

B35597

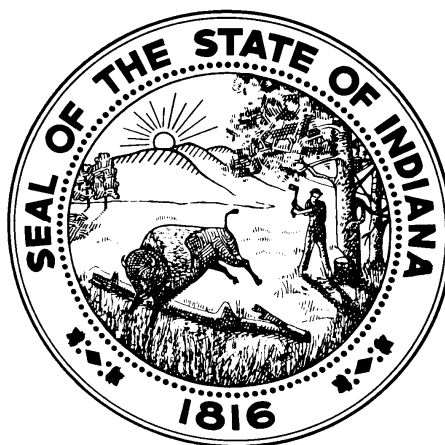
**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2008

CITY OF WEST LAFAYETTE

TIPPECANOE COUNTY, INDIANA



**FILED**  
01/26/2010



## TABLE OF CONTENTS

| <u>Description</u>                                                                                                                                                                                       | <u>Page</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Officials.....                                                                                                                                                                                           | 4           |
| Independent Auditor's Report on Financial Statements and<br>Supplementary Schedule of Expenditures of Federal Awards .....                                                                               | 5-6         |
| Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance With Government Auditing Standards ..... | 7-8         |
| Management's Discussion and Analysis.....                                                                                                                                                                | 9-26        |
| Basic Financial Statements:                                                                                                                                                                              |             |
| Government-Wide Financial Statements:                                                                                                                                                                    |             |
| Statement of Net Assets .....                                                                                                                                                                            | 28          |
| Statement of Activities.....                                                                                                                                                                             | 29          |
| Fund Financial Statements:                                                                                                                                                                               |             |
| Balance Sheet – Governmental Funds .....                                                                                                                                                                 | 30          |
| Reconciliation of the Balance Sheet to the Statement of Net Assets<br>– Governmental Funds .....                                                                                                         | 31          |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balances – Governmental Funds .....                                                                                                          | 32          |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities .....                                                    | 33          |
| Statement of Net Assets – Proprietary Fund .....                                                                                                                                                         | 34-35       |
| Statement of Revenues, Expenses, and Other Changes in<br>Fund Net Assets – Proprietary Fund .....                                                                                                        | 37          |
| Statement of Cash Flows – Proprietary Fund .....                                                                                                                                                         | 38-39       |
| Statement of Fiduciary Net Assets – Fiduciary Funds .....                                                                                                                                                | 40          |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....                                                                                                                                     | 41          |

TABLE OF CONTENTS  
(Continued)

| <u>Description</u>                                                                                                               | <u>Page</u> |
|----------------------------------------------------------------------------------------------------------------------------------|-------------|
| Notes to Financial Statements .....                                                                                              | 44-72       |
| Required Supplementary Information:                                                                                              |             |
| Budgetary Comparison Schedule – General Fund.....                                                                                | 74          |
| Budgetary Comparison Schedule – Major Special Revenue Funds .....                                                                | 75          |
| Schedules of Funding Progress .....                                                                                              | 76          |
| Schedules of Contributions From the Employer and<br>Other Contributing Entities.....                                             | 77          |
| Note to Required Supplementary Information .....                                                                                 | 78-80       |
| Supplementary Information:                                                                                                       |             |
| Major Governmental Funds:                                                                                                        |             |
| Schedule of Expenditures – Budget and Actual – General Fund .....                                                                | 84-85       |
| Budgetary Comparison Schedules – Other Budgeted Major Governmental Funds.....                                                    | 86          |
| Nonmajor Governmental Funds:                                                                                                     |             |
| Combining Balance Sheet – Nonmajor Governmental Funds (by Fund Type). ....                                                       | 90          |
| Combining Statement of Revenues, Expenditures, and Changes<br>in Fund Balances – Nonmajor Governmental Funds (by Fund Type)..... | 91          |
| Combining Balance Sheet – Nonmajor Governmental Funds:                                                                           |             |
| Nonmajor Special Revenue Funds.....                                                                                              | 92-93       |
| Nonmajor Debt Service Funds .....                                                                                                | 94          |
| Nonmajor Capital Projects Funds.....                                                                                             | 95          |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances<br>– Nonmajor Governmental Funds:                    |             |
| Nonmajor Special Revenue Funds.....                                                                                              | 96-97       |
| Nonmajor Debt Service Funds .....                                                                                                | 98          |
| Nonmajor Capital Projects Funds.....                                                                                             | 99          |
| Budgetary Comparison Schedules – Other Nonmajor Budgeted Governmental Funds.....                                                 | 100-102     |

TABLE OF CONTENTS  
(Continued)

| <u>Description</u>                                                                 | <u>Page</u> |
|------------------------------------------------------------------------------------|-------------|
| Supplementary Information (continued):                                             |             |
| Fiduciary Funds:                                                                   |             |
| Combining Statement of Fiduciary Net Assets.                                       |             |
| Pension Trust Funds .....                                                          | 104         |
| Agency Funds.....                                                                  | 105         |
| Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds. .... | 106         |
| Budgetary Comparison Schedules – Budgeted Pension Trust Funds .....                | 107         |
| Schedule of Changes in Assets and Liabilities – Agency Funds.....                  | 108         |
| Supplemental Audit of Federal Awards:                                              |             |
| 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.....                              | 110-111     |
| Schedule of Expenditures of Federal Awards .....                                   | 112-113     |
| Notes to Schedule of Expenditures of Federal Awards.....                           | 114         |
| Schedule of Findings and Questioned Costs .....                                    | 115-116     |
| Auditee Prepared Schedule:                                                         |             |
| Summary Schedule of Prior Audit Findings .....                                     | 117         |
| Exit Conference.....                                                               | 118         |

## OFFICIALS

| <u>Office</u>                                 | <u>Official</u>  | <u>Term</u>          |
|-----------------------------------------------|------------------|----------------------|
| Clerk-Treasurer                               | Judith C. Rhodes | 01-01-08 to 12-31-11 |
| Mayor                                         | John Dennis      | 01-01-08 to 12-31-11 |
| President of the Board of<br>Works and Safety | John Dennis      | 01-01-08 to 12-31-09 |
| President of the<br>Common Council            | Ann Hunt         | 01-01-08 to 12-31-09 |



# 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 FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF WEST LAFAYETTE, TIPPECANOE 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 West Lafayette (City), as of and for the year ended December 31, 2008, which collectively comprise the City's primary government basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

The City provides certain employees postemployment benefits in the form of health insurance but has not implemented the requirements of GASB 45 in providing actuarially sound information related to the computation or inclusion of any liability associated with the benefits.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the liabilities related to postemployment benefits, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules (General and Major Special Revenue and Capital Projects funds), as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and individual nonmajor fund financial statements and other budgetary comparison schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund financial statements and other budgetary comparison schedules 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.

In accordance with Government Auditing Standards, we have also issued a report dated December 21, 2009, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion 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.

STATE BOARD OF ACCOUNTS

December 21, 2009



**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)

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 WEST LAFAYETTE, TIPPECANOE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Lafayette (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 such 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.

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)

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.

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.

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

December 21, 2009

CITY OF WEST LAFAYETTE  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008

The discussion and analysis of the City of West Lafayette's financial performance for the year ended December 31, 2008 provides an overview of the City's financial activities. The information presented here should be read in conjunction with our letter of transmittal, the basic financial statements, and the notes to the basic financial statements.

Financial Highlights

1. The City continued to maintain growth in its net assets. Net assets at year end 2008 were \$97,713,131 (assets in excess of liabilities), a 4.7% increase over 2007. The primary source of increase in net assets continues to be the increase in assets net of related debt invested in capital assets, which contributed two-thirds of this year's increase.
2. As part of the growth in net assets, this year the City also experienced positive growth in its unrestricted assets, resources which may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net assets were \$6,809,479 at year end 2008, a 9.2% increase from the prior year. Growth in unrestricted net assets in the wastewater treatment utility, the City's sole business-type activity, accounts for 76% of this increase.
3. Total revenues were \$32,325,261, which reflected a \$6,333,452 decrease mainly due to a more than 3-fold lower level of contributions and grants, 50% lower unrestricted investment earnings, and a one-time \$972,749 refund of property taxes. Total expenses were \$27,963,525, increasing \$1,951,878 over the prior year largely due to increases in expense for economic development activities.
4. Fund balances for governmental funds increased to \$20,533,204, led by the 29% increase in the General Fund. The General Fund year-end unreserved balance increased to \$1,663,195, ending the declining trend of the past three years. At year end, the General Fund's unreserved fund balance was at 14.8% of 2008 General Fund expenditures.
5. The City's long-term liabilities at year end totaled \$61,006,017, increasing \$4,741,992 due to a 29% increase in State Revolving Fund loan debt for the wastewater utility.

Overview of the Financial Statements

The discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and

notes to the financial statements. In addition to the basic financial statements, this report includes other Required Supplementary Information, Supplementary Information, and the Statistical Section.

### **Government-wide financial statements**

The government-wide financial statements present the financial picture of the City as a whole from the economic resources measurement focus. The accrual basis of accounting is used similar to the practice of most private-sector businesses. Revenues are reported when they are earned and expenses reported when goods and services are received, regardless of when cash is received or paid.

The government-wide financial statements distinguish the City's governmental activities from its business-type activities. All of the City's basic services are considered to be governmental activities. The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. These services are supported by general revenues such as taxes, intergovernmental revenues, and fees. In contrast, business-type activities provide services that are supported primarily by charges paid by users based on services used. The only business-type activity of the City is the wastewater treatment utility.

The government-wide financial statements are composed of two statements: the statement of net assets and the statement of activities. These two statements provide measures of the City's financial health, or financial position, over the long-term.

The statement of net assets reports all City assets and liabilities as of December 31, 2008, serving the purpose of a balance sheet. The difference between total assets and total liabilities is reported as net assets. Net assets are presented separately for the governmental and business-type activities. Over time, increases or decreases in net assets are one indicator of whether the City's financial position is improving or deteriorating.

The statement of activities presents information on total City revenues and expenses, serving the purpose of an income statement. In this statement, governmental activities and business-type are listed as separate programs. Net program expense is reported as program expense less program revenue. General revenues are subtracted from net expenses to report the change in net assets for the year. Since program revenue (revenue generated by specific programs through charges for services, grants, and contributions) is separated from general revenue (revenue provided by taxes and other sources not tied to a particular program), this statement shows to what extent each program has to rely on taxes and

other general sources for funding. The statement of activities is accrual-based accounting, so that all of the year's revenues and expenses are taken into account regardless of when the cash is received or paid. Thus, revenue and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g. uncollected taxes, and earned, but unused, vacation balances.)

The City has three blended component units which are included as part of the governmental activities in the government-wide financial statements. The blended component units are the West Lafayette Redevelopment Authority, the West Lafayette Equipment Leasing Corporation, and the West Lafayette Building Corporation. The City uses these units, which are legally separate from the City, to finance the acquisition and construction of capital assets. Financing structured as lease obligations to blended component units allows the City to finance necessary capital expenses without exceeding the statutory debt limit of 2% of assessed valuation set by the State of Indiana.

### **Fund financial statements**

A fund is a grouping of related accounts that provides control and reporting over cash and other financial resources, related liabilities, and corresponding equity balances. Some funds are required to be established by Indiana statute and by bond covenants, while others are established to help control and manage money for specific purposes. The City of West Lafayette, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### *Governmental funds*

The City carries out its governmental functions and accounts for its activities using many individual funds. Governmental funds use the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements focus on financial resources that can be spent in the near future to finance City activities, and provide information on cash flows into and out of funds, and balances of unrestricted resources available at year-end for future spending. Capital assets and other long-term liabilities are not presented in fund financial statements, only in the citywide financial statements.

Two types of governmental fund statements are provided: the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. Reconciliation schedules are provided to

facilitate comparisons between the governmental fund balance sheet and the statement of net assets; and between the statement of revenues, expenditures and changes in fund balances of governmental funds and the statement of activities.

A third type of fund-based financial statement is provided to demonstrate another aspect of fund accounting, which is budgetary control. Budgets for governmental funds are established in accordance with Indiana statute, and are adopted on a fund level, except for the General Fund, which is adopted on a departmental level. Budgets are adopted on a cash basis. Budgetary comparison schedules are provided for the General Fund and major special revenue funds as part of Required Supplementary Information, and in combining statements for all other funds as part of Supplementary Information. Budgetary variances for the General Fund and major funds are discussed in some detail later in this section.

#### *Proprietary funds*

Proprietary funds are used to account for business-type activities, both for services provided primarily to outside customers (enterprise funds) and within the city to internal units (internal service funds). The City has one business-type activity, the wastewater treatment utility, and it utilizes an enterprise fund to report this activity. The City has no internal service funds. The proprietary fund statements consist of the statement of net assets, the statement of revenues, expenses, and other changes in fund net assets, and the statement of cash flows. The proprietary fund statements use the economic resources measurement focus, accrual basis of accounting, just like the government-wide statements.

#### *Fiduciary funds*

Fiduciary funds are funds held by a governmental unit as an agent or a trustee. They are not reflected in the government-wide financial statements because these resources can only be used for designated beneficiaries and are not available to finance the City's own operations. The City holds two types of fiduciary funds: pension trust funds and agency funds. Pension trust funds are used to account for pension plans held by the City on behalf of its employees. The City uses pension trust funds to report the 1925 Police Officers' Pension and the 1937 Firefighters' Pension. Agency funds are used to account for monies held by the City for an external party. The City uses agency funds to report payroll, sales tax, insurance payments, city court costs, and court collections funds. Additional information pension plans is found in several places in financial section, specifically Note C to the Notes to Financial Statements, and the Schedules of Funding Progress in the Required Supplementary Information

**Notes to financial statements**

The notes are a required part of the financial statements that provide necessary information for the understanding of the City's financial report.

**Other information**

The City is also required to provide more detailed information about certain issues disclosed in required supplementary information (RSI) schedules. The City's RSI schedules include: Budgetary Schedules for the General Fund and Major Special Revenue funds, the Schedules of Funding Progress, and Schedules of Contributions From the Employer and Other Contributing Entities.

**Government-wide financial analysis****Statement of net assets**

The City's primary government assets exceed liabilities by \$97,713,131 at the close of 2008. [Figure 1] The City's net assets increased by \$4,361,736 or 4.5% during 2008, with 84% of the growth from the City's wastewater utility. [Figure 2]

The City's net assets are comprised mostly of capital assets, reaching \$70,093,014 at year end 2008. Net assets for capital assets are reported as investment in capital assets (e.g. land; infrastructure including sewers, roads and trails; buildings and improvements; machinery and equipment; and construction in progress), less any debt to acquire these assets that is still outstanding. The City's capital assets are used to provide services to citizens and underpin the economic development and quality of life initiatives. However, these capital assets are not liquid and are not available for future spending. The debt associated with these capital assets must be paid from sources other than capital assets themselves because the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of the City's net assets is designated as restricted or unrestricted. The largest category is restricted net assets, which totaled \$20,810,638 at year end. These dollars that are subject to external restrictions such as highways and streets, culture and recreation, debt service, retainage payable or other purposes and cannot be spent on everyday operations. The other category is unrestricted assets, which may be used by the City to meet ongoing obligations. Unrestricted net assets totaled \$6,809,479 at year end, increasing over 9% for the year due to gains from the wastewater utility.

Governmental activities continued the 5-year trend of deficit balances in unrestricted assets, reaching -\$7,950,777 in 2008, although the amount of decline this year was 10-fold lower than in the prior year. The rebuilding of the General Fund unreserved balance offset in part the growth in liability for the old public safety pension plans, the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan. Although the City maintains separate trust funds for these pension plans and accounts for contributions and benefit expenses in fiduciary statements, the liability for these pensions is a general obligation of the City and is born in the general government function.

In business-type activities, unrestricted assets grew to \$14,760,256 in the wastewater treatment utility, reflecting a \$1,042,146 increase. This increase is approximately half the level of annual increases in unrestricted net assets in each of the prior 3 years. Major capital projects proceeded in 2008 with both increased debt service expense and utilization of cash on hand.

#### **Statement of activities**

Total City revenues were \$32,325,261, down \$6,333,452 or 16.4% from the prior year. Revenues are derived approximately 70% from general governmental activities and 30% from business-type activities. Total expenses were \$27,963,525, a 7.5% increase over the prior year. Expenses continued to be allocated at about 80%/20% between governmental activities and business-type activities. [Figure 4]

#### *Governmental activities revenues and expenses*

Governmental activities revenue declined over 19% to \$22,774,548. Revenue from property taxes remained dominant, and adjusted for the \$972,749 overpayment in 2007, grew 14% in 2008 reflecting growth in taxable assessed value related to economic development in the City's tax increment financing areas. Charges for services increased 11% primarily due to county option income tax and economic development income tax in excess of certified distributions that were remitted to the City's Rainy Day Fund pursuant to State statute. The allocation of county option income tax to the General Fund, categorized as local shared revenue, decreased by about 5.5% or \$91,406. The most significant factor in the decline of governmental activities revenue is related to 4-fold decline in capital grants, and contributions and gifts which were related to capital projects. Revenues were also diminished by lower investment earnings in a low-interest rate environment and the \$972,749 refund of 2007 property taxes that had been remitted in error to the West Lafayette Redevelopment Commission as tax increment by the Tippecanoe County Auditor. [Figure 3]

Expenses for governmental activities increased by \$1,789,112 to \$22,383,090 primarily due to economic development activities. The West Lafayette Redevelopment Commission provided \$1,500,000 in assistance from tax increment to construct Innovation Center II, the headquarters for the national software solutions center for EDS, and \$620,000 in Certified Technology Grants for expansion and operation of the Purdue Technology Center II. [Figure 4]

#### *Business-type activities revenues and expenses*

Revenue to the wastewater treatment utility totaled \$9,550,716 which was an 8.7% decrease from the prior year. Declines in capital contributions of \$1,059,278, and lower investment earnings, more than offset significant growth in revenues from charges for services. Residential sales revenue grew over 6% to \$8,637,106 due to a 19% increase in billable flow from the utility's single largest customer, Purdue University. Revenue from usage for other customers declined 1.4%. Expenses for the wastewater treatment utility increased by 3% to \$5,580,435 mostly due to increased expenses for treatment and disposal necessitated by construction at the treatment plant, and for operation and maintenance of the collection system.

#### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Government funds**

The City's fund financial statements use modified accrual accounting providing information on near-term inflows, outflows, and balances of available resources. This provides the reader with useful information regarding the City's financial position. The unreserved fund balance of the City's governmental funds gives good insight into its ability to meet current obligations as well as meet the City's ongoing service needs.

The City's governmental year end fund balance increased 2% to \$20,533,204, sustaining the positive trend set in the prior year. The deficit in the City's chief operating fund, the General Fund, was eliminated, achieving Mayor Dennis' chief fiscal goal. The General Fund balance increased 29% to \$1,633,195 while the balance of other governmental funds remained stable. [Figure 5]

**Proprietary funds**

The City's proprietary fund uses full accrual accounting to report information in the fund financial statements just as is done in the government-wide financial statements.

Net assets at year end in the City's proprietary wastewater treatment utility fund were \$44,768,812. Net assets invested in capital assets, net of related debt, total \$28,682,562. Restricted assets for debt service and retainage payable total \$1,325,794. Approximately one-third of total net assets are unrestricted, the same proportion as in 2007. Operating income increased by 6% to \$3,908,896.

**Budgetary Analysis****General fund budgetary highlights**

Total budgetary expenditures in the General Fund were \$10,854,126. The growth in budgetary expenditures was about 3.4%, nearly identical to the prior year. Under-expenditure of budget matched the prior year record at approximately 5% of budget. The primary contributors to positive variance were services and other charges, notably legal services and sanitation transfer station disposal fees; and personnel expense due to unfilled position vacancies and a reduction in force of two full time positions. General Fund revenues were \$9,644,282, a decline of 15% primarily due to delays in tax collection by Tippecanoe County that resulted in late settlement of property taxes. These late remittances are not included in budgetary revenues because they were received well after the close of the December 31 budgetary fiscal year close. The 2008 revenue budget was about 11% higher than the prior year. The two most important factors in this stronger revenue plan are: (1) the City's property tax levy is no longer required to fund the Police and the Fire Pension Trust Funds and therefore more property taxes could be allocated to the General Fund; and (2) there are increased revenues available as charges for service from payments in lieu of taxes from the wastewater utility, and from a favorable schedule of rental housing inspections fees and cable television receipts this year

**Capital Asset and Debt Administration****Capital assets**

Capital assets includes land; infrastructure including sewers, trails, and roads; buildings and improvements; machinery and equipment; and construction in progress. The primary government's capital assets at year end totaled \$124,536,479 net of accumulated depreciation. 2008 marked the second year that the growth in capital assets have been approximately 10%. The wastewater utility's capital projects led the way with \$12,017,439 of additions related to substantial progress on

the Western Interceptor, the Digester Renovation and Alternate Power project at the treatment plant, the GIS system, and the Green Meadows Lift Station, as well as completion of the BarBarry Heights Lift Station. [Figure 6]

### **Long-term liabilities**

The long-term liabilities are comprised of bonded debt and other long-term liabilities such as pension obligations, compensated absences, and capital leases. In 2008 the City's long-term liabilities grew 8.4% to total \$61,006,017 at year end. The utility drew \$11,158,652 in State Revolving Fund loans for the Western Interceptor and Digester Renovation projects, resulting in a \$7,593,652 increase in loan payables. Two-thirds of the City's bonded debt is comprised of obligations of the wastewater treatment utility payable from utility revenues. [Figure 7]

The City has not issued revenue debt for governmental activities since 2005. Scheduled debt repayment reduced the outstanding principal by 13% to \$17,031,696 at year end. Over 81% of the outstanding debt is payable through lease obligations to blended component units: the West Lafayette Redevelopment Authority, the West Lafayette Building Corporation, and the West Lafayette Equipment Leasing Corporation. The remainder is an obligation of the Redevelopment Commission. Tax Increment Financing revenue is utilized for debt service on 73% of the outstanding bond debt, the only exceptions being use of economic development income tax for the debt on the Police Station and a general property tax levy for the Fire Truck debt.

Other long-term liabilities total \$9,965,814 for pension obligations, compensated absences, and capital leases. Increases in pension liabilities were offset by a 2.5-fold decrease in liabilities for compensated absences, reflecting the implementation of a new policy on vacation accrual and payoff of a portion of some accumulated leave. The unfunded actuarial accrued liability for the 1925 Police Officers' Pension Plan and 1937 Firefighters' Pension Plan was reported as \$16,493,900 as of January 1, 2007. Effective January 1, 2008, the State of Indiana will increase intergovernmental revenue to the City for the purpose of reimbursing the City for 100% of pension benefit costs for these two plans. The City will continue as payer and administrator of these pension plans.

### **Economic Factors and the Next Year's Budgets and Rates**

The City of West Lafayette continues to maintain economic growth in the Purdue Research Park and stability of employment with the county's largest employer, Purdue University. The City's housing values and home sales have remained relatively stable, and multi-family occupancy rates are over 95%. The City anticipates growth related to

increased demand for higher education and technology centers to fuel new economic activity during the economic recovery.

Newly elected City officials began their terms of office on January 1, 2008. With emphasis on control of expenditures, efficient management, and fiscal restraint, there are no planned increases in service charges or fees for 2009. The sanitation function in the General Fund and pollution prevention activities of street sweeping and leaf pickup in the Street Department were moved to the wastewater utility effective January 1, 2009 to provide comprehensive environmental management.

The City is continuing to prepare to meet NDPES Phase II Stormwater Quality regulations working jointly with the Tippecanoe County Partnership for Water Quality, a joint agency of local governments and higher education institutions in Tippecanoe County. Pursuant to the stormwater ordinance enacted in 2007, a schedule of fees is expected to be adopted in 2009 which will impact all property owners in the City.

Delays in tax billing are expected in 2008 due to state mandates that are being implemented by Tippecanoe County government. Property in the City was previously assessed by the Wabash Assessor. This office has been eliminated and this function has been transferred to the Tippecanoe County Assessor. Trending of property assessment values is continuing to present challenges and the State postponed the general reassessment from March 1, 2009 to March 1, 2010. New software that complies with State requirements will be installed by the County in 2009 and this change in software systems is expected to cause some delay in processes for certifying assessed valuations and calculating tax rates and bills. The City anticipates it will continue to rely on temporary loans from the wastewater utility for cash flow purposes if tax collection is delayed and to avoid incurring debt by borrowing from financial institutions.

The City expects no impact in 2009 from the implementation of circuit breaker provisions that cap property taxes by class of property, and may result in loss of property tax revenue to local governments. Preliminary evaluation is that there will be some impact in 2010, and this will inform budgetary decisions in 2009.

Beginning in 2009, the State has eliminated certain local property tax levies and assumed funding responsibility. The impact is to reduce tax increment collection in the City's TIF districts. However, a new homestead deduction is being implemented which will reduce net assessed valuations for homeowner-occupied residential properties. The City of West Lafayette is anticipating a decrease in assessed valuation of approximately 20%. In light of the uncertainty in forecasting

the impact of these two provisions on tax increment collections, and the necessity of project funding requirements, the Redevelopment Commission did not authorize any release of captured assessed valuation to overlapping jurisdictions for tax levies in 2009. A release of \$20,100,000 in captured assessed valuation was authorized for 2008.

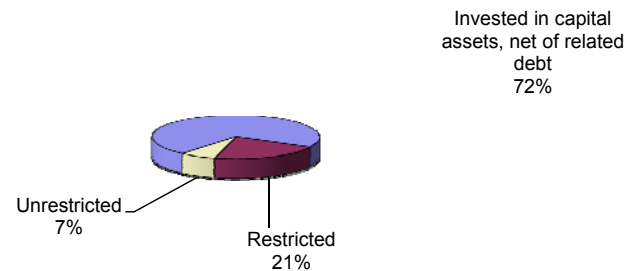
#### Request For Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the City Clerk-Treasurer, Judith C. Rhodes, 609 West Navajo Street, West Lafayette, Indiana 47906.

