

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF WEST LAFAYETTE  
TIPPECANOE COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
11/26/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10-11
Notes to Financial Statement .....	12-18
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	20-28
Schedule of Payables and Receivables .....	29
Schedule of Leases and Debt .....	30
Schedule of Capital Assets.....	31
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	34-35
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	38-39
Notes to Schedule of Expenditures of Federal Awards .....	40
Schedule of Findings and Questioned Costs .....	41-45
Auditee Prepared Document:	
Corrective Action Plan .....	48-53
Other Report .....	54

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judith C. Rhodes	01-01-12 to 12-31-15
Mayor	John R. Dennis	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	John R. Dennis	01-01-12 to 12-31-15
President of the Common Council	Ann H. Hunt	01-01-13 to 12-31-14
Wastewater Utility Director	David Henderson	01-01-13 to 12-31-14



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF WEST LAFAYETTE, TIPPECANOE COUNTY, INDIANA

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of West Lafayette (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated September 9, 2014, 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* in considering the City's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

  
Paul D. Joyce, CPA  
State Examiner

September 9, 2014



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF WEST LAFAYETTE, TIPPECANOE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of West Lafayette (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated September 9, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

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

***Compliance and Other Matters***

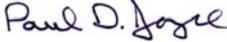
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

***City of West Lafayette's Response to Findings***

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

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

  
Paul D. Joyce, CPA  
State Examiner

September 9, 2014

(This page intentionally left blank.)

## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF WEST LAFAYETTE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 2,753,125	\$ 11,455,201	\$ 11,616,750	\$ 2,591,576
Motor Vehicle Highway	1,418,375	1,216,654	1,172,810	1,462,219
Local Road And Street	289,941	224,218	136,403	377,756
Law Enforcement Continuing Ed	11,391	16,080	12,648	14,823
Clerk's Record Perpetuation	22,142	1,442	-	23,584
Firefighting	41,864	17,164	16,674	42,354
Rainy Day	740,217	2,959	-	743,176
Certified Technology Park	126,477	289	-	126,766
Cumulative Capital Development	1,018,269	483,351	868,647	632,973
Cumulative Building & Firefighting Equipment	39,017	32,919	22,990	48,946
Co Economic Development Income Tax	1,345,340	1,688,054	2,091,887	941,507
Cumulative Capital Improvement	-	79,503	-	79,503
Police Pension	251,489	768,056	770,110	249,435
Fire Pension	198,172	719,436	592,507	325,101
Sales Tax	1,419	6,887	6,151	2,155
Rental Housing Inspection	78,456	154,260	140,504	92,212
2011 Redevelop Com Cert of Participation- Fire Station	-	134,616	134,614	2
Levee/Village Allocation(Surplus) Fund	6,010,403	3,499,701	3,861,245	5,648,859
2011 WL Building Corp Refunding Bonds - Police Station	226,478	447,001	442,523	230,956
2012 Redevelop Authority Refunding Bonds-Trails	225,080	476,982	486,183	215,879
2012 Metro FiberNet Econ Develop Bonds	2,250	-	2,250	-
Payroll Fund	50,801	3,686,566	3,680,510	56,857
KCB Allocation(Surplus) Fund	2,639,256	2,762,060	2,293,691	3,107,625
Faith West Properties Escrow	-	63,469	-	63,469
Donations	1,241	103	82	1,262
Community Development Block Grant	-	487,049	479,768	7,281
Police Grants Projects	14,200	21,432	23,331	12,301
Public Safety	7,409	1,317	1,459	7,267
Police Unclaimed Property	6,148	2,008	-	8,156
Fire Safety	2,871	581	185	3,267
Perimeter Parkway	193,474	246,412	258,913	180,973
Lindberg/Mccormick Road Improvement	69,912	279	-	70,191
Go Greener Commission	1,513	13	100	1,426
Parks Nonreverting Operating	123,474	488,653	503,501	108,626
Wabash Heritage Corridor	12,333	9	3,829	8,513
Parks Nonreverting Gift	122,496	39,156	28,629	133,023
Celery Bog	18,655	4,294	6,655	16,294
Parks and Recreation	210,791	1,556,301	1,639,751	127,341
Court Credit Card Service Fee	80	474	524	30

