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

ANNUAL FINANCIAL REPORT

2008

CITY OF LAFAYETTE

TIPPECANOE COUNTY, INDIANA

FILED
02/11/2010

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OFFICIALS

Office	Official	Term
Controller	J. Michael Jones	01-01-08 to 12-31-09
Mayor	Tony Roswarski	01-01-08 to 12-31-11
President of the Board of Public Works	Cindy Murray	01-01-08 to 12-31-08
	Gary Henriott	01-01-09 to 12-31-09
President of the Common Council	Ronald B. Campbell	01-01-08 to 12-31-08
	Steven Meyer	01-01-09 to 12-31-09

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF 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 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 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 opinion.

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 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.

The Schedules of Funding Progress, and Schedules of Contributions From the Employer and Other Contributing Entities as listed in the Table of Contents are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The City has not presented Management Discussion and Analysis or Budgetary Comparison Schedules that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 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, and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedules 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 23, 2009

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

TO: THE OFFICIALS OF THE CITY OF 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 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 23, 2009. The opinions to the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information were qualified due to the lack of information regarding the liabilities related to postemployment benefits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

December 23, 2009

CITY OF LAFAYETTE
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Government		
Assets	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	$ 14,582,122	$ 12,190,560	$ 26,772,682
Cash with fiscal agent	242,444	-	242,444
Receivables (net of allowances for uncollectibles):			
Interest	325,790	-	325,790
Taxes	17,675,462	-	17,675,462
Accounts	355,216	2,707,363	3,062,579
Intergovernmental	3,929,974	-	3,929,974
Loans	434,231	2,880,000	3,314,231
Internal balances	144,957	17,071	162,028
Inventories	255,041	991,179	1,246,220
Prepaid expense	18,240	330	18,570
Net pension assets	223,963	137,269	361,232
Deferred debits	1,271,994	2,341,969	3,613,963
Restricted assets:			
Cash and cash equivalents	759,917	19,822,381	20,582,298
Capital assets:			
Land, improvements and construction in progress	24,952,243	29,559,286	54,511,529
Other capital assets, net of depreciation	159,702,295	172,675,474	332,377,769
Total assets	224,873,889	243,322,882	468,196,771
Liabilities			
Accounts payable	1,037,664	1,800,725	2,838,389
Accrued payroll and withholdings payable	1,179,258	258,188	1,437,446
Other payables	55	28,356	28,411
Intergovernmental payable	759,917	-	759,917
Accrued interest payable	1,645,751	-	1,645,751
Deferred revenue	8,332	-	8,332
Performance deposits payable	16,730	-	16,730
Internal balances	156,792	7,014	163,806
Payable from restricted assets:			
Customer deposits	-	112,154	112,154
Accrued bond interest	-	1,450,941	1,450,941
Revenue bonds - due within one year	3,650,000	2,429,000	6,079,000
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	760,000	-	760,000
Capital lease obligations	251,599	61,157	312,756
Notes and loans payable	471,724	3,170,000	3,641,724
Due in more than one year:			
General obligation bonds payable (net of discounts or premiums)	7,990,000	-	7,990,000
Revenue bonds payable (net of discounts or premiums)	52,697,563	61,162,751	113,860,314
Capital lease obligations	539,368	132,293	671,661
Notes and loans payable	691,342	54,797,080	55,488,422
Net pension obligation	25,525,181	-	25,525,181
Total liabilities	97,381,276	125,409,659	222,790,935
Net Assets			
Invested in capital assets, net of related debt	117,602,942	80,482,479	198,085,421
Restricted for:			
Public safety	(25,179,358)	-	(25,179,358)
Highways and streets	2,021,582	-	2,021,582
Economic development	27,817,103	-	27,817,103
Culture and recreation	1,781,168	-	1,781,168
Debt service	-	19,710,227	19,710,227
Unrestricted	3,449,176	17,720,517	21,169,693
Total net assets	$ 127,492,613	$ 117,913,223	$ 245,405,836