**Figure 1**  
**City of West Lafayette**  
**Net Assets**

|                                                 | Governmental Activities |                      | Business-Type Activities |                      | Total Primary Government |                      |
|-------------------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
|                                                 | 2008                    | 2007                 | 2008                     | 2007                 | 2008                     | 2007                 |
| <b>Assets</b>                                   |                         |                      |                          |                      |                          |                      |
| Current and other assets                        | \$ 23,376,541           | \$ 23,100,555        | \$ 16,935,315            | \$ 15,087,112        | \$ 40,311,856            | \$ 38,187,667        |
| Capital assets                                  | 60,031,011              | 60,723,228           | 64,496,069               | 52,478,630           | 124,527,080              | 113,201,858          |
| Total assets                                    | 83,407,552              | 83,823,783           | 81,431,384               | 67,565,742           | 164,838,936              | 151,389,525          |
| <b>Liabilities</b>                              |                         |                      |                          |                      |                          |                      |
| Long-term liabilities                           | 26,923,083              | 27,718,884           | 34,008,507               | 24,659,855           | 60,931,590               | 52,378,739           |
| Other liabilities                               | 3,539,961               | 3,551,835            | 2,654,265                | 2,107,556            | 6,194,226                | 5,659,391            |
| Total liabilities                               | 30,463,044              | 31,270,719           | 36,662,772               | 26,767,411           | 67,125,816               | 58,038,130           |
| <b>Net assets</b>                               | 52,944,508              | 52,553,064           | 44,768,612               | 40,798,331           | 97,713,120               | 93,351,395           |
| Invested in capital assets, net of related debt | 41,410,452              | 41,109,444           | 28,682,562               | 26,063,775           | 70,093,014               | 67,173,219           |
| Restricted                                      | 19,484,844              | 18,925,922           | 1,325,794                | 1,016,446            | 20,810,638               | 19,942,368           |
| Unrestricted                                    | (7,950,777)             | (7,482,302)          | 14,760,256               | 13,718,110           | 6,809,479                | 6,235,808            |
| <b>Total net assets</b>                         | <b>\$ 52,944,519</b>    | <b>\$ 52,553,064</b> | <b>\$ 44,768,612</b>     | <b>\$ 40,798,331</b> | <b>\$ 97,713,131</b>     | <b>\$ 93,351,395</b> |

**2008 Net Assets**

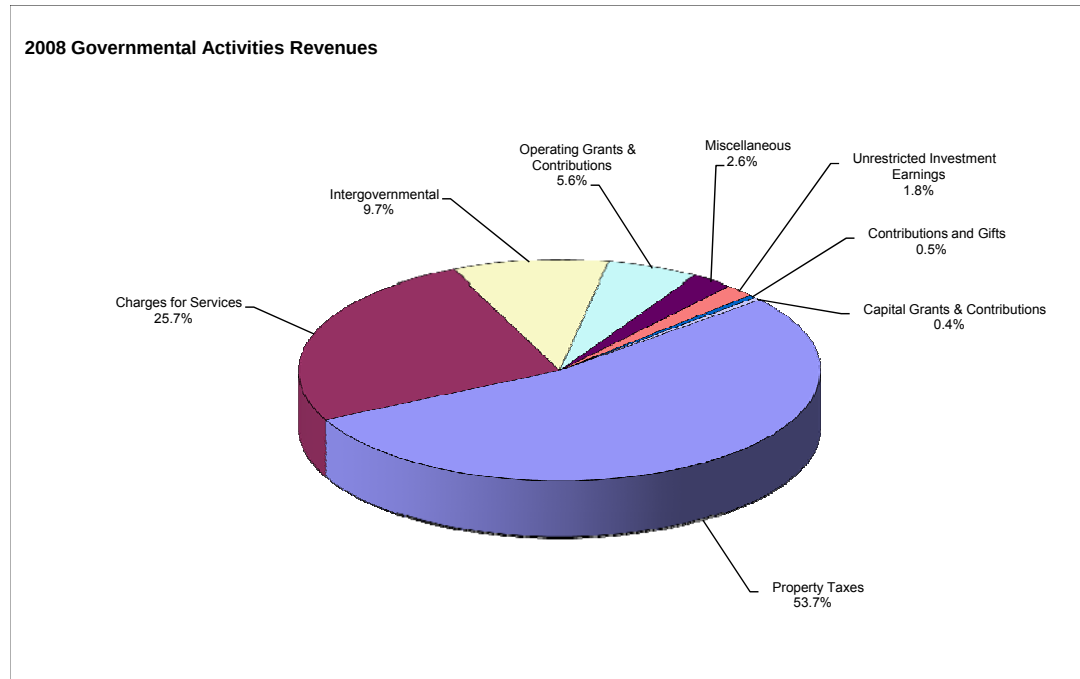


**Figure 2**  
**City of West Lafayette**  
**Changes in Net Assets**

|                                         | Governmental Activities |                      | Business-Type Activities |                      | Total Primary Government |                      |
|-----------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
|                                         | 2008                    | 2007                 | 2008                     | 2007                 | 2008                     | 2007                 |
| <b>Revenues</b>                         |                         |                      |                          |                      |                          |                      |
| Program revenues:                       |                         |                      |                          |                      |                          |                      |
| Charges for services                    | \$ 6,100,858            | \$ 5,485,659         | \$ 8,840,127             | \$ 8,360,860         | \$ 14,940,985            | \$ 13,846,519        |
| Operating grants and contributions      | 1,338,835               | 788,270              |                          |                      | 1,338,835                | 788,270              |
| Capital grants and contributions        | 101,206                 | 1,492,082            |                          | 1,437,901            | 101,206                  | 2,929,983            |
| General revenues:                       |                         |                      |                          |                      | -                        | -                    |
| Property taxes                          | 12,760,475              | 12,170,487           |                          |                      | 12,760,475               | 12,170,487           |
| Other state taxes                       | 766,587                 | 722,695              |                          |                      | 766,587                  | 722,695              |
| Other local taxes                       | 1,525,705               | 1,661,003            |                          |                      | 1,525,705                | 1,661,003            |
| Contributions and gifts                 | 108,418                 | 4,322,122            | 378,623                  |                      | 487,041                  | 4,322,122            |
| Miscellaneous receipts, net of interest | 612,825                 | 715,476              |                          |                      | 612,825                  | 715,476              |
| Unrestricted investment earnings        | 432,385                 | 839,694              | 331,966                  | 662,464              | 764,351                  | 1,502,158            |
| Total program revenues                  | 23,747,294              | 28,197,488           | 9,550,716                | 10,461,225           | 33,298,010               | 38,658,713           |
| Special Items:                          |                         |                      |                          |                      |                          |                      |
| Refund of tax distributions             | (972,749)               |                      |                          |                      | (972,749)                |                      |
| <b>Total revenues</b>                   | <b>22,774,545</b>       | <b>28,197,488</b>    | <b>9,550,716</b>         | <b>10,461,225</b>    | <b>32,325,261</b>        | <b>38,658,713</b>    |
| <b>Expenses:</b>                        |                         |                      |                          | (6,333,452)          |                          |                      |
| General government                      | 3,351,441               | 3,211,807            |                          | (0.164)              | 3,351,441                | 3,211,807            |
| Public safety                           | 8,379,067               | 8,132,596            |                          |                      | 8,379,067                | 8,132,596            |
| Highways and streets                    | 3,472,002               | 3,946,050            |                          |                      | 3,472,002                | 3,946,050            |
| Sanitation                              | 660,648                 | 712,660              |                          |                      | 660,648                  | 712,660              |
| Health and welfare                      | -                       | -                    |                          |                      | -                        | -                    |
| Economic development                    | 3,395,443               | 957,513              |                          |                      | 3,395,443                | 957,513              |
| Culture and recreation                  | 2,243,571               | 2,704,932            |                          |                      | 2,243,571                | 2,704,932            |
| Interest Expense                        | 880,918                 | 928,420              |                          |                      | 880,918                  | 928,420              |
| Wastewater                              | -                       | -                    | 5,580,435                | 5,417,669            | 5,580,435                | 5,417,669            |
| <b>Total expenses</b>                   | <b>22,383,090</b>       | <b>20,593,978</b>    | <b>5,580,435</b>         | <b>5,417,669</b>     | <b>27,963,525</b>        | <b>26,011,647</b>    |
| Increase (decrease) in net assets       | 391,455                 | 7,603,510            | 3,970,281                | 5,043,556            | 4,361,736                | 12,647,066           |
| <b>Net assets - January 1</b>           | <b>52,553,064</b>       | <b>44,949,554</b>    | <b>40,798,331</b>        | <b>35,754,775</b>    | <b>93,351,395</b>        | <b>80,704,329</b>    |
| <b>Net assets - December 31</b>         | <b>\$ 52,944,519</b>    | <b>\$ 52,553,064</b> | <b>\$ 44,768,612</b>     | <b>\$ 40,798,331</b> | <b>\$ 97,713,131</b>     | <b>\$ 93,351,395</b> |

**Figure 3**  
**City of West Lafayette**  
**Governmental Activities Revenues**

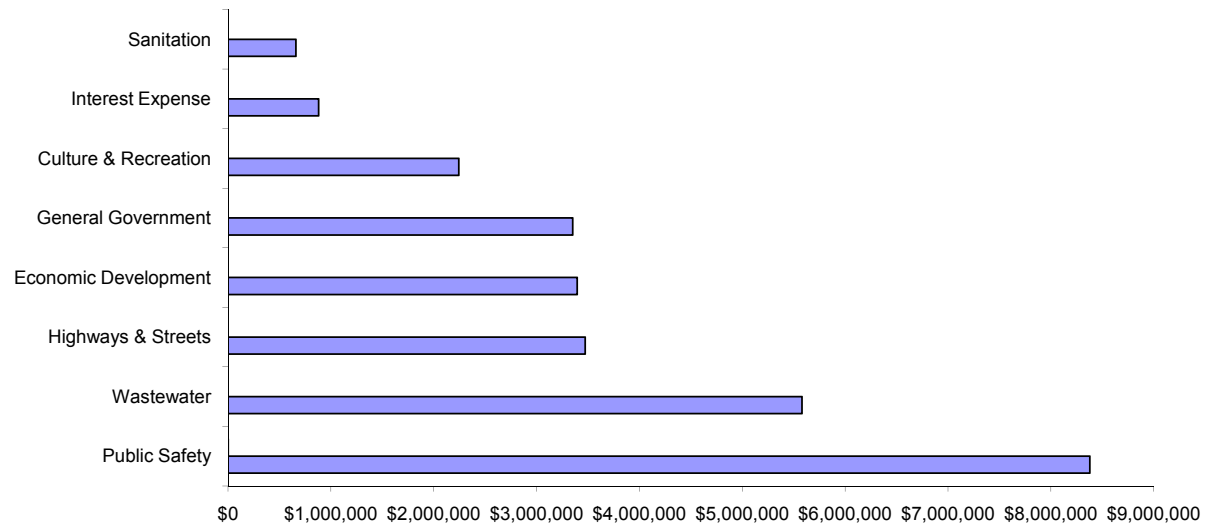
|                                  | Governmental Revenues |                      |
|----------------------------------|-----------------------|----------------------|
|                                  | 2008                  | 2007                 |
| <b>General Revenues</b>          |                       |                      |
| Property Taxes                   | \$ 12,760,475         | \$ 12,170,487        |
| Charges for Services             | 6,100,858             | 5,485,659            |
| Intergovernmental                | 2,292,292             | 2,383,698            |
| Operating Grants & Contributions | 1,338,835             | 788,270              |
| Miscellaneous                    | 612,825               | 715,476              |
| Unrestricted Investment Earnings | 432,385               | 839,694              |
| Contributions and Gifts          | 108,418               | 4,322,122            |
| Capital Grants & Contributions   | 101,206               | 1,492,082            |
| Revenue Subtotal                 | \$ 23,747,294         | \$ 28,197,488        |
| <b>Special Items</b>             |                       |                      |
| Refund of tax distributions      | \$ (972,749)          | \$ -                 |
| <b>Totals</b>                    | <b>\$ 22,774,545</b>  | <b>\$ 28,197,488</b> |



**Figure 4**  
**City of West Lafayette**  
**Primary Government Program Expenses**

|                      | Governmental Expenses |                      |
|----------------------|-----------------------|----------------------|
|                      | 2008                  | 2007                 |
| Public Safety        | \$ 8,379,067          | \$ 8,132,596         |
| Wastewater           | 5,580,435             | 5,417,669            |
| Highways & Streets   | 3,472,002             | 3,946,050            |
| Economic Development | 3,395,443             | 957,513              |
| General Government   | 3,351,441             | 3,211,807            |
| Culture & Recreation | 2,243,571             | 2,704,932            |
| Interest Expense     | 880,918               | 928,420              |
| Sanitation           | 660,648               | 712,660              |
| <b>Totals</b>        | <b>\$ 27,963,525</b>  | <b>\$ 26,011,647</b> |

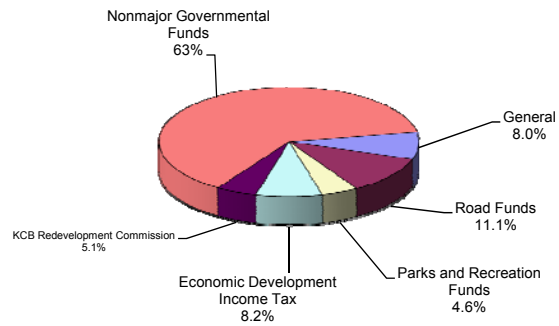
### 2008 Primary Government Program Expenses



**Figure 5**  
**City of West Lafayette**  
**Governmental Fund Balances at Year-End**

|                                 | Year End Fund Balances |                      |
|---------------------------------|------------------------|----------------------|
|                                 | 2008                   | 2007                 |
| General                         | \$ 1,633,195           | \$ 1,262,564         |
| Road Funds                      | 2,281,524              | 1,971,052            |
| Parks and Recreation Funds      | 938,414                | 900,061              |
| Economic Development Income Tax | 1,681,788              | 1,553,942            |
| KCB Redevelopment Commission    | 1,042,699              |                      |
| Nonmajor Governmental Funds     | 12,955,584             | 14,439,257           |
| <b>Totals</b>                   | <b>\$ 20,533,204</b>   | <b>\$ 20,126,876</b> |

**2008 Year End Governmental Fund Balances**



**Figure 6**  
**City of West Lafayette**  
**Capital Assets At Year-End**  
**(Net of Depreciation)**

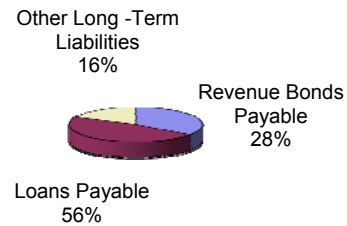
|                                   | Governmental Activities |                      | Business-Type Activities |                      | Total Primary Government |                       |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|-----------------------|
|                                   | 2008                    | 2007                 | 2008                     | 2007                 | 2008                     | 2007                  |
| Land                              | \$ 14,514,071           | \$ 14,448,036        | \$ 604,120               | \$ 593,385           | \$ 15,118,191            | \$ 15,041,421         |
| Construction in progress          | 2,337,649               | 3,767,741            | 17,879,760               | 6,242,936            | 20,217,409               | 10,010,677            |
| Buildings                         | 11,557,153              | 11,960,974           | 18,326,342               | 18,603,178           | 29,883,495               | 30,564,152            |
| Improvements other than buildings | 3,153,390               | 3,074,102            | 25,764,734               | 24,940,446           | 28,918,124               | 28,014,548            |
| Machinery and equipment           | 2,919,115               | 3,046,155            | 1,921,113                | 2,098,685            | 4,840,228                | 5,144,840             |
| Infrastructure being depreciated  | 25,559,032              | 24,426,220           |                          |                      | 25,559,032               | 24,426,220            |
| <b>Totals</b>                     | <b>\$ 60,040,410</b>    | <b>\$ 60,723,228</b> | <b>\$ 64,496,069</b>     | <b>\$ 52,478,630</b> | <b>\$ 124,536,479</b>    | <b>\$ 113,201,858</b> |

Land and Construction in Progress are not depreciated.

**Figure 7**  
**City of West Lafayette**  
**Outstanding Long-Term Liabilities at Year-End**

|                                         | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|-----------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                         | 31-Dec-08               | 31-Dec-07            | 31-Dec-08                | 31-Dec-07            | 31-Dec-08            | 31-Dec-07            |
| Revenue Bonds Payable (net of discount) | \$ 17,031,696           | \$ 19,678,765        |                          | \$ -                 | \$ 17,031,696        | \$ 19,678,765        |
| Loans Payable                           |                         | -                    | 34,008,507               | 26,414,855           | 34,008,507           | 26,414,855           |
| <b>Total Bonded Debt</b>                | <b>17,031,696</b>       | <b>19,678,765</b>    | <b>34,008,507</b>        | <b>26,414,855</b>    | <b>51,040,203</b>    | <b>46,093,620</b>    |
|                                         |                         |                      |                          |                      | -                    | -                    |
| Capital Leases                          | 161,359                 | 229,592              |                          |                      | 161,359              | 229,592              |
| Pension Obligation                      | 9,598,013               | 9,054,809            |                          |                      | 9,598,013            | 9,054,809            |
| Compensated Absences                    | 132,015                 | 741,342              | 74,427                   | 144,662              | 206,442              | 886,004              |
| <b>Other Long -Term Liabilities</b>     | <b>9,891,387</b>        | <b>10,025,743</b>    | <b>74,427</b>            | <b>144,662</b>       | <b>9,965,814</b>     | <b>10,170,405</b>    |
| <b>Total Long-Term Liabilities</b>      | <b>\$ 26,923,083</b>    | <b>\$ 29,704,508</b> | <b>\$ 34,082,934</b>     | <b>\$ 26,559,517</b> | <b>\$ 61,006,017</b> | <b>\$ 56,264,025</b> |

**2008 Year End Long-Term Liabilities**



# **BASIC FINANCIAL STATEMENTS**

CITY OF WEST LAFAYETTE  
STATEMENT OF NET ASSETS  
December 31, 2008

| <u>Assets</u>                                       | Primary Government         |                             |                      |
|-----------------------------------------------------|----------------------------|-----------------------------|----------------------|
|                                                     | Governmental<br>Activities | Business-type<br>Activities | Totals               |
| Cash and cash equivalents                           | \$ 11,154,967              | \$ 16,465,201               | \$ 27,620,168        |
| Cash with fiscal agent                              | 3,155,879                  | -                           | 3,155,879            |
| Receivables (net of allowances for uncollectibles): |                            |                             |                      |
| Interest                                            | 21,870                     | 49,589                      | 71,459               |
| Taxes                                               | 6,651,333                  | -                           | 6,651,333            |
| Accounts                                            | 280,369                    | 327,820                     | 608,189              |
| Intergovernmental                                   | 1,387,942                  | -                           | 1,387,942            |
| Internal balances                                   | 92,239                     | (92,239)                    | -                    |
| Inventories                                         | 201,105                    | 114,649                     | 315,754              |
| Deferred debits                                     | 269,305                    | -                           | 269,305              |
| Capital assets:                                     |                            |                             |                      |
| Land and construction in progress                   | 16,841,320                 | 18,483,880                  | 35,325,200           |
| Other capital assets, net of depreciation           | 43,188,690                 | 46,012,189                  | 89,200,879           |
| Net pension asset                                   | 162,544                    | 70,295                      | 232,839              |
| <b>Total assets</b>                                 | <b>83,407,563</b>          | <b>81,431,384</b>           | <b>164,838,947</b>   |
| <u>Liabilities</u>                                  |                            |                             |                      |
| Accounts payable                                    | 559,492                    | 118,841                     | 678,333              |
| Accrued payroll and withholdings payable            | 394,288                    | 95,541                      | 489,829              |
| Accrued interest payable                            | 373,634                    | -                           | 373,634              |
| Retainage payable                                   | -                          | 415,794                     | 415,794              |
| Noncurrent liabilities:                             |                            |                             |                      |
| Amounts due within one year:                        |                            |                             |                      |
| Notes and loans payable                             | -                          | 1,805,000                   | 1,805,000            |
| Capital leases payable                              | 182,504                    | -                           | 182,504              |
| Revenue bonds - due within one year                 | 1,360,000                  | -                           | 1,360,000            |
| Compensated absences                                | 670,043                    | 219,089                     | 889,132              |
| Amounts due beyond one year:                        |                            |                             |                      |
| Notes and loans payable                             | -                          | 34,008,507                  | 34,008,507           |
| Capital leases payable                              | 161,359                    | -                           | 161,359              |
| Revenue bonds payable (net of discount)             | 17,031,696                 | -                           | 17,031,696           |
| Compensated absences                                | 132,015                    | -                           | 132,015              |
| Net pension obligation                              | 9,598,013                  | -                           | 9,598,013            |
| <b>Total liabilities</b>                            | <b>30,463,044</b>          | <b>36,662,772</b>           | <b>67,125,816</b>    |
| <u>Net Assets</u>                                   |                            |                             |                      |
| Invested in capital assets, net of related debt     | 41,410,452                 | 28,682,562                  | 70,093,014           |
| Restricted for:                                     |                            |                             |                      |
| Highways and streets                                | 9,864,179                  | -                           | 9,864,179            |
| Culture and recreation                              | 1,931,435                  | -                           | 1,931,435            |
| Debt service                                        | 1,462,363                  | 910,000                     | 2,372,363            |
| Other purposes                                      | 6,226,867                  | 415,794                     | 6,642,661            |
| Unrestricted                                        | (7,950,777)                | 14,760,256                  | 6,809,479            |
| <b>Total net assets</b>                             | <b>\$ 52,944,519</b>       | <b>\$ 44,768,612</b>        | <b>\$ 97,713,131</b> |

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

CITY OF WEST LAFAYETTE  
STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2008

| Functions/Programs                       | Expenses             | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                      |
|------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------------------|--------------------------|----------------------|
|                                          |                      | 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                       | \$ 3,351,441         | \$ 1,993,341         | \$ -                               | \$ -                             | \$ (1,358,100)                                  | \$ -                     | \$ (1,358,100)       |
| Public safety                            | 8,379,067            | 36,813               | 185,856                            | -                                | (8,156,398)                                     | -                        | (8,156,398)          |
| Highways and streets                     | 3,472,002            | 2,922,064            | -                                  | 63,087                           | (486,851)                                       | -                        | (486,851)            |
| Sanitation                               | 660,648              | 517,348              | -                                  | -                                | (143,300)                                       | -                        | (143,300)            |
| Economic development                     | 3,395,443            | -                    | 1,104,979                          | -                                | (2,290,464)                                     | -                        | (2,290,464)          |
| Culture and recreation                   | 2,243,571            | 631,292              | 48,000                             | 38,119                           | (1,526,160)                                     | -                        | (1,526,160)          |
| Interest expense                         | 880,918              | -                    | -                                  | -                                | (880,918)                                       | -                        | (880,918)            |
| Total governmental activities            | <u>22,383,090</u>    | <u>6,100,858</u>     | <u>1,338,835</u>                   | <u>101,206</u>                   | <u>(14,842,191)</u>                             | <u>-</u>                 | <u>(14,842,191)</u>  |
| Business-type activities:                |                      |                      |                                    |                                  |                                                 |                          |                      |
| Wastewater                               | <u>5,580,435</u>     | <u>8,840,127</u>     | <u>-</u>                           | <u>-</u>                         | <u>-</u>                                        | <u>3,259,692</u>         | <u>3,259,692</u>     |
| Total business-type activities           | <u>5,580,435</u>     | <u>8,840,127</u>     | <u>-</u>                           | <u>-</u>                         | <u>-</u>                                        | <u>3,259,692</u>         | <u>3,259,692</u>     |
| Total primary government                 | <u>\$ 27,963,525</u> | <u>\$ 14,940,985</u> | <u>\$ 1,338,835</u>                | <u>\$ 101,206</u>                | <u>(14,842,191)</u>                             | <u>3,259,692</u>         | <u>(11,582,499)</u>  |
| General revenues:                        |                      |                      |                                    |                                  |                                                 |                          |                      |
| Property taxes                           |                      |                      |                                    |                                  | 12,760,475                                      | -                        | 12,760,475           |
| General state distributions              |                      |                      |                                    |                                  | 816,540                                         | -                        | 816,540              |
| Local shared revenues                    |                      |                      |                                    |                                  | 1,475,752                                       | -                        | 1,475,752            |
| Contributions and gifts                  |                      |                      |                                    |                                  | 108,418                                         | 378,623                  | 487,041              |
| Miscellaneous receipts (net of interest) |                      |                      |                                    |                                  | 612,825                                         | -                        | 612,825              |
| Unrestricted investment earnings         |                      |                      |                                    |                                  | 432,385                                         | 331,966                  | 764,351              |
| Special Items:                           |                      |                      |                                    |                                  |                                                 |                          |                      |
| Refund of tax distributions              |                      |                      |                                    |                                  | (972,749)                                       | -                        | (972,749)            |
| Total general revenues                   |                      |                      |                                    |                                  | <u>15,233,646</u>                               | <u>710,589</u>           | <u>15,944,235</u>    |
| Change in net assets                     |                      |                      |                                    |                                  | 391,455                                         | 3,970,281                | 4,361,736            |
| Net assets - beginning                   |                      |                      |                                    |                                  | <u>52,553,064</u>                               | <u>40,798,331</u>        | <u>93,351,395</u>    |
| Net assets - ending                      |                      |                      |                                    |                                  | <u>\$ 52,944,519</u>                            | <u>\$ 44,768,612</u>     | <u>\$ 97,713,131</u> |