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

CITY OF WEST LAFAYETTE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Imprest Cash	1,425	1,825	1,750	1,500
Online Credit Card Transaction	4,483	16,169	13,820	6,832
2010 Redevelop Authority Refunding Bonds - Garage	590,090	588,567	583,370	595,287
2002 Redevelop Authority Bonds-Trails PRP Infra	23	-	23	-
2005 Redevelopment Commission Bonds - Ross PRP	-	430,500	430,500	-
Sagamore Parkway TIF	393,946	485,616	41,441	838,121
Build Indiana Wabash Landing	9,375	37	-	9,412
Parks Nonreverting Capital - Pool	284,536	1,275	45,287	240,524
Fuel Internal Service	977	339,823	339,585	1,215
City Court Trust	10,199	134,669	139,981	4,887
Law Enforcement Cont Ed (Court)	4,839	5,006	2,770	7,075
State Automated Record Keeping Fee	-	3,167	3,167	-
Judicial Insurance Adjustment Fee	-	535	535	-
State Court Costs	-	21,299	21,299	-
Public Defense Administration Fee	-	2,569	2,569	-
State Judicial Salaries Fee	-	7,876	7,876	-
Court Administration Fee	-	2,611	2,611	-
DNA Sample Processing Fee	-	1,060	1,060	-
Medical Insurance Payment Fund	2,510	26,480	26,597	2,393
Vision Insurance Payment Fund	-	112	112	-
Dental Insurance Payment Fund	-	496	496	-
State Highway Worksite Zone Fee	-	277	277	-
North Side Regional Lift Station Escrow	-	123,783	-	123,783
Aeration Tank Addition Escrow	63,253	4	33,652	29,605
Huntington Lse/Purch Escrow(Cash w/Fiscal Agent)	-	228,957	228,952	5
SRF Construction Fund	-	1,952,178	1,952,178	-
PNC: 2013 Refunding Fiscal Agent	-	11,230,000	11,230,000	-
Wastewater Utility-Operating	797,563	9,138,096	9,109,160	826,499
Wastewater Util-Bond And Interest	1,589,487	3,258,001	3,385,787	1,461,701
Wastewater Util-Debt Service Reserve	3,182,936	2,018,898	2,003,858	3,197,976
Wastewater Utility - Improvement	6,450,502	2,210,179	3,837,573	4,823,108
Wastewater Utility - Imprest Cash	150	-	-	150
<b>Totals</b>	<b>\$ 31,660,853</b>	<b>\$ 63,015,014</b>	<b>\$ 64,742,110</b>	<b>\$ 29,933,757</b>

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

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

Penalties which include fees received for late payments.

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

*E. Disbursements*

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

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

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

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

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 4. Deposits and Investments**

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

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*On Behalf Payments*

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

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

*Plan Description*

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

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

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

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

*Funding Policy*

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

**Note 7. Holding Corporations**

The City has entered into capital leases with the West Lafayette Redevelopment Authority and the West Lafayette Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessors have been determined to be related parties of the City. Lease payments during the year 2013 totaled \$1,944,683.

**Note 8. Subsequent Events**

City Hall was closed in February 2014 following flood damage and the subsequent presence of mold throughout the building structure which resulted in an emergency evacuation of the building. Offices of the Mayor, Clerk-Treasurer, City Engineer, Department of Development, Information Technology, and Facilities were relocated to other City buildings. Public meetings of the City Council, Board of Works, and other boards and commissions were relocated to other public and City facilities. An engineering evaluation is currently in progress to determine the feasibility of remediation of the City Hall building.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The City entered into new revenue bond debt for the West Lafayette Wastewater Treatment Utility on April 22, 2014, to fund construction of the Cumberland Avenue sewer extension and treatment plant nutrient removal facilities. The \$4,000,000 Sewage Works Revenue Bonds, Series 2014, are payable solely from Wastewater Treatment Utility revenues.

**Note 9. Other Postemployment Benefits**

The City provides to certain eligible retirees and their spouses health insurance benefits. These benefits pose a liability to the City for this year and in future years due to potential premium increases as a result of claims incurred. Information regarding the benefits can be obtained by contacting the City.

#### SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Clerk's Record Perpetuation	Firefighting	Rainy Day	Certified Technology Park
Cash and investments - beginning	\$ 2,753,125	\$ 1,418,375	\$ 289,941	\$ 11,391	\$ 22,142	\$ 41,864	\$ 740,217	\$ 126,477
Receipts:								
Taxes	6,212,560	-	-	-	-	-	-	-
Licenses and permits	287,218	-	-	4,560	-	-	-	-
Intergovernmental	3,041,219	1,205,943	220,350	-	1,392	17,071	-	-
Charges for services	67,039	-	-	8,716	-	-	-	-
Fines and forfeits	796,461	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	1,050,704	10,711	3,868	2,804	50	93	2,959	289
Total receipts	<u>11,455,201</u>	<u>1,216,654</u>	<u>224,218</u>	<u>16,080</u>	<u>1,442</u>	<u>17,164</u>	<u>2,959</u>	<u>289</u>
Disbursements:								
Personal services	9,126,210	329,884	-	-	-	-	-	-
Supplies	336,310	64,022	133,429	-	-	-	-	-
Other services and charges	1,168,021	323,040	2,974	12,648	-	16,674	-	-
Debt service - principal and interest	-	2,391	-	-	-	-	-	-
Capital outlay	21,171	453,473	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	965,038	-	-	-	-	-	-	-
Total disbursements	<u>11,616,750</u>	<u>1,172,810</u>	<u>136,403</u>	<u>12,648</u>	<u>-</u>	<u>16,674</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(161,549)</u>	<u>43,844</u>	<u>87,815</u>	<u>3,432</u>	<u>1,442</u>	<u>490</u>	<u>2,959</u>	<u>289</u>
Cash and investments - ending	<u>\$ 2,591,576</u>	<u>\$ 1,462,219</u>	<u>\$ 377,756</u>	<u>\$ 14,823</u>	<u>\$ 23,584</u>	<u>\$ 42,354</u>	<u>\$ 743,176</u>	<u>\$ 126,766</u>

