

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

ANNUAL FINANCIAL REPORT

2010

CITY OF LAPORTE

LAPORTE COUNTY, INDIANA



**FILED**  
05/19/2011



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa L. Ludlow	01-01-08 to 12-31-11
Mayor	Kathleen A. Chroback	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Kathleen A. Chroback	01-01-08 to 12-31-11
President Pro Tem of the Common Council	A.C. Pressler David K. Schmitt	01-01-10 to 12-31-10 01-01-11 to 12-31-11
Superintendent of Water Utility	Todd A. Taylor	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Jerry P. Jackson	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF 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, 2010, 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, 2010, 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 April 19, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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.

The City has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, 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, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts 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 Capital Assets and Schedule of Long-Term Debt have 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.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 19, 2011



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

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

We have audited the financial statements of the governmental activities, the business-type each major fund, and the aggregate remaining fund information of the City of LaPorte (City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

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

April 19, 2011

CITY OF LAPORTE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2010

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 5,316,594	\$ 1,005,582	\$ 153,274	\$ -	\$ (4,157,738)	\$ -	\$ (4,157,738)
Public safety	4,562,926	245,438	70,571	80,644	(4,166,273)	-	(4,166,273)
Highways and streets	2,214,078	5,300	861,211	206,824	(1,140,743)	-	(1,140,743)
Sanitation	976,266	1,295,240	-	-	318,974	-	318,974
Health and welfare	-	968	-	-	968	-	968
Economic development	4,448,444	-	-	3,799,291	(649,153)	-	(649,153)
Culture and recreation	1,271,622	453,925	-	3,600	(814,097)	-	(814,097)
Urban redevelopment and housing	4,000	-	-	-	(4,000)	-	(4,000)
Temporary loans to pension trust	230,000	-	-	-	(230,000)	-	(230,000)
Tax anticipation warrants	4,645,486	-	-	-	(4,645,486)	-	(4,645,486)
Principal and interest on indebtedness	1,331,884	-	-	-	(1,331,884)	-	(1,331,884)
<b>Total governmental activities</b>	<b>25,001,300</b>	<b>3,006,453</b>	<b>1,085,056</b>	<b>4,090,359</b>	<b>(16,819,432)</b>	<b>-</b>	<b>(16,819,432)</b>
Business-type activities:							
Wastewater	4,877,807	4,094,387	-	-	-	(783,420)	(783,420)
Water	3,817,110	3,230,441	-	48,025	-	(538,644)	(538,644)
<b>Total business-type activities</b>	<b>8,694,917</b>	<b>7,324,828</b>	<b>-</b>	<b>48,025</b>	<b>-</b>	<b>(1,322,064)</b>	<b>(1,322,064)</b>
<b>Total primary government</b>	<b>\$ 33,696,217</b>	<b>\$ 10,331,281</b>	<b>\$ 1,085,056</b>	<b>\$ 4,138,384</b>	<b>(16,819,432)</b>	<b>(1,322,064)</b>	<b>(18,141,496)</b>
General receipts:							
Property taxes					9,059,133	-	9,059,133
Income taxes					2,301,053	-	2,301,053
Intergovernmental					895,501	-	895,501
Other local sources					1,793,296	43,410	1,836,706
Tax anticipation warrants					4,558,734	-	4,558,734
Grants and contributions not restricted to specific programs					154,560	-	154,560
Investment earnings					332	11,372	11,704
Customer deposits					-	36,926	36,926
<b>Total general receipts</b>					<b>18,762,609</b>	<b>91,708</b>	<b>18,854,317</b>
Change in net assets					1,943,177	(1,230,356)	712,821
Net assets - beginning					8,875,821	5,768,819	14,644,640
Net assets - ending					<b>\$ 10,818,998</b>	<b>\$ 4,538,463</b>	<b>\$ 15,357,461</b>
<b>Assets</b>							
Cash and investments					\$ 3,286,010	\$ 4,538,463	\$ 7,824,473
Restricted assets:							
Cash and investments					7,532,988	-	7,532,988
<b>Total assets</b>					<b>\$ 10,818,998</b>	<b>\$ 4,538,463</b>	<b>\$ 15,357,461</b>
<b>Net Assets</b>							
Restricted for:							
General government					\$ 199,896	\$ -	\$ 199,896
Public safety					400	-	400
Highways and streets					1,880,654	-	1,880,654
Culture and recreation					33,895	-	33,895
Debt service					2,409,142	2,291,691	4,700,833
Capital outlay					3,009,001	-	3,009,001
Unrestricted					3,286,010	2,246,772	5,532,782
<b>Total net assets</b>					<b>\$ 10,818,998</b>	<b>\$ 4,538,463</b>	<b>\$ 15,357,461</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  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2010

