120,055	100,131	4,593,967	(34,715)	(264,002)	5,341,799
<b>Other financing sources (uses)</b>							
Transfers in	1,998	-	-	-	20,174	846,905	869,077
Transfers out	(60,786)	(2,500)	(94,723)	(54,482)	(11,414)	(645,172)	(869,077)
<b>Total other financing sources (uses)</b>	<b>(58,788)</b>	<b>(2,500)</b>	<b>(94,723)</b>	<b>(54,482)</b>	<b>8,760</b>	<b>201,733</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	767,575	117,555	5,408	4,539,485	(25,955)	(62,269)	5,341,799
Cash and investment fund balance - beginning	458,398	125,394	127,325	-	1,380,721	5,507,888	7,599,726
Cash and investment fund balance - ending	\$ 1,225,973	\$ 242,949	\$ 132,733	\$ 4,539,485	\$ 1,354,766	\$ 5,445,619	12,941,525
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							519,193
Net assets of governmental activities							<u>\$ 13,460,718</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 1,225,973	\$ -	\$ 132,733	\$ -	\$ 1,354,766	\$ 1,232,366	\$ 3,945,838
Restricted assets:							
Cash and investments	-	242,949	-	4,539,485	-	4,213,253	8,995,687
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,225,973</b>	<b>\$ 242,949</b>	<b>\$ 132,733</b>	<b>\$ 4,539,485</b>	<b>\$ 1,354,766</b>	<b>\$ 5,445,619</b>	<b>\$ 12,941,525</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,136,929	\$ 1,136,929
Capital projects	-	-	-	4,539,485	-	1,314,428	5,853,913
Highways and streets	-	242,949	-	-	-	108,957	351,906
Other purposes	-	-	-	-	-	1,652,939	1,652,939
Unrestricted	1,225,973	-	132,733	-	1,354,766	1,232,366	3,945,838
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,225,973</b>	<b>\$ 242,949</b>	<b>\$ 132,733</b>	<b>\$ 4,539,485</b>	<b>\$ 1,354,766</b>	<b>\$ 5,445,619</b>	<b>\$ 12,941,525</b>

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

CITY OF LAPORTE  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS

As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Total	Internal Service Fund
Operating receipts:				
Metered receipts	\$ 2,574,895	\$ 3,459,914	\$ 6,034,809	\$ -
Customer deposits	50,328	-	50,328	-
Fire protection receipts	343,035	-	343,035	-
Service start up receipts	24,380	-	24,380	-
City contributions	-	-	-	1,542,424
Utilities contributions	-	-	-	399,807
Employee contributions	-	-	-	232,918
Other	98,137	273,877	372,014	308,168
	<u>3,090,775</u>	<u>3,733,791</u>	<u>6,824,566</u>	<u>2,483,317</u>
Total operating receipts				
Operating disbursements:				
Salaries and wages	800,442	881,034	1,681,476	-
Employee pensions and benefits	280,343	277,980	558,323	-
Purchased power	211,103	204,787	415,890	-
Chemicals	23,951	42,140	66,091	-
Material and supplies	191,952	135,636	327,588	-
Contractual services	100,606	255,851	356,457	-
Refunds	40,595	-	40,595	-
Transportation disbursements	37,314	38,049	75,363	-
Sales tax remitted	129,582	-	129,582	-
Insurance premiums	62,758	66,547	129,305	337,142
Insurance benefits	-	-	-	2,346,016
Other	260,303	297,159	557,462	8,367
	<u>2,138,949</u>	<u>2,199,183</u>	<u>4,338,132</u>	<u>2,691,525</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>951,826</u>	<u>1,534,608</u>	<u>2,486,434</u>	<u>(208,208)</u>
Nonoperating receipts (disbursements):				
Bond proceeds	-	4,500,000	4,500,000	-
Interest and investment receipts	51,529	32,907	84,436	24,807
Collections for other government	158,405	79,966	238,371	-
Debt service of principal	(439,949)	(452,000)	(891,949)	-
Interest and investment disbursement	(79,249)	(190,305)	(269,554)	-
Bond discount	-	(67,500)	(67,500)	-
Bond issuance costs	-	(99,234)	(99,234)	-
Capital outlay	(162,169)	(328,756)	(490,925)	-
Disbursements to other government	(168,836)	(77,375)	(246,211)	-
	<u>(640,269)</u>	<u>3,397,703</u>	<u>2,757,434</u>	<u>24,807</u>
Total nonoperating receipts (disbursements)				
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	311,557	4,932,311	5,243,868	(183,401)
Cash and investment fund balance - beginning	<u>1,081,710</u>	<u>1,546,359</u>	<u>2,628,069</u>	<u>702,594</u>
Cash and investment fund balance - ending	<u>\$ 1,393,267</u>	<u>\$ 6,478,670</u>	<u>\$ 7,871,937</u>	<u>\$ 519,193</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 476,681	\$ 573,008	\$ 1,049,689	\$ -
Restricted assets:				
Cash and investments	916,586	5,905,662	6,822,248	519,193
Total cash and investment assets - December 31	<u>\$ 1,393,267</u>	<u>\$ 6,478,670</u>	<u>\$ 7,871,937</u>	<u>\$ 519,193</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 347,459	\$ 1,305,057	\$ 1,652,516	\$ -
Improvements	334,928	4,593,198	4,928,126	-
Other purposes	234,199	7,407	241,606	519,193
Unrestricted	476,681	573,008	1,049,689	-
Total cash and investment fund balance - December 31	<u>\$ 1,393,267</u>	<u>\$ 6,478,670</u>	<u>\$ 7,871,937</u>	<u>\$ 519,193</u>

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

CITY OF LAPORTE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 952,523	\$ -	\$ -
State	907,372	-	-
Other	<u>787</u>	<u>-</u>	<u>-</u>
Total contributions	<u>1,860,682</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Net (decrease) in fair value of investments	-	17,269	-
Interest	6,826	8,000	-
Dividends	<u>-</u>	<u>8,813</u>	<u>-</u>
Total investment earnings	6,826	34,082	-
Less investment disbursements	<u>-</u>	<u>(6,865)</u>	<u>-</u>
Net investment earnings	<u>6,826</u>	<u>27,217</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>9,829,882</u>
Total additions	<u>1,867,508</u>	<u>27,217</u>	<u>9,829,882</u>
Deductions:			
Benefits	1,698,107	-	-
Distribution	-	13,940	-
Administrative and general	6,584	3,385	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>9,829,492</u>
Total deductions	<u>1,704,691</u>	<u>17,325</u>	<u>9,829,492</u>
Excess of total additions over total deductions	162,817	9,892	390
Cash and investment fund balance - beginning	<u>331,142</u>	<u>370,300</u>	<u>82,706</u>
Cash and investment fund balance - ending	<u>\$ 493,959</u>	<u>\$ 380,192</u>	<u>\$ 83,096</u>

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

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS

I. 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 the following services: public safety (police and fire), highways and streets, sanitation, culture and recreation, public improvements, planning and zoning, economic development, general administrative services, water, wastewater, and urban redevelopment.