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

CITY OF WEST LAFAYETTE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2008

|                                                     | General             | Roads Funds         | Parks and<br>Recreation Funds | Economic<br>Development<br>Income Tax | KCB<br>Redevelopment<br>Commission | Nonmajor<br>Governmental<br>Funds | Totals               |
|-----------------------------------------------------|---------------------|---------------------|-------------------------------|---------------------------------------|------------------------------------|-----------------------------------|----------------------|
| <u>Assets</u>                                       |                     |                     |                               |                                       |                                    |                                   |                      |
| Cash and cash equivalents                           | \$ 114,325          | \$ 2,202,429        | \$ 808,363                    | \$ 1,726,559                          | \$ -                               | \$ 6,303,291                      | \$ 11,154,967        |
| Cash with fiscal agent                              | -                   | -                   | -                             | -                                     | 1,040,751                          | 2,115,128                         | 3,155,879            |
| Investments                                         | -                   | -                   | -                             | -                                     | -                                  | -                                 | -                    |
| Receivables (net of allowances for uncollectibles): |                     |                     |                               |                                       |                                    |                                   |                      |
| Interest                                            | 3,092               | 2,567               | 1,560                         | 2,161                                 | 1,948                              | 10,542                            | 21,870               |
| Taxes                                               | 1,727,771           | -                   | 245,365                       | -                                     | -                                  | 4,678,197                         | 6,651,333            |
| Accounts                                            | 276,300             | -                   | -                             | -                                     | -                                  | 4,069                             | 280,369              |
| Intergovernmental                                   | 458,127             | 195,258             | 8,619                         | 216,582                               | -                                  | 509,356                           | 1,387,942            |
| Interfund receivable                                | 92,239              | -                   | -                             | -                                     | -                                  | -                                 | 92,239               |
| Total assets                                        | <u>\$ 2,671,854</u> | <u>\$ 2,400,254</u> | <u>\$ 1,063,907</u>           | <u>\$ 1,945,302</u>                   | <u>\$ 1,042,699</u>                | <u>\$ 13,620,583</u>              | <u>\$ 22,744,599</u> |
| <u>Liabilities and Fund Balances</u>                |                     |                     |                               |                                       |                                    |                                   |                      |
| Liabilities:                                        |                     |                     |                               |                                       |                                    |                                   |                      |
| Accounts payable                                    | \$ 347,156          | \$ 104,026          | \$ 25,409                     | \$ 34,497                             | \$ -                               | \$ 48,404                         | \$ 559,492           |
| Accrued payroll and withholdings payable            | 322,845             | 14,704              | 44,238                        | 12,435                                | -                                  | 66                                | 394,288              |
| Accrued interest payable                            | -                   | -                   | -                             | -                                     | -                                  | 373,634                           | 373,634              |
| Deferred revenue:                                   |                     |                     |                               |                                       |                                    |                                   |                      |
| Unavailable                                         | 368,658             | -                   | 55,846                        | 216,582                               | -                                  | 242,895                           | 883,981              |
| Total liabilities                                   | <u>1,038,659</u>    | <u>118,730</u>      | <u>125,493</u>                | <u>263,514</u>                        | <u>-</u>                           | <u>664,999</u>                    | <u>2,211,395</u>     |
| Fund balances:                                      |                     |                     |                               |                                       |                                    |                                   |                      |
| Unreserved, reported in:                            |                     |                     |                               |                                       |                                    |                                   |                      |
| General fund                                        | 1,633,195           | -                   | -                             | -                                     | -                                  | -                                 | 1,633,195            |
| Special revenue funds                               | -                   | 2,281,524           | 938,414                       | 1,681,788                             | -                                  | 4,423,527                         | 9,325,253            |
| Debt service funds                                  | -                   | -                   | -                             | -                                     | 1,042,699                          | 2,877,368                         | 3,920,067            |
| Capital projects funds                              | -                   | -                   | -                             | -                                     | -                                  | 5,654,689                         | 5,654,689            |
| Total fund balances                                 | <u>1,633,195</u>    | <u>2,281,524</u>    | <u>938,414</u>                | <u>1,681,788</u>                      | <u>1,042,699</u>                   | <u>12,955,584</u>                 | <u>20,533,204</u>    |
| Total liabilities and fund balances                 | <u>\$ 2,671,854</u> | <u>\$ 2,400,254</u> | <u>\$ 1,063,907</u>           | <u>\$ 1,945,302</u>                   | <u>\$ 1,042,699</u>                | <u>\$ 13,620,583</u>              | <u>\$ 22,744,599</u> |

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

CITY OF WEST LAFAYETTE  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
December 31, 2008

|                                            |    |    |            |
|--------------------------------------------|----|----|------------|
| Total fund balances for governmental funds | \$ | \$ | 20,533,204 |
|--------------------------------------------|----|----|------------|

Amounts reported for governmental activities in the Statement of Net Assets are different because:

|                                                                                                                                                                                                                                                                   |  |  |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|
| Inventories of materials and supplies held at year end are recorded on the Statement of Activities as expenditures when consumed rather than when purchased. Inventories are recorded as expenditures when purchased rather than consumed in the fund statements. |  |  | 201,105 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Those assets consist of:

|                                                                                |                   |  |                |
|--------------------------------------------------------------------------------|-------------------|--|----------------|
| Land                                                                           | 14,514,071        |  |                |
| Construction in progress                                                       | 2,327,249         |  |                |
| Buildings, net of \$5,237,893 accumulated depreciation                         | 11,557,153        |  |                |
| Improvements other than buildings, net of \$1,487,683 accumulated depreciation | 3,153,396         |  |                |
| Machinery and equipment, net of \$4,935,062 accumulated depreciation           | 2,919,114         |  |                |
| Infrastructure being depreciated, net of \$14,587,636 accumulated depreciation | <u>25,559,027</u> |  |                |
| <br>Total capital assets                                                       |                   |  | <br>60,030,010 |

|                                                                                                                                                                                                                                                                                                                                                                           |  |  |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|
| Bond issuance costs associated with debt issued by the City were reported as expenditures in the governmental funds when the debt was issued, whereas bond issuance costs are deferred in the Statement of Net Assets. Deferred bond issuance costs are amortized, over the life of the debt issued, as an adjustment to interest expense in the Statement of Activities. |  |  | 269,305 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|

|                                                                                                                                                                                                                                                                                    |  |  |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|
| Some City tax collections related to 2008 that will be collected beyond the 60 day period used to record revenues are reported as deferred revenues in the fund statements. Revenue and a corresponding receivable for this amount are included in the government-wide statements. |  |  | 586,193 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|

|                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|
| State shared revenue appropriated during the State of Indiana's fiscal year ended June 30, 2008, will be collected by the City in calendar year 2009. Revenue and a corresponding receivable for the amount appropriated but not received by December 31, 2008, are included in the government-wide statements. These amounts are reported as receivables in the fund statements but the revenues are deferred. |  |  | 297,788 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|---------|

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, therefore, are not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Assets. The discount or premium received when the City issued debt was reported in the governmental funds when the debt was issued, whereas these amounts are deferred and amortized, over the remaining life of the new debt, as an adjustment to interest expense in the Statement of Activities.

Balances at December 31, 2008, are:

|                                 |                  |  |                  |
|---------------------------------|------------------|--|------------------|
| Bonds payable                   | (18,545,000)     |  |                  |
| Unamortized premium             | 153,304          |  |                  |
| Capital leases payable          | (343,863)        |  |                  |
| Compensated absences payable    | <u>(802,058)</u> |  |                  |
| <br>Total long-term liabilities |                  |  | <br>(19,537,617) |

|                                                                                                                                                                                                                                                                                                                  |  |  |                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--------------------|
| Net pension assets and obligations, including the 1925 Police Officers' Pension Plan, 1937 Firefighters' Pension Plan and the Public Employees' Retirement Fund are not due and payable in the current period and, therefore, are not reported in the funds, but are included in the government-wide statements. |  |  | <u>(9,435,469)</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--------------------|

|                                             |    |    |                   |
|---------------------------------------------|----|----|-------------------|
| Total net assets of governmental activities | \$ | \$ | <u>52,944,519</u> |
|---------------------------------------------|----|----|-------------------|

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

CITY OF WEST LAFAYETTE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

|                                                           | General      | Roads Funds  | Parks and Recreation Funds | Economic Development Income Tax | KCB Redevelopment Commission | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------------------------------|--------------|--------------|----------------------------|---------------------------------|------------------------------|-----------------------------|--------------------------|
| Revenues:                                                 |              |              |                            |                                 |                              |                             |                          |
| Taxes                                                     | \$ 6,538,131 | \$ -         | \$ 1,009,852               | \$ -                            | \$ -                         | \$ 4,793,965                | \$ 12,341,948            |
| Licenses and permits                                      | 86,638       | -            | -                          | -                               | -                            | 2,690                       | 89,328                   |
| Intergovernmental                                         | 2,659,106    | 1,425,377    | 114,431                    | 1,312,262                       | -                            | 2,091,674                   | 7,602,850                |
| Charges for services                                      | 1,321,488    | 7,770        | 559,488                    | -                               | -                            | 29,329                      | 1,918,075                |
| Fines and forfeits                                        | 427,763      | -            | -                          | -                               | -                            | 6,346                       | 434,109                  |
| Other                                                     | 273,222      | 329,191      | 104,610                    | 53,751                          | 75,269                       | 462,450                     | 1,298,493                |
| Total revenues                                            | 11,306,348   | 1,762,338    | 1,788,381                  | 1,366,013                       | 75,269                       | 7,386,454                   | 23,684,803               |
| Expenditures:                                             |              |              |                            |                                 |                              |                             |                          |
| Current:                                                  |              |              |                            |                                 |                              |                             |                          |
| General government                                        | 2,691,945    | -            | -                          | -                               | -                            | 8,199                       | 2,700,144                |
| Public safety                                             | 7,243,944    | -            | -                          | -                               | -                            | 256,388                     | 7,500,332                |
| Highways and streets                                      | 273,302      | 1,531,724    | -                          | 762,167                         | -                            | -                           | 2,567,193                |
| Sanitation                                                | 723,377      | -            | -                          | -                               | -                            | -                           | 723,377                  |
| Economic development                                      | 126,803      | -            | -                          | -                               | -                            | 1,104,597                   | 1,231,400                |
| Culture and recreation                                    | -            | -            | 1,750,028                  | -                               | -                            | -                           | 1,750,028                |
| Debt service:                                             |              |              |                            |                                 |                              |                             |                          |
| Principal                                                 | -            | -            | -                          | -                               | -                            | 1,300,000                   | 1,300,000                |
| Interest                                                  | -            | -            | -                          | -                               | -                            | 880,918                     | 880,918                  |
| Capital outlay                                            | -            | -            | -                          | -                               | 2,636,830                    | 2,229,068                   | 4,865,898                |
| Total expenditures                                        | 11,059,371   | 1,531,724    | 1,750,028                  | 762,167                         | 2,636,830                    | 5,779,170                   | 23,519,290               |
| Excess (deficiency) of revenues over (under) expenditures | 246,977      | 230,614      | 38,353                     | 603,846                         | (2,561,561)                  | 1,607,284                   | 165,513                  |
| Other financing sources (uses):                           |              |              |                            |                                 |                              |                             |                          |
| Transfers in                                              | 3,316        | -            | -                          | -                               | 1,364,155                    | 5,675,944                   | 7,043,415                |
| Transfers out                                             | -            | -            | -                          | (476,000)                       | (970,091)                    | (5,597,324)                 | (7,043,415)              |
| Capital leases                                            | 120,338      | 79,858       | -                          | -                               | -                            | 40,619                      | 240,815                  |
| Total other financing sources (uses)                      | 123,654      | 79,858       | -                          | (476,000)                       | 394,064                      | 119,239                     | 240,815                  |
| Net change in fund balances                               | 370,631      | 310,472      | 38,353                     | 127,846                         | (2,167,497)                  | 1,726,523                   | 406,328                  |
| Fund balances - beginning                                 | 1,262,564    | 1,971,052    | 900,061                    | 1,553,942                       | 3,210,196                    | 11,229,061                  | 20,126,876               |
| Fund balances - ending                                    | \$ 1,633,195 | \$ 2,281,524 | \$ 938,414                 | \$ 1,681,788                    | \$ 1,042,699                 | \$ 12,955,584               | \$ 20,533,204            |

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

CITY OF WEST LAFAYETTE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2008

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Amounts reported for governmental activities in the Statement of Activities are different because:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                          |
| Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | \$ 406,328               |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is not reported as an expenditure, rather as an increase to the capital assets. This is the amount of capital outlays.                                                                                                                                                                                                                                                                                                                                                                           | 3,437,025                |
| The Statement of Activities reports the costs of capital outlay as an allocation over their estimated useful lives (depreciation expense). This depreciation expense is reported within the governmental activity to which it relates.                                                                                                                                                                                                                                                                                                                                                                                       | (2,594,051)              |
| Net change in revenues that do not provide current financial resources. Revenues are reported on the Statement of Activities in the year accrued and in the funds when the financial resources are provided.                                                                                                                                                                                                                                                                                                                                                                                                                 | 62,491                   |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 785,857                  |
| Governmental funds do not report the gains or losses resulting from the retirement or deletion of capital assets. However, in the Statement of Activities, these gains or losses are computed as the net difference between the net book value of the asset (original cost of the asset less accumulated depreciation) and the value received for the deleted asset. This amount is the net loss on the assets deleted during the year.                                                                                                                                                                                      | (1,536,192)              |
| The Statement of Activities does not report the acquisition of capital assets through capital leases. However, the governmental funds reports these acquisitions as other financing sources.                                                                                                                                                                                                                                                                                                                                                                                                                                 | (240,815)                |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.                                                                                                                                                                                                                                                                                                                                                                                                                                          | <u>70,812</u>            |
| Change in net assets of governmental activities (Statement of Activities)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <u><u>\$ 391,455</u></u> |

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

CITY OF WEST LAFAYETTE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
December 31, 2008

|                                                              | Business-type<br>Activity -<br><u>Enterprise Fund</u><br>Wastewater<br>Utility |
|--------------------------------------------------------------|--------------------------------------------------------------------------------|
| <u>Assets</u>                                                |                                                                                |
| Current assets:                                              |                                                                                |
| Cash and cash equivalents - unrestricted                     | \$ 12,338,732                                                                  |
| Interest receivable                                          | 9,490                                                                          |
| Accounts receivable (net of allowance<br>for uncollectibles) | 327,820                                                                        |
| Inventories                                                  | 114,649                                                                        |
| Restricted assets:                                           |                                                                                |
| Cash and cash equivalents - restricted                       | 4,126,469                                                                      |
| Interest receivable - restricted                             | <u>40,099</u>                                                                  |
| Total current assets                                         | <u>16,957,259</u>                                                              |
| Noncurrent assets:                                           |                                                                                |
| Capital assets:                                              |                                                                                |
| Land, improvements to land and<br>construction in progress   | 18,483,880                                                                     |
| Other capital assets (net of<br>accumulated depreciation)    | 46,012,189                                                                     |
| Net pension asset                                            | <u>70,295</u>                                                                  |
| Total noncurrent assets                                      | <u>64,566,364</u>                                                              |
| Total assets                                                 | <u>81,523,623</u>                                                              |

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

Continued on next page

CITY OF WEST LAFAYETTE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
December 31, 2008  
(Continued)

|                                                 | Business-type<br>Activity -<br><u>Enterprise Fund</u><br>Wastewater<br>Utility |
|-------------------------------------------------|--------------------------------------------------------------------------------|
| <u>Liabilities</u>                              |                                                                                |
| Current liabilities:                            |                                                                                |
| Accounts payable                                | 118,841                                                                        |
| Accrued payroll and withholdings payable        | 95,541                                                                         |
| Retainage payable                               | 415,794                                                                        |
| Interfund payable                               | <u>92,239</u>                                                                  |
| Total current liabilities                       | <u>722,415</u>                                                                 |
| Noncurrent liabilities:                         |                                                                                |
| Amounts due within one year:                    |                                                                                |
| Loans payable                                   | 1,805,000                                                                      |
| Compensated absences                            | 219,089                                                                        |
| Amounts due beyond one year:                    |                                                                                |
| Loans payable                                   | 34,008,507                                                                     |
| Compensated absences payable                    | <u>-</u>                                                                       |
| Total noncurrent liabilities                    | <u>36,032,596</u>                                                              |
| Total liabilities                               | <u>36,755,011</u>                                                              |
| <u>Net Assets</u>                               |                                                                                |
| Invested in capital assets, net of related debt | 28,682,562                                                                     |
| Restricted for:                                 |                                                                                |
| Debt service                                    | 910,000                                                                        |
| Retainage payable                               | 415,794                                                                        |
| Unrestricted                                    | <u>14,760,256</u>                                                              |
| Total net assets                                | <u>\$ 44,768,612</u>                                                           |

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

(This page intentionally left blank.)

CITY OF WEST LAFAYETTE  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
For The Year Ended December 31, 2008

|                                                             | Business-type<br>Activity -<br>Enterprise Fund<br>Wastewater<br>Utility |
|-------------------------------------------------------------|-------------------------------------------------------------------------|
| Operating revenues:                                         |                                                                         |
| Residential sales                                           | \$ 8,637,106                                                            |
| Other                                                       | <u>203,021</u>                                                          |
| Total operating revenues                                    | <u>8,840,127</u>                                                        |
| Operating expenses:                                         |                                                                         |
| Collection system - operations and maintenance              | 427,550                                                                 |
| Treatment and disposal expense - operations and maintenance | 1,837,760                                                               |
| Customer accounts                                           | 179,929                                                                 |
| Administration and general                                  | 1,199,947                                                               |
| Depreciation and amortization                               | <u>1,286,045</u>                                                        |
| Total operating expenses                                    | <u>4,931,231</u>                                                        |
| Operating income                                            | <u>3,908,896</u>                                                        |
| Nonoperating revenues (expenses):                           |                                                                         |
| Interest and investment revenue                             | 331,966                                                                 |
| Loss on sale of assets                                      | (9,732)                                                                 |
| Interest expense                                            | <u>(639,472)</u>                                                        |
| Total nonoperating revenue (expenses)                       | <u>(317,238)</u>                                                        |
| Income before contributions                                 | 3,591,658                                                               |
| Capital contributions                                       | <u>378,623</u>                                                          |
| Change in net assets                                        | 3,970,281                                                               |
| Total net assets - beginning                                | <u>40,798,331</u>                                                       |
| Total net assets - ending                                   | <u><u>\$ 44,768,612</u></u>                                             |

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

CITY OF WEST LAFAYETTE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For The Year Ended December 31, 2008

|                                                                                                                                     | Business-type<br>Activity -<br>Enterprise Fund<br>Wastewater<br>Utility |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Cash flows from operating activities:                                                                                               |                                                                         |
| Receipts from customers and users                                                                                                   | \$ 8,844,085                                                            |
| Payments to suppliers                                                                                                               | (1,949,493)                                                             |
| Payments to employees                                                                                                               | <u>(1,302,732)</u>                                                      |
| Net cash provided by operating activities                                                                                           | <u>5,591,860</u>                                                        |
| Cash flows from capital and related financing activities:                                                                           |                                                                         |
| Capital contributions                                                                                                               | 118,495                                                                 |
| Acquisition and construction of capital assets                                                                                      | (1,771,082)                                                             |
| Principal paid on capital debt                                                                                                      | (1,760,000)                                                             |
| Interest paid on capital debt                                                                                                       | <u>(639,472)</u>                                                        |
| Net cash used by capital<br>and related financing activities                                                                        | <u>(4,052,059)</u>                                                      |
| Cash flows from investing activities:                                                                                               |                                                                         |
| Purchase of Investments                                                                                                             |                                                                         |
| Interest received                                                                                                                   | <u>325,437</u>                                                          |
| Net cash provided by investing activities                                                                                           | <u>325,437</u>                                                          |
| Net increase in cash and cash equivalents                                                                                           | 1,865,238                                                               |
| Cash and cash equivalents, January 1<br>(Including \$6,104,275 for debt service requirements<br>reported in restricted accounts.)   | <u>14,599,963</u>                                                       |
| Cash and cash equivalents, December 31<br>(Including \$4,126,469 for debt service requirements<br>reported in restricted accounts.) | <u>\$ 16,465,201</u>                                                    |

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

Continued on next page

CITY OF WEST LAFAYETTE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For The Year Ended December 31, 2008  
(Continued)

|                                                                                            | Business-type<br>Activity -<br>Enterprise Fund<br>Wastewater<br>Utility |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Reconciliation of operating income to net cash<br>provided by operating activities:        |                                                                         |
| Operating income                                                                           | \$ 3,908,896                                                            |
| Adjustments to reconcile operating income to<br>net cash provided by operating activities: |                                                                         |
| Depreciation expense                                                                       | 1,199,947                                                               |
| (Increase) decrease in assets:                                                             |                                                                         |
| Accounts receivable                                                                        | 3,958                                                                   |
| Other receivables                                                                          |                                                                         |
| Inventories                                                                                | 6,044                                                                   |
| Net pension assets                                                                         | (620)                                                                   |
| Increase (decrease) in liabilities:                                                        |                                                                         |
| Accounts payable                                                                           | 78,329                                                                  |
| Accrued payroll and withholdings payable                                                   | 27,349                                                                  |
| Compensated absence payable                                                                | 74,427                                                                  |
| Retainage payable                                                                          | 279,348                                                                 |
| Due to other funds                                                                         | <u>14,182</u>                                                           |
| Total adjustments                                                                          | <u>1,682,964</u>                                                        |
| Net cash provided by operating activities                                                  | <u>\$ 5,591,860</u>                                                     |
| Noncash investing, capital and financing activities:                                       |                                                                         |
| Capital assets acquired through letter of credit drawdowns                                 | \$ 11,158,652                                                           |
| Long-term debt incurred through letter of credit drawdowns                                 | 11,158,652                                                              |
| Contributions of capital assets                                                            | 260,128                                                                 |
| Capital assets acquired through accounts payable                                           | 37,256                                                                  |

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

CITY OF WEST LAFAYETTE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2008

|                              | Pension<br>Trust<br>Funds | Agency<br>Funds   |
|------------------------------|---------------------------|-------------------|
| <u>Assets</u>                |                           |                   |
| Cash and cash equivalents    | \$ 586,022                | \$ 210,070        |
| Receivables:                 |                           |                   |
| Interest and dividends       | <u>695</u>                | <u>-</u>          |
| Total assets                 | <u>586,717</u>            | <u>\$ 210,070</u> |
| <u>Liabilities</u>           |                           |                   |
| Accounts payable             | 112                       | \$ -              |
| Accrued payroll payable      | 282,682                   | -                 |
| Payroll withholdings payable | -                         | 28,249            |
| Trust payable                | <u>-</u>                  | <u>181,821</u>    |
| Total liabilities            | <u>282,794</u>            | <u>\$ 210,070</u> |
| <u>Net Assets</u>            |                           |                   |
| Held in trust for:           |                           |                   |
| Employees' pension benefits  | <u>\$ 303,923</u>         |                   |

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

CITY OF WEST LAFAYETTE  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

| <u>Additions</u>                                            | <u>Pension<br/>Trust<br/>Funds</u> |
|-------------------------------------------------------------|------------------------------------|
| Contributions:                                              |                                    |
| Employer                                                    | \$ 4,522                           |
| Intergovernmental                                           | 564,896                            |
| Private donations                                           | 66                                 |
| Net investment income:                                      |                                    |
| Interest                                                    | <u>9,295</u>                       |
| Total additions                                             | <u>578,779</u>                     |
| <br><u>Deductions</u>                                       |                                    |
| Benefits and refunds paid to plan members and beneficiaries | 1,509,159                          |
| Administrative expenses                                     | <u>7,416</u>                       |
| Total deductions                                            | <u>1,516,575</u>                   |
| Changes in net assets                                       | (937,796)                          |
| Net assets - beginning                                      | <u>1,241,719</u>                   |
| Net assets - ending                                         | <u><u>\$ 303,923</u></u>           |

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

(This page intentionally left blank.)

## **NOTES TO THE FINANCIAL STATEMENTS**

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of West Lafayette (primary government) was established under the laws of the State of Indiana. The primary government operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, social services, culture and recreation, public improvements, planning and zoning, general administrative services, sanitation, wastewater (sewer), and urban redevelopment and housing.

The accompanying financial statements present the activities of the primary government and its significant component units. The component units discussed below are included in the primary government's reporting entity because of the significance of their operational or financial relationships with the primary government. Blended component units, although legally separate entities, are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the primary government.

Blended Component Units

The West Lafayette Redevelopment Authority (Authority) is a significant blended component unit of the primary government. The primary government appoints a voting majority of the Authority's board and a financial benefit/burden relationship exists between the primary government and the Authority. Although it is legally separate from the primary government, the Authority is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the City through the issuance of debt to finance construction of capital assets for the City. A copy of the Authority's separately issued financial report may be obtained at 609 W. Navajo St., West Lafayette, Indiana, 47906.

The West Lafayette Equipment Leasing Corporation and the West Lafayette Building Corporation (Corporations) are significant blended component units of the primary government. The primary government appoints a voting majority of these Corporations' boards and a financial benefit/burden relationship exists between the primary government and each Corporation. Although they are legally separate from the primary government, the Corporations are reported as if they were a part of the primary government because they provide services entirely or almost entirely to the City, financing and constructing facilities for the City. A copy of the Corporation's separately issued financial report may be obtained at 609 W. Navajo St., West Lafayette, Indiana, 47906.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, report only assets and liabilities. Since they do not report equity (or changes in equity), they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

The economic resource measurement focus and the accrual basis of accounting are utilized by proprietary fund types and pension trust funds. Under these methods, revenues, including contributions received by pension trust funds, are recorded when earned and expenses are recorded at the time the liabilities are incurred except that pension trust plan liabilities for benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The effect of this exception to the accrual basis of accounting is that actuarial accrued liabilities that are not yet due and payable are not reported in the financial statements. Information about the plan's funded status and funding progress, and contributions of the employer are disclosed in the required supplementary schedules. This reporting helps assess whether the plan's funded status is improving or deteriorating over time.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The primary government 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 roads funds (special revenue) account for the financial resources and expenses for construction, operation and maintenance of the local and arterial roads and street system. The motor vehicle highway, local roads and streets, local option highway users tax, major moves, perimeter parking, Lindberg-McCormick Road, and Kalberer Road improvement funds have been combined to form the roads funds.

The parks and recreation funds (special revenue) account for the financial resources and expenses for the construction, operation and maintenance of the local public parks system. The park and recreation, park nonreverting operating, Wabash Heritage corridor, park gift, celery bog, and park nonreverting capital-pool funds have been combined to form the parks and recreation funds.

The economic development income tax fund (special revenue) accounts for revenues received from the county economic development income tax (CEDIT) and is used for construction of projects funded by these revenues.

The KCB redevelopment commission fund (capital projects) accounts for the expenditures for public improvements in the Kalberer/Cumberland/Blackbird tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment (tax increment).

The primary government reports the following major proprietary fund:

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

Additionally, the primary government reports the following fund types:

The pension trust funds account for the activities of the 1925 Police Officers and 1937 Firefighters Pension Funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the primary government as an agent for individuals (payroll), private organizations (insurance payments) and other governments (city court and court collections, federal and state withholding taxes).

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial 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 business-type activities and enterprise funds, subject to this same limitation. The primary government 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 government's wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the primary government 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.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Interfund Transactions and Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government 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). Normally, taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. For 2008, there was only one payment date, December 1, due to reassessment. All property taxes collected by the County Treasurer and available for distribution were not distributed to the primary government prior to December 31 of the year collected. The property taxes that were not distributed by December 31 are reported as receivable and are recognized as revenue on all financial statements. The taxes were completely received by February 6, 2009. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable on the statement of net assets and are recognized as tax revenue on the statement of activities. The net amounts are recognized as receivables on the funds financial statements with an offset to deferred revenue, since these amounts are not considered available.