	General Fund	Riverboat	Major Moves Construction	Cumulative Capital Development	CEDIT	Allis-Chalmers Lawsuit	Other Governmental Funds	Totals
<b>Receipts:</b>								
Taxes	\$ 5,869,942	\$ -	\$ -	\$ 399,893	\$ -	\$ -	\$ 2,789,298	\$ 9,059,133
Special assessments	-	-	-	-	-	-	1,150	1,150
Licenses and permits	139,866	-	-	-	-	-	6,463	146,329
Intergovernmental	1,384,738	143,293	-	26,089	1,364,731	-	2,311,698	5,230,549
Charges for services	386,608	-	509,344	-	-	-	1,642,583	2,538,535
Fines and forfeits	96,283	-	-	-	-	-	12,389	108,672
Interfund loans	-	230,000	-	99,487	-	-	127,002	456,489
Other	950,604	-	-	-	-	3,150,692	37,054	4,138,350
<b>Total receipts</b>	<b>8,828,041</b>	<b>373,293</b>	<b>509,344</b>	<b>525,469</b>	<b>1,364,731</b>	<b>3,150,692</b>	<b>6,927,637</b>	<b>21,679,207</b>
<b>Disbursements:</b>								
General government	3,881,220	-	-	-	-	-	529,401	4,410,621
Public safety	4,468,011	-	-	-	-	-	79,515	4,547,526
Highways and streets	194,224	-	651,353	-	-	-	1,368,501	2,214,078
Sanitation	-	-	-	-	-	-	976,266	976,266
Economic development	-	-	-	-	1,218,160	3,150,692	62,488	4,431,340
Culture and recreation	21,173	-	-	-	-	-	1,250,449	1,271,622
Urban redevelopment and housing	-	-	-	-	-	-	4,000	4,000
Interfund loans	-	230,000	-	121,102	-	-	105,387	456,489
Debt service:								
Principal	-	-	-	-	-	-	958,685	958,685
Interest	-	-	-	-	-	-	373,199	373,199
Capital outlay:								
General government	-	-	-	76,341	-	-	575,063	651,404
Public safety	15,400	-	-	-	-	-	-	15,400
Economic development	-	-	-	-	-	-	17,104	17,104
<b>Total disbursements</b>	<b>8,580,028</b>	<b>230,000</b>	<b>651,353</b>	<b>197,443</b>	<b>1,218,160</b>	<b>3,150,692</b>	<b>6,300,058</b>	<b>20,327,734</b>
Excess (deficiency) of receipts over disbursements	248,013	143,293	(142,009)	328,026	146,571	-	627,579	1,351,473
<b>Other financing sources (uses):</b>								
Tax anticipation warrants received	3,643,524	-	-	-	-	-	915,210	4,558,734
Tax anticipation warrants repaid	(3,756,231)	-	-	-	-	-	(889,255)	(4,645,486)
Transfers in	268,971	-	-	-	-	-	527,423	796,394
Transfers out	-	-	-	-	-	-	(796,394)	(796,394)
Other receipts	273,041	-	-	40	7,500	-	497,552	778,133
<b>Total other financing sources (uses)</b>	<b>429,305</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>7,500</b>	<b>-</b>	<b>254,536</b>	<b>691,381</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	677,318	143,293	(142,009)	328,066	154,071	-	882,115	2,042,854
Cash and investment fund balance - beginning	(70,938)	1,080,886	1,854,836	1,053,066	1,378,685	-	3,279,713	8,576,248
Cash and investment fund balance - ending	\$ 606,380	\$ 1,224,179	\$ 1,712,827	\$ 1,381,132	\$ 1,532,756	\$ -	\$ 4,161,828	10,619,102
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.								
								199,896
Net assets of governmental activities								\$ 10,818,998
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 606,380	\$ 1,224,179	\$ -	\$ -	\$ -	\$ -	\$ 1,455,451	\$ 3,286,010
Restricted assets:								
Cash and investments	-	-	1,712,827	1,381,132	1,532,756	-	2,706,377	7,333,092
<b>Total cash and investment assets - ending</b>	<b>\$ 606,380</b>	<b>\$ 1,224,179</b>	<b>\$ 1,712,827</b>	<b>\$ 1,381,132</b>	<b>\$ 1,532,756</b>	<b>\$ -</b>	<b>\$ 4,161,828</b>	<b>\$ 10,619,102</b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ 400
Highways and streets	-	-	1,712,827	-	-	-	167,827	1,880,654
Culture and recreation	-	-	-	-	-	-	33,895	33,895
Debt service	-	-	-	-	-	-	2,409,142	2,409,142
Capital outlay	-	-	-	1,381,132	1,532,756	-	95,113	3,009,001
Unrestricted	606,380	1,224,179	-	-	-	-	1,455,451	3,286,010
<b>Total cash and investment fund balance - ending</b>	<b>\$ 606,380</b>	<b>\$ 1,224,179</b>	<b>\$ 1,712,827</b>	<b>\$ 1,381,132</b>	<b>\$ 1,532,756</b>	<b>\$ -</b>	<b>\$ 4,161,828</b>	<b>\$ 10,619,102</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, 2010

	Wastewater	Water	Totals	Internal Service Fund
Operating receipts:				
Metered/measured	\$ 3,459,861	\$ 2,571,156	\$ 6,031,017	\$ -
Fire protection receipts	-	334,129	334,129	-
Employee contributions	-	-	-	166,544
Employer contributions	-	-	-	1,746,908
Refunds and reimbursements	-	-	-	154,560
Customer deposits	-	36,926	36,926	-
Miscellaneous	634,526	325,156	959,682	-
<b>Total operating receipts</b>	<b>4,094,387</b>	<b>3,267,367</b>	<b>7,361,754</b>	<b>2,068,012</b>
Operating disbursements:				
Salaries and wages	824,449	750,539	1,574,988	-
Employee pensions and benefits	362,079	314,256	676,335	-
Purchased water	-	201,065	201,065	-
Sludge removal	2,796	-	2,796	-
Fuel for power production	214,278	-	214,278	-
Chemicals	62,817	34,203	97,020	-
Material and supplies	237,477	353,227	590,704	-
Contractual services	413,644	402,982	816,626	-
Transportation	25,027	72,687	97,714	-
Insurance claims and expense	58,334	59,803	118,137	2,168,021
Refunds	-	30,962	30,962	-
Miscellaneous	1,726,040	1,099,208	2,825,248	-
<b>Total operating disbursements</b>	<b>3,926,941</b>	<b>3,318,932</b>	<b>7,245,873</b>	<b>2,168,021</b>
Excess (deficiency) of operating receipts over operating disbursements	167,446	(51,565)	115,881	(100,009)
Nonoperating receipts (disbursements):				
Rent	-	43,410	43,410	-
Investment income	5,611	5,761	11,372	332
Debt service of principal	(517,000)	(465,000)	(982,000)	-
Interest disbursements	(433,866)	(33,178)	(467,044)	-
<b>Total nonoperating receipts (disbursements)</b>	<b>(945,255)</b>	<b>(449,007)</b>	<b>(1,394,262)</b>	<b>332</b>
Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	(777,809)	(500,572)	(1,278,381)	(99,677)
Capital contributions	-	48,025	48,025	-
Transfers in	995,631	723,178	1,718,809	-
Transfers out	(995,631)	(723,178)	(1,718,809)	-
Deficiency of receipts, contributions and transfers in over disbursements and transfers out	(777,809)	(452,547)	(1,230,356)	(99,677)
Cash and investment fund balance - beginning	3,796,068	1,972,751	5,768,819	299,573
Cash and investment fund balance - ending	<u>\$ 3,018,259</u>	<u>\$ 1,520,204</u>	<u>\$ 4,538,463</u>	<u>\$ 199,896</u>
<b>Cash and Investment Assets - December 31</b>				
Cash and investments	\$ 3,018,259	\$ 1,520,204	\$ 4,538,463	\$ -
Restricted assets:				
Cash and investments	-	-	-	199,896
<b>Total cash and investment assets - December 31</b>	<b>\$ 3,018,259</b>	<b>\$ 1,520,204</b>	<b>\$ 4,538,463</b>	<b>\$ 199,896</b>
<b>Cash and Investment Fund Balance - December 31</b>				
Restricted for:				
Debt service	\$ 1,948,919	\$ 342,772	\$ 2,291,691	\$ -
Other purposes	-	-	-	199,896
Unrestricted	1,069,340	1,177,432	2,246,772	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 3,018,259</b>	<b>\$ 1,520,204</b>	<b>\$ 4,538,463</b>	<b>\$ 199,896</b>