The City's financial reporting entity is composed of the following:

Primary Government:	City of LaPorte
Blended Component Unit:	LaPorte Redevelopment Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

Component Unit	Description/Inclusion Criteria	Fund Included In
LaPorte Redevelopment Authority (Authority)	The primary government appoints a voting majority of the Authority's board and a financial benefit/burden relationship exists between the City and the Authority. Although it is legally separate from the City, the Authority is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.	Other Governmental Funds

Joint Venture

The City is a participant with the LaPorte Chamber of Commerce and LaPorte Economic Advancement Foundation in a joint venture to operate the Greater LaPorte Economic Development Corporation which was created to advance the economic growth of the greater LaPorte area through a governmental/private sector partnership. The City remitted \$125,000 to supplement the Greater LaPorte Economic Development Corporation. The Greater LaPorte Economic Development Corporation's continued existence depends on continued funding by the City.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the board members of the LaPorte Municipal Airport Authority (Airport Authority). The City and Airport Authority have entered into an agreement to allow the Airport Authority's personnel to be included as participants in the City's health insurance plan with monthly premiums being paid by the Airport Authority to the City for such benefits.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to account for state motor vehicle highway distributions which are restricted for the construction and maintenance of streets and alleys.

The park and recreation fund is to account for the operating receipts and disbursements made in connection with the City's recreation programs and facilities.

The major moves construction fund is to account for the state distribution of toll road lease proceeds for the construction of highways, roads, and bridges and other allowable disbursements in accordance with Indiana Code 8-14-16.

The CEDIT fund accounts for the county economic development income tax financial resources received for the promotion of economic development within the City in accordance with Indiana Code 6-3.5-7-13.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

Additionally, the City reports the following fund types:

The internal service fund accounts for life and medical benefits provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' pension plans, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the park department's civic auditorium.

Agency funds account for assets held by the City as an agent for others and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and Water and Wastewater Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

CITY OF LAPORTE  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006
LaPorte High School Liaison Reimbursement	\$ 9,971
DUI Taskforce	2,658
Transit	44,134

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the timing of grant reimbursements received; these deficits are to be repaid from future grant receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the City had the following investments:

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Market Value
U.S. Government securities	\$ 84,549
Mutual funds	115,196
Corporate stock	90,941
Preferred stock	20,328
Corporate notes and bonds	20,013
Total	\$ 331,027

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2006, the City held

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

investments in U.S. government securities, corporate stock, preferred stock and corporate notes and bonds in the amounts of \$84,549, \$90,941, \$20,328, and \$20,013, respectively. All of these investments were held by the counterparty's trust department.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

Investment Type	Investment Maturities (in Years)	
	Less Than 1	1-2
U.S. Government securities	\$ 19,606	\$ 64,943
Mutual funds	115,196	-
Corporate stock	90,941	-
Preferred stock	20,328	-
Corporate notes and bonds	20,013	-
Totals	<u>\$ 266,084</u>	<u>\$ 64,943</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

Standard and Poor's Rating	City's Investments		
	Mutual Funds	Corporate Bonds	Government Sponsored Enterprise
AAA	\$ -	\$ 20,013	\$ 84,549
Unrated	115,196	-	-
Totals	<u>\$ 115,196</u>	<u>\$ 20,013</u>	<u>\$ 84,549</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
General Fund	Other governmental funds	\$ 60,786
Motor Vehicle Highway Fund	Other governmental funds	2,500
Park and Recreation Fund	Other governmental funds	94,723
Major Moves Construction Fund	Other governmental funds	54,482
CEDIT Fund	Other governmental funds	11,414
Other governmental funds	General Fund	1,998
	CEDIT Fund	20,174
	Other governmental funds	623,000
Total		\$ 869,077

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The City is 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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$85,000 per eligible participant per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions. As needed, the Common Council contributes funds from budgeted accounts within the general, CEDIT, and riverboat gaming funds.

Job Related Illnesses or Injuries to Employees

During 2003, the City joined with other governmental entities in the Indiana Public Employers' Plan, Inc., (IPEP), a public entity risk pool currently operating as a common risk management and insurance program for approximately 740 member governmental entities. This risk pool was formed in 1990.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporation

The City has entered into a capital lease with LaPorte Fire Station 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 totaled \$42,000.

C. Subsequent Events

On September 25, 2006, the LaPorte Redevelopment Commission approved Resolution 5-2006 issuing Redevelopment District Bonds not to exceed \$1,995,000 for a term not to exceed 13 years for the closure of the City's landfill. The bonds are estimated to be sold and construction to begin in June 2007.

On October 16, 2006, the Common Council approved a bond ordinance to sell an estimated \$7,250,000 of sewage works revenue bonds to fund collection system improvements to the City's wastewater treatment plant and for the elimination of combined sewer flows. In December 2006, the Wastewater Utility sold \$4,500,000 of sewage works revenue bonds. The Wastewater Utility anticipates selling 2007 sewage works revenue bonds for approximately \$2,750,000 in April 2007.

On March 28, 2007, the Board of Public Works and Safety awarded the combined sewer overflow (CSO) project to Bowen Engineering for \$4,423,040.

D. Litigation

On May 17, 2006, a class action suit was filed in the U.S. District Court for Northern Indiana by the ACLU of Indiana alleging violation of the Americans with Disabilities Act (ADA). The suit seeks two types of relief: (1) an order requiring the City to install ADA compliant curb ramps throughout the City, and (2) an order requiring the City to bring all sidewalks in the City up to ADA standards. The City has agreed to a partial settlement with regard to the curb ramp issue. It is anticipated that this settlement will potentially cost several million dollars spread over a 10 year period. The sidewalk issue has not been settled because of several legal issues and the potential cost to the City estimated at more than \$30,000,000. The sidewalk issue will be heard sometime in 2007.