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Cumulative Capital Development	Cumulative Building & Firefighting Equipment	Co Economic Development Income Tax	Cumulative Capital Improvement	Police Pension	Fire Pension	Sales Tax	Rental Housing Inspection
Cash and investments - beginning	\$ 1,018,269	\$ 39,017	\$ 1,345,340	\$ -	\$ 251,489	\$ 198,172	\$ 1,419	\$ 78,456
Receipts:								
Taxes	433,666	21,555	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	33,124	1,670	1,558,206	79,450	724,655	685,009	-	-
Charges for services	-	-	-	-	-	-	-	146,590
Fines and forfeits	-	-	-	-	-	-	-	7,500
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	16,561	9,694	129,848	53	43,401	34,427	6,887	170
Total receipts	<u>483,351</u>	<u>32,919</u>	<u>1,688,054</u>	<u>79,503</u>	<u>768,056</u>	<u>719,436</u>	<u>6,887</u>	<u>154,260</u>
Disbursements:								
Personal services	117,001	-	234,993	-	22,924	2,924	-	122,521
Supplies	96,129	1,769	5,012	-	27	-	-	3,721
Other services and charges	591,395	-	1,345,025	-	704,209	555,598	-	13,242
Debt service - principal and interest	7,988	-	4,726	-	-	-	-	1,020
Capital outlay	56,134	21,221	55,131	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	447,000	-	42,950	33,985	6,151	-
Total disbursements	<u>868,647</u>	<u>22,990</u>	<u>2,091,887</u>	<u>-</u>	<u>770,110</u>	<u>592,507</u>	<u>6,151</u>	<u>140,504</u>
Excess (deficiency) of receipts over disbursements	<u>(385,296)</u>	<u>9,929</u>	<u>(403,833)</u>	<u>79,503</u>	<u>(2,054)</u>	<u>126,929</u>	<u>736</u>	<u>13,756</u>
Cash and investments - ending	<u>\$ 632,973</u>	<u>\$ 48,946</u>	<u>\$ 941,507</u>	<u>\$ 79,503</u>	<u>\$ 249,435</u>	<u>\$ 325,101</u>	<u>\$ 2,155</u>	<u>\$ 92,212</u>

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	2011 Redevelop Com Cert of Participation- Fire Station	Levee/Village Allocation(Surplus) Fund	2011 WL Building Corp Refunding Bonds - Police Station	2012 Redevelop Authority Refunding Bonds-Trails	2012 Metro FiberNet Econ Develop Bonds	Payroll Fund	KCB Allocation (Surplus) Fund	Faith West Properties Escrow
Cash and investments - beginning	\$ -	\$ 6,010,403	\$ 226,478	\$ 225,080	\$ 2,250	\$ 50,801	\$ 2,639,256	\$ -
Receipts:								
Taxes	-	3,450,326	-	-	-	-	2,757,376	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	1	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	134,616	49,374	447,001	476,982	-	3,686,566	4,684	63,469
Total receipts	134,616	3,499,701	447,001	476,982	-	3,686,566	2,762,060	63,469
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	542,815	2,000	2,000	2,250	-	372,650	-
Debt service - principal and interest	134,614	3,187	440,523	484,183	-	-	-	-
Capital outlay	-	2,726,743	-	-	-	-	878,994	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	588,500	-	-	-	3,680,510	1,042,047	-
Total disbursements	134,614	3,861,245	442,523	486,183	2,250	3,680,510	2,293,691	-
Excess (deficiency) of receipts over disbursements	2	(361,544)	4,478	(9,201)	(2,250)	6,056	468,369	63,469
Cash and investments - ending	\$ 2	\$ 5,648,859	\$ 230,956	\$ 215,879	\$ -	\$ 56,857	\$ 3,107,625	\$ 63,469

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Donations	Community Development Block Grant	Police Grants Projects	Public Safety	Police Unclaimed Property	Fire Safety	Perimeter Parkway	Lindberg/ McCormick Road Improvement
Cash and investments - beginning	\$ 1,241	\$ -	\$ 14,200	\$ 7,409	\$ 6,148	\$ 2,871	\$ 193,474	\$ 69,912
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	477,029	21,432	177	-	-	118,629	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	103	10,020	-	1,140	2,008	581	127,783	279
Total receipts	103	487,049	21,432	1,317	2,008	581	246,412	279
Disbursements:								
Personal services	-	-	23,331	-	-	-	-	-
Supplies	82	-	-	1,209	-	185	-	-
Other services and charges	-	479,768	-	250	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	258,913	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	82	479,768	23,331	1,459	-	185	258,913	-
Excess (deficiency) of receipts over disbursements	21	7,281	(1,899)	(142)	2,008	396	(12,501)	279
Cash and investments - ending	\$ 1,262	\$ 7,281	\$ 12,301	\$ 7,267	\$ 8,156	\$ 3,267	\$ 180,973	\$ 70,191