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, 2010

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 714,349	\$ -	
Plan members	191	-	
State	<u>1,397,817</u>	<u>-</u>	
Total contributions	<u>2,112,357</u>	<u>-</u>	
Investment earnings:			
Realized and unrealized gains in investment value	-	23,360	
Interest	179	8	
Dividends	<u>-</u>	<u>11,850</u>	
Total investment earnings	<u>179</u>	<u>35,218</u>	
Interfund loans received	<u>230,000</u>	<u>-</u>	
Total additions	<u>2,342,536</u>	<u>35,218</u>	
Deductions:			
Benefits	1,612,920	-	
Realized and unrealized losses in investment value	-	4,467	
Culture and recreation	-	9,526	
Administrative and general	7,078	4,732	
Interfund loans repaid	<u>230,000</u>	<u>-</u>	
Total deductions	<u>1,849,998</u>	<u>18,725</u>	
Excess of total additions over total deductions	492,538	16,493	
Cash and investment fund balance - beginning	<u>483,706</u>	<u>373,682</u>	
Cash and investment fund balance - ending	<u>\$ 976,244</u>	<u>\$ 390,175</u>	<u>\$ 7,086</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, health and social services, culture and recreation, public improvements, planning and zoning, 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 Unit

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 units are presented below:

LaPorte Redevelopment Authority: The City appoints a voting majority of the LaPorte Redevelopment Authority's board and a financial benefit/burden relationship exists between the City and the LaPorte Redevelopment Authority. Although it is legally separate from the City, the LaPorte Redevelopment Authority is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

Joint Venture

The City is a participant in a joint venture to operate 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 Greater LaPorte Economic Development Corporation's continued existence depends on continued funding by the City. Complete financial statements for the Greater LaPorte Economic Development Corporation can be obtained from Greater LaPorte Economic Development Corporation's administrative office at 809 Washington Street, LaPorte, IN 46350.

Related Organizations

The City's officials are also responsible for appointing the voting majority 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 voting majority of the LaPorte Fire Station Building Corporation and the LaPorte Municipal 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.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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, 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 riverboat fund is used to account for riverboat tax revenue and may be used for any legal or corporate purpose of the City.

The major moves construction fund is used 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 cumulative capital development fund is used to account for receipts and disbursements of taxes levied under Indiana Code IC 36-9-15.5 for capital project uses.

The CEDIT fund (capital projects) accounts for the City's use of economic development income tax revenues.

The allis-chalmers lawsuit fund records the receipt of a lawsuit settlement the City received and then the subsequent disbursement of this money for economic development purposes.

The City reports the following major enterprise 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.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 a trust arrangement 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 its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

Investments, except for those reported in the private-purpose trust funds, 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. Investments reported in the private-purpose trust funds are stated at market value, whereby changes in the market value of the investments are reported as net realized and unrealized increases or decreases in investment value on the Statement of Additions, Deductions, and Changes in Cash and Investment Balances.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. 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.

5. Long-Term Debt

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

6. 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.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

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

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, including special assessments. 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 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 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.
- 4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – 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. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide 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.

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. Prior to November 1, 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 Balance Deficits

At December 31, 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	
DUI Taskforce	\$ 2,423
MADD Grant	180
Crash Fatality Reduction	1,549
Transit	121,608
Community Development Block Grant	4,729
Community Development Block Grant ARRA	747
Landfill Bond Debt Service	104,325
Fire Equipment Lease Bonds	70,251

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to, a) the delay in assessment, billing, collection, and distribution of property taxes by the County, b) grant disbursements preceding grant receipts/reimbursements, and c) operating costs of the Transit program exceeding receipts. These deficits are to be repaid from future 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. IC 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 City does not have a deposit policy for custodial credit risk. At December 31, 2010, the City had deposit balances in the amount of \$16,355,016.

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

As of December 31, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Primary Government Market Value</u>
Mutual funds	\$ 362,764
Preferred stock	<u>10,704</u>
Total	<u>\$ 373,468</u>

Statutory Authorization for Investments

IC 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 City 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

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 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 City'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.

The following investments held by the City were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Primary Government:

Investment Type	In the Government's Name
Mutual funds	\$ 362,764
Preferred stock	10,704
	\$ 373,468
Total	\$ 373,468

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. The City does not have a formal investment policy for interest rate risk for investments.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Investment Maturities (in Years) Less Than 1
Mutual funds	\$ 362,764
Preferred stock	10,704
<b>Total</b>	<b>\$ 373,468</b>

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. The City does not have a formal investment policy for credit risk for investments.

Moody's Rating	City's Investments	
	Mutual Funds	Corporate Stock
Baa	\$ -	\$ 10,704
Unrated	362,764	-
<b>Totals</b>	<b>\$ 362,764</b>	<b>\$ 10,704</b>

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.

The City held the following investments that were exposed to concentration of credit risk:

Primary Government:

Issuer	
Mutual Funds:	
Ridgeworth US Govt Ultra-Short Bond I	\$ 47,942
SIT US Government Securities Fund, Inc.	64,238
Vanguard GNMA Admiral Fund	76,802
PIMCO Total Return Fund Institutional	29,666
<b>Total</b>	<b>\$ 218,648</b>

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2010, were as follows:

Transfer From	Transfer To		
Other Governmental Funds	General Fund	\$	268,971
Other Governmental Funds	Other Governmental Funds		527,423
Total		\$	796,394

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

The City makes annual transfers from Tax Increment Financing Funds to the Redevelopment Authority Funds to cover semiannual debt requirements.

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 risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

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 700 member governmental entities. This risk pool was formed in 1990. 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.

The City has chosen to establish a risk financing fund for risks associated with Medical Benefits to Employees, Retirees, and Dependents. This risk financing is accounted for in the Insurance Fund an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of the \$85,000 per individual annual coverage provided by the fund. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon a family and single plan monthly rate determined annually by the insurance company multiplied by the number of employees each department has enrolled in the plan and are reported as quasi-external interfund transactions.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 2010 totaled \$251,500.

C. Subsequent Events

LaPorte County Property Taxes

For the past four property tax years LaPorte County has been unable to establish approved assessment amounts for county-wide properties. This has caused the County to bill property tax owners based on "provisional" tax bills since the 2006 payable 2007 property tax billing year. In November 2010 LaPorte County completed an approved assessment of property values for the 2006 payable 2007 property tax year. Nonetheless, as of March 31, 2011, the County has not sent to tax payers a reconciling bill for the 2006 payable 2007 property tax year. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the City. It is undeterminable how much property tax collections the City will receive once all the reconciliation bills have been distributed and the collections received.

Potential Shortfall Due to Reassessment

The City has forecasted their financial position for the year ended December 31, 2010. According to this forecast the City's General Fund will have a shortfall of approximately \$5,500,000. This shortfall is due to the County not completing and settling an approved property tax cycle since the 2006 payable 2007 property tax year, as well as the implementation of new legislation placing tax caps on property tax rates.

Self-Insurance Funds – Health Insurance

Post January 1, 2011, the City has received \$501,140 as reimbursement for health insurance claims paid by the City on behalf of employees, retirees, and dependents that have exceeded the \$85,000 per individual per year health insurance payment maximum. These funds have been receipted to the Self-Insurance Fund.

D. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) 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.

As of December 31, 2010, the outstanding aggregate principal amount payable was \$5,730,000.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Loans Receivable – Economic Development

The City has made low interest loans to the LaPorte Economic Advancement Foundation for economic development through Tax Incremental Financing (TIF) Funds. Loans receivable under this program at December 31, 2010, are \$16,600.