E. Conduit Debt Obligation

From time to time, the City has issued Economic and Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As of December 31, 2006, there was one series of economic development revenue bonds and one series of industrial development revenue bonds outstanding. The 2001 economic development revenue bonds had an aggregate principal amount payable due in 2018 of \$2,130,000. The aggregate principal amount payable for the industrial development revenue bonds series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$6,500,000.

F. Rate Structure – Enterprise Funds

The current rate structure for the Water and Wastewater Utilities was approved by the Council on November 15, 2004.

G. Deferred Retirement Option Plan

Indiana Code 36-8-8.5 allows members of the 1925, 1937, and 1977 police and firefighter's pension plans to enter into a Deferred Retirement Option Plan (DROP). The member who elects to enter DROP agrees to: (1) Execute an irrevocable election to retire on the DROP retirement date and shall remain in active service until that date. (2) While in the DROP, the member shall continue to make contributions to the applicable fund under the provisions of that fund. (3) The member shall elect a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date. (4) The member may not remain in the DROP after the date the member reaches any mandatory retirement age that may apply to the member. (5) The member may make an election to enter the DROP only once in the member's lifetime.

A member who retires on the member's DROP retirement date may elect to receive a retirement benefit in one of the following forms:

- (1) A retirement benefit paid by and calculated under the provisions of the applicable fund as if the member had never entered the DROP.
- (2) A retirement benefit paid by the applicable fund and consisting of the DROP frozen benefit plus an additional amount, paid as the member elects, calculated by multiplying the amount of the DROP frozen benefit by the number of months that the member was in the DROP. If this benefit is elected, the member must elect to receive the additional amount as either a lump sum paid on the member's DROP retirement date or three equal annual payments commencing on the member's DROP retirement date and thereafter paid on the anniversary of the member's DROP retirement date.

In 2006, the City had two firefighters in the 1937 Firefighters' Pension Plan meet all the requirements of the DROP and elect a lump sum payment which totaled \$106,239 from the Fire Pension Fund.

H. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 218,640	\$ 928,000	\$ 1,791,500
Interest on net pension obligation	(4,441)	186,200	415,200
Adjustment to annual required contribution	<u>5,061</u>	<u>(325,300)</u>	<u>(725,400)</u>
Annual pension cost	219,260	788,900	1,481,300
Contributions made	<u>240,809</u>	<u>308,377</u>	<u>683,091</u>
Increase (decrease) in net pension obligation	(21,549)	480,523	798,209
Net pension obligation, beginning of year	<u>(61,262)</u>	<u>2,758,314</u>	<u>6,151,672</u>
Net pension obligation, end of year	<u>\$ (82,811)</u>	<u>\$ 3,238,837</u>	<u>\$ 6,949,881</u>

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6.5%	1,241%	685%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-04	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

\* 2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 237,039	91%	\$ (32,952)
	06-30-04	202,261	114%	(61,262)
	06-30-05	219,260	119%	(82,811)
1925 Police Officers' Pension Plan	12-31-02	783,700	93%	2,324,835
	12-31-03	786,200	45%	2,758,314
	12-31-04	788,900	39%	3,238,837
1937 Firefighters' Pension Plan	12-31-02	1,340,600	64%	5,112,330
	12-31-03	1,463,700	29%	6,151,672
	12-31-04	1,481,300	46%	6,949,881

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	34	43
Current active employees	1	6

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$668,170, \$636,325, and \$588,819, respectively, equal to the required contributions for each year.

CITY OF LAPORTE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 3,644,980	\$ 4,124,833	\$ (479,853)	88%	\$ 3,536,823	(14%)
07-01-04	3,733,722	4,457,976	(724,254)	84%	3,404,761	(21%)
07-01-05	3,924,083	4,310,377	(386,294)	91%	3,291,086	(12%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 47,455	\$ 8,782,900	\$ (8,735,445)	1%	\$ 62,000	(14,089%)
01-01-01	147,265	8,507,200	(8,359,935)	2%	63,200	(13,228%)
01-01-02	160,782	8,229,000	(8,068,218)	2%	65,800	(12,262%)
01-01-03	342,963	7,963,500	(7,620,537)	4%	70,600	(10,794%)
01-01-04	94,356	7,967,700	(7,873,344)	1%	73,400	(10,727%)
01-01-05	141,018	7,873,400	(7,732,382)	2%	74,800	(10,337%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 172,003	\$ 13,736,200	\$ (13,564,197)	1%	\$ 402,800	(3,367%)
01-01-01	279,067	13,708,500	(13,429,433)	2%	379,200	(3,542%)
01-01-02	312,992	13,791,200	(13,478,208)	2%	394,400	(3,417%)
01-01-03	518,871	14,012,400	(13,493,529)	4%	459,500	(2,937%)
01-01-04	128,885	14,838,900	(14,710,015)	1%	403,700	(3,644%)
01-01-05	308,848	12,976,300	(12,667,452)	2%	261,500	(4,844%)

CITY OF LAPORTE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-99	\$ 822,400	17%	28%
	12-31-00	870,600	44%	26%
	12-31-01	872,400	35%	27%
	12-31-02	875,700	33%	50%
	12-31-03	891,100	4%	36%
	12-31-04	928,000	1%	32%
1937 Firefighters' Pension Plan	12-31-99	\$ 1,361,200	17%	19%
	12-31-00	1,429,600	32%	18%
	12-31-01	1,466,100	27%	18%
	12-31-02	1,528,600	23%	33%
	12-31-03	1,694,300	3%	22%
	12-31-04	1,791,500	17%	22%