4. Inventories and Prepaid Items

All inventories of governmental and enterprise funds are valued at cost using the first in/first out (FIFO) method and are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in proprietary fund financial statements. The unexpended balance of these type payments from governmental funds is considered immaterial for presentation in the Statement of Net Assets.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

5. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because they are maintained separately and their use is limited by ordinance or applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

|                                     | Capitalization<br>Threshold | Depreciation<br>Method | Estimated<br>Useful Life |
|-------------------------------------|-----------------------------|------------------------|--------------------------|
| Governmental activities:            |                             |                        |                          |
| Land                                | \$ 5,000                    | N/A                    | N/A                      |
| Buildings                           | 5,000                       | Straight-line          | 50 years                 |
| Improvements other than buildings   | 5,000                       | Straight-line          | 5-45 years               |
| Machinery and equipment             | 5,000                       | Straight-line          | 5-20 years               |
| Infrastructure                      | 5,000                       | Straight-line          | 10-50 years              |
| Business-type activities (Utility): |                             |                        |                          |
| Land                                | 5,000                       | N/A                    | N/A                      |
| Buildings                           | 5,000                       | Straight-line          | 25-50 years              |
| Improvements other than buildings   | 5,000                       | Straight-line          | 50 years                 |
| Machinery and equipment             | 5,000                       | Straight-line          | 10-50 years              |

N/A = Not applicable

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of 10 days per year. Unused sick leave may be accumulated to a maximum of 90 days. Upon termination, the City will pay for one-half of the employee's accumulated sick leave up to 45 days, for employees hired after May 1986. Employees hired prior to May 1986 will be compensated in full for the first 30 days and one-half pay for the next 30 days.
- b. Vacation Leave – primary government employees earn vacation leave at rates from 10 to 20 days per year based upon the number of years of service. No more than 5 days of accumulated vacation can be carried over from year to year. Accumulated vacation leave is paid to employees through cash payments upon termination.
- c. Personal Leave – primary government employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

Vacation and sick leave is accrued when incurred and reported as a liability in the Statement of Net Assets. Only the amount due and payable at year end due to terminations is accrued in the governmental fund statements.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Stewardship, Compliance and Accountability

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 fiscal year end.

On or before August 31, the City Clerk-Treasurer submits to the Common Council 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 Common Council to obtain taxpayer comments. In September of each year, the Common Council, through the passage of an ordinance, approves the budget for the next year. Copies of the budget 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 City Clerk-Treasurer receives approval of the Indiana Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The 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.

Expenditures did not exceed appropriations for any funds or any departments within the General Fund, which required legally approved budgets.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may be at risk. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a formal deposit policy for custodial credit risk. All 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.

B. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

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

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

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current fair 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 that are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. The City held no investments of this type.

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 other than to follow state statute.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a formal investment policy for credit risk.

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.

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| <u>Primary Government</u>                            | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|------------------------------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities (continued):                 |                              |                     |                     |                           |
| Capital assets, not being depreciated:               |                              |                     |                     |                           |
| Land                                                 | \$ 14,448,036                | \$ 1,566,035        | \$ 1,500,000        | \$ 14,514,071             |
| Construction in progress                             | <u>3,767,741</u>             | <u>1,475,726</u>    | <u>2,916,218</u>    | <u>2,327,249</u>          |
| Total capital assets, not<br>being depreciated       | <u>18,215,777</u>            | <u>3,041,761</u>    | <u>4,416,218</u>    | <u>16,841,320</u>         |
| Capital assets, being depreciated:                   |                              |                     |                     |                           |
| Buildings                                            | 16,604,189                   | 190,857             | -                   | 16,795,046                |
| Improvements other than buildings                    | 4,349,571                    | 294,257             | 2,755               | 4,641,073                 |
| Machinery and equipment                              | 7,644,016                    | 395,264             | 185,104             | 7,854,176                 |
| Infrastructure being depreciated                     | <u>37,723,208</u>            | <u>2,431,105</u>    | <u>7,645</u>        | <u>40,146,668</u>         |
| Total capital assets, being depreciated              | <u>66,320,984</u>            | <u>3,311,483</u>    | <u>195,504</u>      | <u>69,436,963</u>         |
| Less accumulated depreciation for:                   |                              |                     |                     |                           |
| Buildings                                            | 4,643,215                    | 594,678             | -                   | 5,237,893                 |
| Improvements other than buildings                    | 1,275,469                    | 212,214             | -                   | 1,487,683                 |
| Machinery and equipment                              | 4,597,861                    | 496,311             | 159,111             | 4,935,061                 |
| Infrastructure being depreciated                     | <u>13,296,988</u>            | <u>1,290,848</u>    | <u>200</u>          | <u>14,587,636</u>         |
| Total accumulated depreciation                       | <u>23,813,533</u>            | <u>2,594,051</u>    | <u>159,311</u>      | <u>26,248,273</u>         |
| Total capital assets, being<br>depreciated, net      | <u>42,507,451</u>            | <u>717,432</u>      | <u>36,193</u>       | <u>43,188,690</u>         |
| Total governmental activities<br>capital assets, net | <u>\$ 60,723,228</u>         | <u>\$ 3,759,193</u> | <u>\$ 4,452,411</u> | <u>\$ 60,030,010</u>      |

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| <u>Primary Government</u>                             | <u>Beginning<br/>Balance</u> | <u>Increases</u>     | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|-------------------------------------------------------|------------------------------|----------------------|---------------------|---------------------------|
| Business-type activities:                             |                              |                      |                     |                           |
| Capital assets, not being depreciated:                |                              |                      |                     |                           |
| Land                                                  | \$ 593,385                   | \$ 10,735            | \$ -                | \$ 604,120                |
| Construction in progress                              | <u>6,242,936</u>             | <u>12,731,910</u>    | <u>1,095,086</u>    | <u>17,879,760</u>         |
| Total capital assets, not<br>being depreciated        | <u>6,836,321</u>             | <u>12,742,645</u>    | <u>1,095,086</u>    | <u>18,483,880</u>         |
| Capital assets, being depreciated:                    |                              |                      |                     |                           |
| Buildings                                             | 21,158,876                   | -                    | -                   | 21,158,876                |
| Improvements other than buildings                     | 31,914,448                   | 1,561,240            | -                   | 33,475,688                |
| Machinery and equipment                               | <u>4,913,690</u>             | <u>18,319</u>        | <u>146,472</u>      | <u>4,785,537</u>          |
| Total capital assets being depreciated                | <u>57,987,014</u>            | <u>1,579,559</u>     | <u>146,472</u>      | <u>59,420,101</u>         |
| Less accumulated depreciation for:                    |                              |                      |                     |                           |
| Buildings                                             | 2,555,698                    | 276,836              | -                   | 2,832,534                 |
| Improvements other than buildings                     | 6,974,002                    | 736,952              | -                   | 7,710,954                 |
| Machinery and equipment                               | <u>2,815,005</u>             | <u>186,160</u>       | <u>136,741</u>      | <u>2,864,424</u>          |
| Total accumulated depreciation                        | <u>12,344,705</u>            | <u>1,199,948</u>     | <u>136,741</u>      | <u>13,407,912</u>         |
| Total capital assets, being<br>depreciated, net       | <u>45,642,309</u>            | <u>379,611</u>       | <u>9,731</u>        | <u>46,012,189</u>         |
| Total business-type activities<br>capital assets, net | <u>\$ 52,478,630</u>         | <u>\$ 13,122,256</u> | <u>\$ 1,104,817</u> | <u>\$ 64,496,069</u>      |

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

|                                                                               |                     |
|-------------------------------------------------------------------------------|---------------------|
| Governmental activities:                                                      |                     |
| General government                                                            | \$ 394,898          |
| Public safety                                                                 | 429,366             |
| Highways and streets, including depreciation of general infrastructure assets | 1,162,494           |
| Sanitation                                                                    | 44,650              |
| Culture and recreation                                                        | 551,821             |
| Economic development                                                          | <u>10,822</u>       |
| Total depreciation expense - governmental activities                          | <u>\$ 2,594,051</u> |
| Business-type activities:                                                     |                     |
| Wastewater                                                                    | <u>\$ 1,199,948</u> |

D. Construction Commitments

Construction work in progress is composed of the following:

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Project                          | Total<br>Project<br>Authorized | Expended to<br>December 31,<br>2008 | Committed           | Required<br>Future<br>Funding |
|----------------------------------|--------------------------------|-------------------------------------|---------------------|-------------------------------|
| Governmental activities:         |                                |                                     |                     |                               |
| Salisbury street phase II        | \$ 652,416                     | \$ 327,586                          | \$ 324,830          | \$ -                          |
| Lindberg road                    | 265,253                        | 265,253                             | -                   | -                             |
| Sycamore lane                    | 250,249                        | 108,402                             | 141,847             | -                             |
| Chauncey square phase I          | 631,378                        | 629,977                             | 1,401               | -                             |
| Perimeter parkway                | 643,150                        | 236,078                             | 407,072             | -                             |
| Midway landscape                 | 167,166                        | 165,501                             | 1,665               | -                             |
| Wabash heritage trolley trail    | 81,259                         | 58,075                              | 23,184              | -                             |
| Yeager road reconstruction       | 341,280                        | 164,357                             | 176,923             | -                             |
| Pool safety improvements phase I | 139,310                        | 138,116                             | 1,194               | -                             |
| Wabash landing garage phase III  | 101,821                        | 77,157                              | 24,664              | -                             |
| Chauncey square phase II         | 25,738                         | 4,083                               | 21,655              | -                             |
| Wabash landing garage automation | 127,963                        | 119,833                             | 8,130               | -                             |
| Cumberland ave. reconstruction   | 240,710                        | -                                   | 240,710             | -                             |
| Fire station #1 rehabilitation   | 40,020                         | 32,831                              | 7,189               | -                             |
| Totals                           | <u>\$ 3,707,713</u>            | <u>\$ 2,327,249</u>                 | <u>\$ 1,380,464</u> | <u>\$ -</u>                   |
| Business-type activities:        |                                |                                     |                     |                               |
| Wastewater:                      |                                |                                     |                     |                               |
| Western Interceptor              | \$ 8,358,336                   | \$ 8,245,277                        | \$ 113,059          | \$ -                          |
| GIS system                       | 208,700                        | 208,700                             | -                   | -                             |
| Digester                         | 10,328,517                     | 8,843,188                           | 1,485,329           | -                             |
| Northwestern Avenue Improvement  | 6,068                          | 6,068                               | -                   | -                             |
| Impervious Area Analysis         | 15,870                         | 13,825                              | 2,045               | -                             |
| Green Meadows Lift Station       | 1,082,866                      | 545,485                             | 537,381             | -                             |
| Collection System Master Plan    | 43,013                         | 17,217                              | 25,796              | -                             |
| Totals                           | <u>\$ 20,043,370</u>           | <u>\$ 17,879,760</u>                | <u>\$ 2,163,610</u> | <u>\$ -</u>                   |

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Interfund Balances

The composition of interfund balances as of December 31, 2008, is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>    |
|------------------------|---------------------|------------------|
| General                | Wastewater Utility  | <u>\$ 92,239</u> |

Interfund balances resulted from the time lag between the dates that trash billings are billed and collected and the dates payments between funds are made.

Interfund Transfers

Interfund transfers at December 31, 2008, were as follows:

| <u>Transfer From</u>            | <u>Transfer To</u>  |                                     |                       | <u>Total</u>        |
|---------------------------------|---------------------|-------------------------------------|-----------------------|---------------------|
|                                 | <u>General Fund</u> | <u>KCB Redevelopment Commission</u> | <u>Nonmajor Funds</u> |                     |
| Economic Development Income Tax | \$ -                | \$ -                                | \$ 476,000            | \$ 476,000          |
| KCB Redevelopment Commission    | -                   | -                                   | 970,091               | 970,091             |
| Nonmajor governmental           | <u>3,316</u>        | <u>1,364,155</u>                    | <u>4,229,853</u>      | <u>5,597,324</u>    |
| Totals                          | <u>\$ 3,316</u>     | <u>\$ 1,364,155</u>                 | <u>\$ 5,675,944</u>   | <u>\$ 7,043,415</u> |

The primary government typically uses transfers to correct errors and to comply with requirements of debt service instruments.

F. Capital Leases

The primary government has entered into capital leases for vehicles and other equipment. Future minimum lease payments and present values of the net minimum lease payments under the capital lease as of December 31, 2008, are as follows:

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                                             |                          |
|---------------------------------------------|--------------------------|
| 2009                                        | \$ 193,148               |
| 2010                                        | 126,802                  |
| 2011                                        | <u>38,968</u>            |
| Total minimum lease payments                | 358,918                  |
| Less amount representing interest           | <u>15,055</u>            |
| Present value of net minimum lease payments | <u><u>\$ 343,863</u></u> |

Assets acquired through capital leases still in effect are as follows:

|                          |                                    |
|--------------------------|------------------------------------|
|                          | <u>Governmental<br/>Activities</u> |
| Machinery and equipment  | <u>\$ 272,954</u>                  |
| Total                    | 272,954                            |
| Accumulated depreciation | <u>12,084</u>                      |
| Total                    | <u><u>\$ 260,870</u></u>           |

G. Long-Term Liabilities

1. Revenue Bonds

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding, at year end are as follows:

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Purpose                                              | Interest Rates  | Outstanding Principal | Bond Discount     | Revenue Bonds, Net   |
|------------------------------------------------------|-----------------|-----------------------|-------------------|----------------------|
| Parking garage - WL Redevelopment Authority          | 4.00% to 5.125% | \$ 5,810,000          | \$ 68,949         | \$ 5,741,051         |
| Fire truck - WL Equipment Leasing Corporation        | 3.2% to 4.5%    | 210,000               | 2,777             | 207,223              |
| Infrastructure - WL Redevelopment Authority          | 3.375% to 4.75% | 4,275,000             | 36,953            | 4,238,047            |
| Police station - WL Building Corporation             | 4.00% to 5.10%  | 4,880,000             | 44,625            | 4,835,375            |
| Ross Enterprise Center -<br>Redevelopment Commission | 4.00%           | 3,370,000             | -                 | 3,370,000            |
| Totals                                               |                 | <u>\$ 18,545,000</u>  | <u>\$ 153,304</u> | <u>\$ 18,391,696</u> |

Revenue bonds debt service requirements to maturity are as follows:

| Year Ended<br>December 31 | Governmental Activities |                     |
|---------------------------|-------------------------|---------------------|
|                           | Principal               | Interest            |
| 2009                      | \$ 1,360,000            | \$ 844,648          |
| 2010                      | 1,425,000               | 786,488             |
| 2011                      | 1,445,000               | 724,068             |
| 2012                      | 1,455,000               | 661,353             |
| 2013                      | 1,520,000               | 596,644             |
| 2014-2018                 | 7,550,000               | 1,894,885           |
| 2019-2023                 | 3,790,000               | 453,479             |
| Totals                    | <u>\$ 18,545,000</u>    | <u>\$ 5,961,565</u> |

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Loans Payable

The City has entered into five loans from the State Revolving Loan Fund for the expansion and renovation of wastewater facilities. Under the terms of the loans, funds are loaned to the City as planned construction costs are accrued to the maximum allowed under the loan. The 1994 loan established a maximum draw of \$19,950,000, the 1998 loan established a maximum draw of \$9,170,000, the 2001 loan established a maximum draw of \$7,000,000, the 2004 loan established a maximum draw of \$12,380,000 and the 2006(B) loan established a maximum draw of \$8,345,000. At December 31, 2008, the 1994 loan had been fully drawn and had an outstanding principal balance of \$9,415,000, the 1998 loan had been fully drawn and had an outstanding principal balance of \$6,115,000, the 2001 loan had been fully drawn and had an outstanding principal balance of \$5,300,000 the 2004 loan had drawn \$7,848,291 and had an outstanding balance of \$7,838,291, and the 2006(B) loan had drawn \$7,145,216 and had an outstanding balance of \$7,145,216. Annual debt service requirements for the 1994, 1998 and 2001 loans are as follows. Annual debt service requirements for the 2004 and 2006(B) loans will not be determined until planned construction projects are completed.

| Year Ended<br>December 31 | Proprietary Activities |                     |
|---------------------------|------------------------|---------------------|
|                           | Principal              | Interest            |
| 2009                      | \$ 1,805,000           | \$ 306,743          |
| 2010                      | 1,855,000              | 560,080             |
| 2011                      | 1,915,000              | 505,195             |
| 2012                      | 1,965,000              | 448,535             |
| 2013                      | 2,025,000              | 390,395             |
| 2014-2018                 | 8,355,000              | 1,056,155           |
| 2018-2022                 | <u>2,910,000</u>       | <u>179,220</u>      |
| Totals                    | <u>\$ 20,830,000</u>   | <u>\$ 3,446,323</u> |

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| <u>Primary Government</u>                               | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due<br/>Within<br/>One Year</u> |
|---------------------------------------------------------|------------------------------|----------------------|---------------------|---------------------------|------------------------------------|
| Governmental activities:                                |                              |                      |                     |                           |                                    |
| Bonds payable:                                          |                              |                      |                     |                           |                                    |
| Revenue bonds                                           | \$ 19,845,000                | \$ -                 | \$ 1,300,000        | \$ 18,545,000             | \$ 1,360,000                       |
| Capital leases                                          | 229,592                      | 240,815              | 126,544             | 343,863                   | 182,504                            |
| Pension obligation                                      | 9,054,809                    | 1,124,822            | 581,618             | 9,598,013                 | -                                  |
| Compensated absences                                    | 741,341                      | 628,041              | 567,324             | 802,058                   | 670,043                            |
| Total governmental activities<br>long-term liabilities  | <u>\$ 29,870,742</u>         | <u>\$ 1,993,678</u>  | <u>\$ 2,575,486</u> | <u>\$ 29,288,934</u>      | <u>\$ 2,212,547</u>                |
| Business-type activities:                               |                              |                      |                     |                           |                                    |
| Loans payable                                           | \$ 26,414,855                | \$ 11,158,652        | \$ 1,760,000        | \$ 35,813,507             | \$ 1,805,000                       |
| Compensated absences                                    | 144,662                      | 195,587              | 121,160             | 219,089                   | 148,988                            |
| Total business-type activities<br>long-term liabilities | <u>\$ 26,559,517</u>         | <u>\$ 11,354,239</u> | <u>\$ 1,881,160</u> | <u>\$ 36,032,596</u>      | <u>\$ 1,953,988</u>                |

Compensated absences for governmental activities typically have been liquidated from the general fund and special revenue funds.

H. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                                                    |                                |
|----------------------------------------------------|--------------------------------|
| Bond and interest - cash and cash equivalents      | \$ 910,000                     |
| Reserve - cash and cash equivalents                | 2,800,675                      |
| Construction retainage - cash and cash equivalents | 415,794                        |
| Interest receivable                                | <u>40,099</u>                  |
| <br>Total restricted assets                        | <br><u><u>\$ 4,166,568</u></u> |

IV. Other Information

A. Risk Management

The primary government 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; and natural disasters.

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

B. Holding Corporation

The primary government has entered into capital leases with the West Lafayette Redevelopment Authority, the West Lafayette Equipment Leasing Corporation, and the West Lafayette Building Corporation (the lessors). All lessors are blended component units of the City included in these financial statements.

The various facilities under the lease are included in the capital assets of the primary government and the corresponding debt obligations have been included in the governmental activities column of the financial statements.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The primary government 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 primary government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. Administrative costs of the plan are included in the annual operating budget of the fund. The Net Pension Obligation (NPO) is considered an obligation of the City as a whole and is reflected in the Statement of Net Assets. As provided by state statute, all administrative costs are paid from the fund. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government 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. As provided by state statute, all administrative costs are paid from the fund.

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. Administrative costs of the plan are included in the annual budget of the fund. The Net Pension Obligation (NPO) is considered an obligation of the City as a whole and is reflected in the Statement of Net Assets. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

Actuarial Information for the Above Plans

|                                               | PERF                | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|-----------------------------------------------|---------------------|-------------------------------------|----------------------------------|
| Annual required contribution                  | \$ 244,998          | \$ 658,800                          | \$ 581,000                       |
| Interest on net pension obligation            | (16,732)            | 193,800                             | 351,100                          |
| Adjustment to annual required contribution    | <u>19,067</u>       | <u>(244,600)</u>                    | <u>(443,000)</u>                 |
| Annual pension cost                           | 247,333             | 608,000                             | 489,100                          |
| Contributions made                            | <u>249,386</u>      | <u>326,809</u>                      | <u>254,809</u>                   |
|                                               |                     |                                     |                                  |
| Increase (decrease) in net pension obligation | (2,053)             | 281,191                             | 234,291                          |
| Net pension obligation, beginning of year     | <u>(230,785)</u>    | <u>3,230,833</u>                    | <u>5,851,698</u>                 |
|                                               |                     |                                     |                                  |
| Net pension obligation, end of year           | <u>\$ (232,838)</u> | <u>\$ 3,512,024</u>                 | <u>\$ 6,085,989</u>              |

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                                    | PERF                                                            | 1925 Police<br>Officers'<br>Pension                             | 1937<br>Firefighters'<br>Pension                                |
|------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Contribution rates:                |                                                                 |                                                                 |                                                                 |
| City                               | 6.50%                                                           | 0.0%                                                            | 610%                                                            |
| Plan members                       | 3%                                                              | 6%                                                              | 6%                                                              |
| Actuarial valuation date           | 07-01-07                                                        | 01-01-07                                                        | 01-01-07                                                        |
| Actuarial cost method              | Entry age                                                       | Entry age                                                       | Entry age                                                       |
| Amortization method                | Level percentage<br>of projected<br>payroll, closed<br>30 years | Level percentage<br>of projected<br>payroll, closed<br>30 years | Level percentage<br>of projected<br>payroll, closed<br>30 years |
| Amortization period<br>(from date) | 07-01-97                                                        | 01-01-06                                                        | 01-01-06                                                        |
| Asset valuation method             | 4 year<br>smoothed market                                       | 4 year<br>smoothed market                                       | 4 year<br>smoothed market                                       |

d. Financial Statements for Defined Benefit Plans

Statements of Fiduciary Net Assets:

|                           | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|---------------------------|-------------------------------------|----------------------------------|
| <u>Assets</u>             |                                     |                                  |
| Cash and cash equivalents | \$ 269,348                          | \$ 316,674                       |
| Receivables:              |                                     |                                  |
| Interest and dividends    | <u>341</u>                          | <u>354</u>                       |
| Total Assets              | <u>269,689</u>                      | <u>317,028</u>                   |

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                                               | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|-----------------------------------------------|-------------------------------------|----------------------------------|
| <u>Liabilities</u>                            |                                     |                                  |
| Accounts payable                              | -                                   | 112                              |
| Accrued payroll payable                       | -                                   | 282,682                          |
|                                               | <u>-</u>                            | <u>282,794</u>                   |
| Total Liabilities                             | <u>-</u>                            | <u>282,794</u>                   |
| <u>Net Assets</u>                             |                                     |                                  |
| Held in trust for pension benefit obligations | <u>\$ 269,689</u>                   | <u>\$ 34,234</u>                 |

Statements of Changes in Fiduciary Net Assets:

|                    | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|--------------------|-------------------------------------|----------------------------------|
| <u>Additions</u>   |                                     |                                  |
| Contributions:     |                                     |                                  |
| Employer           | \$ 921                              | \$ 3,601                         |
| Intergovernmental  | 323,464                             | 241,432                          |
| Plan members       | -                                   | 66                               |
| Investment Income: |                                     |                                  |
| Interest           | <u>3,928</u>                        | <u>5,367</u>                     |
| Total additions    | <u>328,313</u>                      | <u>250,466</u>                   |

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                                                                | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|----------------------------------------------------------------|-------------------------------------|----------------------------------|
| <u>Deductions</u>                                              |                                     |                                  |
| Benefits and refunds paid to plan members<br>and beneficiaries | 676,796                             | 832,363                          |
| Administrative expenses                                        | <u>2,703</u>                        | <u>4,713</u>                     |
| Total deductions                                               | <u>679,499</u>                      | <u>837,076</u>                   |
|                                                                | (351,186)                           | (586,610)                        |
| Net assets - beginning                                         | <u>620,875</u>                      | <u>620,844</u>                   |
| Net assets - ending                                            | <u><u>\$ 269,689</u></u>            | <u><u>\$ 34,234</u></u>          |

| Actuarial Assumptions              | PERF  | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|------------------------------------|-------|-------------------------------------|----------------------------------|
| Investment rate of return          | 7.25% | 6%                                  | 6%                               |
| Projected future salary increases: |       |                                     |                                  |
| Total                              | 5%    | 4%                                  | 4%                               |
| Attributed to inflation            | 4%    | 4%                                  | 4%                               |
| Attributed to merit/seniority      | 1%    | 0%                                  | 0%                               |
| Cost-of-living adjustments         | 2%    | 2.75/4%*                            | 4%                               |

\*2.75% converted members; 4% nonconverted members

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

| PERF               |                                          |                                              |                                       |
|--------------------|------------------------------------------|----------------------------------------------|---------------------------------------|
| <u>Year Ending</u> | <u>Annual<br/>Pension Cost<br/>(APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> | <u>Net<br/>Pension<br/>Obligation</u> |
| 06-30-06           | \$ 200,746                               | 112%                                         | \$ (239,614)                          |
| 06-30-07           | 247,113                                  | 96%                                          | (230,785)                             |
| 06-30-08           | 247,333                                  | 101%                                         | (232,838)                             |

| 1925 Police Officers' Pension Plan |                                          |                                              |                                       |
|------------------------------------|------------------------------------------|----------------------------------------------|---------------------------------------|
| <u>Year Ending</u>                 | <u>Annual<br/>Pension Cost<br/>(APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> | <u>Net<br/>Pension<br/>Obligation</u> |
| 12-31-06                           | \$ 598,200                               | 97%                                          | \$ 3,288,993                          |
| 12-31-07                           | 599,800                                  | 110%                                         | 3,230,833                             |
| 12-31-08                           | 608,000                                  | 54%                                          | 3,512,024                             |

| 1937 Firefighters' Pension Plan |                                          |                                              |                                       |
|---------------------------------|------------------------------------------|----------------------------------------------|---------------------------------------|
| <u>Year Ending</u>              | <u>Annual<br/>Pension Cost<br/>(APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> | <u>Net<br/>Pension<br/>Obligation</u> |
| 12-31-06                        | \$ 689,800                               | 75%                                          | \$ 5,763,116                          |
| 12-31-07                        | 675,800                                  | 87%                                          | 5,851,698                             |
| 12-31-08                        | 489,100                                  | 52%                                          | 6,085,989                             |

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

|                                                           | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|-----------------------------------------------------------|-------------------------------------|----------------------------------|
| Retires and beneficiaries currently<br>receiving benefits | 30                                  | 21                               |
| Current active employees                                  | -                                   | 2                                |

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

CITY OF WEST LAFAYETTE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$864,908, \$767,487, and \$714,403, respectively, equal to the required contributions for each year.