F. Rate Structure – Enterprise Funds

Water Utility

On July 19, 1993, the City Council adopted Ordinance 19-93 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on November 15, 2004.

Wastewater Utility

The current rate structure was approved by the City Council on November 15, 2004.

G. Receipts Pledged

Water Utility Receipts Pledged

The City has pledged future net receipts, net of specified operating expenditures, to repay revenue bonds issued in 2005. Proceeds from the bonds provided financing for waterworks system improvements. The bonds are payable solely from net receipts and are payable through 2012. Annual principal and interest payments are expected to require less than 3.3 percent of net receipts.

Wastewater Utility Receipts Pledged

The City has pledged future receipts, net of specified operating expenditures, to repay revenue bonds issued in 2006 and 2007. Proceeds from the bonds provided financing for wastewater system improvements. The bonds are payable solely from net receipts and are payable through 2027 and 2021, respectively. Annual principal and interest payments are expected to require less than 4% and 3.9%, respectively, of net receipts.

Tax Increment Receipts Pledged

The City has pledged a portion of property tax receipts to repay \$2,097,515 in tax increment bonds issued in 2004 to finance development of East Gate. The bonds are payable solely from the incremental property tax receipts generated by the taxation of incremental property value within the TIF District. Incremental property tax receipts were projected to produce 4% of the debt service requirements over the life of the bonds.

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$291,122.

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

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

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$526,068 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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

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

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$871,749 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

CITY OF LAPORTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$663,486.

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, 2010

	Motor Vehicle Highway	Local Road And Street	Recreation Non-Reverting	Cumulative Non-Reverting Training	Park Non-Reverting	Restricted Donations
<b>Receipts:</b>						
Taxes	\$ 141,453	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	593,859	206,824	-	-	-	-
Charges for services	5,010	-	128,570	-	36,901	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	263	-	-	-	-	7,617
<b>Total receipts</b>	<b>740,585</b>	<b>206,824</b>	<b>128,570</b>	<b>-</b>	<b>36,901</b>	<b>7,617</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	8,958
Public safety	-	-	-	879	-	-
Highways and streets	684,606	160,653	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	149,625	-	25,955	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	5,900	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>684,606</b>	<b>160,653</b>	<b>149,625</b>	<b>879</b>	<b>31,855</b>	<b>8,958</b>
Excess (deficiency) of receipts over disbursements	55,979	46,171	(21,055)	(879)	5,046	(1,341)
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	77,044	-	-	-	-	-
Tax anticipation warrants repaid	(61,137)	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	24,174	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>40,081</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	96,060	46,171	(21,055)	(879)	5,046	(1,341)
Cash and investment fund balance - beginning	24,874	121,656	176,219	879	28,849	33,655
Cash and investment fund balance - ending	<u>\$ 120,934</u>	<u>\$ 167,827</u>	<u>\$ 155,164</u>	<u>\$ -</u>	<u>\$ 33,895</u>	<u>\$ 32,314</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 120,934	\$ -	\$ 155,164	\$ -	\$ -	\$ 32,314
Restricted assets:						
Cash and investments	-	167,827	-	-	33,895	-
<b>Total cash and investment assets - ending</b>	<u>\$ 120,934</u>	<u>\$ 167,827</u>	<u>\$ 155,164</u>	<u>\$ -</u>	<u>\$ 33,895</u>	<u>\$ 32,314</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	167,827	-	-	-	-
Culture and recreation	-	-	-	-	33,895	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	120,934	-	155,164	-	-	32,314
<b>Total cash and investment fund balance - ending</b>	<u>\$ 120,934</u>	<u>\$ 167,827</u>	<u>\$ 155,164</u>	<u>\$ -</u>	<u>\$ 33,895</u>	<u>\$ 32,314</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, 2010  
 (Continued)

	Economic Development Commission	LaPorte Strategic Planning	Landfill RDC Bonds	Transit	Community Development Block Grant	Downtown Bid District
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,557
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	354,584	520,225	-
Charges for services	-	-	-	94,047	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	1,508	193	21,935	-	854
<b>Total receipts</b>	<b>-</b>	<b>1,508</b>	<b>193</b>	<b>470,566</b>	<b>520,225</b>	<b>100,411</b>
<b>Disbursements:</b>						
General government	-	-	-	-	137,276	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	523,242	-	-
Sanitation	-	-	92,700	-	-	-
Economic development	-	-	-	-	-	62,488
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	12,400	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	383,004	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>92,700</b>	<b>535,642</b>	<b>520,280</b>	<b>62,488</b>
Excess (deficiency) of receipts over disbursements	-	1,508	(92,507)	(65,076)	(55)	37,923
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	-	-	-	-	-	-
Tax anticipation warrants repaid	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	19,086	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,086</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,508	(92,507)	(45,990)	(55)	37,923
Cash and investment fund balance - beginning	10,780	7,233	138,039	(75,618)	(4,674)	86,358
Cash and investment fund balance - ending	<u>\$ 10,780</u>	<u>\$ 8,741</u>	<u>\$ 45,532</u>	<u>\$ (121,608)</u>	<u>\$ (4,729)</u>	<u>\$ 124,281</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 10,780	\$ 8,741	\$ 45,532	\$ (121,608)	\$ (4,729)	\$ 124,281
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 10,780</u>	<u>\$ 8,741</u>	<u>\$ 45,532</u>	<u>\$ (121,608)</u>	<u>\$ (4,729)</u>	<u>\$ 124,281</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	10,780	8,741	45,532	(121,608)	(4,729)	124,281
<b>Total cash and investment fund balance - ending</b>	<u>\$ 10,780</u>	<u>\$ 8,741</u>	<u>\$ 45,532</u>	<u>\$ (121,608)</u>	<u>\$ (4,729)</u>	<u>\$ 124,281</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, 2010  
 (Continued)