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006

	Local Road and Streets	Leaf Vac Grant	Rainy Day	Park Nonreverting	Urban Forester	Economic Development Commission	Law Enforcement Continuing Education
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	2,630
Intergovernmental	227,304	15,674	-	-	24,093	-	-
Charges for services	-	-	-	56,964	-	-	10,780
Fines and forfeits	-	-	-	-	-	-	7,915
Other	-	-	-	7,372	22,052	-	-
<b>Total receipts</b>	<b>227,304</b>	<b>15,674</b>	<b>-</b>	<b>64,336</b>	<b>46,145</b>	<b>-</b>	<b>21,325</b>
<b>Disbursements:</b>							
General government	-	-	6,108	-	-	-	-
Public safety	-	-	-	-	-	-	27,206
Highways and streets	135,096	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	63,669	40,598	-	-
Urban redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>135,096</b>	<b>-</b>	<b>6,108</b>	<b>63,669</b>	<b>40,598</b>	<b>-</b>	<b>27,206</b>
Excess (deficiency) of receipts over disbursements	92,208	15,674	(6,108)	667	5,547	-	(5,881)
Other financing sources (uses)							
Transfers in	-	-	-	5,000	5,000	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	92,208	15,674	(6,108)	5,667	10,547	-	(5,881)
Cash and investment fund balance - beginning	16,749	-	6,133	19,192	(348)	10,780	18,068
Cash and investment fund balance - ending	<u>\$ 108,957</u>	<u>\$ 15,674</u>	<u>\$ 25</u>	<u>\$ 24,859</u>	<u>\$ 10,199</u>	<u>\$ 10,780</u>	<u>\$ 12,187</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ 25	\$ 24,859	\$ 10,199	\$ 10,780	\$ -
Restricted assets:							
Cash and investments	108,957	15,674	-	-	-	-	12,187
<b>Total cash and investment assets - December 31</b>	<b>\$ 108,957</b>	<b>\$ 15,674</b>	<b>\$ 25</b>	<b>\$ 24,859</b>	<b>\$ 10,199</b>	<b>\$ 10,780</b>	<b>\$ 12,187</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-
Highways and streets	108,957	-	-	-	-	-	-
Other purposes	-	15,674	-	-	-	-	12,187
Unrestricted	-	-	25	24,859	10,199	10,780	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 108,957</b>	<b>\$ 15,674</b>	<b>\$ 25</b>	<b>\$ 24,859</b>	<b>\$ 10,199</b>	<b>\$ 10,780</b>	<b>\$ 12,187</b>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Unsafe Building	Recycling	Recreation Nonreverting	Civic Nonreverting	Golf Nonreverting	Cumulative Nonreverting Training	Operation Pullover
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	6,445	169,866	75,773	14,657	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	56,487	14,377	50	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>62,932</b>	<b>184,243</b>	<b>75,823</b>	<b>14,657</b>	<b>-</b>	<b>-</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	2,000	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	96,436	-	-	-	-	-
Culture and recreation	-	-	157,727	77,137	12,350	-	-
Urban redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,000</b>	<b>96,436</b>	<b>157,727</b>	<b>77,137</b>	<b>12,350</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(2,000)	(33,504)	26,516	(1,314)	2,307	-	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,000)	(33,504)	26,516	(1,314)	2,307	-	-
Cash and investment fund balance - beginning	79,378	179,135	66,560	22,925	11,490	879	1,014
Cash and investment fund balance - ending	<u>\$ 77,378</u>	<u>\$ 145,631</u>	<u>\$ 93,076</u>	<u>\$ 21,611</u>	<u>\$ 13,797</u>	<u>\$ 879</u>	<u>\$ 1,014</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 77,378	\$ 145,631	\$ 93,076	\$ 21,611	\$ 13,797	\$ 879	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	1,014
<b>Total cash and investment assets - December 31</b>	<u>\$ 77,378</u>	<u>\$ 145,631</u>	<u>\$ 93,076</u>	<u>\$ 21,611</u>	<u>\$ 13,797</u>	<u>\$ 879</u>	<u>\$ 1,014</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	1,014
Unrestricted	77,378	145,631	93,076	21,611	13,797	879	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 77,378</u>	<u>\$ 145,631</u>	<u>\$ 93,076</u>	<u>\$ 21,611</u>	<u>\$ 13,797</u>	<u>\$ 879</u>	<u>\$ 1,014</u>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	LaPorte High School Liaison Reimbursement	Big City/ County Seatbelts	DUI Taskforce	Metro Unit - Police	Crash Fatality Reduction	Emergency Gas Award	Kiwanis/ Teledyne Nonreverting
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	18,945	23,679	-	6,534	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	63,781	-	-	-	-	-	-
<b>Total receipts</b>	<b>63,781</b>	<b>18,945</b>	<b>23,679</b>	<b>-</b>	<b>6,534</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	65,693	19,771	24,604	-	6,364	1,600	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	3,161
Urban redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>65,693</b>	<b>19,771</b>	<b>24,604</b>	<b>-</b>	<b>6,364</b>	<b>1,600</b>	<b>3,161</b>
Excess (deficiency) of receipts over disbursements	(1,912)	(826)	(925)	-	170	(1,600)	(3,161)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,912)	(826)	(925)	-	170	(1,600)	(3,161)
Cash and investment fund balance - beginning	(8,059)	1,136	(1,733)	3,000	-	1,600	25,614
Cash and investment fund balance - ending	<u>(9,971)</u>	<u>310</u>	<u>(2,658)</u>	<u>3,000</u>	<u>170</u>	<u>-</u>	<u>22,453</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ (9,971)	\$ -	\$ (2,658)	\$ -	\$ -	\$ -	\$ 22,453
Restricted assets:							
Cash and investments	-	310	-	3,000	170	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ (9,971)</u>	<u>\$ 310</u>	<u>\$ (2,658)</u>	<u>\$ 3,000</u>	<u>\$ 170</u>	<u>\$ -</u>	<u>\$ 22,453</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Other purposes	-	310	-	3,000	170	-	-
Unrestricted	(9,971)	-	(2,658)	-	-	-	22,453
<b>Total cash and investment fund balance - December 31</b>	<u>\$ (9,971)</u>	<u>\$ 310</u>	<u>\$ (2,658)</u>	<u>\$ 3,000</u>	<u>\$ 170</u>	<u>\$ -</u>	<u>\$ 22,453</u>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	LaPorte Strategic Planning	2004 Law Enforcement Block Grant	Riley Children's Safety Grant	DEA	Police Vest	Drug Free Partnership	Rental Rehab Lien Payment
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	7,757	1,800	-	2,460	1,700	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,488	-	1	-	1	-	-