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Go Greener Commission	Parks Nonreverting Operating	Wabash Heritage Corridor	Parks Nonreverting Gift	Celery Bog	Parks and Recreation	Court Credit Card Service Fee	Imprest Cash
Cash and investments - beginning	\$ 1,513	\$ 123,474	\$ 12,333	\$ 122,496	\$ 18,655	\$ 210,791	\$ 80	\$ 1,425
Receipts:								
Taxes	-	-	-	-	-	801,048	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	11,821	-	62,375	-	-
Charges for services	-	485,650	-	-	-	186,365	474	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	13	3,003	9	27,335	4,294	506,513	-	1,825
Total receipts	13	488,653	9	39,156	4,294	1,556,301	474	1,825
Disbursements:								
Personal services	-	232,004	-	-	-	851,221	-	-
Supplies	100	18,136	1,528	13,815	1,538	71,821	-	-
Other services and charges	-	236,827	-	14,814	-	211,191	524	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	1,669	2,301	-	5,117	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	14,865	-	-	-	505,518	-	1,750
Total disbursements	100	503,501	3,829	28,629	6,655	1,639,751	524	1,750
Excess (deficiency) of receipts over disbursements	(87)	(14,848)	(3,820)	10,527	(2,361)	(83,450)	(50)	75
Cash and investments - ending	\$ 1,426	\$ 108,626	\$ 8,513	\$ 133,023	\$ 16,294	\$ 127,341	\$ 30	\$ 1,500

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Online Credit Card Transaction	2010 Redevelop Authority Refunding Bonds - Garage	2002 Redevelop Authority Bonds-Trails PRP Infra	2005 Redevelopment Commission Bonds - Ross PRP	Sagamore Parkway TIF	Build Indiana Wabash Landing	Parks Nonreverting Capital - Pool	Fuel Internal Service
Cash and investments - beginning	\$ 4,483	\$ 590,090	\$ 23	\$ -	\$ 393,946	\$ 9,375	\$ 284,536	\$ 977
Receipts:								
Taxes	-	-	-	-	333,156	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	149,991	-	-	-
Charges for services	16,169	-	-	-	-	-	625	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	588,567	-	430,500	2,469	37	650	339,823
Total receipts	16,169	588,567	-	430,500	485,616	37	1,275	339,823
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	1,008	339,585
Other services and charges	13,820	2,000	-	-	12,851	-	5,550	-
Debt service - principal and interest	-	581,370	-	430,500	-	-	-	-
Capital outlay	-	-	-	-	28,590	-	38,729	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	23	-	-	-	-	-
Total disbursements	13,820	583,370	23	430,500	41,441	-	45,287	339,585
Excess (deficiency) of receipts over disbursements	2,349	5,197	(23)	-	444,175	37	(44,012)	238
Cash and investments - ending	\$ 6,832	\$ 595,287	\$ -	\$ -	\$ 838,121	\$ 9,412	\$ 240,524	\$ 1,215

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	City Court Trust	Law Enforcement Cont Ed (Court)	State Automated Record Keeping Fee	Judicial Insurance Adjustment Fee	State Court Costs	Public Defense Administration Fee	State Judicial Salaries Fee	Court Administration Fee
Cash and investments - beginning	\$ 10,199	\$ 4,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	134,669	5,006	3,167	535	21,299	2,569	7,876	2,611
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>134,669</b>	<b>5,006</b>	<b>3,167</b>	<b>535</b>	<b>21,299</b>	<b>2,569</b>	<b>7,876</b>	<b>2,611</b>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	139,981	2,770	3,167	535	21,299	2,569	7,876	2,611
<b>Total disbursements</b>	<b>139,981</b>	<b>2,770</b>	<b>3,167</b>	<b>535</b>	<b>21,299</b>	<b>2,569</b>	<b>7,876</b>	<b>2,611</b>
Excess (deficiency) of receipts over disbursements	(5,312)	2,236	-	-	-	-	-	-
Cash and investments - ending	<u>\$ 4,887</u>	<u>\$ 7,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	DNA Sample Processing Fee	Medical Insurance Payment Fund	Vision Insurance Payment Fund	Dental Insurance Payment Fund	State Highway Worksite Zone Fee	North Side Regional Lift Station Escrow	Aeration Tank Addition Escrow	Huntington Lse/Purch Escrow(Cash w/Fiscal Agent)
Cash and investments - beginning	\$ -	\$ 2,510	\$ -	\$ -	\$ -	\$ -	\$ 63,253	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	1,060	-	-	-	277	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	26,480	112	496	-	123,783	4	228,957
Total receipts	1,060	26,480	112	496	277	123,783	4	228,957
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	228,602
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	1,060	26,597	112	496	277	-	33,652	350
Total disbursements	1,060	26,597	112	496	277	-	33,652	228,952
Excess (deficiency) of receipts over disbursements	-	(117)	-	-	-	123,783	(33,648)	5
Cash and investments - ending	\$ -	\$ 2,393	\$ -	\$ -	\$ -	\$ 123,783	\$ 29,605	\$ 5