	Law Enforcement Continuing Education	Unsafe Building	Drug Free Partnership	Park and Recreation	Trash	Golf Non-Reverting
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 935,123	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	6,463	-	-	-	-	-
Intergovernmental	-	-	-	61,008	-	-
Charges for services	6,024	-	-	401,647	909,805	6,737
Fines and forfeits	10,079	-	-	2,310	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	60	-	-
<b>Total receipts</b>	<b>22,566</b>	<b>-</b>	<b>-</b>	<b>1,400,148</b>	<b>909,805</b>	<b>6,737</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	8,893	93	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	883,566	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	1,022,255	-	5,385
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,893</b>	<b>93</b>	<b>-</b>	<b>1,022,255</b>	<b>883,566</b>	<b>5,385</b>
Excess (deficiency) of receipts over disbursements	13,673	(93)	-	377,893	26,239	1,352
Other financing sources (uses):						
Tax anticipation warrants received	-	-	-	510,066	-	-
Tax anticipation warrants repaid	-	-	-	(472,216)	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	3,446	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,296</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,673	(93)	-	419,189	26,239	1,352
Cash and investment fund balance - beginning	40,867	69,206	400	(109,698)	193,347	-
Cash and investment fund balance - ending	<u>\$ 54,540</u>	<u>\$ 69,113</u>	<u>\$ 400</u>	<u>\$ 309,491</u>	<u>\$ 219,586</u>	<u>\$ 1,352</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 54,540	\$ 69,113	\$ -	\$ 309,491	\$ 219,586	\$ 1,352
Restricted assets:						
Cash and investments	-	-	400	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 54,540</u>	<u>\$ 69,113</u>	<u>\$ 400</u>	<u>\$ 309,491</u>	<u>\$ 219,586</u>	<u>\$ 1,352</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	54,540	69,113	-	309,491	219,586	1,352
<b>Total cash and investment fund balance - ending</b>	<u>\$ 54,540</u>	<u>\$ 69,113</u>	<u>\$ 400</u>	<u>\$ 309,491</u>	<u>\$ 219,586</u>	<u>\$ 1,352</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, 2010  
 (Continued)

	Mayor's Veteran Committee	Good Samaritan Fund	Big City-County Seatbelts	DUI Taskforce	Crash Fatality Reduction	Rental Rehab Lien Payment
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	21,125	16,541	13,543	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	950	-	-	-	-	-
<b>Total receipts</b>	<b>950</b>	<b>-</b>	<b>21,125</b>	<b>16,541</b>	<b>13,543</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	21,260	17,401	13,307	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	1,279	-	-	-	-	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,279</b>	<b>-</b>	<b>21,260</b>	<b>17,401</b>	<b>13,307</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(329)	-	(135)	(860)	236	-
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	-	-	-	-	-	-
Tax anticipation warrants repaid	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	846	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(329)	846	(135)	(860)	236	-
Cash and investment fund balance - beginning	8,691	1,804	432	(1,563)	(1,785)	661
Cash and investment fund balance - ending	<u>\$ 8,362</u>	<u>\$ 2,650</u>	<u>\$ 297</u>	<u>\$ (2,423)</u>	<u>\$ (1,549)</u>	<u>\$ 661</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 8,362	\$ 2,650	\$ 297	\$ (2,423)	\$ (1,549)	\$ 661
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 8,362</u>	<u>\$ 2,650</u>	<u>\$ 297</u>	<u>\$ (2,423)</u>	<u>\$ (1,549)</u>	<u>\$ 661</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	8,362	2,650	297	(2,423)	(1,549)	661
<b>Total cash and investment fund balance - ending</b>	<u>\$ 8,362</u>	<u>\$ 2,650</u>	<u>\$ 297</u>	<u>\$ (2,423)</u>	<u>\$ (1,549)</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, 2010  
 (Continued)

	Head Creek	Civic Non-Reverting	L.A.R.E. Sonar Grant	Master Plan Donation	Vertical Real Estate	Central Station Roof
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	4,000	-	-	-
Charges for services	-	45,202	-	-	8,640	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>45,202</b>	<b>4,000</b>	<b>-</b>	<b>8,640</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	4,000	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	47,229	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	240
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>47,229</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>240</b>
Excess (deficiency) of receipts over disbursements	-	(2,027)	-	-	8,640	(240)
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	-	-	-	-	-	-
Tax anticipation warrants repaid	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</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	-	(2,027)	-	-	8,640	(240)
Cash and investment fund balance - beginning	80,995	56,072	-	5,413	68,647	240
Cash and investment fund balance - ending	<u>\$ 80,995</u>	<u>\$ 54,045</u>	<u>\$ -</u>	<u>\$ 5,413</u>	<u>\$ 77,287</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 80,995	\$ 54,045	\$ -	\$ 5,413	\$ 77,287	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 80,995</u>	<u>\$ 54,045</u>	<u>\$ -</u>	<u>\$ 5,413</u>	<u>\$ 77,287</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	80,995	54,045	-	5,413	77,287	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 80,995</u>	<u>\$ 54,045</u>	<u>\$ -</u>	<u>\$ 5,413</u>	<u>\$ 77,287</u>	<u>\$ -</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, 2010  
 (Continued)

	Central Station Interior	Kiwanis/Teledyne Non-Reverting	EPA Petroleum Assessment	Rainy Day Fund	EPA Hazardous Assessment	Community Development Block Grant ARRA
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	9,272	-	71,639	-	4,262	128,374
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	5,900	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>9,272</b>	<b>5,900</b>	<b>71,639</b>	<b>-</b>	<b>4,262</b>	<b>128,374</b>
<b>Disbursements:</b>						
General government	629	-	71,639	-	4,262	731
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	128,390
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>629</b>	<b>-</b>	<b>71,639</b>	<b>-</b>	<b>4,262</b>	<b>129,121</b>
Excess (deficiency) of receipts over disbursements	8,643	5,900	-	-	-	(747)
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	-	-	-	-	-	-
Tax anticipation warrants repaid	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(68,971)	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(68,971)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,643	5,900	-	(68,971)	-	(747)
Cash and investment fund balance - beginning	413	35,946	-	68,971	-	-
Cash and investment fund balance - ending	<u>\$ 9,056</u>	<u>\$ 41,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (747)</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 9,056	\$ 41,846	\$ -	\$ -	\$ -	\$ (747)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 9,056</u>	<u>\$ 41,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (747)</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	9,056	41,846	-	-	-	(747)
<b>Total cash and investment fund balance - ending</b>	<u>\$ 9,056</u>	<u>\$ 41,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (747)</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, 2010  
 (Continued)

	EPA Railroad Clean-Up Grant	DEA Fund	Cops Grant	Police Vest	EECBG Grant	IFA Powerhouse Grant
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	54,021	-	40,487	2,452	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	2,188	34,015	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>54,021</b>	<b>-</b>	<b>40,487</b>	<b>4,640</b>	<b>34,015</b>	<b>-</b>
<b>Disbursements:</b>						
General government	65,084	-	40,487	2,452	34,015	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	2,188	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>65,084</b>	<b>-</b>	<b>40,487</b>	<b>4,640</b>	<b>34,015</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(11,063)	-	-	-	-	-
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	-	-	-	-	-	-
Tax anticipation warrants repaid	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</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	(11,063)	-	-	-	-	-
Cash and investment fund balance - beginning	11,063	443	-	144	-	1,123
Cash and investment fund balance - ending	\$ -	\$ 443	\$ -	\$ 144	\$ -	\$ 1,123
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 443	\$ -	\$ 144	\$ -	\$ 1,123
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 443</b>	<b>\$ -</b>	<b>\$ 144</b>	<b>\$ -</b>	<b>\$ 1,123</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	443	-	144	-	1,123
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 443</b>	<b>\$ -</b>	<b>\$ 144</b>	<b>\$ -</b>	<b>\$ 1,123</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, 2010  
 (Continued)