<b>Total receipts</b>	<b>1,488</b>	<b>7,757</b>	<b>1,801</b>	<b>-</b>	<b>2,461</b>	<b>1,700</b>	<b>-</b>
<b>Disbursements:</b>							
General government	20,250	-	-	-	-	-	-
Public safety	-	10,488	1,920	-	1,665	1,645	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>20,250</b>	<b>10,488</b>	<b>1,920</b>	<b>-</b>	<b>1,665</b>	<b>1,645</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(18,762)	(2,731)	(119)	-	796	55	-
<b>Other financing sources (uses)</b>							
Transfers in	-	2,596	-	-	1,500	-	-
Transfers out	-	-	-	-	(1,740)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,596</b>	<b>-</b>	<b>-</b>	<b>(240)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,762)	(135)	(119)	-	556	55	-
Cash and investment fund balance - beginning	20,959	135	159	442	27	-	661
Cash and investment fund balance - ending	<u>\$ 2,197</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 442</u>	<u>\$ 583</u>	<u>\$ 55</u>	<u>\$ 661</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 2,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661
Restricted assets:							
Cash and investments	-	-	40	442	583	55	-
<b>Total cash and investment assets - December 31</b>	<u>\$ 2,197</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 442</u>	<u>\$ 583</u>	<u>\$ 55</u>	<u>\$ 661</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Other purposes	-	-	40	442	583	55	-
Unrestricted	2,197	-	-	-	-	-	661
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 2,197</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 442</u>	<u>\$ 583</u>	<u>\$ 55</u>	<u>\$ 661</u>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Redevelopment TIF I	Redevelopment TIF II	Redevelopment TIF III	Economic Development Corridor	Depot Renovation	Master Plan Donation	Restricted Donations
<b>Receipts:</b>							
Taxes	\$ 514,589	\$ 136,793	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	1,442	-	88,932	-	-	40,905
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	4,015	7,971	-	-	-	-	32,980
<b>Total receipts</b>	<b>518,604</b>	<b>146,206</b>	<b>-</b>	<b>88,932</b>	<b>-</b>	<b>-</b>	<b>73,885</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	157,374
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment	51,072	-	-	-	-	-	-
Economic development	-	-	-	88,932	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>51,072</b>	<b>-</b>	<b>-</b>	<b>88,932</b>	<b>-</b>	<b>-</b>	<b>157,374</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>467,532</b>	<b>146,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(83,489)</b>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	(416,500)	(106,500)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(416,500)</b>	<b>(106,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>51,032</b>	<b>39,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(83,489)</b>
Cash and investment fund balance - beginning	1,104,991	318,655	43,696	-	963	5,413	127,309
Cash and investment fund balance - ending	<u>\$ 1,156,023</u>	<u>\$ 358,361</u>	<u>\$ 43,696</u>	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ 5,413</u>	<u>\$ 43,820</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 963	\$ -	\$ -
<b>Restricted assets:</b>							
Cash and investments	1,156,023	358,361	43,696	-	-	5,413	43,820
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,156,023</b>	<b>\$ 358,361</b>	<b>\$ 43,696</b>	<b>\$ -</b>	<b>\$ 963</b>	<b>\$ 5,413</b>	<b>\$ 43,820</b>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Other purposes	1,156,023	358,361	43,696	-	-	5,413	43,820
Unrestricted	-	-	-	-	963	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,156,023</b>	<b>\$ 358,361</b>	<b>\$ 43,696</b>	<b>\$ -</b>	<b>\$ 963</b>	<b>\$ 5,413</b>	<b>\$ 43,820</b>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Fire Restricted Donations	Mayor's Veteran Committee	Good Samaritan	Transit	Trash	Riverboat Gaming	Community Development Block Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	331,640	-	166,560	259,115
Charges for services	-	-	-	98,749	632,853	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	1,350	-	2,994	-	13,318	68
<b>Total receipts</b>	<b>-</b>	<b>1,350</b>	<b>-</b>	<b>433,383</b>	<b>632,853</b>	<b>179,878</b>	<b>259,183</b>
Disbursements:							
General government	-	936	-	544,254	-	70,882	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	688,838	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	253,568
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	155,505	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>936</b>	<b>-</b>	<b>544,254</b>	<b>688,838</b>	<b>226,387</b>	<b>253,568</b>
Excess (deficiency) of receipts over disbursements	-	414	-	(110,871)	(55,985)	(46,509)	5,615
Other financing sources (uses)							
Transfers in	-	-	-	56,690	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,690</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	414	-	(54,181)	(55,985)	(46,509)	5,615
Cash and investment fund balance - beginning	99	8,182	2,650	10,047	189,545	774,919	(2,159)
Cash and investment fund balance - ending	<u>99</u>	<u>8,596</u>	<u>2,650</u>	<u>(44,134)</u>	<u>133,560</u>	<u>728,410</u>	<u>3,456</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ 2,650	\$ (44,134)	\$ 133,560	\$ 728,410	\$ -
Restricted assets:							
Cash and investments	99	8,596	-	-	-	-	3,456
<b>Total cash and investment assets - December 31</b>	<b>99</b>	<b>8,596</b>	<b>2,650</b>	<b>(44,134)</b>	<b>133,560</b>	<b>728,410</b>	<b>3,456</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Other purposes	99	8,596	-	-	-	-	3,456
Unrestricted	-	-	2,650	(44,134)	133,560	728,410	-
<b>Total cash and investment fund balance - December 31</b>	<b>99</b>	<b>8,596</b>	<b>2,650</b>	<b>(44,134)</b>	<b>133,560</b>	<b>728,410</b>	<b>3,456</b>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Bond Debt Service	Fire Lease	Park Bond Debt Service	Redevelopment Authority	Cumulative Capital Improvement	Cumulative Capital Development
Receipts:						
Taxes	\$ 212,015	\$ 77,899	\$ 322,038	\$ -	\$ -	\$ 224,061
Licenses and permits	-	-	-	-	-	-
Intergovernmental	20,326	7,468	30,874	-	77,241	21,482