D. Subsequent Events

Since January 1, 2009, the City has entered into construction contracts totaling \$2,131,355 for wastewater utility improvements and sidewalks construction. Also, the City entered a new capital lease agreement in the amount of \$226,311 for equipment including six police cars.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WEST LAFAYETTE  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For The Year Ended December 31, 2008

|                                 | General Fund      |                     |                   |                        |
|---------------------------------|-------------------|---------------------|-------------------|------------------------|
|                                 | Budgeted Amounts  |                     | Actual            | Variance               |
|                                 | Original          | Final               | (Budgetary Basis) | Positive<br>(Negative) |
| Revenues:                       |                   |                     |                   |                        |
| Taxes                           | \$ 6,547,954      | \$ 6,883,211        | \$ 5,265,626      | \$ (1,617,585)         |
| Licenses and permits            | 86,840            | 87,907              | 86,638            | (1,269)                |
| Intergovernmental               | 2,245,147         | 2,243,584           | 2,261,850         | 18,266                 |
| Charges for services            | 1,230,000         | 1,203,831           | 1,265,619         | 61,788                 |
| Fines and forfeits              | 416,200           | 462,521             | 477,567           | 15,046                 |
| Other                           | 231,795           | 251,732             | 286,982           | 35,250                 |
| Total revenues                  | <u>10,757,936</u> | <u>11,132,786</u>   | <u>9,644,282</u>  | <u>(1,488,504)</u>     |
| Expenditures:                   |                   |                     |                   |                        |
| Current:                        |                   |                     |                   |                        |
| General government              | 3,052,360         | 2,954,044           | 2,774,424         | 179,620                |
| Public safety                   | 7,050,210         | 7,028,802           | 6,923,728         | 105,074                |
| Highways and streets            | 315,240           | 317,587             | 274,958           | 42,629                 |
| Sanitation                      | 878,370           | 881,478             | 751,970           | 129,508                |
| Urban redevelopment and housing | 253,950           | 252,493             | 129,046           | 123,447                |
| Total expenditures              | <u>11,550,130</u> | <u>11,434,404</u>   | <u>10,854,126</u> | <u>580,278</u>         |
| Net change in fund balance      | (792,194)         | (301,618)           | (1,209,844)       | (908,226)              |
| Fund balance - beginning        | <u>1,324,169</u>  | <u>1,324,169</u>    | <u>1,324,169</u>  | <u>-</u>               |
| Fund balance - ending           | <u>\$ 531,975</u> | <u>\$ 1,022,551</u> | <u>\$ 114,325</u> | <u>\$ (908,226)</u>    |

The Note to Required Supplementary Information is an integral part of the Required Supplementary Information.

CITY OF WEST LAFAYETTE  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2008

|                                                              | Roads Funds      |              |                                |                                    | Parks and Recreation Funds |              |                                |                                    | Economic Development Income Tax |              |                                |                                    |
|--------------------------------------------------------------|------------------|--------------|--------------------------------|------------------------------------|----------------------------|--------------|--------------------------------|------------------------------------|---------------------------------|--------------|--------------------------------|------------------------------------|
|                                                              | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts           |              | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts                |              | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|                                                              | Original         | Final        |                                |                                    | Original                   | Final        |                                |                                    | Original                        | Final        |                                |                                    |
| Revenues:                                                    |                  |              |                                |                                    |                            |              |                                |                                    |                                 |              |                                |                                    |
| Taxes                                                        | \$ -             | \$ -         | \$ -                           | \$ -                               | \$ 1,004,724               | \$ 1,063,081 | \$ 836,805                     | \$ (226,276)                       | \$ -                            | \$ -         | \$ -                           | \$ -                               |
| Intergovernmental                                            | 1,372,769        | 1,445,147    | 1,425,153                      | (19,994)                           | 70,128                     | 110,467      | 114,432                        | 3,965                              | 1,171,127                       | 1,312,263    | 1,312,263                      | -                                  |
| Charges for services                                         | 7,770            | 7,770        | 7,770                          | -                                  | 520,950                    | 557,802      | 559,489                        | 1,687                              | -                               | -            | -                              | -                                  |
| Other                                                        | 243,000          | 332,829      | 333,768                        | 939                                | 44,230                     | 103,297      | 106,947                        | 3,650                              | 76,000                          | 55,000       | 61,480                         | 6,480                              |
| Total revenues                                               | 1,623,539        | 1,785,746    | 1,766,691                      | (19,055)                           | 1,640,032                  | 1,834,647    | 1,617,673                      | (216,974)                          | 1,247,127                       | 1,367,263    | 1,373,743                      | 6,480                              |
| Expenditures:                                                |                  |              |                                |                                    |                            |              |                                |                                    |                                 |              |                                |                                    |
| Current:                                                     |                  |              |                                |                                    |                            |              |                                |                                    |                                 |              |                                |                                    |
| Public Safety                                                |                  |              |                                |                                    |                            |              |                                |                                    |                                 |              |                                |                                    |
| Personal services                                            | -                | -            | -                              | -                                  | -                          | -            | -                              | -                                  | -                               | -            | -                              | -                                  |
| Supplies                                                     | -                | -            | -                              | -                                  | -                          | -            | -                              | -                                  | -                               | -            | -                              | -                                  |
| Other services and charges                                   | -                | -            | -                              | -                                  | -                          | -            | -                              | -                                  | -                               | -            | -                              | -                                  |
| Capital outlay                                               | -                | -            | -                              | -                                  | -                          | -            | -                              | -                                  | -                               | -            | -                              | -                                  |
| Highways and streets:                                        |                  |              |                                |                                    |                            |              |                                |                                    |                                 |              |                                |                                    |
| Personal services                                            | 589,120          | 576,103      | 527,155                        | 48,948                             | -                          | -            | -                              | -                                  | 423,400                         | 421,944      | 359,674                        | 62,270                             |
| Supplies                                                     | 666,000          | 563,334      | 502,824                        | 60,510                             | -                          | -            | -                              | -                                  | -                               | 500          | 206                            | 294                                |
| Other services and charges                                   | 601,774          | 1,246,249    | 421,929                        | 824,320                            | -                          | -            | -                              | -                                  | 1,047,500                       | 493,359      | 366,727                        | 126,632                            |
| Capital outlay                                               | 73,770           | 85,122       | 21,292                         | 63,830                             | -                          | -            | -                              | -                                  | 70,600                          | 207,381      | 155,355                        | 52,026                             |
| Culture and recreation:                                      |                  |              |                                |                                    |                            |              |                                |                                    |                                 |              |                                |                                    |
| Personal services                                            | -                | -            | -                              | -                                  | 1,121,820                  | 1,109,520    | 1,063,629                      | 45,891                             | -                               | -            | -                              | -                                  |
| Supplies                                                     | -                | -            | -                              | -                                  | 100,830                    | 109,415      | 78,896                         | 30,519                             | -                               | -            | -                              | -                                  |
| Other services and charges                                   | -                | -            | -                              | -                                  | 523,190                    | 507,793      | 475,666                        | 32,127                             | -                               | -            | -                              | -                                  |
| Capital outlay                                               | -                | -            | -                              | -                                  | 25,000                     | 140,078      | 138,400                        | 1,678                              | -                               | -            | -                              | -                                  |
| Total expenditures                                           | 1,930,664        | 2,470,808    | 1,473,200                      | 997,608                            | 1,770,840                  | 1,866,806    | 1,756,591                      | 110,215                            | 1,541,500                       | 1,123,184    | 881,962                        | 241,222                            |
| Excess (deficiency) of revenues<br>over (under) expenditures | (307,125)        | (685,062)    | 293,491                        | 978,553                            | (130,808)                  | (32,159)     | (138,918)                      | (106,759)                          | (294,373)                       | 244,079      | 491,781                        | 247,702                            |
| Other financing sources (uses)                               |                  |              |                                |                                    |                            |              |                                |                                    |                                 |              |                                |                                    |
| Transfers in                                                 | -                | 568,624      | 568,624                        | -                                  | -                          | -            | -                              | -                                  | -                               | -            | -                              | -                                  |
| Transfers out                                                | -                | (568,624)    | (568,624)                      | -                                  | -                          | -            | -                              | -                                  | (476,000)                       | (476,000)    | (476,000)                      | -                                  |
| Total other financing sources (uses)                         | -                | -            | -                              | -                                  | -                          | -            | -                              | -                                  | (476,000)                       | (476,000)    | (476,000)                      | -                                  |
| Net change in fund balances                                  | (307,125)        | (685,062)    | 293,491                        | 978,553                            | (130,808)                  | (32,159)     | (138,918)                      | (106,759)                          | (770,373)                       | (231,921)    | 15,781                         | 247,702                            |
| Fund balances - beginning                                    | 1,908,938        | 1,908,938    | 1,908,938                      | -                                  | 947,282                    | 947,282      | 947,282                        | -                                  | 1,710,778                       | 1,710,778    | 1,710,778                      | -                                  |
| Fund balances - ending                                       | \$ 1,601,813     | \$ 1,223,876 | \$ 2,202,429                   | \$ 978,553                         | \$ 816,474                 | \$ 915,123   | \$ 808,364                     | \$ (106,759)                       | \$ 940,405                      | \$ 1,478,857 | \$ 1,726,559                   | \$ 247,702                         |

The Note to Required Supplementary Information is an integral part of the Required Supplementary Information.

CITY OF WEST LAFAYETTE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

| Public Employees' Retirement Fund |                                        |                                                   |                          |                          |                           |                                                                          |
|-----------------------------------|----------------------------------------|---------------------------------------------------|--------------------------|--------------------------|---------------------------|--------------------------------------------------------------------------|
| Actuarial<br>Valuation<br>Date    | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Unfunded<br>AAL as a<br>Percentage<br>of Covered<br>Payroll<br>((a-b)/c) |
| 07-01-06                          | \$ 3,845,973                           | \$ 4,207,818                                      | \$ (361,845)             | 91%                      | \$ 3,788,451              | (10%)                                                                    |
| 07-01-07                          | 4,279,495                              | 4,500,614                                         | (221,119)                | 95%                      | 3,869,083                 | (6%)                                                                     |
| 07-01-08                          | 4,870,169                              | 5,260,826                                         | (390,657)                | 93%                      | 3,839,560                 | (10%)                                                                    |

| 1925 Police Officers' Pension Plan |                                        |                                                   |                          |                          |                           |                                                                          |
|------------------------------------|----------------------------------------|---------------------------------------------------|--------------------------|--------------------------|---------------------------|--------------------------------------------------------------------------|
| Actuarial<br>Valuation<br>Date     | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Unfunded<br>AAL as a<br>Percentage<br>of Covered<br>Payroll<br>((a-b)/c) |
| 01-01-03                           | \$ 826,463                             | \$ 9,255,100                                      | \$ (8,428,637)           | 9%                       | \$ 41,900                 | (20,116%)                                                                |
| 01-01-04                           | 728,217                                | 9,287,200                                         | (8,558,983)              | 8%                       | 43,000                    | (19,905%)                                                                |
| 01-01-05                           | 559,340                                | 9,164,100                                         | (8,604,760)              | 6%                       | 44,400                    | (19,380%)                                                                |
| 01-01-06                           | 449,488                                | 8,987,500                                         | (8,538,012)              | 5%                       | -                         | 0%                                                                       |
| 01-01-07                           | 590,450                                | 8,936,300                                         | (8,345,850)              | 7%                       | -                         | 0%                                                                       |
| 01-01-08                           | 620,875                                | 8,956,000                                         | (8,335,125)              | 7%                       | -                         | 0%                                                                       |

| 1937 Firefighters' Pension Plan |                                        |                                                   |                          |                          |                           |                                                                          |
|---------------------------------|----------------------------------------|---------------------------------------------------|--------------------------|--------------------------|---------------------------|--------------------------------------------------------------------------|
| Actuarial<br>Valuation<br>Date  | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Unfunded<br>AAL as a<br>Percentage<br>of Covered<br>Payroll<br>((a-b)/c) |
| 01-01-03                        | \$ 614,940                             | \$ 10,233,900                                     | \$ (9,618,960)           | 6%                       | \$ 377,000                | (2,551%)                                                                 |
| 01-01-04                        | 523,030                                | 10,120,100                                        | (9,597,070)              | 5%                       | 302,000                   | (3,178%)                                                                 |
| 01-01-05                        | 337,773                                | 10,128,500                                        | (9,790,727)              | 3%                       | 311,100                   | (3,147%)                                                                 |
| 01-01-06                        | 323,324                                | 9,641,900                                         | (9,318,576)              | 3%                       | 272,000                   | (3,426%)                                                                 |
| 01-01-07                        | 721,074                                | 9,569,500                                         | (8,848,426)              | 8%                       | 277,400                   | (3,190%)                                                                 |
| 01-01-08                        | 903,622                                | 7,537,900                                         | (6,634,278)              | 12%                      | 95,200                    | (6,969%)                                                                 |

The Note to Required Supplementary Information is an integral part of the Required Supplementary Information.

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

| 1925 Police Officers' Pension Plan |                                             |                                  |       |  |
|------------------------------------|---------------------------------------------|----------------------------------|-------|--|
| Year<br>Ending                     | Annual<br>Required<br>Contribution<br>(ARC) | Percentage of ARC<br>Contributed |       |  |
|                                    |                                             | City                             | State |  |
| 12-31-03                           | \$ 1,022,500                                | 12%                              | 67%   |  |
| 12-31-04                           | 1,071,600                                   | 12%                              | 30%   |  |
| 12-31-05                           | 661,000                                     | 25%                              | 56%   |  |
| 12-31-06                           | 642,600                                     | 38%                              | 59%   |  |
| 12-31-07                           | 647,800                                     | 8%                               | 102%  |  |
| 12-31-08                           | 658,800                                     | 0%                               | 54%   |  |
| 1937 Firefighters' Pension Plan    |                                             |                                  |       |  |
| Year<br>Ending                     | Annual<br>Required<br>Contribution<br>(ARC) | Percentage of ARC<br>Contributed |       |  |
|                                    |                                             | City                             | State |  |
| 12-31-03                           | \$ 1,169,900                                | 3%                               | 41%   |  |
| 12-31-04                           | 1,234,800                                   | 3%                               | 19%   |  |
| 12-31-05                           | 790,700                                     | 20%                              | 34%   |  |
| 12-31-06                           | 765,700                                     | 31%                              | 36%   |  |
| 12-31-07                           | 759,800                                     | 25%                              | 52%   |  |
| 12-31-08                           | 581,000                                     | 2%                               | 42%   |  |

The Note to Required Supplementary Information is an integral part of the Required Supplementary Information.

CITY OF WEST LAFAYETTE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2008

Note I. Legal Compliance – Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

A. The City Clerk-Treasurer submits to the Common Council a proposed operating budget for all city budgeted funds, except the Park Nonreverting Operating, the Sagamore Parkway TIF, the Levee/Village Redevelopment Commission, the KCB Redevelopment Commission, the Certified Technology Park, and the Certified Technology Grant funds, for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

B. Prior to adoption, the city budgeted funds are advertised and public hearings are conducted by the Common Council to obtain taxpayer comments.

C. In September of each year, the city budgeted funds for the next year are approved by the Common Council through the passage of an ordinance.

D. In November of each year, the Park Board approves the budget of the Park Nonreverting Operating Fund.

E. The Redevelopment Commission authorizes the expenditures of the Sagamore Parkway TIF, Levee/Village Redevelopment Commission, the KCB Redevelopment Commission, the Certified Technology Park, and the Certified Technology Grant funds through additional appropriations adopted throughout the ensuing year.

F. Copies of the budget ordinance for the city budgeted funds and the advertisements 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 City Clerk-Treasurer receives approval of the Indiana Department of Local Governmental Finance. The City's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy may be granted by the Indiana Department of Local Government Finance upon appeal by the City.

G. 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. The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the relevant governing board. Any revisions to the appropriations for any fund or any department of the General Fund must be approved by the Common Council and, in some instances, by the Indiana Department of Local Government Finance.

H. Formal budgetary integration is required by state statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

CITY OF WEST LAFAYETTE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2008  
(Continued)

Major funds:

General Fund

Special revenue funds:

Roads Funds, Parks and Recreation Funds, Economic Development Income Tax

Capital projects funds:

KCB Redevelopment Commission

Nonmajor funds:

Special revenue funds:

Fire Fighting, Community Development Block Grant, Law Enforcement Continuing Education, Police Station Nonreverting, Certified Technology Park, Certified Technology Park Grant

Debt service funds:

Fire Truck Acquisition, Wabash Landing Parking Garage Bonds, Infrastructure Bonds

Capital projects funds:

Cumulative Building and Fire Fighting Equipment, Cumulative Capital Improvement, Sagamore Parkway TIF, Levee/Village Redevelopment Commission, Cumulative Capital Development

Pension trust funds:

Police Officers' Pension, Firefighters' Pension

I. Budgeted amounts are originally adopted or amended by the Common Council and approved by the Indiana Department of Local Government Finance for funds for which property taxes are levied or for which highway use taxes are received. The net effect of individual amendments to the budget increased the original appropriations by \$6,369,001. The final budgeted amounts were adjusted by the amounts of beginning and ending encumbrances in order to be comparable to the actual budget basis expenditures.

J. The following reconciliation of Budgetary (Non-GAAP) basis to GAAP basis is for the major budgeted governmental funds only.

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).

CITY OF WEST LAFAYETTE  
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
 December 31, 2008  
 (Continued)

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

|                                                                                                                                  | <u>General</u>    | <u>Roads<br/>Funds</u> | <u>Parks and<br/>Recreation<br/>Funds</u> | <u>Economic<br/>Development<br/>Income Tax</u> | <u>KCB<br/>Redevelopment<br/>Commission</u> |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|-------------------------------------------|------------------------------------------------|---------------------------------------------|
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis) | \$ (1,209,844)    | \$ 293,491             | \$ (138,918)                              | \$ 15,781                                      | \$ (2,159,263)                              |
| Adjustments:                                                                                                                     |                   |                        |                                           |                                                |                                             |
| To adjust revenues for accruals                                                                                                  | 1,785,720         | 75,505                 | 170,708                                   | (7,730)                                        | (8,234)                                     |
| To adjust expenditures for accruals                                                                                              | <u>(205,245)</u>  | <u>(58,524)</u>        | <u>6,563</u>                              | <u>119,795</u>                                 | <u>-</u>                                    |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP basis)      | <u>\$ 370,631</u> | <u>\$ 310,472</u>      | <u>\$ 38,353</u>                          | <u>\$ 127,846</u>                              | <u>\$ (2,167,497)</u>                       |

K. Expenditures did not exceed appropriations for departments within the General Fund or other funds which required legally approved budgets.

## **SUPPLEMENTARY INFORMATION**

(This page intentionally left blank.)

# Major Governmental Funds

**General Fund** – the general operating fund of the City. Tax revenues and other receipts not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures of the City are paid from the General Fund.

Departments by function that are included in the General Fund are:

**General Government:**

Mayor  
Clerk-Treasurer  
City Council  
City Hall  
City Court  
City Attorney  
City Services

**Public Safety:**

Fire Department  
Police Department  
Police Merit Commission

**Highways and Streets:**

City Engineer

**Sanitation:**

Sanitation Department

**Urban Redevelopment and Housing:**

Economic Development

**Special revenue funds** – used to account for revenues derived for a specific purpose. The title of the fund is descriptive of the activities involved.

**Roads** – funds set aside from state gasoline tax distributions for the specific purpose of constructing and maintaining local streets and alleys.

**Parks and Recreation** – to account for the operation of the City park system.

**Economic Development Income Tax** – to account for revenues received from the County Economic Development Income Tax (CEDIT) and used for construction of projects funded by these revenues.

**Capital project funds** – used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**KCB Redevelopment Commission** – to account for expenditures for public improvements in the Kalberer/Cumberland/Blackbird tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before redevelopment (tax increment).

CITY OF WEST LAFAYETTE  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -  
GENERAL FUND  
For The Year Ended December 31, 2008

| <u>Function and Department</u> | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary Basis)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|--------------------------------|----------------------------|-------------------------|-------------------------------------|----------------------------------------------|
| General government:            |                            |                         |                                     |                                              |
| Mayor:                         |                            |                         |                                     |                                              |
| Personal services              | \$ 147,550                 | \$ 147,550              | \$ 141,172                          | \$ 6,378                                     |
| Other services and charges     | 104,500                    | 102,652                 | 62,549                              | 40,103                                       |
| Capital outlay                 | -                          | 1,000                   | 1,000                               | -                                            |
| City Council:                  |                            |                         |                                     |                                              |
| Personal services              | 34,080                     | 34,080                  | 33,895                              | 185                                          |
| Other services and charges     | 1,000                      | 1,094                   | 560                                 | 534                                          |
| Clerk-Treasurer:               |                            |                         |                                     |                                              |
| Personal services              | 1,764,820                  | 1,655,373               | 1,598,211                           | 57,162                                       |
| Supplies                       | 5,000                      | 6,602                   | 6,409                               | 193                                          |
| Other services and charges     | 306,800                    | 295,540                 | 268,932                             | 26,608                                       |
| Capital outlay                 | 7,000                      | 9,144                   | 7,802                               | 1,342                                        |
| City Hall:                     |                            |                         |                                     |                                              |
| Personal services              | 24,720                     | 24,720                  | 24,646                              | 74                                           |
| Supplies                       | 31,650                     | 31,792                  | 29,126                              | 2,666                                        |
| Other services and charges     | 121,000                    | 136,329                 | 128,537                             | 7,792                                        |
| Capital outlay                 | 3,000                      | 3,723                   | 2,472                               | 1,251                                        |
| City Court:                    |                            |                         |                                     |                                              |
| Personal services              | 50,290                     | 50,290                  | 50,286                              | 4                                            |
| Supplies                       | 1,300                      | 1,300                   | 1,300                               | -                                            |
| Other services and charges     | 600                        | 612                     | 498                                 | 114                                          |
| City Attorney:                 |                            |                         |                                     |                                              |
| Personal services              | 19,600                     | 915                     | 915                                 | -                                            |
| Other services and charges     | 66,250                     | 84,935                  | 60,575                              | 24,360                                       |
| Capital outlay                 | 200                        | 200                     | -                                   | 200                                          |
| City Services:                 |                            |                         |                                     |                                              |
| Other services and charges     | 363,000                    | 360,336                 | 349,682                             | 10,654                                       |
| Other General:                 |                            |                         |                                     |                                              |
| Other disbursements            | -                          | 5,857                   | 5,857                               | -                                            |
| Total general government       | <u>3,052,360</u>           | <u>2,954,044</u>        | <u>2,774,424</u>                    | <u>179,620</u>                               |
| Public safety:                 |                            |                         |                                     |                                              |
| Fire Department:               |                            |                         |                                     |                                              |
| Personal services              | 2,597,290                  | 2,637,923               | 2,623,294                           | 14,629                                       |
| Supplies                       | 28,600                     | 41,278                  | 39,260                              | 2,018                                        |
| Other services and charges     | 77,850                     | 83,426                  | 64,344                              | 19,082                                       |
| Capital outlay                 | 1,500                      | 2,164                   | 1,688                               | 476                                          |

Continued on next page

CITY OF WEST LAFAYETTE  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL -  
GENERAL FUND  
For The Year Ended December 31, 2008  
(Continued)

| <u>Function and Department</u>            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary Basis)</u> | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|-------------------------------------------|----------------------------|-------------------------|-------------------------------------|----------------------------------------------|
| Public safety (continued):                |                            |                         |                                     |                                              |
| Police Department:                        |                            |                         |                                     |                                              |
| Personal services                         | 3,942,280                  | 3,848,225               | 3,813,049                           | 35,176                                       |
| Supplies                                  | 218,950                    | 219,463                 | 194,297                             | 25,166                                       |
| Other services and charges                | 58,900                     | 73,393                  | 67,457                              | 5,936                                        |
| Capital outlay                            | 111,140                    | 107,452                 | 107,285                             | 167                                          |
| Police Merit Commission:                  |                            |                         |                                     |                                              |
| Personal services                         | 2,000                      | 2,000                   | 1,309                               | 691                                          |
| Supplies                                  | 400                        | 400                     | -                                   | 400                                          |
| Other services and charges                | 11,300                     | 13,078                  | 11,745                              | 1,333                                        |
| <br>Total public safety                   | <u>7,050,210</u>           | <u>7,028,802</u>        | <u>6,923,728</u>                    | <u>105,074</u>                               |
| Highways and streets:                     |                            |                         |                                     |                                              |
| City Engineer:                            |                            |                         |                                     |                                              |
| Personal services                         | 267,590                    | 266,390                 | 247,696                             | 18,694                                       |
| Supplies                                  | 9,250                      | 10,590                  | 7,481                               | 3,109                                        |
| Other services and charges                | 23,300                     | 24,582                  | 10,553                              | 14,029                                       |
| Capital outlay                            | 15,100                     | 16,025                  | 9,228                               | 6,797                                        |
| <br>Total highways and streets            | <u>315,240</u>             | <u>317,587</u>          | <u>274,958</u>                      | <u>42,629</u>                                |
| Sanitation                                |                            |                         |                                     |                                              |
| Sanitation Department:                    |                            |                         |                                     |                                              |
| Personal services                         | 447,910                    | 394,410                 | 334,950                             | 59,460                                       |
| Supplies                                  | 101,500                    | 120,000                 | 101,590                             | 18,410                                       |
| Other services and charges                | 266,400                    | 254,508                 | 205,114                             | 49,394                                       |
| Capital outlay                            | 62,560                     | 112,560                 | 110,316                             | 2,244                                        |
| <br>Total sanitation                      | <u>878,370</u>             | <u>881,478</u>          | <u>751,970</u>                      | <u>129,508</u>                               |
| Urban Redevelopment and Housing:          |                            |                         |                                     |                                              |
| Economic Development:                     |                            |                         |                                     |                                              |
| Personal services                         | 88,550                     | 88,550                  | 59,882                              | 28,668                                       |
| Supplies                                  | 9,000                      | 8,094                   | 6,117                               | 1,977                                        |
| Other services and charges                | 150,400                    | 149,849                 | 60,046                              | 89,803                                       |
| Capital outlay                            | 6,000                      | 6,000                   | 3,001                               | 2,999                                        |
| <br>Total urban redevelopment and housing | <u>253,950</u>             | <u>252,493</u>          | <u>129,046</u>                      | <u>123,447</u>                               |
| <br>Total general fund                    | <u>\$ 11,550,130</u>       | <u>\$ 11,434,404</u>    | <u>\$ 10,854,126</u>                | <u>\$ 580,278</u>                            |

CITY OF WEST LAFAYETTE  
BUDGETARY COMPARISON SCHEDULES  
OTHER BUDGETED MAJOR GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

|                                      | KCB Redevelopment Commission |                   |                     |                        |
|--------------------------------------|------------------------------|-------------------|---------------------|------------------------|
|                                      | Budgeted Amounts             |                   | Actual              | Variance               |
|                                      | Original                     | Final             | (Budgetary Basis)   | Positive<br>(Negative) |
| Revenues:                            |                              |                   |                     |                        |
| Taxes                                | \$ -                         | \$ -              | \$ 83,503           | \$ 83,503              |
| Expenditures:                        |                              |                   |                     |                        |
| Public safety                        |                              |                   |                     |                        |
| Other services and charges           | -                            | 36,939            | 36,939              | -                      |
| Capital outlay                       | -                            | 2,599,891         | 2,599,891           | -                      |
| Total expenditures                   | -                            | 2,636,830         | 2,636,830           | -                      |
| Other financing sources (uses):      |                              |                   |                     |                        |
| Transfers in                         | -                            | 1,364,155         | 1,364,155           | -                      |
| Transfers out                        | -                            | (970,091)         | (970,091)           | -                      |
| Total other financing sources (uses) | -                            | 394,064           | 394,064             | -                      |
| Net change in fund balances          | -                            | (2,242,766)       | (2,159,263)         | 83,503                 |
| Fund balances - beginning            | 3,200,014                    | 3,200,014         | 3,200,014           | -                      |
| Fund balances - ending               | <u>\$ 3,200,014</u>          | <u>\$ 957,248</u> | <u>\$ 1,040,751</u> | <u>\$ 83,503</u>       |

## Nonmajor Governmental Funds

**Special revenue funds** – used to account for revenues derived for a specific purpose. The title of the fund is descriptive of the activities involved. The City maintains the following nonmajor special revenue funds:

**Clerk's Records Perpetuation** – to account for fees used for the preservation and improvement of the record keeping system.