	CMAQ	Transit Fire Suppression	MADD Grant	Redevelopment TIF I	Redevelopment TIF II	Redevelopment TIF III
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 666,644	\$ 203,842	\$ 23,942
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	95,244	-	-	3,390	651	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	84,899	-	-	-	-	-
Other	-	-	-	-	1,650	1,937
<b>Total receipts</b>	<b>180,143</b>	<b>-</b>	<b>-</b>	<b>670,034</b>	<b>206,143</b>	<b>25,879</b>
<b>Disbursements:</b>						
General government	95,244	12,400	-	240	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	84,899	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	90,000
Capital outlay:						
General government	-	-	180	11,549	-	-
Economic development	-	-	-	-	-	-
<b>Total disbursements</b>	<b>180,143</b>	<b>12,400</b>	<b>180</b>	<b>11,789</b>	<b>-</b>	<b>90,000</b>
Excess (deficiency) of receipts over disbursements	-	(12,400)	(180)	658,245	206,143	(64,121)
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	-	-	-	-	-	-
Tax anticipation warrants repaid	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(420,448)	(106,975)	-
Other receipts	-	-	-	450,000	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,552</b>	<b>(106,975)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(12,400)	(180)	687,797	99,168	(64,121)
Cash and investment fund balance - beginning	-	12,400	-	430,057	477,680	104,640
Cash and investment fund balance - ending	\$ -	\$ -	\$ (180)	\$ 1,117,854	\$ 576,848	\$ 40,519
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ (180)	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	1,117,854	576,848	40,519
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (180)</b>	<b>\$ 1,117,854</b>	<b>\$ 576,848</b>	<b>\$ 40,519</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	1,117,854	576,848	40,519
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	(180)	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (180)</b>	<b>\$ 1,117,854</b>	<b>\$ 576,848</b>	<b>\$ 40,519</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, 2010  
 (Continued)

	Redevelopment Authority	Landfill Bond Debt Service	Fire Equipment Lease Bonds	Bond-Debt Service	Park Bond Debt Service	Cumulative Capital Improvement
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ 225,561	\$ 204,152	\$ 289,024	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	14,716	13,319	18,856	63,306
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	87	-	-	-	-	-
<b>Total receipts</b>	<b>87</b>	<b>-</b>	<b>240,277</b>	<b>217,471</b>	<b>307,880</b>	<b>63,306</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	69,650	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	4,000	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	300,000	-	120,000	224,212	314,473	-
Interest	205,994	-	77,205	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	-	17,104
<b>Total disbursements</b>	<b>509,994</b>	<b>69,650</b>	<b>197,205</b>	<b>224,212</b>	<b>314,473</b>	<b>17,104</b>
Excess (deficiency) of receipts over disbursements	(509,907)	(69,650)	43,072	(6,741)	(6,593)	46,202
<b>Other financing sources (uses):</b>						
Tax anticipation warrants received	-	-	-	119,130	208,970	-
Tax anticipation warrants repaid	-	-	(30,997)	(116,906)	(207,999)	-
Transfers in	527,423	-	-	-	-	-
Transfers out	-	-	-	-	-	(200,000)
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>527,423</b>	<b>-</b>	<b>(30,997)</b>	<b>2,224</b>	<b>971</b>	<b>(200,000)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,516	(69,650)	12,075	(4,517)	(5,622)	(153,798)
Cash and investment fund balance - beginning	753,772	(34,675)	(82,326)	11,475	114,689	267,519
Cash and investment fund balance - ending	<u>\$ 771,288</u>	<u>\$ (104,325)</u>	<u>\$ (70,251)</u>	<u>\$ 6,958</u>	<u>\$ 109,067</u>	<u>\$ 113,721</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ (70,251)	\$ -	\$ 109,067	\$ 113,721
Restricted assets:						
Cash and investments	771,288	(104,325)	-	6,958	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 771,288</u>	<u>\$ (104,325)</u>	<u>\$ (70,251)</u>	<u>\$ 6,958</u>	<u>\$ 109,067</u>	<u>\$ 113,721</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	771,288	(104,325)	-	6,958	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	(70,251)	-	109,067	113,721
<b>Total cash and investment fund balance - ending</b>	<u>\$ 771,288</u>	<u>\$ (104,325)</u>	<u>\$ (70,251)</u>	<u>\$ 6,958</u>	<u>\$ 109,067</u>	<u>\$ 113,721</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, 2010  
 (Continued)

	Park Non-Reverting Capital	Industrial Development	General Improvement Fund	Beechwood Non-Reverting Capital	North Side Fire Construction	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,789,298
Special assessments	-	1,150	-	-	-	1,150
Licenses and permits	-	-	-	-	-	6,463
Intergovernmental	-	-	-	-	-	2,311,698
Charges for services	-	-	-	-	-	1,642,583
Fines and forfeits	-	-	-	-	-	12,389
Interfund loans	-	-	-	-	-	127,002
Other	-	-	-	-	-	37,054
Total receipts	-	1,150	-	-	-	6,927,637
Disbursements:						
General government	-	-	-	-	16	529,401
Public safety	-	-	-	-	-	79,515
Highways and streets	-	-	-	-	-	1,368,501
Sanitation	-	-	-	-	-	976,266
Economic development	-	-	-	-	-	62,488
Culture and recreation	-	-	-	-	-	1,250,449
Urban redevelopment and housing	-	-	-	-	-	4,000
Interfund loans	-	-	-	-	-	105,387
Debt service:						
Principal	-	-	-	-	-	958,685
Interest	-	-	-	-	-	373,199
Capital outlay:						
General government	-	-	50,421	-	-	575,063
Economic development	-	-	-	-	-	17,104
Total disbursements	-	-	50,421	-	16	6,300,058
Excess (deficiency) of receipts over disbursements	-	1,150	(50,421)	-	(16)	627,579
Other financing sources (uses):						
Tax anticipation warrants received	-	-	-	-	-	915,210
Tax anticipation warrants repaid	-	-	-	-	-	(889,255)
Transfers in	-	-	-	-	-	527,423
Transfers out	-	-	-	-	-	(796,394)
Other receipts	-	-	-	-	-	497,552
Total other financing sources (uses)	-	-	-	-	-	254,536
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,150	(50,421)	-	(16)	882,115
Cash and investment fund balance - beginning	53,874	39,665	50,421	424	16	3,279,713
Cash and investment fund balance - ending	\$ 53,874	\$ 40,815	\$ -	\$ 424	\$ -	\$ 4,161,828
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,455,451
Restricted assets:						
Cash and investments	53,874	40,815	-	424	-	2,706,377
Total cash and investment assets - ending	\$ 53,874	\$ 40,815	\$ -	\$ 424	\$ -	\$ 4,161,828
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400
Highways and streets	-	-	-	-	-	167,827
Culture and recreation	-	-	-	-	-	33,895
Debt service	-	-	-	-	-	2,409,142
Capital outlay	53,874	40,815	-	424	-	95,113
Unrestricted	-	-	-	-	-	1,455,451
Total cash and investment fund balance - ending	\$ 53,874	\$ 40,815	\$ -	\$ 424	\$ -	\$ 4,161,828