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	29,754	-	122,835
<b>Total receipts</b>	<b>232,341</b>	<b>85,367</b>	<b>352,912</b>	<b>29,754</b>	<b>77,241</b>	<b>368,378</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	6,000	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	157,000	-	215,000	255,000	-	-
Interest	66,598	42,000	94,593	255,140	-	-
Capital outlay:						
General government	-	-	-	-	-	174,152
Public safety	-	-	-	-	46,531	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>223,598</b>	<b>42,000</b>	<b>309,593</b>	<b>516,140</b>	<b>46,531</b>	<b>174,152</b>
Excess (deficiency) of receipts over disbursements	8,743	43,367	43,319	(486,386)	30,710	194,226
Other financing sources (uses)						
Transfers in	-	-	-	523,000	-	54,482
Transfers out	-	-	-	-	-	(100,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>523,000</b>	<b>-</b>	<b>(45,518)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,743	43,367	43,319	36,614	30,710	148,708
Cash and investment fund balance - beginning	100,259	-	224,645	679,982	119,062	535,737
Cash and investment fund balance - ending	<u>\$ 109,002</u>	<u>\$ 43,367</u>	<u>\$ 267,964</u>	<u>\$ 716,596</u>	<u>\$ 149,772</u>	<u>\$ 684,445</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	109,002	43,367	267,964	716,596	149,772	684,445
<b>Total cash and investment assets - December 31</b>	<b>\$ 109,002</b>	<b>\$ 43,367</b>	<b>\$ 267,964</b>	<b>\$ 716,596</b>	<b>\$ 149,772</b>	<b>\$ 684,445</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ 109,002	\$ 43,367	\$ 267,964	\$ 716,596	\$ -	\$ -
Capital projects	-	-	-	-	149,772	684,445
Highways and streets	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 109,002</b>	<b>\$ 43,367</b>	<b>\$ 267,964</b>	<b>\$ 716,596</b>	<b>\$ 149,772</b>	<b>\$ 684,445</b>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Park Nonreverting Capital	Beechwood Nonreverting Capital	Vertical Real Estate	Central Station Exterior	North Side Fire Construction	Central Station Roof
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	7,500
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	7,156	-	7,200	-	-	2,517
<b>Total receipts</b>	<b>7,156</b>	<b>-</b>	<b>7,200</b>	<b>-</b>	<b>-</b>	<b>10,017</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	8,540	88,430	83,984
Culture and recreation	15,000	88,363	-	-	-	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,000</b>	<b>88,363</b>	<b>-</b>	<b>8,540</b>	<b>88,430</b>	<b>83,984</b>
Excess (deficiency) of receipts over disbursements	(7,844)	(88,363)	7,200	(8,540)	(88,430)	(73,967)
<b>Other financing sources (uses)</b>						
Transfers in	-	87,223	-	11,414	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>87,223</b>	<b>-</b>	<b>11,414</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,844)	(1,140)	7,200	2,874	(88,430)	(73,967)
Cash and investment fund balance - beginning	61,718	5,682	38,806	-	167,104	74,207
Cash and investment fund balance - ending	<u>\$ 53,874</u>	<u>\$ 4,542</u>	<u>\$ 46,006</u>	<u>\$ 2,874</u>	<u>\$ 78,674</u>	<u>\$ 240</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	53,874	4,542	46,006	2,874	78,674	240
<b>Total cash and investment assets - December 31</b>	<b>\$ 53,874</b>	<b>\$ 4,542</b>	<b>\$ 46,006</b>	<b>\$ 2,874</b>	<b>\$ 78,674</b>	<b>\$ 240</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	53,874	4,542	46,006	2,874	78,674	240
Highways and streets	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 53,874</b>	<b>\$ 4,542</b>	<b>\$ 46,006</b>	<b>\$ 2,874</b>	<b>\$ 78,674</b>	<b>\$ 240</b>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Industrial Development	General Improvement	Head Creek	Downtown BID District	35 North Johnson Road	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 70,127	\$ -	\$ 1,557,522
Licenses and permits	-	-	-	-	-	2,630
Intergovernmental	-	-	-	-	-	1,383,431
Charges for services	-	-	-	-	-	1,066,087
Fines and forfeits	-	-	-	-	-	7,915
Other	2,625	6,974	7,710	606	44,804	460,486
<b>Total receipts</b>	<b>2,625</b>	<b>6,974</b>	<b>7,710</b>	<b>70,733</b>	<b>44,804</b>	<b>4,478,071</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	799,804
Public safety	-	-	-	-	-	162,956
Highways and streets	-	-	-	-	-	135,096
Sanitation	-	-	-	-	-	785,274
Culture and recreation	-	-	-	-	-	354,642
Urban redevelopment	-	-	-	-	-	310,640
Economic development	-	-	-	-	-	88,932
Debt service:						
Principal	-	-	-	-	-	627,000
Interest	-	-	-	-	-	458,331
Capital outlay:						
General government	-	-	-	-	301,892	476,044
Public safety	-	-	-	-	-	227,485
Culture and recreation	-	-	-	-	-	258,868
Economic development	-	-	-	57,001	-	57,001
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,001</b>	<b>301,892</b>	<b>4,742,073</b>
Excess (deficiency) of receipts over disbursements	2,625	6,974	7,710	13,732	(257,088)	(264,002)
<b>Other financing sources (uses)</b>						
Transfers in	-	100,000	-	-	-	846,905
Transfers out	-	-	-	-	(20,432)	(645,172)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>(20,432)</b>	<b>201,733</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,625	106,974	7,710	13,732	(277,520)	(62,269)
Cash and investment fund balance - beginning	32,640	12,702	41,130	76,488	277,520	5,507,888
Cash and investment fund balance - ending	<u>\$ 35,265</u>	<u>\$ 119,676</u>	<u>\$ 48,840</u>	<u>\$ 90,220</u>	<u>\$ -</u>	<u>\$ 5,445,619</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,232,366
Restricted assets:						
Cash and investments	35,265	119,676	48,840	90,220	-	4,213,253
<b>Total cash and investment assets - December 31</b>	<b>\$ 35,265</b>	<b>\$ 119,676</b>	<b>\$ 48,840</b>	<b>\$ 90,220</b>	<b>\$ -</b>	<b>\$ 5,445,619</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,136,929
Capital projects	35,265	119,676	48,840	90,220	-	1,314,428
Highways and streets	-	-	-	-	-	108,957
Other purposes	-	-	-	-	-	1,652,939
Unrestricted	-	-	-	-	-	1,232,366
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 35,265</b>	<b>\$ 119,676</b>	<b>\$ 48,840</b>	<b>\$ 90,220</b>	<b>\$ -</b>	<b>\$ 5,445,619</b>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2006