**Fire Fighting** – to account for additional capital costs related to providing fire protection to the City. Funding is provided by contractual arrangements with specific areas outside the contiguous city limits for fire protection.

**Community Development Block Grant** – to account for funds granted to the City by the U.S. Department of Housing and Urban Development under the Community Development Block Grant entitlement programs.

**500 Brown Street Brownfields Grant** – to account for funds granted by the Indiana Development Finance Authority for the study and reclamation of the 500 Brown Street Brownfields site.

**Local Law Enforcement Block Grant** – to account for revenues received from the U. S. Department of Justice related to public safety.

**Public Safety** – to account for revenues received from local sources for community policing.

**Law Enforcement Continuing Education** – to account for court fees and fees for the sale of reports and permits. These fees are used for the continuing education and training of law enforcement officers.

**Police Unclaimed Property** – to account for funds retained by police action and unclaimed after a set amount of time. Funds are required to be used for public safety expenditures.

**Donation** – to account for funds donated to the City for general governmental purposes.

**Credit Card Fees** – to account for convenience fees paid for enhanced access to online court and parking ticket fines payments. The service fees are used to provide the service.

**Rainy Day Fund** – to account for transfers of unused and unencumbered funds under IC 36-1-8-5 and other deposits as have been directed by statute. The funds may be used for any purpose permitted by state statutes for other revenues of the City.

**426 Brown Street Brownfields Grant** – to account for funds granted by the Indiana Development Finance Authority for the study and reclamation of the 426 Brown Street Brownfields site.

**Police Station Nonreverting** – to account for proceeds of the sale of real property to the West Lafayette Building Corporation related to the construction of the new police station. Funds are to be used for revitalization of vacated public space.

**Levee/Village Allocation** – to account for property tax proceeds of the Levee/Village TIF district held by the trustee pursuant to the trust indenture of the Wabash Landing Parking Garage bond issue.

**KCB Allocation** – to account for property tax proceed of the KCB TIF district held by the trustee pursuant to the trust indentures of the infrastructure and Ross Enterprise Center Bonds.

**Certified Technology Park** – to account for the state certified technology park distributions for funding improvements at the Purdue Research Park.

**Certified Technology Grant** – to account for state technology development grant awards for funding improvements at the Purdue Research Park.

**Fire Safety** – to account for donations for fire prevention and fire educational activities.

**Police Grants Projects** – to account for state and federal funding for public safety grants.

## Nonmajor Governmental Funds

(Continued)

**Debt service funds** – used to account for the accumulation of resources for and the payment of general long-term debt principal and interest. The City maintains the following nonmajor debt service funds:

**Fire Truck Acquisition** – to account for the accumulation of resources for and payment of a revenue bond issue of the West Lafayette Equipment Leasing Corporation. Bond proceeds were used for the purchase of a new fire truck.

**Wabash Landing Parking Garage Bonds** – to account for the accumulation of resources for and payment of revenue bonds issued by the West Lafayette Redevelopment Authority. Bond proceeds were used for the acquisition and construction of a parking garage.

**Redevelopment Commission 2005 Fund** – to account for revenues received from the sale of the Redevelopment District Tax Incremental Revenue Bonds of 2005 and is used for the purchase of capital assets.

**Infrastructure Bonds** – to account for revenues received from the sale of revenue bonds by the West Lafayette Redevelopment Authority and for the construction of Purdue Research Park infrastructure and Greenway Trails projects funded by these revenues.

**West Lafayette Building Corporation** – to account for the proceeds of bonds by the West Lafayette Building Corporation and secured by a lease for the construction of a police station.

**Capital projects funds** – used to account for financial resources to be used for the acquisition or construction of capital projects. The City maintains the following nonmajor capital projects funds:

**Sagamore Parkway TIF** – to account for expenditures for public improvements in the Sagamore Parkway tax incremental district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of the property in the district before the redevelopment (tax increment).

**Build Indiana – Wabash Landing** – to account for expenditures of Build Indiana grant funds relating to the construction of public improvements along the Wabash Landing Project.

**Cumulative Building and Fire Fighting Equipment** – to account for certain capital expenditures related to community police and fire protection. Financing is provided by a specific annual tax levy to the extent that other revenues are insufficient to provide such funding.

**Cumulative Capital Improvement** – to account for state cigarette tax distributions used for acquisition and maintenance of capital assets and computer technology acquisition and support.

**Cumulative Capital Development** – to account for expenditures relating to the purchase or lease of capital improvements in the City.

**Fifth Third Lease Escrow** – to account for funds deposited by leaseholder (Fifth Third Bank) in anticipation of capital expenditures.

**Sun Trust Lease Escrow** – to account for funds deposited by leaseholder (Sun Trust Bank) in anticipation of capital expenditures.

**Levee/ Village Redevelopment Commission** – to account for expenditures for public improvements in the Levee/Village tax incremental financing district. Financing is provided by property tax proceeds in excess of those attributable to the assessed value of property in the district before redevelopment (tax increment).

(This page intentionally left blank.)

CITY OF WEST LAFAYETTE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2008

|                                                     | Nonmajor<br>Special<br>Revenue Funds | Nonmajor<br>Debt Service<br>Funds | Nonmajor<br>Capital Projects<br>Funds | Totals               |
|-----------------------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|----------------------|
| <u>Assets</u>                                       |                                      |                                   |                                       |                      |
| Cash and cash equivalents                           | \$ 4,025,479                         | \$ 24,078                         | \$ 2,253,734                          | \$ 6,303,291         |
| Cash with fiscal agent                              | -                                    | 1,633,705                         | 481,423                               | 2,115,128            |
| Investments                                         | -                                    | -                                 | -                                     | -                    |
| Receivables (net of allowances for uncollectibles): |                                      |                                   |                                       |                      |
| Interest                                            | 5,060                                | 2,142                             | 3,340                                 | 10,542               |
| Taxes                                               | -                                    | 4,582,697                         | 95,500                                | 4,678,197            |
| Accounts                                            | 2,479                                | -                                 | 1,590                                 | 4,069                |
| Intergovernmental                                   | 424,080                              | 650                               | 84,626                                | 509,356              |
| Total assets                                        | <u>\$ 4,457,098</u>                  | <u>\$ 6,243,272</u>               | <u>\$ 2,920,213</u>                   | <u>\$ 13,620,583</u> |
| <u>Liabilities and Fund Balances</u>                |                                      |                                   |                                       |                      |
| Liabilities:                                        |                                      |                                   |                                       |                      |
| Accounts payable                                    | \$ 33,505                            | \$ -                              | \$ 14,899                             | \$ 48,404            |
| Accrued payroll and withholdings payable            | 66                                   | -                                 | -                                     | 66                   |
| Accrued interest payable                            | -                                    | 373,634                           | -                                     | 373,634              |
| Deferred revenue:                                   |                                      |                                   |                                       |                      |
| Unavailable                                         | -                                    | 214,949                           | 27,946                                | 242,895              |
| Total liabilities                                   | <u>33,571</u>                        | <u>588,583</u>                    | <u>42,845</u>                         | <u>664,999</u>       |
| Fund balances:                                      |                                      |                                   |                                       |                      |
| Unreserved, reported in:                            |                                      |                                   |                                       |                      |
| Special revenue funds                               | 4,423,527                            | -                                 | -                                     | 4,423,527            |
| Debt service funds                                  | -                                    | 5,654,689                         | -                                     | 5,654,689            |
| Capital projects funds                              | -                                    | -                                 | 2,877,368                             | 2,877,368            |
| Total fund balances                                 | <u>4,423,527</u>                     | <u>5,654,689</u>                  | <u>2,877,368</u>                      | <u>12,955,584</u>    |
| Total liabilities and fund balances                 | <u>\$ 4,457,098</u>                  | <u>\$ 6,243,272</u>               | <u>\$ 2,920,213</u>                   | <u>\$ 13,620,583</u> |

CITY OF WEST LAFAYETTE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

|                                                              | Nonmajor<br>Special<br>Revenue Funds | Nonmajor<br>Debt Service<br>Funds | Nonmajor<br>Capital Projects<br>Funds | Totals               |
|--------------------------------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|----------------------|
| Revenues:                                                    |                                      |                                   |                                       |                      |
| Taxes                                                        | \$ -                                 | \$ 4,433,836                      | \$ 360,129                            | \$ 4,793,965         |
| Licenses and permits                                         | 2,690                                | -                                 | -                                     | 2,690                |
| Intergovernmental                                            | 1,887,305                            | 6,154                             | 198,215                               | 2,091,674            |
| Charges for services                                         | 29,329                               | -                                 | -                                     | 29,329               |
| Fines and forfeits                                           | 6,346                                | -                                 | -                                     | 6,346                |
| Other                                                        | 198,116                              | 30,295                            | 234,039                               | 462,450              |
|                                                              | <u>2,123,786</u>                     | <u>4,470,285</u>                  | <u>792,383</u>                        | <u>7,386,454</u>     |
| Total revenues                                               |                                      |                                   |                                       |                      |
| Expenditures:                                                |                                      |                                   |                                       |                      |
| Current:                                                     |                                      |                                   |                                       |                      |
| General government                                           | 8,199                                | -                                 | -                                     | 8,199                |
| Public safety                                                | 256,388                              | -                                 | -                                     | 256,388              |
| Economic development                                         | 1,104,597                            | -                                 | -                                     | 1,104,597            |
| Culture and recreation                                       | -                                    | -                                 | -                                     | -                    |
| Debt service:                                                |                                      |                                   |                                       |                      |
| Principal                                                    | -                                    | 1,300,000                         | -                                     | 1,300,000            |
| Interest                                                     | -                                    | 880,918                           | -                                     | 880,918              |
| Capital outlay                                               | -                                    | -                                 | 2,229,068                             | 2,229,068            |
|                                                              | <u>1,369,184</u>                     | <u>2,180,918</u>                  | <u>2,229,068</u>                      | <u>5,779,170</u>     |
| Total expenditures                                           |                                      |                                   |                                       |                      |
| Excess (deficiency) of revenues<br>(over) under expenditures | <u>754,602</u>                       | <u>2,289,367</u>                  | <u>(1,436,685)</u>                    | <u>1,607,284</u>     |
| Other financing sources (uses):                              |                                      |                                   |                                       |                      |
| Transfers in                                                 | 2,485,001                            | 2,158,812                         | 1,032,131                             | 5,675,944            |
| Transfers out                                                | (4,772,113)                          | (272,245)                         | (552,966)                             | (5,597,324)          |
| Capital Leases                                               | 21,519                               | -                                 | 19,100                                | 40,619               |
|                                                              | <u>(2,265,593)</u>                   | <u>1,886,567</u>                  | <u>498,265</u>                        | <u>119,239</u>       |
| Total other financing sources (uses)                         |                                      |                                   |                                       |                      |
| Net change in fund balances                                  | (1,510,991)                          | 4,175,934                         | (938,420)                             | 1,726,523            |
| Fund balances - beginning                                    | <u>5,934,518</u>                     | <u>1,478,755</u>                  | <u>3,815,788</u>                      | <u>11,229,061</u>    |
| Fund balances - ending                                       | <u>\$ 4,423,527</u>                  | <u>\$ 5,654,689</u>               | <u>\$ 2,877,368</u>                   | <u>\$ 12,955,584</u> |

CITY OF WEST LAFAYETTE  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2008

|                                                     | Clerk's<br>Records<br>Perpetuation | Fire<br>Fighting | Community<br>Development<br>Block Grant | 500 Brown<br>Street<br>Brownfields<br>Grant | Local Law<br>Enforcement<br>Block Grant | Public Safety    | Law<br>Enforcement<br>Continuing<br>Education | Police<br>Unclaimed<br>Property | Donation    | Credit Card<br>Fees |
|-----------------------------------------------------|------------------------------------|------------------|-----------------------------------------|---------------------------------------------|-----------------------------------------|------------------|-----------------------------------------------|---------------------------------|-------------|---------------------|
| <u>Assets</u>                                       |                                    |                  |                                         |                                             |                                         |                  |                                               |                                 |             |                     |
| Cash and cash equivalents                           | \$ 21,554                          | \$ 79,778        | \$ 5,387                                | \$ 276                                      | \$ 258                                  | \$ 13,679        | \$ 15,215                                     | \$ 979                          | \$ -        | \$ 939              |
| Investments                                         | -                                  | -                | -                                       | -                                           | -                                       | -                | -                                             | -                               | -           | -                   |
| Receivables (net of allowances for uncollectibles): |                                    |                  |                                         |                                             |                                         |                  |                                               |                                 |             |                     |
| Interest                                            | 31                                 | 490              | -                                       | -                                           | -                                       | 14               | 15                                            | 1                               | -           | -                   |
| Accounts                                            | 134                                | -                | -                                       | -                                           | -                                       | -                | 2,345                                         | -                               | -           | -                   |
| Intergovernmental                                   | -                                  | -                | -                                       | -                                           | -                                       | -                | -                                             | -                               | -           | -                   |
| Total assets                                        | <u>\$ 21,719</u>                   | <u>\$ 80,268</u> | <u>\$ 5,387</u>                         | <u>\$ 276</u>                               | <u>\$ 258</u>                           | <u>\$ 13,693</u> | <u>\$ 17,575</u>                              | <u>\$ 980</u>                   | <u>\$ -</u> | <u>\$ 939</u>       |
| <u>Liabilities and Fund Balances</u>                |                                    |                  |                                         |                                             |                                         |                  |                                               |                                 |             |                     |
| Liabilities:                                        |                                    |                  |                                         |                                             |                                         |                  |                                               |                                 |             |                     |
| Accounts payable                                    | \$ -                               | \$ 5,789         | \$ 8,799                                | \$ -                                        | \$ -                                    | \$ 53            | \$ 118                                        | \$ -                            | \$ -        | \$ 457              |
| Accrued payroll and withholdings payable            | -                                  | -                | -                                       | -                                           | -                                       | -                | -                                             | -                               | -           | -                   |
| Total liabilities                                   | -                                  | 5,789            | 8,799                                   | -                                           | -                                       | 53               | 118                                           | -                               | -           | 457                 |
| Fund balances:                                      |                                    |                  |                                         |                                             |                                         |                  |                                               |                                 |             |                     |
| Unreserved, reported in:                            |                                    |                  |                                         |                                             |                                         |                  |                                               |                                 |             |                     |
| Special revenue funds                               | 21,719                             | 74,479           | (3,412)                                 | 276                                         | 258                                     | 13,640           | 17,457                                        | 980                             | -           | 482                 |
| Total liabilities and fund balances                 | <u>\$ 21,719</u>                   | <u>\$ 80,268</u> | <u>\$ 5,387</u>                         | <u>\$ 276</u>                               | <u>\$ 258</u>                           | <u>\$ 13,693</u> | <u>\$ 17,575</u>                              | <u>\$ 980</u>                   | <u>\$ -</u> | <u>\$ 939</u>       |

Continued on next page

CITY OF WEST LAFAYETTE  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2008  
(Continued)

|                                                     | <u>Rainy Day</u>  | <u>426 Brown<br/>Street<br/>Brownfields<br/>Grant</u> | <u>Police<br/>Station<br/>Nonreverting</u> | <u>Levee/Village<br/>Allocation</u> | <u>KCB<br/>Allocation</u> | <u>Certified<br/>Technology<br/>Park</u> | <u>Certified<br/>Technology<br/>Grant</u> | <u>Fire<br/>Safety</u> | <u>Police Grant</u> | <u>Totals</u>       |
|-----------------------------------------------------|-------------------|-------------------------------------------------------|--------------------------------------------|-------------------------------------|---------------------------|------------------------------------------|-------------------------------------------|------------------------|---------------------|---------------------|
| <u>Assets</u>                                       |                   |                                                       |                                            |                                     |                           |                                          |                                           |                        |                     |                     |
| Cash and cash equivalents                           | \$ 305,784        | \$ 113                                                | \$ 53,295                                  | \$ 609,000                          | \$ 1,049,300              | \$ 1,852,265                             | \$ 149                                    | \$ 2,538               | \$ 14,970           | \$ 4,025,479        |
| Investments                                         | -                 | -                                                     | -                                          | -                                   | -                         | -                                        | -                                         | -                      | -                   | -                   |
| Receivables (net of allowances for uncollectibles): |                   |                                                       |                                            |                                     |                           |                                          |                                           |                        |                     |                     |
| Interest                                            | 284               | -                                                     | 62                                         | 835                                 | 1,438                     | 1,887                                    | -                                         | 3                      | -                   | 5,060               |
| Accounts                                            | -                 | -                                                     | -                                          | -                                   | -                         | -                                        | -                                         | -                      | -                   | 2,479               |
| Intergovernmental                                   | <u>423,841</u>    | <u>-</u>                                              | <u>-</u>                                   | <u>-</u>                            | <u>-</u>                  | <u>-</u>                                 | <u>-</u>                                  | <u>-</u>               | <u>239</u>          | <u>424,080</u>      |
| Total assets                                        | <u>\$ 729,909</u> | <u>\$ 113</u>                                         | <u>\$ 53,357</u>                           | <u>\$ 609,835</u>                   | <u>\$ 1,050,738</u>       | <u>\$ 1,854,152</u>                      | <u>\$ 149</u>                             | <u>\$ 2,541</u>        | <u>\$ 15,209</u>    | <u>\$ 4,457,098</u> |
| <u>Liabilities and Fund Balances</u>                |                   |                                                       |                                            |                                     |                           |                                          |                                           |                        |                     |                     |
| Liabilities:                                        |                   |                                                       |                                            |                                     |                           |                                          |                                           |                        |                     |                     |
| Accounts payable                                    | \$ -              | \$ -                                                  | \$ 18,050                                  | \$ -                                | \$ -                      | \$ -                                     | \$ -                                      | \$ -                   | \$ 239              | \$ 33,505           |
| Accrued payroll and withholdings payable            | <u>-</u>          | <u>-</u>                                              | <u>-</u>                                   | <u>-</u>                            | <u>-</u>                  | <u>-</u>                                 | <u>-</u>                                  | <u>-</u>               | <u>66</u>           | <u>66</u>           |
| Total liabilities                                   | <u>-</u>          | <u>-</u>                                              | <u>18,050</u>                              | <u>-</u>                            | <u>-</u>                  | <u>-</u>                                 | <u>-</u>                                  | <u>-</u>               | <u>305</u>          | <u>33,571</u>       |
| Fund balances:                                      |                   |                                                       |                                            |                                     |                           |                                          |                                           |                        |                     |                     |
| Unreserved, reported in:                            |                   |                                                       |                                            |                                     |                           |                                          |                                           |                        |                     |                     |
| Special revenue funds                               | <u>729,909</u>    | <u>113</u>                                            | <u>35,307</u>                              | <u>609,835</u>                      | <u>1,050,738</u>          | <u>1,854,152</u>                         | <u>149</u>                                | <u>2,541</u>           | <u>14,904</u>       | <u>4,423,527</u>    |
| Total liabilities and fund balances                 | <u>\$ 729,909</u> | <u>\$ 113</u>                                         | <u>\$ 53,357</u>                           | <u>\$ 609,835</u>                   | <u>\$ 1,050,738</u>       | <u>\$ 1,854,152</u>                      | <u>\$ 149</u>                             | <u>\$ 2,541</u>        | <u>\$ 15,209</u>    | <u>\$ 4,457,098</u> |

CITY OF WEST LAFAYETTE  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
December 31, 2008

| <u>Assets</u>                                       | <u>Fire Truck<br/>Acquisition</u> | <u>Wabash Landing<br/>Parking Garage<br/>Bonds</u> | <u>Redevelopment<br/>Commission<br/>2005</u> | <u>Infrastructure<br/>Bonds</u> | <u>West Lafayette<br/>Building<br/>Corporation</u> | <u>Totals</u>       |
|-----------------------------------------------------|-----------------------------------|----------------------------------------------------|----------------------------------------------|---------------------------------|----------------------------------------------------|---------------------|
| Cash and cash equivalents                           | \$ 24,078                         | \$ -                                               | \$ -                                         | \$ -                            | \$ -                                               | \$ 24,078           |
| Cash with fiscal agent                              | 58,575                            | 640,102                                            | -                                            | 652,448                         | 282,580                                            | 1,633,705           |
| Receivables (net of allowances for uncollectibles): |                                   |                                                    |                                              |                                 |                                                    |                     |
| Interest                                            | 58                                | 991                                                | 18                                           | 1,014                           | 61                                                 | 2,142               |
| Taxes                                               | 22,093                            | 2,162,638                                          | -                                            | 2,397,966                       | -                                                  | 4,582,697           |
| Intergovernmental                                   | <u>650</u>                        | <u>-</u>                                           | <u>-</u>                                     | <u>-</u>                        | <u>-</u>                                           | <u>650</u>          |
| Total assets                                        | <u>\$ 105,454</u>                 | <u>\$ 2,803,731</u>                                | <u>\$ 18</u>                                 | <u>\$ 3,051,428</u>             | <u>\$ 282,641</u>                                  | <u>\$ 6,243,272</u> |
| <br><u>Liabilities and Fund Balances</u>            |                                   |                                                    |                                              |                                 |                                                    |                     |
| Liabilities:                                        |                                   |                                                    |                                              |                                 |                                                    |                     |
| Accrued interest payable                            | \$ 4,219                          | \$ 120,140                                         | \$ 61,783                                    | \$ 79,793                       | \$ 107,699                                         | \$ 373,634          |
| Deferred revenue:                                   |                                   |                                                    |                                              |                                 |                                                    |                     |
| Unavailable                                         | <u>4,573</u>                      | <u>99,760</u>                                      | <u>-</u>                                     | <u>110,616</u>                  | <u>-</u>                                           | <u>214,949</u>      |
| Total liabilities                                   | <u>8,792</u>                      | <u>219,900</u>                                     | <u>61,783</u>                                | <u>190,409</u>                  | <u>107,699</u>                                     | <u>588,583</u>      |
| Fund balances:                                      |                                   |                                                    |                                              |                                 |                                                    |                     |
| Unreserved, reported in:                            |                                   |                                                    |                                              |                                 |                                                    |                     |
| Debt service funds                                  | <u>96,662</u>                     | <u>2,583,831</u>                                   | <u>(61,765)</u>                              | <u>2,861,019</u>                | <u>174,942</u>                                     | <u>5,654,689</u>    |
| Total liabilities and fund balances                 | <u>\$ 105,454</u>                 | <u>\$ 2,803,731</u>                                | <u>\$ 18</u>                                 | <u>\$ 3,051,428</u>             | <u>\$ 282,641</u>                                  | <u>\$ 6,243,272</u> |

CITY OF WEST LAFAYETTE  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
December 31, 2008

|                                                     | Sagamore<br>Parkway TIF | Build Indiana<br>Wabash Landing | Cumulative<br>Building and Fire<br>Fighting<br>Equipment | Cumulative<br>Capital<br>Improvement | Cumulative<br>Capital<br>Development | Fifth Third<br>Lease Escrow | Sun Trust<br>Lease Escrow | Levee Village<br>Redevelopment<br>Commission | Totals              |
|-----------------------------------------------------|-------------------------|---------------------------------|----------------------------------------------------------|--------------------------------------|--------------------------------------|-----------------------------|---------------------------|----------------------------------------------|---------------------|
| <u>Assets</u>                                       |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Cash and cash equivalents                           | \$ 274,570              | \$ 8,982                        | \$ 58,937                                                | \$ 69,128                            | \$ 1,842,117                         | \$ -                        | \$ -                      | \$ -                                         | \$ 2,253,734        |
| Cash with fiscal agent                              | -                       | -                               | -                                                        | -                                    | -                                    | -                           | -                         | 481,423                                      | 481,423             |
| Investments                                         | -                       | -                               | -                                                        | -                                    | -                                    | -                           | -                         | -                                            | -                   |
| Receivables (net of allowances for uncollectibles): |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Interest                                            | 281                     | 9                               | 58                                                       | 73                                   | 2,189                                | -                           | -                         | 730                                          | 3,340               |
| Taxes                                               | 4,253                   | -                               | 7,365                                                    | -                                    | 83,882                               | -                           | -                         | -                                            | 95,500              |
| Accounts                                            | -                       | -                               | -                                                        | -                                    | 1,590                                | -                           | -                         | -                                            | 1,590               |
| Intergovernmental                                   | 73,560                  | -                               | 217                                                      | 8,196                                | 2,653                                | -                           | -                         | -                                            | 84,626              |
| Total assets                                        | <u>\$ 352,664</u>       | <u>\$ 8,991</u>                 | <u>\$ 66,577</u>                                         | <u>\$ 77,397</u>                     | <u>\$ 1,932,431</u>                  | <u>\$ -</u>                 | <u>\$ -</u>               | <u>\$ 482,153</u>                            | <u>\$ 2,920,213</u> |
| <u>Liabilities and Fund Balances</u>                |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Liabilities:                                        |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Accounts payable                                    | \$ -                    | \$ -                            | \$ 278                                                   | \$ 184                               | \$ 14,437                            | \$ -                        | \$ -                      | \$ -                                         | \$ 14,899           |
| Deferred revenue:                                   |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Unavailable                                         | 196                     | -                               | 1,525                                                    | 8,196                                | 18,029                               | -                           | -                         | -                                            | 27,946              |
| Total liabilities                                   | 196                     | -                               | 1,803                                                    | 8,380                                | 32,466                               | -                           | -                         | -                                            | 42,845              |
| Fund balances:                                      |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Unreserved, reported in:                            |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Capital projects funds                              | 352,468                 | 8,991                           | 64,774                                                   | 69,017                               | 1,899,965                            | -                           | -                         | 482,153                                      | 2,877,368           |
| Total liabilities and fund balances                 | <u>\$ 352,664</u>       | <u>\$ 8,991</u>                 | <u>\$ 66,577</u>                                         | <u>\$ 77,397</u>                     | <u>\$ 1,932,431</u>                  | <u>\$ -</u>                 | <u>\$ -</u>               | <u>\$ 482,153</u>                            | <u>\$ 2,920,213</u> |