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2010

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 169,415	\$ 544,934	\$ 714,349
Plan members	-	191	191
State	<u>526,068</u>	<u>871,749</u>	<u>1,397,817</u>
Total contributions	<u>695,483</u>	<u>1,416,874</u>	<u>2,112,357</u>
Investment receipts:			
Interest	<u>63</u>	<u>116</u>	<u>179</u>
Interfund loans received	<u>80,000</u>	<u>150,000</u>	<u>230,000</u>
Total additions	<u>775,546</u>	<u>1,566,990</u>	<u>2,342,536</u>
Deductions:			
Benefits	565,579	1,047,341	1,612,920
Administrative and general	3,536	3,542	7,078
Interfund loans repaid	<u>80,000</u>	<u>150,000</u>	<u>230,000</u>
Total deductions	<u>649,115</u>	<u>1,200,883</u>	<u>1,849,998</u>
Excess of total additions over total deductions	126,431	366,107	492,538
Cash and investment fund balance - beginning	<u>163,651</u>	<u>320,055</u>	<u>483,706</u>
Cash and investment fund balance - ending	<u>\$ 290,082</u>	<u>\$ 686,162</u>	<u>\$ 976,244</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, 2010

	Eleanor Fox Trust	Fox Memorial Trust	Maurice Fox Trust	Totals
<b>Additions:</b>				
Realized and unrealized gains in investment value	\$ 2,774	\$ 3,620	\$ 16,966	\$ 23,360
Interest	2	5	1	8
Dividends	<u>5,372</u>	<u>1,045</u>	<u>5,433</u>	<u>11,850</u>
<b>Total additions</b>	<u>8,148</u>	<u>4,670</u>	<u>22,400</u>	<u>35,218</u>
<b>Deductions:</b>				
Realized and unrealized losses in investment value	845	731	2,891	4,467
Culture and recreation	-	5,506	4,020	9,526
Administrative and general	<u>1,550</u>	<u>1,682</u>	<u>1,500</u>	<u>4,732</u>
<b>Total deductions</b>	<u>2,395</u>	<u>7,919</u>	<u>8,411</u>	<u>18,725</u>
Excess (deficiency) of total additions over total deductions	5,753	(3,249)	13,989	16,493
Cash and investment fund balance - beginning	<u>150,349</u>	<u>48,147</u>	<u>175,186</u>	<u>373,682</u>
Cash and investment fund balance - ending	<u>\$ 156,102</u>	<u>\$ 44,898</u>	<u>\$ 189,175</u>	<u>\$ 390,175</u>

CITY OF LAPORTE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2010

	<u>Payroll</u>	<u>Flexible Spending Account</u>	<u>Utilities ACH Fund</u>	<u>Totals</u>
Additions:				
Agency fund additions	<u>\$ 8,388,830</u>	<u>\$ 5,973</u>	<u>\$ 442,419</u>	<u>\$ 8,837,222</u>
Deductions:				
Agency fund deductions	<u>8,388,830</u>	<u>6,481</u>	<u>442,454</u>	<u>8,837,765</u>
Deficiency of total additions over total deductions	-	(508)	(35)	(543)
Cash and investment fund balance - beginning	<u>1,556</u>	<u>5,073</u>	<u>1,000</u>	<u>7,629</u>
Cash and investment fund balance - ending	<u>\$ 1,556</u>	<u>\$ 4,565</u>	<u>\$ 965</u>	<u>\$ 7,086</u>

CITY OF LAPORTE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,408,751
Infrastructure	14,101,216
Buildings	4,944,109
Improvements other than buildings	3,935,293
Machinery and equipment	<u>4,770,950</u>
Total governmental activities, capital assets	<u>\$ 29,160,319</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 185,484
Buildings	4,717,340
Improvements other than buildings	7,762,049
Machinery and equipment	<u>3,584,059</u>
Total Water Utility capital assets	<u>16,248,932</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	155,887
Buildings	4,837,678
Improvements other than buildings	36,851,092
Machinery and equipment	2,616,036
Construction in progress	<u>311,152</u>
Total Wastewater Utility capital assets	<u>44,771,845</u>
Total business-type activities, capital assets	<u>\$ 61,020,777</u>

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

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Golf carts	\$ 23,387	\$ 24,428
Fire station building	2,850,000	251,000
HVAC loan	2,133	2,133
Bonds payable:		
General obligation bonds:		
Park district improvements	905,000	327,825
City refunding bonds for development of East Gate	1,050,000	223,692
Revenue bonds:		
Tax increment revenue bonds for development of East Gate	2,049,570	125,000
Redevelopment District Bonds for landfill remediation and redevelopment in the central business area	1,565,000	69,350
Redevelopment Authority lease rental bonds for street and sidewalk improvements	3,615,000	411,698
Economic development lease rental bonds for improvements to Thomas Rose Industrial Park	<u>195,000</u>	<u>100,443</u>
Total governmental activities debt	<u>\$ 12,255,090</u>	<u>\$ 1,535,569</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Refunding bonds for waterworks system improvements	<u>\$ 705,000</u>	<u>\$ 494,033</u>
Wastewater Utility:		
State revolving loans:		
State revolving loans for plant improvements	4,792,273	545,064
Revenue bonds:		
2006 Sewage works revenue bonds	4,500,000	180,000
2007 Sewage works revenue bonds, Series A	<u>2,190,000</u>	<u>233,874</u>
Total Wastewater Utility	<u>11,482,273</u>	<u>958,938</u>
Total business-type activities debt	<u>\$ 12,187,273</u>	<u>\$ 1,452,971</u>

CITY OF LAPORTE  
AUDIT RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As stated in prior reports, the City does not maintain sufficient detailed records of capital assets. A valuation was performed in 2004 that produced a detailed listing of capital assets. This detailed listing has not been properly maintained since, and does not provide a cost for land. In addition, cost indexes have incorrectly been applied to many historical cost values.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable 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)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn as of December 31, 2010:

Fund	
DUI Taskforce	\$ 2,423
MADD Grant	180
Crash Fatality Reduction	1,549
Transit	121,608
Community Development Block Grant	4,729
Community Development Block Grant ARRA	747
Landfill Bond Debt Service	104,325
Fire Equipment Lease Bonds	<u>70,251</u>
Total	<u>\$ 305,812</u>

The cash balances of the DUI Taskforce, MADD Grant, Crash Fatality Reduction, Community Development Block Grant, and the Community Development Block Grant ARRA Funds are reimbursable by local, state and federal grants.