	<u>Fire Pension</u>	<u>Police Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 533,161	\$ 419,362	\$ 952,523
State	530,454	376,918	907,372
Other	<u>-</u>	<u>787</u>	<u>787</u>
Total contributions	<u>1,063,615</u>	<u>797,067</u>	<u>1,860,682</u>
Investment receipts:			
Interest	<u>3,858</u>	<u>2,968</u>	<u>6,826</u>
Total additions	<u>1,067,473</u>	<u>800,035</u>	<u>1,867,508</u>
Deductions:			
Benefits	1,023,254	674,853	1,698,107
Administrative and general	<u>4,549</u>	<u>2,035</u>	<u>6,584</u>
Total deductions	<u>1,027,803</u>	<u>676,888</u>	<u>1,704,691</u>
Excess of total additions over total deductions	39,670	123,147	162,817
Cash and investment fund balance - beginning	<u>210,374</u>	<u>120,768</u>	<u>331,142</u>
Cash and investment fund balance - ending	<u>\$ 250,044</u>	<u>\$ 243,915</u>	<u>\$ 493,959</u>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2006

	<u>Eleanor Fox Trust</u>	<u>Fox Memorial</u>	<u>Maurice Fox</u>	<u>Total</u>
Additions:				
Investment earnings:				
Net (decrease) in fair value of investments	\$ 2,327	\$ 5,034	\$ 9,908	\$ 17,269
Interest	2,839	1,580	3,581	8,000
Dividends	<u>3,237</u>	<u>782</u>	<u>4,794</u>	<u>8,813</u>
 Total investment earnings	 8,403	 7,396	 18,283	 34,082
Less investment disbursements	<u>(5,168)</u>	<u>(511)</u>	<u>(1,186)</u>	<u>(6,865)</u>
 Total additions	 <u>3,235</u>	 <u>6,885</u>	 <u>17,097</u>	 <u>27,217</u>
Deductions:				
Distribution	6,000	-	7,940	13,940
Administrative and general	<u>793</u>	<u>1,483</u>	<u>1,109</u>	<u>3,385</u>
 Total deductions	 <u>6,793</u>	 <u>1,483</u>	 <u>9,049</u>	 <u>17,325</u>
 Excess (deficiency) of total additions over total deductions	  (3,558)	  5,402	  8,048	  9,892
 Cash and investment fund balance - beginning	 <u>139,335</u>	 <u>45,874</u>	 <u>185,091</u>	 <u>370,300</u>
 Cash and investment fund balance - ending	 <u>\$ 135,777</u>	 <u>\$ 51,276</u>	 <u>\$ 193,139</u>	 <u>\$ 380,192</u>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006

	<u>Payroll</u>	<u>Barrett Law</u>	<u>Flexible Spending Account</u>	<u>Utilities ACH Fund</u>	<u>Total</u>
Additions:					
Agency fund additions	\$ 9,496,452	\$ -	\$ 5,329	\$ 328,101	\$ 9,829,882
Deductions:					
Agency fund deductions	9,496,623	100	4,668	328,101	9,829,492
Excess (deficiency) of total additions over total deductions	(171)	(100)	661	-	390
Cash and investment fund balance - beginning	40,293	37,744	4,241	428	82,706
Cash and investment fund balance - ending	<u>\$ 40,122</u>	<u>\$ 37,644</u>	<u>\$ 4,902</u>	<u>\$ 428</u>	<u>\$ 83,096</u>

CITY OF LAPORTE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Street patcher	\$ 40,869	\$ 9,482
Closed circuit television	6,972	1,640
HVAC loan	36,258	8,531
Bonds payable:		
General obligation bonds:		
Park district improvements	1,890,000	225,000
City refunding bonds for police station renovations and equipment purchases for fire and street departments	1,725,000	161,000
Revenue bonds:		
Tax increment revenue bonds for development of East Gate	1,707,077	-
Redevelopment Authority lease rental bonds for street and sidewalk improvements	4,395,000	180,000
Economic development lease rental bonds for improvements to Thomas Rose Industrial Park	<u>540,000</u>	<u>80,000</u>
Total governmental activities long-term debt	<u>\$ 10,341,176</u>	<u>\$ 665,653</u>
Business-type Activities:		
Water Utility		
Capital leases:		
Backhoe	\$ 6,412	\$ 6,412
Revenue bonds:		
Refunding bonds for waterworks system improvements	<u>2,470,000</u>	<u>420,000</u>
Total Water Utility	<u>2,476,412</u>	<u>426,412</u>
Wastewater Utility		
State revolving loans for plant improvements	4,867,951	340,000
Revenue bonds:		
Revenue bonds for combined sewer overflow project	<u>4,500,000</u>	<u>-</u>
Total Wastewater Utility	<u>9,367,951</u>	<u>340,000</u>
Total business-type activities long-term debt:	<u>\$ 11,844,363</u>	<u>\$ 766,412</u>

CITY OF LAPORTE  
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

Water and Wastewater Utilities

CITY OF LAPORTE  
AUDIT RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The City does not maintain sufficient detailed records of capital assets. A valuation was performed in 2004 which included a detail listing of capital assets. However, the master detail listing has not been updated since 2004 nor does the listing provide historical costs for land.

The Water Utility does not maintain sufficient detailed records of capital assets. The Utility has contracted with a vendor to help prepare a detail record of capital assets.

The Wastewater Utility's capital asset additions included items under the approved capital asset policy threshold of \$5,000.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

1937 FIRE AND 1925 POLICE PENSIONS SURVIVING SPOUSE BENEFIT

The 1937 Fire and 1925 Police Pensions paid all surviving spouses 30% of the first class salary of a firefighter or patrolman, respectively. A calculation determining the greater of 30% of the first class salary of the monthly pay of a first class firefighter or patrolman or 55% of the monthly benefit the deceased member was receiving was not done. As a result, some surviving spouses may not have received the appropriate pension. The City plans to research surviving spouse entitlement.

Indiana Code 36-8-7-12.2(d) states in part: "If a member dies while in active service or after retirement: (1) the surviving spouse is entitled to receive an amount fixed by ordinance but not less than: (A) for the surviving spouse of a member who dies before January 1, 1989, thirty percent (30%) of the salary of a fully paid first class firefighter in the unit at the time of the payment of the pension; and (B) for the surviving spouse of a member who dies after December 31, 1988, except as otherwise provided in this clause, an amount per month, during the spouse's life, equal to the greater of thirty percent (30%) of the monthly pay of a first class firefighter or fifty-five percent (55%) of the monthly benefit the deceased member was receiving or was entitled to receive on the date of the member's death . . ."

Indiana Code 36-8-6-9.6(b) states in part: "A payment shall be made to the surviving spouse of a deceased member in an amount fixed by ordinance, but at least an amount equal to the following: (1) To the surviving spouse of a member who died before January 1, 1989, an amount equal to thirty percent (30%) of the monthly pay of a first class patrolman per month during the surviving spouse's life if the spouse did not remarry before September 1, 1983. If the spouse remarried before September 1, 1983, and benefits ceased on the date of remarriage, the benefits for the surviving spouse shall be reinstated on July 1, 1997, and continue during the life of the surviving spouse. (2) Except as otherwise provided in this subdivision, to the surviving spouse of a member who dies after December 31, 1988, an amount per month, during the spouse's life, equal to the greater of: (A) thirty percent (30%) of the monthly pay of a first class patrolman; or (B) fifty-five percent (55%) of the monthly benefit the deceased member was receiving or was entitled to receive on the date of the member's death."