CITY OF WEST LAFAYETTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	SRF Construction Fund	PNC: 2013 Refunding Fiscal Agent	Wastewater Utility- Operating	Wastewater Util-Bond And Interest	Wastewater Util-Debt Service Reserve	Wastewater Utility - Improvement	Wastewater Utility - Imprest Cash	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 797,563	\$ 1,589,487	\$ 3,182,936	\$ 6,450,502	\$ 150	\$ 31,660,853
Receipts:								
Taxes	-	-	-	-	-	-	-	14,009,687
Licenses and permits	-	-	-	-	-	-	-	291,778
Intergovernmental	-	-	-	-	-	-	-	8,391,080
Charges for services	-	-	-	-	-	-	-	930,092
Fines and forfeits	-	-	-	-	-	-	-	983,030
Utility fees	-	-	8,861,889	-	-	108,164	-	8,970,053
Penalties	-	-	89,843	-	-	-	-	89,843
Other receipts	1,952,178	11,230,000	186,364	3,258,001	2,018,898	2,102,015	-	29,349,451
Total receipts	1,952,178	11,230,000	9,138,096	3,258,001	2,018,898	2,210,179	-	63,015,014
Disbursements:								
Personal services	-	-	-	-	-	-	-	11,063,013
Supplies	-	-	-	-	-	-	-	1,089,426
Other services and charges	-	-	-	-	-	-	-	6,632,136
Debt service - principal and interest	-	-	-	3,184,080	-	101,496	-	5,376,078
Capital outlay	1,952,178	-	-	-	-	2,140,969	-	8,869,935
Utility operating expenses	-	126,315	5,318,652	-	-	-	-	5,444,967
Other disbursements	-	11,103,685	3,790,508	201,707	2,003,858	1,595,108	-	26,266,555
Total disbursements	1,952,178	11,230,000	9,109,160	3,385,787	2,003,858	3,837,573	-	64,742,110
Excess (deficiency) of receipts over disbursements	-	-	28,936	(127,786)	15,040	(1,627,394)	-	(1,727,096)
Cash and investments - ending	\$ -	\$ -	\$ 826,499	\$ 1,461,701	\$ 3,197,976	\$ 4,823,108	\$ 150	\$ 29,933,757

CITY OF WEST LAFAYETTE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 1,330,974	\$ 629,856
Governmental activities	785,260	307,537
Totals	\$ 2,116,234	\$ 937,393

CITY OF WEST LAFAYETTE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
IKON Office Solutions	Copier Lease Purchase	\$ 2,175	01/01/11	01/01/16
IKON Office Solutions	Copier Lease Purchase	2,248	08/01/09	08/01/14
West Lafayette Redevelopment Authority	2010 Lease Rental Refunding Bonds - Wabash Landing Garage	588,500	02/01/11	02/01/22
West Lafayette Building Corporation	2011 First Mortgage Lease Rental Refunding Bonds - Police Station	446,500	01/15/12	01/15/23
West Lafayette Redevelopment Authority	2012 Lease Rental Revenue Refunding Bonds - Greenway Trails & PRP Infrastructure	<u>493,500</u>	02/01/13	02/01/17
Total governmental activities		<u>1,532,923</u>		
Wastewater:				
Huntington National Bank Equipment Finance	Vehicle/Equipment Lease Purchase 2011	63,711	08/31/11	09/01/14
Huntington Public Capital Corp	2013 Refuse Truck Equipment Lease Purchase	78,150	03/01/14	09/01/16
IKON Office Solutions	Copier Lease (Capital Lease)	<u>2,452</u>	03/25/10	03/25/15
Total Wastewater		<u>144,313</u>		
Total of annual lease payments		<u>\$ 1,677,236</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	2005 Redevelopment District Tax Increment Revenue Bonds - Ross Enterprise Center Renovation	\$ 1,750,000	\$ 431,400
Revenue bonds	2012 WL Economic Development Revenue Bonds (Metro FiberNet Project)	2,500,000	-
Notes and loans payable	2011 WL Redevelopment District Certificates of Participation - Conditional Installment Sales Contract - Fire Station #3 Design & Construction	<u>2,440,000</u>	<u>133,340</u>
Total governmental activities		<u>6,690,000</u>	<u>564,740</u>
Wastewater:			
Notes and loans payable	Sewer Works Refunding Bonds 2013 - Refunded 1994 1998 & 2001 Sewage Works SRF Loans	11,230,000	2,321,377
Notes and loans payable	Sewage Works SRF 2004 - Western Interceptor	12,345,000	454,358
Notes and loans payable	Sewage Works SRF 2006 - Digestor Renovation	8,285,000	302,461
Notes and loans payable	Sewage Works SRF 2012 - Regional Lift Station & Force Main	<u>2,586,498</u>	<u>68,000</u>
Total Wastewater		<u>34,446,498</u>	<u>3,146,196</u>
Totals		<u>\$ 41,136,498</u>	<u>\$ 3,710,936</u>

CITY OF WEST LAFAYETTE  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2013

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

	Ending Balance
Governmental activities:	
Land	\$ 17,104,665
Infrastructure	50,018,497
Buildings	20,372,764
Improvements other than buildings	5,280,051
Machinery, equipment, and vehicles	7,771,821
Construction in progress	10,154,378
Total governmental activities	110,702,176
Wastewater:	
Land	604,120
Infrastructure	41,151,476
Buildings	29,354,212
Machinery, equipment, and vehicles	1,616,564
Construction in progress	2,711,817
Total Wastewater	75,438,189
Total capital assets	\$ 186,140,365