CITY OF WEST LAFAYETTE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2008

|                                                              | Clerk's<br>Records<br>Perpetuation | Fire<br>Fighting | Community<br>Development<br>Block Grant | 500 Brown<br>Street<br>Brownfields<br>Grant | Local Law<br>Enforcement<br>Block Grant | Public Safety | Law<br>Enforcement<br>Continuing<br>Education | Police<br>Unclaimed<br>Property | Donation | Credit Card<br>Fees |
|--------------------------------------------------------------|------------------------------------|------------------|-----------------------------------------|---------------------------------------------|-----------------------------------------|---------------|-----------------------------------------------|---------------------------------|----------|---------------------|
| Revenues:                                                    |                                    |                  |                                         |                                             |                                         |               |                                               |                                 |          |                     |
| Licenses and permits                                         | \$ -                               | \$ -             | \$ -                                    | \$ -                                        | \$ -                                    | \$ -          | \$ 2,690                                      | \$ -                            | \$ -     | \$ -                |
| Intergovernmental                                            | -                                  | -                | 484,979                                 | -                                           | -                                       | 18,131        | -                                             | -                               | -        | -                   |
| Charges for services                                         | -                                  | 15,776           | -                                       | -                                           | -                                       | -             | 5,581                                         | -                               | -        | 7,972               |
| Fines and forfeits                                           | 803                                | -                | -                                       | -                                           | -                                       | -             | 5,543                                         | -                               | -        | -                   |
| Other                                                        | 570                                | 2,562            | -                                       | 5                                           | 4                                       | 3,845         | 380                                           | 381                             | 94,050   | -                   |
| Total revenues                                               | 1,373                              | 18,338           | 484,979                                 | 5                                           | 4                                       | 21,976        | 14,194                                        | 381                             | 94,050   | 7,972               |
| Expenditures:                                                |                                    |                  |                                         |                                             |                                         |               |                                               |                                 |          |                     |
| Current:                                                     |                                    |                  |                                         |                                             |                                         |               |                                               |                                 |          |                     |
| General government                                           | -                                  | -                | -                                       | -                                           | -                                       | -             | -                                             | -                               | -        | 8,199               |
| Public safety                                                | -                                  | 36,539           | -                                       | -                                           | -                                       | 17,039        | 18,586                                        | -                               | 97,400   | -                   |
| Economic development                                         | -                                  | -                | 484,597                                 | -                                           | -                                       | -             | -                                             | -                               | -        | -                   |
| Total expenditures                                           | -                                  | 36,539           | 484,597                                 | -                                           | -                                       | 17,039        | 18,586                                        | -                               | 97,400   | 8,199               |
| Excess (deficiency) of revenues<br>over (under) expenditures | 1,373                              | (18,201)         | 382                                     | 5                                           | 4                                       | 4,937         | (4,392)                                       | 381                             | (3,350)  | (227)               |
| Other financing sources:                                     |                                    |                  |                                         |                                             |                                         |               |                                               |                                 |          |                     |
| Transfers in                                                 | -                                  | -                | -                                       | -                                           | -                                       | -             | -                                             | -                               | -        | -                   |
| Transfers out                                                | -                                  | -                | -                                       | -                                           | -                                       | -             | -                                             | -                               | -        | -                   |
| Capital Leases                                               | -                                  | 21,519           | -                                       | -                                           | -                                       | -             | -                                             | -                               | -        | -                   |
| Total other financing sources                                | -                                  | 21,519           | -                                       | -                                           | -                                       | -             | -                                             | -                               | -        | -                   |
| Net change in fund balances                                  | 1,373                              | 3,318            | 382                                     | 5                                           | 4                                       | 4,937         | (4,392)                                       | 381                             | (3,350)  | (227)               |
| Fund balances - beginning                                    | 20,346                             | 71,161           | (3,794)                                 | 271                                         | 254                                     | 8,703         | 21,849                                        | 599                             | 3,350    | 709                 |
| Fund balances - ending                                       | \$ 21,719                          | \$ 74,479        | \$ (3,412)                              | \$ 276                                      | \$ 258                                  | \$ 13,640     | \$ 17,457                                     | \$ 980                          | \$ -     | \$ 482              |

Continued on next page

CITY OF WEST LAFAYETTE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2008  
(Continued)

|                                                              | Rainy Day  | 426 Brown<br>Street<br>Brownfields<br>Grant | Police<br>Station<br>Nonreverting | Levee/Village<br>Allocation | KCB<br>Allocation | Certified<br>Technology<br>Park | Certified<br>Technology<br>Grant | Fire<br>Safety | Police Grant | Totals       |
|--------------------------------------------------------------|------------|---------------------------------------------|-----------------------------------|-----------------------------|-------------------|---------------------------------|----------------------------------|----------------|--------------|--------------|
| Revenues:                                                    |            |                                             |                                   |                             |                   |                                 |                                  |                |              |              |
| Licenses and permits                                         | \$ -       | \$ -                                        | \$ -                              | \$ -                        | \$ -              | \$ -                            | \$ -                             | \$ -           | \$ -         | \$ 2,690     |
| Intergovernmental                                            | 711,328    | -                                           | -                                 | -                           | -                 | -                               | 620,000                          | -              | 52,867       | 1,887,305    |
| Charges for services                                         | -          | -                                           | -                                 | -                           | -                 | -                               | -                                | -              | -            | 29,329       |
| Fines and forfeits                                           | -          | -                                           | -                                 | -                           | -                 | -                               | -                                | -              | -            | 6,346        |
| Other                                                        | 18,581     | 2                                           | 1,361                             | 11,911                      | 20,357            | 42,371                          | 149                              | 1,587          | -            | 198,116      |
| Total revenues                                               | 729,909    | 2                                           | 1,361                             | 11,911                      | 20,357            | 42,371                          | 620,149                          | 1,587          | 52,867       | 2,123,786    |
| Expenditures:                                                |            |                                             |                                   |                             |                   |                                 |                                  |                |              |              |
| Current:                                                     |            |                                             |                                   |                             |                   |                                 |                                  |                |              |              |
| General government                                           | -          | -                                           | -                                 | -                           | -                 | -                               | -                                | -              | -            | 8,199        |
| Public safety                                                | -          | -                                           | 31,395                            | -                           | -                 | -                               | -                                | 2,836          | 52,593       | 256,388      |
| Economic development                                         | -          | -                                           | -                                 | -                           | -                 | -                               | 620,000                          | -              | -            | 1,104,597    |
| Total expenditures                                           | -          | -                                           | 31,395                            | -                           | -                 | -                               | 620,000                          | 2,836          | 52,593       | 1,369,184    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 729,909    | 2                                           | (30,034)                          | 11,911                      | 20,357            | 42,371                          | 149                              | (1,249)        | 274          | 754,602      |
| Other financing sources:                                     |            |                                             |                                   |                             |                   |                                 |                                  |                |              |              |
| Transfers in                                                 | 784,000    | -                                           | -                                 | 601,683                     | 1,099,318         | -                               | -                                | -              | -            | 2,485,001    |
| Transfers out                                                | (784,000)  | -                                           | -                                 | (1,603,797)                 | (2,384,316)       | -                               | -                                | -              | -            | (4,772,113)  |
| Capital Leases                                               | -          | -                                           | -                                 | -                           | -                 | -                               | -                                | -              | -            | 21,519       |
| Total other financing sources                                | -          | -                                           | -                                 | (1,002,114)                 | (1,284,998)       | -                               | -                                | -              | -            | (2,265,593)  |
| Net change in fund balances                                  | 729,909    | 2                                           | (30,034)                          | (990,203)                   | (1,264,641)       | 42,371                          | 149                              | (1,249)        | 274          | (1,510,991)  |
| Fund balances - beginning                                    | -          | 111                                         | 65,341                            | 1,600,038                   | 2,315,379         | 1,811,781                       | -                                | 3,790          | 14,630       | 5,934,518    |
| Fund balances - ending                                       | \$ 729,909 | \$ 113                                      | \$ 35,307                         | \$ 609,835                  | \$ 1,050,738      | \$ 1,854,152                    | \$ 149                           | \$ 2,541       | \$ 14,904    | \$ 4,423,527 |

CITY OF WEST LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 For The Year Ended December 31, 2008

|                                                              | Fire Truck<br>Acquisition | Wabash Landing<br>Parking Garage<br>Bonds | Redevelopment<br>Commission<br>2005 | Infrastructure<br>Bonds | West Lafayette<br>Building<br>Corporation | Totals       |
|--------------------------------------------------------------|---------------------------|-------------------------------------------|-------------------------------------|-------------------------|-------------------------------------------|--------------|
| Revenues:                                                    |                           |                                           |                                     |                         |                                           |              |
| Taxes                                                        | \$ 83,622                 | \$ 2,062,872                              | \$ -                                | \$ 2,287,342            | \$ -                                      | \$ 4,433,836 |
| Intergovernmental                                            | 6,154                     | -                                         | -                                   | -                       | -                                         | 6,154        |
| Other                                                        | 1,075                     | 13,730                                    | 796                                 | 13,811                  | 883                                       | 30,295       |
| Total revenues                                               | 90,851                    | 2,076,602                                 | 796                                 | 2,301,153               | 883                                       | 4,470,285    |
| Expenditures:                                                |                           |                                           |                                     |                         |                                           |              |
| Current:                                                     |                           |                                           |                                     |                         |                                           |              |
| Public safety                                                | -                         | -                                         | -                                   | -                       | -                                         | -            |
| Economic development                                         | -                         | -                                         | -                                   | -                       | -                                         | -            |
| Culture and recreation                                       | -                         | -                                         | -                                   | -                       | -                                         | -            |
| Debt service:                                                |                           |                                           |                                     |                         |                                           |              |
| Principal                                                    | 75,000                    | 305,000                                   | 285,000                             | 405,000                 | 230,000                                   | 1,300,000    |
| Interest                                                     | 10,164                    | 292,709                                   | 143,125                             | 197,123                 | 237,797                                   | 880,918      |
| Total expenditures                                           | 85,164                    | 597,709                                   | 428,125                             | 602,123                 | 467,797                                   | 2,180,918    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 5,687                     | 1,478,893                                 | (427,329)                           | 1,699,030               | (466,914)                                 | 2,289,367    |
| Other financing sources (uses):                              |                           |                                           |                                     |                         |                                           |              |
| Transfers in                                                 | 90,985                    | 571,666                                   | 428,400                             | 591,761                 | 476,000                                   | 2,158,812    |
| Transfers out                                                | (90,985)                  | (52,033)                                  | (62,731)                            | (66,496)                | -                                         | (272,245)    |
| Total other financing sources (uses)                         | -                         | 519,633                                   | 365,669                             | 525,265                 | 476,000                                   | 1,886,567    |
| Net change in fund balances                                  | 5,687                     | 1,998,526                                 | (61,660)                            | 2,224,295               | 9,086                                     | 4,175,934    |
| Fund balances - beginning                                    | 90,975                    | 585,305                                   | (105)                               | 636,724                 | 165,856                                   | 1,478,755    |
| Fund balances - ending                                       | \$ 96,662                 | \$ 2,583,831                              | \$ (61,765)                         | \$ 2,861,019            | \$ 174,942                                | \$ 5,654,689 |

CITY OF WEST LAFAYETTE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 For The Year Ended December 31, 2008

|                                                              | Sagamore<br>Parkway TIF | Build Indiana<br>Wabash Landing | Cumulative<br>Building and Fire<br>Fighting<br>Equipment | Cumulative<br>Capital<br>Improvement | Cumulative<br>Capital<br>Development | Fifth Third<br>Lease Escrow | Sun Trust<br>Lease Escrow | Levee Village<br>Redevelopment<br>Commission | Totals              |
|--------------------------------------------------------------|-------------------------|---------------------------------|----------------------------------------------------------|--------------------------------------|--------------------------------------|-----------------------------|---------------------------|----------------------------------------------|---------------------|
| Revenues:                                                    |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Taxes                                                        | \$ 4,056                | \$ -                            | \$ 27,874                                                | \$ -                                 | \$ 328,199                           | \$ -                        | \$ -                      | \$ -                                         | \$ 360,129          |
| Intergovernmental                                            | 78,360                  | -                               | 2,052                                                    | 93,587                               | 24,216                               | -                           | -                         | -                                            | 198,215             |
| Other                                                        | 9,494                   | 189                             | 1,033                                                    | 10,706                               | 60,715                               | 446                         | 122,391                   | 29,065                                       | 234,039             |
| Total revenues                                               | 91,910                  | 189                             | 30,959                                                   | 104,293                              | 413,130                              | 446                         | 122,391                   | 29,065                                       | 792,383             |
| Expenditures:                                                |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Capital outlay                                               | 197,891                 | -                               | 17,326                                                   | 168,253                              | 784,625                              | -                           | 122,227                   | 938,746                                      | 2,229,068           |
| Total expenditures                                           | 197,891                 | -                               | 17,326                                                   | 168,253                              | 784,625                              | -                           | 122,227                   | 938,746                                      | 2,229,068           |
| Excess (deficiency) of revenues<br>over (under) expenditures | (105,981)               | 189                             | 13,633                                                   | (63,960)                             | (371,495)                            | 446                         | 164                       | (909,681)                                    | (1,436,685)         |
| Other financing sources:                                     |                         |                                 |                                                          |                                      |                                      |                             |                           |                                              |                     |
| Transfers in                                                 | -                       | -                               | -                                                        | -                                    | -                                    | -                           | -                         | 1,032,131                                    | 1,032,131           |
| Transfers out                                                | -                       | -                               | -                                                        | -                                    | -                                    | (3,152)                     | (164)                     | (549,650)                                    | (552,966)           |
| Capital leases                                               | -                       | -                               | -                                                        | -                                    | 19,100                               | -                           | -                         | -                                            | 19,100              |
| Total other financing sources                                | -                       | -                               | -                                                        | -                                    | 19,100                               | (3,152)                     | (164)                     | 482,481                                      | 498,265             |
| Net change in fund balances                                  | (105,981)               | 189                             | 13,633                                                   | (63,960)                             | (352,395)                            | (2,706)                     | -                         | (427,200)                                    | (938,420)           |
| Fund balances - beginning                                    | 458,449                 | 8,802                           | 51,141                                                   | 132,977                              | 2,252,360                            | 2,706                       | -                         | 909,353                                      | 3,815,788           |
| Fund balances - ending                                       | <u>\$ 352,468</u>       | <u>\$ 8,991</u>                 | <u>\$ 64,774</u>                                         | <u>\$ 69,017</u>                     | <u>\$ 1,899,965</u>                  | <u>\$ -</u>                 | <u>\$ -</u>               | <u>\$ 482,153</u>                            | <u>\$ 2,877,368</u> |

CITY OF WEST LAFAYETTE  
BUDGETARY COMPARISON SCHEDULES  
OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

|                             | Fire Fighting    |           |                                |                                    | Community Development Block Grant |              |                                |                                    | Law Enforcement Continuing Education |           |                                |                                    |
|-----------------------------|------------------|-----------|--------------------------------|------------------------------------|-----------------------------------|--------------|--------------------------------|------------------------------------|--------------------------------------|-----------|--------------------------------|------------------------------------|
|                             | Budgeted Amounts |           | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts                  |              | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts                     |           | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|                             | Original         | Final     |                                |                                    | Original                          | Final        |                                |                                    | Original                             | Final     |                                |                                    |
| Revenues:                   |                  |           |                                |                                    |                                   |              |                                |                                    |                                      |           |                                |                                    |
| Taxes                       | \$ -             | \$ -      | \$ -                           | \$ -                               | \$ -                              | \$ -         | \$ -                           | \$ -                               | \$ -                                 | \$ -      | \$ -                           | \$ -                               |
| Licenses and permits        | -                | -         | -                              | -                                  | -                                 | -            | -                              | -                                  | 1,000                                | 2,200     | 2,690                          | 490                                |
| Intergovernmental           | -                | -         | -                              | -                                  | -                                 | 484,979      | 484,979                        | -                                  | -                                    | -         | -                              | -                                  |
| Charges for services        | 15,000           | 15,776    | 15,776                         | -                                  | -                                 | -            | -                              | -                                  | 6,000                                | 4,200     | 3,789                          | (411)                              |
| Fines and forfeits          | -                | -         | -                              | -                                  | -                                 | -            | -                              | -                                  | 7,200                                | 7,100     | 6,155                          | (945)                              |
| Other                       | 2,000            | 1,850     | 2,342                          | 492                                | -                                 | -            | -                              | -                                  | 600                                  | 600       | 480                            | (120)                              |
| Total revenues              | 17,000           | 17,626    | 18,118                         | 492                                | -                                 | 484,979      | 484,979                        | -                                  | 14,800                               | 14,100    | 13,114                         | (986)                              |
| Expenditures:               |                  |           |                                |                                    |                                   |              |                                |                                    |                                      |           |                                |                                    |
| Current:                    |                  |           |                                |                                    |                                   |              |                                |                                    |                                      |           |                                |                                    |
| Public safety:              |                  |           |                                |                                    |                                   |              |                                |                                    |                                      |           |                                |                                    |
| Other services and charges  | 17,000           | 6,366     | 3,700                          | 2,666                              | -                                 | -            | -                              | -                                  | 600                                  | 600       | 313                            | 287                                |
| Capital outlay              | 9,200            | 11,907    | 6,938                          | 4,969                              | -                                 | -            | -                              | -                                  | 19,000                               | 19,000    | 18,590                         | 410                                |
| Economic development:       |                  |           |                                |                                    |                                   |              |                                |                                    |                                      |           |                                |                                    |
| Personal services           | -                | -         | -                              | -                                  | -                                 | 16,891       | 16,891                         | -                                  | -                                    | -         | -                              | -                                  |
| Other services and charges  | -                | -         | -                              | -                                  | 367,301                           | 793,087      | 464,701                        | 328,386                            | -                                    | -         | -                              | -                                  |
| Total expenditures          | 26,200           | 18,273    | 10,638                         | 7,635                              | 367,301                           | 809,978      | 481,592                        | 328,386                            | 19,600                               | 19,600    | 18,903                         | 697                                |
| Net change in fund balances | (9,200)          | (647)     | 7,480                          | 8,127                              | (367,301)                         | (324,999)    | 3,387                          | 328,386                            | (4,800)                              | (5,500)   | (5,789)                        | (289)                              |
| Fund balances - beginning   | 72,298           | 72,298    | 72,298                         | -                                  | 2,000                             | 2,000        | 2,000                          | -                                  | 21,004                               | 21,004    | 21,004                         | -                                  |
| Fund balances - ending      | \$ 63,098        | \$ 71,651 | \$ 79,778                      | \$ 8,127                           | \$ (365,301)                      | \$ (322,999) | \$ 5,387                       | \$ 328,386                         | \$ 16,204                            | \$ 15,504 | \$ 15,215                      | \$ (289)                           |

|                                      | Police Station Nonreverting |           |                                |                                    | Rainy Day Fund   |            |                                |                                    | Fire Truck Acquisition |            |                                |                                    |
|--------------------------------------|-----------------------------|-----------|--------------------------------|------------------------------------|------------------|------------|--------------------------------|------------------------------------|------------------------|------------|--------------------------------|------------------------------------|
|                                      | Budgeted Amounts            |           | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts |            | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts       |            | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|                                      | Original                    | Final     |                                |                                    | Original         | Final      |                                |                                    | Original               | Final      |                                |                                    |
| Revenues:                            |                             |           |                                |                                    |                  |            |                                |                                    |                        |            |                                |                                    |
| Taxes                                | \$ -                        | \$ -      | \$ -                           | -                                  | \$ -             | \$ -       | \$ -                           | -                                  | \$ 83,449              | \$ 87,853  | \$ 67,345                      | (20,508)                           |
| Intergovernmental                    | -                           | -         | -                              | -                                  | -                | 287,487    | 287,487                        | -                                  | 5,824                  | 5,824      | 6,154                          | 330                                |
| Other                                | -                           | 1,583     | 1,583                          | -                                  | -                | 18,297     | 18,297                         | -                                  | 2,300                  | 1,090      | 1,262                          | 172                                |
| Total revenues                       | -                           | 1,583     | 1,583                          | -                                  | -                | 305,784    | 305,784                        | -                                  | 91,573                 | 94,767     | 74,761                         | (20,006)                           |
| Expenditures:                        |                             |           |                                |                                    |                  |            |                                |                                    |                        |            |                                |                                    |
| Current:                             |                             |           |                                |                                    |                  |            |                                |                                    |                        |            |                                |                                    |
| Public safety:                       |                             |           |                                |                                    |                  |            |                                |                                    |                        |            |                                |                                    |
| Other services and charges           | -                           | 13,350    | 13,345                         | 5                                  | -                | -          | -                              | -                                  | 90,985                 | 86,591     | 86,591                         | -                                  |
| Total expenditures                   | -                           | 13,350    | 13,345                         | 5                                  | -                | -          | -                              | -                                  | 90,985                 | 86,591     | 86,591                         | -                                  |
| Other financing sources (uses):      |                             |           |                                |                                    |                  |            |                                |                                    |                        |            |                                |                                    |
| Transfers in                         | -                           | -         | -                              | -                                  | -                | 784,000    | 784,000                        | -                                  | -                      | 90,985     | 90,985                         | -                                  |
| Transfers out                        | -                           | -         | -                              | -                                  | -                | (784,000)  | (784,000)                      | -                                  | -                      | (90,985)   | (90,985)                       | -                                  |
| Total other financing sources (uses) | -                           | -         | -                              | -                                  | -                | -          | -                              | -                                  | -                      | -          | -                              | -                                  |
| Net changes in fund balances         | -                           | (11,767)  | (11,762)                       | (5)                                | -                | 305,784    | 305,784                        | -                                  | 588                    | 8,176      | (11,830)                       | (20,006)                           |
| Fund balances - beginning            | 65,057                      | 65,057    | 65,057                         | -                                  | -                | -          | -                              | -                                  | 94,483                 | 94,483     | 94,483                         | -                                  |
| Fund balances - ending               | \$ 65,057                   | \$ 53,290 | \$ 53,295                      | \$ (5)                             | \$ -             | \$ 305,784 | \$ 305,784                     | \$ -                               | \$ 95,071              | \$ 102,659 | \$ 82,653                      | \$ (20,006)                        |

Continued on next page

CITY OF WEST LAFAYETTE  
BUDGETARY COMPARISON SCHEDULES  
OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008  
(Continued)

|                                      | Wabash Landing Parking Garage Bonds |            |                   |                     | Cumulative Building and Fire Fighting Equipment |            |                   |                     | Cumulative Capital Improvement |           |                   |                     |
|--------------------------------------|-------------------------------------|------------|-------------------|---------------------|-------------------------------------------------|------------|-------------------|---------------------|--------------------------------|-----------|-------------------|---------------------|
|                                      | Budgeted Amounts                    |            | Actual            | Variance            | Budgeted Amounts                                |            | Actual            | Variance            | Budgeted Amounts               |           | Actual            | Variance            |
|                                      | Original                            | Final      | (Budgetary Basis) | Positive (Negative) | Original                                        | Final      | (Budgetary Basis) | Positive (Negative) | Original                       | Final     | (Budgetary Basis) | Positive (Negative) |
| Revenues:                            |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Taxes                                | \$ -                                | \$ 52,027  | \$ 52,027         | \$ -                | \$ 27,816                                       | \$ 28,447  | \$ 22,448         | \$ (5,999)          | \$ -                           | \$ -      | \$ -              | \$ -                |
| Intergovernmental                    | -                                   | -          | -                 | -                   | 1,941                                           | 1,941      | 2,052             | 111                 | 94,200                         | 94,200    | 93,587            | (613)               |
| Other                                | -                                   | 14,779     | 14,779            | -                   | 2,000                                           | 1,100      | 1,163             | 63                  | 2,600                          | 7,285     | 11,121            | 3,836               |
| Total revenues                       | -                                   | 66,806     | 66,806            | -                   | 31,757                                          | 31,488     | 25,663            | (5,825)             | 96,800                         | 101,485   | 104,708           | 3,223               |
| Expenditures:                        |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Current:                             |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| General government:                  |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Supplies                             | -                                   | -          | -                 | -                   | -                                               | -          | -                 | -                   | 28,500                         | 28,800    | 26,304            | 2,496               |
| Other services and charges           | -                                   | 603,110    | 603,110           | -                   | -                                               | -          | -                 | -                   | 120,500                        | 128,794   | 119,187           | 9,607               |
| Capital outlay                       | -                                   | -          | -                 | -                   | -                                               | -          | -                 | -                   | 35,000                         | 34,816    | 27,361            | 7,455               |
| Public safety:                       |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Other services and charges           | -                                   | -          | -                 | -                   | 20,000                                          | 20,000     | 8,000             | 12,000              | -                              | -         | -                 | -                   |
| Capital outlay                       | -                                   | -          | -                 | -                   | 12,800                                          | 12,800     | 9,468             | 3,332               | -                              | -         | -                 | -                   |
| Total expenditures                   | -                                   | 603,110    | 603,110           | -                   | 32,800                                          | 32,800     | 17,468            | 15,332              | 184,000                        | 192,410   | 172,852           | 19,558              |
| Other financing sources (uses):      |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Transfers in                         | -                                   | 571,666    | 571,666           | -                   | -                                               | -          | -                 | -                   | -                              | -         | -                 | -                   |
| Transfers out                        | -                                   | (52,033)   | (52,033)          | -                   | -                                               | -          | -                 | -                   | -                              | -         | -                 | -                   |
| Total other financing sources (uses) | -                                   | 519,633    | 519,633           | -                   | -                                               | -          | -                 | -                   | -                              | -         | -                 | -                   |
| Net change in fund balances          | -                                   | (16,671)   | (16,671)          | -                   | (1,043)                                         | (1,312)    | 8,195             | 9,507               | (87,200)                       | (90,925)  | (68,144)          | 22,781              |
| Fund balances - beginning            | 656,773                             | 656,773    | 656,773           | -                   | 50,742                                          | 50,742     | 50,742            | -                   | 137,272                        | 137,272   | 137,272           | -                   |
| Fund balances - ending               | \$ 656,773                          | \$ 640,102 | \$ 640,102        | \$ -                | \$ 49,699                                       | \$ 49,430  | \$ 58,937         | \$ 9,507            | \$ 50,072                      | \$ 46,347 | \$ 69,128         | \$ 22,781           |
|                                      |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
|                                      | Sagamore Parkway TIF                |            |                   |                     | Levee Village Redevelopment Commission          |            |                   |                     |                                |           |                   |                     |
|                                      | Budgeted Amounts                    |            | Actual            | Variance            | Budgeted Amounts                                |            | Actual            | Variance            |                                |           |                   |                     |
|                                      | Original                            | Final      | (Budgetary Basis) | Positive (Negative) | Original                                        | Final      | (Budgetary Basis) | Positive (Negative) |                                |           |                   |                     |
| Revenues:                            |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Taxes                                | \$ -                                | \$ 4,309   | \$ 4,309          | \$ -                | \$ -                                            | \$ -       | \$ -              | \$ -                |                                |           |                   |                     |
| Intergovernmental                    | -                                   | 4,800      | 4,800             | -                   | -                                               | -          | -                 | -                   |                                |           |                   |                     |
| Other                                | -                                   | 10,690     | 10,690            | -                   | -                                               | 33,073     | 33,073            | -                   |                                |           |                   |                     |
| Total revenues                       | -                                   | 19,799     | 19,799            | -                   | -                                               | 33,073     | 33,073            | -                   |                                |           |                   |                     |
| Expenditures:                        |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| General government:                  |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Other services and charges           | -                                   | 89,418     | 89,098            | 320                 | -                                               | -          | -                 | -                   |                                |           |                   |                     |
| Capital outlay                       | -                                   | 3,210      | 3,210             | -                   | -                                               | -          | -                 | -                   |                                |           |                   |                     |
| Economic development:                |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Other services and charges           | -                                   | -          | -                 | -                   | -                                               | 314,316    | 264,639           | 49,677              |                                |           |                   |                     |
| Capital outlay                       | -                                   | -          | -                 | -                   | -                                               | 676,599    | 674,107           | 2,492               |                                |           |                   |                     |
| Culture and recreation:              |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Supplies                             | -                                   | -          | -                 | -                   | -                                               | -          | -                 | -                   |                                |           |                   |                     |
| Other services and charges           | -                                   | -          | -                 | -                   | -                                               | -          | -                 | -                   |                                |           |                   |                     |
| Capital outlay                       | -                                   | -          | -                 | -                   | -                                               | -          | -                 | -                   |                                |           |                   |                     |
| Total expenditures                   | -                                   | 92,628     | 92,308            | 320                 | -                                               | 990,915    | 938,746           | 52,169              |                                |           |                   |                     |
| Other financing sources:             |                                     |            |                   |                     |                                                 |            |                   |                     |                                |           |                   |                     |
| Transfers in                         | -                                   | -          | -                 | -                   | -                                               | 1,032,131  | 1,032,131         | -                   |                                |           |                   |                     |
| Transfers out                        | -                                   | (105,583)  | (105,583)         | -                   | -                                               | (549,650)  | (549,650)         | -                   |                                |           |                   |                     |
| Total other financing sources        | -                                   | (105,583)  | (105,583)         | -                   | -                                               | 482,481    | 482,481           | -                   |                                |           |                   |                     |
| Net change in fund balances          | -                                   | (178,412)  | (178,092)         | 320                 | -                                               | (475,361)  | (423,192)         | 52,169              |                                |           |                   |                     |
| Fund balances - beginning            | 452,662                             | 452,662    | 452,662           | -                   | 904,615                                         | 904,615    | 904,615           | -                   |                                |           |                   |                     |
| Fund balances - ending               | \$ 452,662                          | \$ 274,250 | \$ 274,570        | \$ 320              | \$ 904,615                                      | \$ 429,254 | \$ 481,423        | \$ 52,169           |                                |           |                   |                     |