The Landfill Bond Debt Service and Fire Equipment Lease Bonds Funds are property tax supported funds.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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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, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

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

Internal Control Over Compliance

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item Finding 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

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

April 19, 2011

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG-Entitlement and (HUD-Administered) Small Cities Cluster Community Development Block Grants/Entitlement Grants	14.218	B-08-MC-18-0021 B-09-MC-18-0021 B-10-MC-18-0021	\$ 334,050 174,471 <u>11,758</u>
Total for Program			<u>520,279</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants	14.253	B-09-MY-18-0021	<u>129,121</u>
Total for federal grantor agency			<u>649,400</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		<u>2,227</u>
Pass-Through the Indiana Criminal Justice Institute Public Safety Partnership and Community Policing Grants	16.710		<u>40,487</u>
Total for federal grantor agency			<u>42,714</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	PE0800456 PE0901758	227,200 <u>84,899</u>
Total for Highway and Construction Cluster			<u>312,099</u>
Pass-Through Northwestern Indiana Regional Planning Commission Federal Transit Cluster Federal Transit-Formula Grants	20.507		<u>191,681</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		<u>21,261</u>
Total for federal grantor agency			<u>525,041</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00E03701-0 BF-00E03601-0	75,901 <u>65,084</u>
Total for program			<u>140,985</u>
Pass-Through Indiana Finance Authority Capitalization Grants for Drinking Water State Revolving Funds	66.468	CS18234102	<u>492,557</u>
Total for federal grantor agency			<u>633,542</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant			
Energy Efficiency and Conservation Block Grant (EECBG)	81.128	A302-11-EECBG-02-015 DD-EE-000725	176,000 <u>34,015</u>
Total for federal grantor agency			<u>210,015</u>
Total federal awards expended			<u>\$ 2,060,712</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF LAPORTE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF 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
Significant deficiencies 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
Significant deficiencies 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? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
20.205	Highway Planning and Construction
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1, CAPITAL ASSETS RECORDS

Federal Agency: U.S. Environmental Protection Agency  
Federal Program: Capitalization Grants for Drinking Water State Revolving Funds  
CFDA Numbers: 66.468  
Federal Award Numbers: CS18234102  
Pass-Through Entity: Indiana Finance Authority

The Wastewater Utility used the above federal grant to acquire capital assets from September 2009 through December 2010. These assets were not recorded on a record or inventory of capital assets either by the Wastewater Utility or City until March 2011 upon inquiry by an outside accounting firm. These grant funds are to be repaid to the Indiana Finance Authority through its State Revolving Loan Program. The general ledger of the Wastewater Utility did not record the debt associated with this grant until March 2011.

The Water Utility is in the process of applying for a similar grant through the Indiana Finance Authority for water related projects that will commence in the summer of 2011. Currently, the Water Utility does not maintain a detailed record of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger form. 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)

Failure to maintain adequate capital asset records could result in the unidentified loss or misappropriation of the capital assets.

We recommended that City Officials establish a system to assure that grant acquired capital assets are properly accounted for within the capital assets of the respective Utility or City capital asset records, and if applicable, that the associated debt is properly recorded on the general ledger of the Utility.

We recommended that the City Officials conduct an inventory of all capital assets and prepare adequate capital asset records based on their internal policies and the appropriate federal grant guidelines.

CITY OF LAPORTE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



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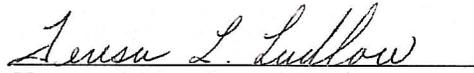
## **CITY'S RESPONSE TO FINDING 2010-1, CAPITAL ASSETS RECORDS**

The City has made progress in establishing fixed asset inventory records, and it is committed to additional progress through the year 2011. To that end, the City is seeking quotes from an outside consultant to assist in assembling the asset inventory records. Once completed, the City is committed to update the detailed fixed asset records not less than annually and to reconcile detailed records with the utility general ledger at the end of each calendar year.

As pertains to wastewater assets acquired by Federal grants, the Wastewater Department has put in place a program for recording fixed assets acquired through Federal Funds. Said program will be reviewed annually by an independent outside certified public accountant.

As pertains to the Water Utilities Anticipated Indiana Finance Authority Loan, in anticipation thereof, the Water Department has retained an outside independent certified public accountant to assist in tracking capital assets acquired with Federal grant funds.

If the City is able to retain the services of an outside consultant to assist in establishing the asset inventory records as reflected in Paragraph 1, the consultant will also assist the Wastewater and Water Utilities.

  
Teresa L. Ludlow  
Clerk-Treasurer

DATE: April 20, 2011

CITY OF LAPORTE  
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2011, with Teresa L. Ludlow, Clerk-Treasurer; Kathleen A. Chrobak, Mayor; Todd A. Taylor, Superintendent of Water Utility; Jerry P. Jackson, Superintendent of Wastewater Utility; David K. Schmitt, President Pro Tem of the Common Council; Donald Baugher, City Attorney; Joanne Layman, Deputy Clerk-Treasurer; and Linda Howell, Utility Bookkeeper. The official response has been made a part of this report and may be found on pages 53 and 54.



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Telephone 219-362-9512 FAX 219-362-8955 E-mail: [tludlow@cityoflaporte.com](mailto:tludlow@cityoflaporte.com) Website: <http://ci.la-porte.in.us>

April 20, 2011

State Board of Accounts  
302 W. Washington St.  
Room E-418  
Indianapolis, IN 46204

*RE: Response to audit results and comments*

Gentlemen:

The City substantially agrees with the audit results of the State Board of Accounts, however, wishes to make some comments.

As pertains to the capital asset records, the City has made progress in establishing fixed asset inventory records, and it is committed to additional progress through the year 2011. To that end, the City is seeking quotes from an outside consultant to assist in assembling the asset inventory records. Once completed, the City is committed to update the detailed fixed asset records not less than annually and to reconcile detailed records with the utility general ledger at the end of each calendar year.

As pertains to wastewater assets acquired by Federal grants, the Wastewater Department has put in place a program for recording fixed assets acquired through Federal Funds. Said program will be reviewed annually by an independent outside certified public accountant.

As pertains to the Water Utilities Anticipated Indiana Finance Authority Loan, in anticipation thereof, the Water Department has retained an outside independent certified public accountant to assist in tracking capital assets acquired with Federal grant funds.

If the City is able to retain the services of an outside consultant to assist in establishing the asset inventory records as reflected in Paragraph 2, the consultant will also assist the Wastewater and Water Utilities.

April 20, 2011

RE: Response to audit results and comments

As pertains to the comments concerning overdrawn cash balances, I wish to note as stated in the State Board of Accounts report a great deal of the overdraft was a direct result of the County of LaPorte's inability and failure to properly and timely bill and collect real estate taxes. This unprecedented situation is totally out of the control of the City of LaPorte.

We also believe that the Transit Fund should have been listed under those cash balances that are subject to reimbursement by Local, State and Federal grants. Transit Funds are reimbursed by Federal and State grant monies and anticipated revenue from those sources would cover the overdrawn balances in the Transit Fund.

Very truly yours,



Teresa L. Ludlow  
Clerk-Treasurer