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF WEST LAFAYETTE, TIPPECANOE COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the City of West Lafayette's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-004. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

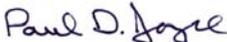
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-003 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

September 9, 2014

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF WEST LAFAYETTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Urban and Community Forestry Program 2012 Urban Tree Canopy Grant - University Farms Neighborhood	Indiana Department of Natural Resources	10.675	CY2013	\$ 5,000
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	Direct Grant			
Community Development Block Grants/Entitlement Grants		14.218	B-09-MC-18-0009	24,307
Community Development Block Grants/Entitlement Grants		14.218	B-10-MC-18-0009	32,505
Community Development Block Grants/Entitlement Grants		14.218	B-11-MC-18-0009	41,523
Community Development Block Grants/Entitlement Grants		14.218	B-12-MC-18-0009	197,186
Community Development Block Grants/Entitlement Grants		14.218	B-13-MC-18-0009	184,247
Community Development Block Grants/Entitlement Grants		14.218	Program Income	174,693
Total - Department of Housing and Urban Development				654,461
<u>Department of Justice</u>				
Missing Children's Assistance Internet Crimes Against Children Task Force Program	Tippecanoe County Prosecutor	16.543	2011-MC-CX-K005	2,795
Bulletproof Vest Partnership Program FY 2010 Bulletproof Vest Partnership Program FY 2011 Bulletproof Vest Partnership Program	Indiana Criminal Justice Institute	16.607 16.607	BUBX11052792 BUBX11055828	951 1,639
Total - Bulletproof Vest Partnership Grant				2,590
Total - Department of Justice				5,385
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Perimeter Parkway Ph 1A Pt 1 Happy Hollow Road Reconstruction Yeager Road (Northwestern to Sagamore Parkway)	Indiana Department of Transportation	20.205 20.205 20.205	DES 0501163 DES 0900002 DES 6000696	118,629 84,086 149,991
Total - Highway Planning and Construction Cluster				352,706

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

CITY OF WEST LAFAYETTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>				
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I	City of Lafayette			
DUI Task Force		20.601	1285	9,092
Big City/Big County Enforcement Program		20.601	1286	11,280
Fatal Alcohol Crash Team		20.601	1293	<u>1,061</u>
Total - Highway Safety Cluster				<u>21,433</u>
Total - Department of Transportation				<u>374,139</u>
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds				
Wastewater SRF 2012	Indiana Finance Authority			
		66.458	WW12792206	<u>650,466</u>
Nonpoint Source Implementation Grants				
Wabash River Watershed Program	Wabash River Enhancement Corporation			
Wabash River Watershed Program		66.460	ARN 305-2-6 (U006)	2,000
		66.460	ARN 305-2-6 (U003)	<u>19,642</u>
Total - Nonpoint Source Implementation Grants				<u>21,642</u>
Total - Environmental Protection Agency				<u>672,108</u>
Total federal awards expended				<u>\$ 1,711,093</u>

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

CITY OF WEST LAFAYETTE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
Community Development Block Grants/Entitlement Grants	14.218	\$ <u>112,141</u>

CITY OF WEST LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	CDBG - Entitlement Grants Cluster Capitalization Grants for Clean 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**

**FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. The Clerk-Treasurer independently prepares the SEFA without oversight, review, or approval.

CITY OF WEST LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted that program income of \$174,693 was not included. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program."

CITY OF WEST LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-002 - INTERNAL CONTROLS OVER MAJOR CUSTOMER WASTEWATER BILLING***

We noted a deficiency in the internal control system concerning the billing procedures for the Wastewater Utility's major customer that we believe constitutes a material weakness. Control activities should be selected and developed at various levels of the Utility to reduce risks to the achievement of financial reporting objectives. This major customer, which provided approximately 39 percent of the Wastewater Utility's revenue for 2013, reads their own water meters and calculates their own wastewater bill (based off the water consumption) for each of their 358 water meters. They calculate and present their total wastewater bill, along with their payment, to the Utility each month. The Utility has not implemented any internal control procedures to verify that accurate meter readings are used to calculate the customer's wastewater bill.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2013-003 - INTERNAL CONTROLS OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS***

Federal Agency: Housing and Urban Development  
Federal Program: Community Development Block Grants/Entitlement Grants  
CFDA Number: 14.218  
Federal Award Numbers: B-09-MC-18-0009, B-10-MC-18-0009, B-11-MC-18-0009, B-12-MC-18-0009,  
B-13-MC-18-009, Program Income

Direct grant

Management of the City has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some compliance requirements that have a direct and material effect on the program. This includes the following compliance requirements: Davis-Bacon Act; Procurement, Suspension, and Debarment; and Program Income. The failure to establish an effective internal control system places the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

CITY OF WEST LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Davis-Bacon Act*

The City's Department of Development (Department) implemented procedures for compliance with labor standards. However, the procedures were not effective in ensuring that the proper prevailing wage rates were paid. Although wage decisions were obtained and compared to actual wages paid, the incorrect wage decision was used on several of the City's CDBG infrastructure projects.

*Procurement, Suspension, and Debarment*

The Department did not have a documented policy or standard procedure in place for determining whether or not a vendor has been suspended or excluded from doing business with the federal government. Records were not maintained to document if the Department researched the vendors and whether or not they were suspended or debarred.