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

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	$ 5,012,708	$ 535,142	$ 33,105	$ 235,297	$ (4,209,164)	$ -	$ (4,209,164)
Public safety	27,747,475	111,386	483,200	-	(27,152,889)	-	(27,152,889)
Highways and streets	8,652,869	2,318,705	-	1,310,938	(5,023,226)	-	(5,023,226)
Sanitation	2,863,594	-	-	-	(2,863,594)	-	(2,863,594)
Economic development	6,713,456	18,907	2,501,495	133,762	(4,059,292)	-	(4,059,292)
Culture and recreation	5,729,361	1,426,814	11,388	903,859	(3,387,300)	-	(3,387,300)
Total governmental activities	56,719,463	4,410,954	3,029,188	2,583,856	(46,695,465)	-	(46,695,465)
Business-type activities:							
Water	7,371,763	7,548,683	-	-	-	176,920	176,920
Wastewater	16,778,530	21,987,022	-	240,000	-	5,448,492	5,448,492
Parking garage	193,912	161,353	-	-	-	(32,559)	(32,559)
Section 108	195,869	196,096	-	-	-	227	227
Total business-type activities	24,540,074	29,893,154	-	240,000	-	5,593,080	5,593,080
Total primary government	$ 81,259,537	$ 34,304,108	$ 3,029,188	$ 2,823,856	(46,695,465)	5,593,080	(41,102,385)
General revenues:							
Property taxes					35,285,717	-	35,285,717
Intergovernmental revenues					15,274,885	-	15,274,885
Gain on sale of assets					9,811	15,607	25,418
Other revenues					4,625,753	23,962	4,649,715
Contributed capital					-	1,274,572	1,274,572
Unrestricted investment earnings					490,371	231,763	722,134
Transfers from enterprise funds					343,000	(343,000)	-
Transfers to enterprise funds					(3,379,723)	3,379,723	-
Total general revenues and transfers					52,649,814	4,582,627	57,232,441
Change in net assets					5,954,349	10,175,707	16,130,056
Net assets - beginning					121,538,264	107,737,516	229,275,780
Net assets - ending					$ 127,492,613	$ 117,913,223	$ 245,405,836

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

CITY OF LAFAYETTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

Assets	General	Streets	Parks	Redevelopment Authority	Creasy TIF	Other Governmental Funds	Totals
Cash and cash equivalents	$ (5,212,430)	$ 1,184,815	$ 752,543	$ 6,325,495	$ 1,460,736	$ 9,055,634	$ 13,566,793
Cash with fiscal agent	-	-	-	-	-	242,444	242,444
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	325,790	-	-	325,790
Taxes	5,438,426	659,195	969,491	-	5,763,889	4,844,461	17,675,462
Accounts	12,970	33,830	45	-	-	308,371	355,216
Intergovernmental	1,287,517	383,103	40,345	-	524	2,218,485	3,929,974
Loans	-	-	-	-	-	434,231	434,231
Interfund receivable:							
Interfund services provided and used	923	3,737	3,354	-	90,511	46,432	144,957
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	759,917	759,917
Total assets	$ 1,527,406	$ 2,264,680	$ 1,765,778	$ 6,651,285	$ 7,315,660	$ 17,909,975	$ 37,434,784
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 232,335	$ 265,535	$ 51,783	$ 2,000	$ 80,848	$ 305,418	$ 937,919
Accrued payroll and withholdings payable	944,686	133,742	79,027	-	-	21,803	1,179,258
Other payable	-	55	-	-	-	-	55
Interfund payable:							
Interfund services provided and used	18,110	303	2,056	136,034	-	289	156,792
Intergovernmental payable	-	-	-	-	-	759,917	759,917
Accrued interest payable	15,940	-	177,083	925,384	443,008	84,336	1,645,751
Deferred revenue - unavailable	1,755,784	180,649	333,963	-	11,857	1,709,398	3,991,651
Deferred revenue	-	-	8,332	-	-	-	8,332
Performance deposits payable	7,290	-	9,440	-	-	-	16,730
Total liabilities	2,974,145	580,284	661,684	1,063,418	535,713	2,881,161	8,696,405
Fund balances:							
Unreserved, reported in:							
General fund	(1,446,739)	-	-	-	-	-	(1,446,739)
Special revenue funds	-	1,684,396	1,104,094	-	-	2,096,979	4,880,616
Capital projects funds	-	-	-	5,587,867	6,779,947	12,418,871	24,791,538
Debt service funds	-	-	-	-	-	512,964	512,964
Total fund balances	(1,446,739)	1,684,396	1,104,094	5,587,867	6,779,947	15,028,814	28,738,379
Total liabilities and fund balances	$ 1,527,406	$ 2,264,680	$ 1,765,778	$ 6,651,285	$ 7,315,660	$ 17,909,975	

Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	184,654,539
Current assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	120,347
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,271,994
City and state collections that are not available until the next calendar year are recognized as revenues in government-wide funds but are deferred in the fund balances.	3,991,650
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	1,068,518
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(92,576,777)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	223,963
Net assets of governmental activities	$ 127,492,613