CITY OF LAPORTE  
AUDIT RESULTS AND COMMENTS  
(Continued)

COLLECTION OF AMOUNTS DUE

As stated in the prior report, the City has not pursued collection of \$2,846 of delinquent general improvement assessments owed from previous years curb and sidewalk programs.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL

1. As noted in the prior audit report, the Utilities and City submit payroll claims to the Clerk-Treasurer for hours worked through the date of the payroll check for some employees. Payroll is prepared three days before payroll checks are issued. This results in the possibility of employees receiving compensation prior to earning it. This situation exists primarily for employees that have been long-term employees. Employees that have been hired in recent years have had one week's pay withheld, upon commencing employment.
2. The Wastewater, Police, and Park Departments' service records are not being maintained properly, with respect to recording hours worked and maintaining a cumulative total of time earned, time used and remaining balances.
3. The Fire Department does not use approved or prescribed service records.
4. The Community Development Block Grant Program manager and the part-time assistant were not included in the salary ordinance for 2006.

Indiana Code 5-7-3-1 states in part: "Public officers may not draw or receive their salaries in advance."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONTRACT

Payments totaling \$125,000 were made from the County Economic Development Income Tax (CEDIT) Fund to the Greater LaPorte Economic Development Corporation for economic development services in 2006 without a contract.

Indiana Code 6-3.5-7-13.1(b) states in part: "revenues from the county economic development income tax may be used as follows: (2)(D) by a city for contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects."

CITY OF LAPORTE  
AUDIT RESULTS AND COMMENTS  
(Continued)

TEMPORARY LOAN - PARK DEPARTMENT

As stated in prior reports, the Kiwanis/Teledyne Nonreverting Fund loaned the Beechwood Non-reverting Capital Fund approximately \$60,000 in 1991. The loan has yet to be repaid. The outstanding balance of this loan at December 31, 2006, was \$25,900.

Indiana Code 36-1-8-4 concerning temporary loans states in part: "(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

INTERNAL CONTROLS OVER PARK PERMITS

The Park Department issues various permits for the rental of the lodge and shelters. Some collections for rental permits could not be traced to a receipt.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REDEVELOPMENT AUTHORITY

As stated in the prior report, the Redevelopment Authority has not met immediately after January 15 to organize as required by statute for 2006 or 2007.

Indiana Code 36-7-14.5-9(a) states in part: "Immediately after January 15 of each year, the board shall hold an organizational meeting. It shall elect one (1) of the members president, another vice president, and another secretary-treasurer to perform the duties of those offices."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF LAPORTE, LAPORTE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of LaPorte (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

STATE BOARD OF ACCOUNTS

March 29, 2007

CITY OF LAPORTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2006

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-18-0021 B-04-MC-18-0021	\$ 116,891 <u>136,610</u>
Total for federal grantor agency			<u>253,501</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	FY 2006	<u>2,460</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205		
Economic Development Corridor Feasibility Study, Des. No. 0500838		DEM-IN84(001)	<u>88,932</u>
Pass-Through Northwestern Indiana Regional Planning Commission			
Federal Transit Cluster			
Federal Transit - Formula Grants	20.507	IN-90-X-508	<u>222,155</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-06-04-07-39	13,695
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	PT-07-04-01-014 J8-2006-04-04-01	5,250 <u>7,757</u>
Total for program			<u>13,007</u>
Safety Incentive Grants for Use of Seatbelts	20.604	Emergency Gas Award	<u>1,600</u>
Total for cluster			<u>28,302</u>
Total for federal grantor agency			<u>339,389</u>
Total federal awards expended			<u>\$ 595,350</u>

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

CITY OF LAPORTE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of LaPorte (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2006:

Program Title	Federal CFDA Number	2006
Community Development Block Grants/Entitlement Grants	14.218	\$ <u>33,978</u>

CITY OF LAPORTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program
14.218	Community Development Block Grants/Entitlement Grants
20.507	Federal Transit – Formula Grants

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

Auditee qualified as low-risk auditee? no

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

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

FINDING 2006-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/Entitlement Grants  
CFDA Number: 14.218  
Federal Award Numbers: B-05-MC-18-0021; B-04-MC-18-0021

The City has not implemented internal controls to minimize the time elapsing between the deposit of federal funds and their disbursement. Drawdowns were estimated for planning/administration needs and not based upon actual disbursements. Some actual disbursements of the drawdown occurred up to three months after federal funds were received.

The Code of Federal Regulations, 24 CFR 84.21(b), states in part: "Recipients' financial management systems shall provide for the following: . . . (5)Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants, or payments by other means for program purposes by the recipient."

We recommended that the City implement procedures to minimize the time elapsing between the deposit of federal funds and their subsequent disbursement.

CITY OF LAPORTE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Office of the Clerk Treasurer, 801 Michigan Avenue, La Porte, Indiana 46350  
Telephone 219-362-9512 FAX 219-362-8955 E-mail: tludlow@cityoflaporte.com Website: http://ci.la-porte.in.us

City of LaPorte  
Correction Action  
To the Schedule of Findings and Questioned Costs

Section III – Financial Statement Findings

Finding No. 2006-1 Cash Management

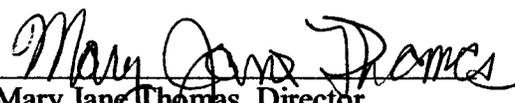
Recognizing the need for the CDBG Program to follow federal cash management policies and practices, the Office of the Community Development and Planning and Office of Clerk/Treasurer will implement the following correction action to the finding and questioned costs.

Prior to initiating an IDIS draw, the staff of the Office of Community Development and Planning will review the claims docket prepared and printed by the Office of Clerk/Treasurer and approved by the Board of Public Works and Safety during their weekly meeting. Staff will observe which claims shall be paid from the CDBG Program accounts. Afterwards, staff will process an IDIS draw to support the claims paid for that date.

This action will minimize the amount of time elapsing between the deposit of federal funds and their disbursement. Draws will be based upon actual disbursements as opposed to estimated administrative expenses.

Presented by:

  
Teresa Ludlow  
Clerk/Treasurer

  
Mary Jane Thomas, Director  
Office of Community Development  
and Planning

3/19/07  
Date

3/19/07  
Date

CITY OF LAPORTE  
EXIT CONFERENCE

The contents of this report were discussed on April 16, 2007, with Leigh E. Morris, Mayor; Teresa L. Ludlow, Clerk-Treasurer; Joanne Layman, Deputy Clerk-Treasurer; and Arthur L. Roule, Jr., City Attorney. The officials concurred with our audit findings.