*Program Income*

Although the Department does have a policy or standard procedure in place for ensuring that program income is properly determined and reported to the Federal Department of Housing and Urban Development, they did not have a policy or procedure in place to communicate this information to the Clerk-Treasurer's Office for proper reporting by the City. There was also no evidence of oversight or review by the City for compliance with this requirement.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the City.

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect on the program.

CITY OF WEST LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-004 - DAVIS-BACON ACT***

Federal Agency: Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Numbers: B-09-MC-18-0009, B-10-MC-18-0009, B-11-MC-18-0009, B-12-MC-18-0009,  
B-13-MC-18-0009, Program Income

Direct Grant

Compliance with the Davis-Bacon Act requires payment of federal prevailing wage rates for construction, repair, or alteration work funded in whole or in part with Community Development Block Grant Funds. The grantee must establish controls for monitoring wages paid by contractors. They must obtain the correct date and applicable wage rates from the U.S. Department of Labor and incorporate them into the construction contract. According to officials of the Department of Development, who administer the program, they obtained the wrong wage determination. Officials indicated that the program coordinator was monitoring the prevailing wage rates; however, the wage determination being used was not from the correct date. Due to using the incorrect wage determination, some contractors were not paid prevailing wages.

CERCLA 104(g) (1) states:

"All laborers and mechanics employed by contractors or subcontractors in the performance of construction, repair, or alteration work funded in whole or in part under this section shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. The President shall not approve any such funding without first obtaining adequate assurance that required labor standards will be maintained upon the construction work."

The use of the incorrect wage determination resulted in a liability to the City for restitution to 30 employees totaling \$20,015. No restitution was made during the year 2013. As of August 7, 2014, 20 of the employees had been paid. The City is attempting to pay the remaining 10 employees.

We recommended that City officials comply with the Davis-Bacon Act by paying prevailing wages on construction contracts funded in whole, or in part, by federal awards.

(This page intentionally left blank.)

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



**Office of the Clerk-Treasurer**

Judith C. Rhodes, Ph.D., CPA, IAMC, MMC, CPFA  
711 West Navajo Street  
West Lafayette, Indiana 47906  
765.775.5150  
Fax: 765.807.0229  
clerk@westlafayette.in.gov

**CORRECTIVE ACTION PLAN**

***FINDING 2013-001*** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Judith C. Rhodes, Clerk-Treasurer  
Contact Phone Number: (765) 775-5150

Description of Corrective Action Plan:

Current practice: The Clerk-Treasurer prepares the SEFA based on grant award documents, transactions posted to City ledgers and grant financial reports that are filed with the Clerk-Treasurer. In addition, with the exception of the Community Development Block Grant (CDBG), grant vouchers are copied to the Clerk-Treasurer's office which then matches grant draw requests to grant receipts and related claims for grant reimbursements. Departments review ledger postings related to grant transactions (claims submitted by departments, grant receipts, and fund balances as applicable) to review account postings for accuracy. The Community Development Block Grant (CDBG) is administered by the Department of Development which makes grant draws online and then files notifications of the draws with the Clerk-Treasurer's office.

Precipitating incident: The Department of Development reported \$174,693 in CDBG program income to HUD relating to activities of New Chauncey Housing Inc. (NCHI) in the quarterly Federal Financial Report (Standard Form 425) without notifying the Clerk-Treasurer or providing a copy of these reports. The program income transactions, both income and expenditures, are carried out by NCHI and posted to NCHI ledgers. The Department of Development separately tracks these transactions. The City does not have custody of these funds.

The corrective action plan is as follows:

1. Following the preparation of the SEFA by the Clerk-Treasurer, all departments administering federal grants will be required to review and verify that all reportable federal grant transactions have been disclosed on the SEFA. Anticipated Completion Date: Immediate
2. All departments will be required to file copies of all federal grant financial reports with the Clerk-Treasurer. The Department of Development has revised its CDBG Procedures Manual to specify that the quarterly Federal Financial Reports are to be copied to the Clerk-Treasurer on the email transmission to HUD, and it has provided copies of all prior reports filed starting with the period ending 12/31/2013. Anticipated Completion Date: October 30, 2014.
3. The Grant Master module on the Munis ERP system currently being implemented will provide centralized grant overview of grant transactions and documents for the Finance Department. Anticipated Completion Date: December 31, 2015.
4. All departments are to notify the Clerk-Treasurer of any pending audits of any federal grant programs. The Clerk-Treasurer is to be copied on all correspondence, findings, and corrective actions resulting from such audits. Anticipated Completion Date: Immediate

Joseph C. Madden  
(Signature)

Clerk-Treasurer  
(Title)

9/9/2014  
(Date)

David Went  
(Signature)

President, City Council  
(Title)

9/9/2014  
(Date)



**Wastewater Treatment Utility**  
 500 South River Road  
 West Lafayette, Indiana 47906-4377  
 Phone: 765.775.5145  
 Fax: 765.775.5149

**CORRECTIVE ACTION PLAN**

**FINDING 2013-002 – MAJOR CUSTOMER WASTEWATER BILLINGS**

Contact Person Responsible for Corrective Action: David S. Henderson, Utility Director  
 Contact Phone Number: (765) 775-5145

Description of Corrective Action Plan:

Purdue University will be asked to document the current meter reading process, self-reporting process, and internal controls over these processes. The City of West Lafayette Wastewater Utility will review these processes.