Continued on next page

CITY OF WEST LAFAYETTE  
BUDGETARY COMPARISON SCHEDULES  
OTHER NONMAJOR BUDGETED GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008  
(Continued)

|                                      | Infrastructure Bonds      |                     |                                |                                    | Cumulative Capital Development  |                     |                                |                                    |
|--------------------------------------|---------------------------|---------------------|--------------------------------|------------------------------------|---------------------------------|---------------------|--------------------------------|------------------------------------|
|                                      | Budgeted Amounts          |                     | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts                |                     | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|                                      | Original                  | Final               |                                |                                    | Original                        | Final               |                                |                                    |
| Revenues:                            |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Taxes                                | \$ -                      | \$ 66,487           | \$ 66,487                      | \$ -                               | \$ 327,120                      | \$ 345,084          | \$ 267,417                     | \$ (77,667)                        |
| Intergovernmental                    | -                         | -                   | -                              | -                                  | 22,832                          | 22,925              | 24,216                         | 1,291                              |
| Other                                | -                         | 14,831              | 14,831                         | -                                  | 80,000                          | 60,000              | 65,687                         | 5,687                              |
| Total revenues                       | -                         | 81,318              | 81,318                         | -                                  | 429,952                         | 428,009             | 357,320                        | (70,689)                           |
| Expenditures:                        |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| General government:                  |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Other services and charges           | -                         | -                   | -                              | -                                  | 6,330                           | 137,170             | 79,208                         | 57,962                             |
| Public Safety:                       |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Supplies                             | -                         | -                   | -                              | -                                  | 27,500                          | 30,735              | 17,406                         | 13,329                             |
| Other services and charges           | -                         | -                   | -                              | -                                  | 119,500                         | 124,795             | 110,295                        | 14,500                             |
| Highways and Streets                 |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Capital outlay                       | -                         | -                   | -                              | -                                  | 455,000                         | 840,269             | 503,209                        | 337,060                            |
| Culture and recreation:              |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Supplies                             | -                         | -                   | -                              | -                                  | 62,000                          | 56,835              | 50,382                         | 6,453                              |
| Other services and charges           | -                         | -                   | -                              | -                                  | 58,700                          | 107,041             | 105,339                        | 1,702                              |
| Capital outlay                       | -                         | 609,083             | 609,083                        | -                                  | 59,100                          | 79,294              | 78,092                         | 1,202                              |
| Total expenditures                   | -                         | 609,083             | 609,083                        | -                                  | 788,130                         | 1,376,139           | 943,931                        | 432,208                            |
| Other financing sources (uses):      |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Transfers in                         | -                         | 591,761             | 591,761                        | -                                  | -                               | -                   | -                              | -                                  |
| Transfers out                        | -                         | (66,496)            | (66,496)                       | -                                  | -                               | -                   | -                              | -                                  |
| Total other financing sources (uses) | -                         | 525,265             | 525,265                        | -                                  | -                               | -                   | -                              | -                                  |
| Net change in fund balances          | -                         | (2,500)             | (2,500)                        | -                                  | (358,178)                       | (948,130)           | (586,611)                      | (502,897)                          |
| Fund balances - beginning            | 654,948                   | 654,948             | 654,948                        | -                                  | 2,428,728                       | 2,428,728           | 2,428,728                      | -                                  |
| Fund balances - ending               | <u>\$ 654,948</u>         | <u>\$ 652,448</u>   | <u>\$ 652,448</u>              | <u>\$ -</u>                        | <u>\$ 2,070,550</u>             | <u>\$ 1,480,598</u> | <u>\$ 1,842,117</u>            | <u>\$ (502,897)</u>                |
|                                      |                           |                     |                                |                                    |                                 |                     |                                |                                    |
|                                      | Certified Technology Park |                     |                                |                                    | Certified Technology Park Grant |                     |                                |                                    |
|                                      | Budgeted Amounts          |                     | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) | Budgeted Amounts                |                     | Actual<br>(Budgetary<br>Basis) | Variance<br>Positive<br>(Negative) |
|                                      | Original                  | Final               |                                |                                    | Original                        | Final               |                                |                                    |
| Revenues:                            |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Intergovernmental                    | \$ -                      | \$ -                | \$ -                           | \$ -                               | \$ -                            | \$ 620,000          | \$ 620,000                     | \$ -                               |
| Other                                | -                         | 47,180              | 47,180                         | -                                  | -                               | 149                 | 149                            | -                                  |
| Total revenues                       | -                         | 47,180              | 47,180                         | -                                  | -                               | 620,149             | 620,149                        | -                                  |
| Expenditures:                        |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Economic development                 |                           |                     |                                |                                    |                                 |                     |                                |                                    |
| Other disbursements                  | -                         | -                   | -                              | -                                  | -                               | 620,000             | 620,000                        | -                                  |
| Total expenditures                   | -                         | -                   | -                              | -                                  | -                               | 620,000             | 620,000                        | -                                  |
| Net change in fund balances          | -                         | 47,180              | 47,180                         | -                                  | -                               | 149                 | 149                            | -                                  |
| Fund balances - beginning            | 1,805,085                 | 1,805,085           | 1,805,085                      | -                                  | -                               | -                   | -                              | -                                  |
| Fund balances - ending               | <u>\$ 1,805,085</u>       | <u>\$ 1,852,265</u> | <u>\$ 1,852,265</u>            | <u>\$ -</u>                        | <u>\$ -</u>                     | <u>\$ 149</u>       | <u>\$ 149</u>                  | <u>\$ -</u>                        |

## Fiduciary Funds

**Pension trust funds** – used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans. The City maintains the following pension trust funds:

**Police Pension** – to account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state pension relief distributions and a specific annual property tax levy.

**Firefighter's Pension** – to account for the provision of retirement and disability benefits to firefighters hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state pension relief distributions and a specific annual property tax levy.

**Agency funds** – used to account for resources that are custodial in nature. They generally are amounts held by the City on behalf of third parties. The City maintains the following agency funds.

**Payroll** - to account for the payroll of City employees. Gross payroll is treated as an expenditure in other City funds and transferred into this fund, which is used to pay net payroll to employees and the withholdings amounts to the appropriate governmental agencies.

**Sales Tax** – to account for sales tax collected on various commercial activities sponsored by the parks and recreation and sanitation departments and held until due the appropriate State agency.

**Insurance Payments** – to account for the provision of health benefits to terminated employees under COBRA requirements.

**City Court Costs** – to account for the payment of court fines and fees to the State of Indiana.

**Court Collections** – to account for the receipt of fines, costs and trust items collected by the operations of the West Lafayette City Court and the payment of those collections to the proper governmental agencies.

CITY OF WEST LAFAYETTE  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 December 31, 2008

|                                          | Pension Trust Funds |                          |                   |
|------------------------------------------|---------------------|--------------------------|-------------------|
|                                          | Police<br>Pension   | Firefighter's<br>Pension | Totals            |
| <u>Assets</u>                            |                     |                          |                   |
| Cash and cash equivalents                | \$ 269,348          | \$ 316,674               | \$ 586,022        |
| Receivables:                             |                     |                          |                   |
| Interest and dividends                   | <u>341</u>          | <u>354</u>               | <u>695</u>        |
| Total assets                             | <u>269,689</u>      | <u>317,028</u>           | <u>586,717</u>    |
| <u>Liabilities</u>                       |                     |                          |                   |
| Accounts payable                         | -                   | 112                      | 112               |
| Accrued payroll and withholdings payable | <u>-</u>            | <u>282,682</u>           | <u>282,682</u>    |
| Total liabilities                        | <u>-</u>            | <u>282,794</u>           | <u>282,794</u>    |
| <u>Net Assets</u>                        |                     |                          |                   |
| Held in trust for:                       |                     |                          |                   |
| Employees' pension benefits              | <u>\$ 269,689</u>   | <u>\$ 34,234</u>         | <u>\$ 303,923</u> |

CITY OF WEST LAFAYETTE  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 December 31, 2008

|                           | Agency Funds |           |                    |                  |                   |            |
|---------------------------|--------------|-----------|--------------------|------------------|-------------------|------------|
|                           | Payroll      | Sales Tax | Insurance Payments | City Court Costs | Court Collections | Totals     |
| <u>Assets</u>             |              |           |                    |                  |                   |            |
| Cash and cash equivalents | \$ 181,821   | \$ 6,290  | \$ 868             | \$ 20,039        | \$ 1,052          | \$ 210,070 |
| <u>Liabilities</u>        |              |           |                    |                  |                   |            |
| Payroll withholdings      | \$ 181,821   | \$ -      | \$ -               | \$ -             | \$ -              | \$ 181,821 |
| Trust payable             | -            | 6,290     | 868                | 20,039           | 1,052             | 28,249     |
| Total liabilities         | \$ 181,821   | \$ 6,290  | \$ 868             | \$ 20,039        | \$ 1,052          | \$ 210,070 |

CITY OF WEST LAFAYETTE  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2008

| <u>Additions</u>                                            | <u>Police<br/>Pension</u> | <u>Firefighter's<br/>Pension</u> | <u>Totals</u>     |
|-------------------------------------------------------------|---------------------------|----------------------------------|-------------------|
| Contributions:                                              |                           |                                  |                   |
| Employer                                                    | \$ 921                    | \$ 3,601                         | \$ 4,522          |
| Intergovernmental                                           | 323,464                   | 241,432                          | 564,896           |
| Private Donations                                           | -                         | 66                               | 66                |
| Investment income:                                          |                           |                                  |                   |
| Interest                                                    | <u>3,928</u>              | <u>5,367</u>                     | <u>9,295</u>      |
| Total additions                                             | <u>328,313</u>            | <u>250,466</u>                   | <u>578,779</u>    |
| <u>Deductions</u>                                           |                           |                                  |                   |
| Benefits and refunds paid to plan members and beneficiaries | 676,796                   | 832,363                          | 1,509,159         |
| Administrative expenses                                     | <u>2,703</u>              | <u>4,713</u>                     | <u>7,416</u>      |
| Total deductions                                            | <u>679,499</u>            | <u>837,076</u>                   | <u>1,516,575</u>  |
| Changes in net assets                                       | (351,186)                 | (586,610)                        | (937,796)         |
| Net assets - beginning                                      | <u>620,875</u>            | <u>620,844</u>                   | <u>1,241,719</u>  |
| Net assets - ending                                         | <u>\$ 269,689</u>         | <u>\$ 34,234</u>                 | <u>\$ 303,923</u> |

CITY OF WEST LAFAYETTE  
BUDGETARY COMPARISON SCHEDULES  
BUDGETED PENSION TRUST FUNDS  
For The Year Ended December 31, 2008

|                             | Police Pension   |            |                   |                     | Fireman's Pension |            |                   |                     |
|-----------------------------|------------------|------------|-------------------|---------------------|-------------------|------------|-------------------|---------------------|
|                             | Budgeted Amounts |            | Actual            | Variance            | Budgeted Amounts  |            | Actual            | Variance            |
|                             | Original         | Final      | (Budgetary Basis) | Positive (Negative) | Original          | Final      | (Budgetary Basis) | Positive (Negative) |
| Revenues:                   |                  |            |                   |                     |                   |            |                   |                     |
| Taxes                       | \$ -             | \$ 1,865   | \$ 2,819          | \$ 954              | \$ -              | \$ 11,215  | \$ 11,215         | \$ -                |
| Intergovernmental           | 397,490          | 323,991    | 323,991           | -                   | 245,590           | 243,528    | 243,528           | -                   |
| Other                       | 105,000          | 19,912     | 20,149            | 237                 | 24,800            | 17,774     | 17,991            | 217                 |
| Total revenues              | 502,490          | 345,768    | 346,959           | 1,191               | 270,390           | 272,517    | 272,734           | 217                 |
| Expenditures:               |                  |            |                   |                     |                   |            |                   |                     |
| Personal services           | 2,710            | 2,710      | 2,703             | 7                   | 2,750             | 2,750      | 2,742             | 8                   |
| Supplies                    | 100              | 100        | -                 | 100                 | 200               | 200        | -                 | 200                 |
| Other services and charges  | 699,520          | 699,520    | 676,796           | 22,724              | 655,420           | 935,725    | 832,363           | 103,362             |
| Capital outlay              | -                | -          | -                 | -                   | 250               | 2,750      | 1,955             | 795                 |
| Total expenditures          | 702,330          | 702,330    | 679,499           | 22,831              | 658,620           | 941,425    | 837,060           | 104,365             |
| Net change in fund balances | (199,840)        | (356,562)  | (332,540)         | 24,022              | (388,230)         | (668,908)  | (564,326)         | 104,582             |
| Fund balances - beginning   | 601,888          | 601,888    | 601,888           | -                   | 881,000           | 881,000    | 881,000           | -                   |
| Fund balances - ending      | \$ 402,048       | \$ 245,326 | \$ 269,348        | \$ 24,022           | \$ 492,770        | \$ 212,092 | \$ 316,674        | \$ 104,582          |

CITY OF WEST LAFAYETTE  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For The Year Ended December 31, 2008

|                                               | Payroll           | Sales Tax       | Insurance<br>Payments | City Court<br>Costs | Court<br>Collections | Totals            |
|-----------------------------------------------|-------------------|-----------------|-----------------------|---------------------|----------------------|-------------------|
| <b>Assets:</b>                                |                   |                 |                       |                     |                      |                   |
| Cash and cash equivalents - January 1, 2007   | \$ 185,259        | \$ 4,939        | \$ -                  | \$ 16,046           | \$ 315               | \$ 206,559        |
| Additions                                     | 3,091,431         | 7,632           | 16,280                | 250,651             | 59,907               | 3,425,901         |
| Deductions                                    | <u>3,094,869</u>  | <u>6,281</u>    | <u>15,412</u>         | <u>246,658</u>      | <u>59,170</u>        | <u>3,422,390</u>  |
| Cash and cash equivalents - December 31, 2007 | <u>181,821</u>    | <u>6,290</u>    | <u>868</u>            | <u>20,039</u>       | <u>1,052</u>         | <u>210,070</u>    |
| Total assets - December 31, 2007              | <u>\$ 181,821</u> | <u>\$ 6,290</u> | <u>\$ 868</u>         | <u>\$ 20,039</u>    | <u>\$ 1,052</u>      | <u>\$ 210,070</u> |
| <b>Liabilities:</b>                           |                   |                 |                       |                     |                      |                   |
| Payroll withholdings - January 1, 2007        | \$ 182,259        | \$ -            | \$ -                  | \$ -                | \$ -                 | \$ 182,259        |
| Additions                                     | 3,091,431         | -               | -                     | -                   | -                    | 3,091,431         |
| Deductions                                    | <u>3,094,869</u>  | <u>-</u>        | <u>-</u>              | <u>-</u>            | <u>-</u>             | <u>3,094,869</u>  |
| Payroll withholdings - December 31, 2007      | <u>178,821</u>    | <u>-</u>        | <u>-</u>              | <u>-</u>            | <u>-</u>             | <u>178,821</u>    |
| Trust payable - January 1, 2007               | -                 | 4,939           | -                     | 16,046              | 315                  | 21,300            |
| Additions                                     | -                 | 7,632           | 16,280                | 250,651             | 59,907               | 334,470           |
| Deductions                                    | <u>-</u>          | <u>6,281</u>    | <u>15,412</u>         | <u>246,658</u>      | <u>59,170</u>        | <u>327,521</u>    |
| Trust payable - December 31, 2007             | <u>-</u>          | <u>6,290</u>    | <u>868</u>            | <u>20,039</u>       | <u>1,052</u>         | <u>28,249</u>     |
| Total liabilities - December 31, 2007         | <u>\$ 178,821</u> | <u>\$ 6,290</u> | <u>\$ 868</u>         | <u>\$ 20,039</u>    | <u>\$ 1,052</u>      | <u>\$ 207,070</u> |

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# 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 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 WEST LAFAYETTE, TIPPECANOE COUNTY, INDIANA

### Compliance

We have audited the compliance of the City of West Lafayette (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, 2008. 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 program 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 of America; 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, 2008.

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)

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

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 a more than 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.

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.

Our consideration of the internal control over compliance 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 compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

December 21, 2009

CITY OF WEST LAFAYETTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2008

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title                                             | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number               | Total<br>Federal Awards<br>Expended        |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------------|--------------------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u>                                                                                               |                           |                                                                          |                                            |
| Direct Grant                                                                                                                        |                           |                                                                          |                                            |
| Farmer's Market Promotion Program                                                                                                   | 10.168                    | Project 12-25-G0583                                                      | \$ 20,521                                  |
| Direct Grant                                                                                                                        |                           |                                                                          |                                            |
| Wildlife Habitat Incentive Program                                                                                                  | 10.914                    | Contract #7252K40708                                                     | 2,340                                      |
| Pass Through Indiana Department of Natural Resources<br>Cooperative Forestry Assistance<br>Alcoa Tree Planting Partnership          | 10.664                    | FY 2008                                                                  | <u>1,294</u>                               |
| Total for federal grantor agency                                                                                                    |                           |                                                                          | <u>24,155</u>                              |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>                                                                             |                           |                                                                          |                                            |
| Direct Grant                                                                                                                        |                           |                                                                          |                                            |
| CDBG - Entitlement and (HUD Administered) Small Cities Cluster<br>Community Development Block Grants/Entitlement Grants             | 14.218                    | B-05-MC-18-0009<br>B-06-MC-18-0009<br>B-07-MC-18-0009<br>B-08-MC-18-0009 | 144<br>26,868<br>338,583<br><u>115,996</u> |
| Total for federal grantor agency                                                                                                    |                           |                                                                          | <u>481,591</u>                             |
| <u>U.S. DEPARTMENT OF JUSTICE</u>                                                                                                   |                           |                                                                          |                                            |
| Pass-Through City of Lafayette<br>Bulletproof Vest Partnership                                                                      | 16.607                    | FY 2008                                                                  | <u>3,128</u>                               |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>                                                                                            |                           |                                                                          |                                            |
| Pass-Through Indiana Department of Transportation<br>Highway Planning and Construction Cluster<br>Highway Planning and Construction | 20.205                    | STP - 600696<br>PRJT H0501 (163)<br>STP - 9979(018)                      | 4,800<br>4,538<br><u>93</u>                |
| Total for cluster                                                                                                                   |                           |                                                                          | <u>9,431</u>                               |

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, 2008  
(Continued)

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|-----------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------|-------------------------------------|
| <u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>                                    |                           |                                                            |                                     |
| Pass-Through City of Lafayette                                                          |                           |                                                            |                                     |
| Highway Safety Cluster                                                                  |                           |                                                            |                                     |
| State and Community Highway Safety                                                      | 20.600                    |                                                            |                                     |
|                                                                                         |                           | Seatbelt PT-07-04-01-40                                    | 22,610                              |
|                                                                                         |                           | Seatbelt PT-07-04-01-37                                    | 5,050                               |
|                                                                                         |                           | Project 154HE-2008-08-01-16                                | 12,831                              |
|                                                                                         |                           |                                                            | <u>40,491</u>                       |
| Total for program                                                                       |                           |                                                            |                                     |
|                                                                                         |                           |                                                            |                                     |
| Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants                    | 20.601                    |                                                            |                                     |
|                                                                                         |                           | FACT K4-2008-02-02-07                                      | 1,872                               |
|                                                                                         |                           | DUI Task Force K8-2009-03-03-29                            | 1,819                               |
|                                                                                         |                           | DUI Task Force K8-2008-02-0327                             | 8,827                               |
|                                                                                         |                           | DUI Task Force PT-08-04-01-40                              | 10,529                              |
|                                                                                         |                           | FACT K8-2009-02-02-07                                      | 372                                 |
|                                                                                         |                           |                                                            | <u>23,419</u>                       |
| Total for program                                                                       |                           |                                                            |                                     |
| Total for cluster                                                                       |                           |                                                            | <u>63,910</u>                       |
| Total for federal grantor agency                                                        |                           |                                                            | <u>73,341</u>                       |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>                                             |                           |                                                            |                                     |
| Direct Grant                                                                            |                           |                                                            |                                     |
| Congressionally Mandated Projects                                                       | 66.202                    |                                                            |                                     |
|                                                                                         |                           | XP-97560501 01                                             | 118,496                             |
| Pass-Through Indiana Finance Authority                                                  |                           |                                                            |                                     |
| Capitalization Grants for Clean Water State Revolving Funds                             | 66.458                    |                                                            |                                     |
|                                                                                         |                           | CS 182400-01                                               | 888,055                             |
|                                                                                         |                           | CS 182400-02                                               | 2,308,244                           |
|                                                                                         |                           |                                                            | <u>3,196,299</u>                    |
| Total for program                                                                       |                           |                                                            |                                     |
| Total for federal grantor agency                                                        |                           |                                                            | <u>3,314,795</u>                    |
| Total federal awards expended                                                           |                           |                                                            | <u>\$ 3,897,010</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 I. Basis of Presentation

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

Note II. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2008:

| <u>Program Title</u>               | <u>Federal<br/>CFDA<br/>Number</u> | <u>Amount<br/>Provided to<br/>Subrecipients</u> |
|------------------------------------|------------------------------------|-------------------------------------------------|
| Community development block grants | 14.218                             | <u>\$ 61,722</u>                                |

CITY OF WEST LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

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? | no |

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<br>Number | Name of Federal Program or Cluster                          |
|----------------|-------------------------------------------------------------|
| 66.458         | 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 |
|----------------------------------------|----|

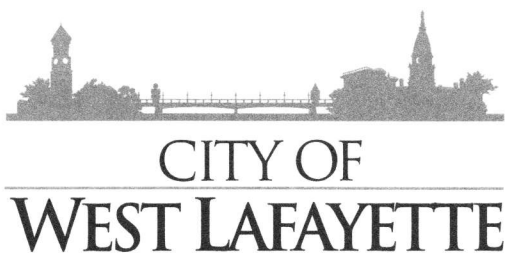
CITY OF WEST LAFAYETTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



**Office of the Clerk-Treasurer**

Judith C. Rhodes, Ph.D., CPA, IAMC, CMC, CPFA  
609 West Navajo Street  
West Lafayette, Indiana 47906-1995  
765.775.5150  
Fax: 765.775.5159  
clerk@westlafayette.in.gov

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Finding Number 2007-1**

|                                   |                                         |
|-----------------------------------|-----------------------------------------|
| Original SBA Audit Report Number: | B32816                                  |
| Fiscal Year                       | 2007                                    |
| Auditee Contact Person            | Judith C. Rhodes                        |
| Title of Contact Person           | Clerk-Treasurer, City of West Lafayette |
| Phone Number                      | (765)-775-5150                          |
| Status of Finding:                | Corrective action was taken.            |

**Finding Number 2007-2**

|                                   |                                         |
|-----------------------------------|-----------------------------------------|
| Original SBA Audit Report Number: | B32816                                  |
| Fiscal Year                       | 2007                                    |
| Auditee Contact Person            | Judith C. Rhodes                        |
| Title of Contact Person           | Clerk-Treasurer, City of West Lafayette |
| Phone Number                      | (765)-775-5150                          |
| Status of Finding:                | Corrective action was taken.            |

  
Judith C. Rhodes

6/1/2009  
Date

CITY OF WEST LAFAYETTE  
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2009, with John Dennis, Mayor; Judith C. Rhodes, Clerk-Treasurer; and Ann Hunt, President of the Common Council. Our report disclosed no material items that warrant comment at this time.