The City of West Lafayette Wastewater Utility, West Lafayette Board of Public Works and Safety, and Purdue University must approve a formal agreement that delineates an acceptable meter reading and self-reporting process, including internal controls at Purdue. The agreement should also include a procedure for resolution of billing issues.

The City of West Lafayette Wastewater Utility will develop, document and implement a monitoring process to verify meter reading and self-reporting processes, as well as internal controls at Purdue, are being followed as documented.

Anticipated Completion Date: April 1, 2015

*Madison C. Bluedorn*  
 (Signature)

Clerk-Treasurer  
 (Title)

9/9/2014 <sup>Resign</sup> 10/2/14  
 (Date)

*David S. Henderson*  
 (Signature)

Utility Director  
 (Title)

10/2/2014  
 (Date)



Department of Development  
609 West Navajo Street  
West Lafayette, Indiana 47906-1995  
(765) 775-5160  
FAX: (765) 775-5196

## CORRECTIVE ACTION PLAN

### **FINDING 2013-003**

Contact Person Responsible for Corrective Action: Dale Dixon  
Contact Phone Number: (765) 775-5160

#### Description of Corrective Action Plan:

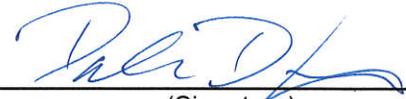
All activities carried out with CDBG funds are initiated through the City's Citizen Participation Plan (included with this action plan). This involves two public meetings where citizens and the Mayor's CDBG Advisory Committee develop an action plan that is ultimately submitted to HUD for approval and shows in detail how every dollar of the block grant will be spent. This plan is also presented to the City Common Council for approval, as well as the public. Once the plan and activities contained therein have passed through the steps of approval, the activities are entered into HUD's software system known as the Integrated Disbursement & Information System (IDIS). Certain activities require outside contractors to complete. Depending on the activity, the method of procurement falls under HUD's requirements of one of the following: small purchase, sealed bids with formal advertising, competitive proposals, or non-competitive proposals.

The contractor who has been awarded the work submits invoices as work is completed. Several people are involved in approving payments before any funds are released. The following steps describe this process:

1. The department overseeing the activity (i.e. Engineering, Parks, etc.) will first acknowledge that the work being invoiced for has been completed satisfactorily.
2. The Department of Development, which administers the Community Development Block Grant, verifies the activity is in compliance with the action plan. The invoice is approved at this stage and forwarded to another person within the department.
3. A voucher for payment is created in IDIS.
4. After the voucher is created, someone in the department other than the person who created the voucher, logs into IDIS and examines and approves the voucher thereby requesting a disbursement from HUD to the City so that the contractor can be paid.
5. The contractor's invoice is also scanned into the City's accounting software where the Director of Development is required to review and choose to approve all invoices that come into the Development Department.
6. The invoice must also be approved by the Clerk-Treasurer's Office.
7. After an invoice has gone through all the aforementioned steps and approvals, it is presented to the City's Board of Public Works. The Board of Works holds weekly public meetings and is the last approving body before an invoice is paid. Department heads attend these meetings and are regularly asked to explain various invoices that come before the Board for approval. The City's CDBG procedures manual also contains the information included in this response.

Anticipated Completion Date:

The above corrective action plan has been in place for a number of years, with the exception of the invoice being scanned into the City's accounting software. This new accounting software and the process of scanning invoices was implemented in the spring of 2014.



\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Housing Program Coordinator

(Title)

\_\_\_\_\_  
September 9, 2014

(Date)



Department of Development  
609 West Navajo Street  
West Lafayette, Indiana 47906-1995  
(765) 775-5160  
FAX: (765) 775-5196

## CORRECTIVE ACTION PLAN

### ***FINDING 2013-004***

Contact Person Responsible for Corrective Action: Dale Dixon  
Contact Phone Number: (765) 775-5160

#### Description of Corrective Action Plan:

As previously stated in an entrance interview, HUD brought this situation to the City's attention during a monitoring of the Davis-Bacon procedures in 2013. The City has complied with HUD's finding and is making all reasonable efforts to make restitution to the affected workers. Additionally, in December of 2013, the City established a new control in the form of a checklist to ensure the required compliance to the Davis-Bacon Act procedures are followed. This checklist contains several steps pertaining to Davis-Bacon procedures, as well as, showing proof of contractor eligibility. Each step contained within the checklist requires two people to initial and date as completed. For your reference, a copy of the newly developed checklist is included with this response. Additionally, in the first half of 2014, the City developed a CDBG procedures manual which includes a section that covers the Davis-Bacon Act requirements and the aforementioned checklist as Exhibit E.

#### Anticipated Completion Date:

The above corrective action plan has now been in place since December 2013.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Housing Program Coordinator  
(Title)

\_\_\_\_\_  
September 9, 2014  
(Date)

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the City. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.