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

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

	General	Streets	Parks	Redevelopment Authority	Creasy TIF	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 18,693,554	$ 1,949,053	$ 3,626,768	$ -	$ 4,815,638	$ 5,182,459	$ 34,267,472
Licenses and permits	248,534	-	-	-	-	16,740	265,274
Intergovernmental	7,582,199	3,269,410	320,320	-	699,812	7,472,194	19,343,935
Charges for services	395,638	22,809	1,402,740	-	-	70,956	1,892,143
Fines and forfeits	126,356	-	-	-	-	10,928	137,284
Other	2,817,854	36,435	120,043	5,968,907	-	720,945	9,664,184
Total revenues	29,864,135	5,277,707	5,469,871	5,968,907	5,515,450	13,474,222	65,570,292
Expenditures:							
Current:							
General government	3,501,672	-	-	-	-	158,960	3,660,632
Public safety	24,900,187	-	-	-	-	988,914	25,889,101
Highways and streets	-	5,920,991	-	-	-	-	5,920,991
Sanitation	2,598,686	-	-	-	-	-	2,598,686
Economic development	-	-	-	5,715,453	5,449,531	8,045,204	19,210,188
Culture and recreation	-	-	5,553,997	-	-	571	5,554,568
Capital outlay:							
General government	668	-	-	-	-	-	668
Public safety	14,135	-	-	-	-	98,829	112,964
Highways and streets	-	185,565	-	-	-	-	185,565
Economic development	-	-	-	469,912	275,105	2,002,188	2,747,205
Culture and recreation	-	-	700	-	-	-	700
Total expenditures	31,015,348	6,106,556	5,554,697	6,185,365	5,724,636	11,294,666	65,881,268
Deficiency of revenues under expenditures	(1,151,213)	(828,849)	(84,826)	(216,458)	(209,186)	2,179,556	(310,976)
Other financing sources (uses):							
Transfers out	-	-	-	-	-	(422,502)	(422,502)
Loan proceeds	-	-	-	-	-	324,343	324,343
Capital leases	463,822	-	-	-	-	-	463,822
Total other financing sources and uses	463,822	-	-	-	-	(98,159)	365,663
Net change in fund balances	(687,391)	(828,849)	(84,826)	(216,458)	(209,186)	2,081,397	54,687
Fund balances - beginning	(759,348)	2,513,245	1,188,920	5,804,325	6,989,133	12,947,417	28,683,692
Fund balances - ending	$ (1,446,739)	$ 1,684,396	$ 1,104,094	$ 5,587,867	$ 6,779,947	$ 15,028,814	$ 28,738,379

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

CITY OF 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).	$ 54,687
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciat expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,270,047)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	2,564,241
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,934,233
The issuance of long-term debt (e.g., bonds, leases) provide 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.	6,988,166
Net pension obligations are considered long-term obligations of the general government, but are not current expenditures.	(1,548,297)
Transfers of noncurrent items between governmental and enterprise or fiduciary funds provide financial resources to net assets, but do not have any effect on governmental funds. This amount is the net effect of those transfers.	(2,601,158)
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.	(161,402)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(6,074)
Change in net assets of governmental activities (Statement of Activities)	$ 5,954,349

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

CITY OF LAFAYETTE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

Assets	Business-Type Activities - Enterprise Funds: Water Utility	Wastewater Utility	Other Enterprise	Totals	Internal Service Fund
Current assets:					
Cash and cash equivalents	$ 2,792,725	$ 9,160,975	$ 236,860	$ 12,190,560	$ 1,015,328
Accounts receivable (net of allowance)	372,566	2,334,797	-	2,707,363	-
Loans receivable	-	-	2,880,000	2,880,000	-
Interfund receivables:					
Interfund services provided and used	4,321	12,750	-	17,071	-
Inventories	297,094	694,085	-	991,179	152,934
Prepaid items	-	330	-	330	-
Total current assets	3,466,706	12,202,937	3,116,860	18,786,503	1,168,262
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Customer deposits	112,154	-	-	112,154	-
Revenue bond covenant accounts	468,877	19,098,114	143,236	19,710,227	-
Total restricted assets:	581,031	19,098,114	143,236	19,822,381	-
Deferred charges	179,195	2,122,774	40,000	2,341,969	-
Pension benefit assets	61,410	75,859	-	137,269	-
Capital assets:					
Land, improvements to land and construction in progress	469,048	28,406,257	683,981	29,559,286	-
Other capital assets (net of accumulated depreciation)	32,906,202	137,183,819	2,585,453	172,675,474	-
Total capital assets	33,375,250	165,590,076	3,269,434	202,234,760	-
Total noncurrent assets	34,196,886	186,886,823	3,452,670	224,536,379	-
Total assets	37,663,592	199,089,760	6,569,530	243,322,882	1,168,262
Liabilities					
Current liabilities:					
Accounts payable	148,429	1,652,173	123	1,800,725	99,744
Accrued wages payable	111,462	146,726	-	258,188	-
Interfund payables:					
Interfund services provided and used	4,532	2,482	-	7,014	-
Other payables	28,356	-	-	28,356	-
Current liabilities payable from restricted assets:					
Customer deposits	112,154	-	-	112,154	-
Revenue bonds payable	705,000	1,585,000	139,000	2,429,000	-
Notes and loans payable	-	3,110,000	60,000	3,170,000	-
Capital lease obligations	-	61,157	-	61,157	-
Accrued interest payable	54,116	1,270,695	126,130	1,450,941	-
Total current liabilities	1,164,049	7,828,233	325,253	9,317,535	99,744
Noncurrent liabilities:					
Revenue bonds payable (net of unamortized discounts or premiums)	1,936,232	57,583,519	1,643,000	61,162,751	-
Notes and loans payable	-	51,947,080	2,850,000	54,797,080	-
Capital leases payable	-	132,293	-	132,293	-
Total noncurrent liabilities	1,936,232	109,662,892	4,493,000	116,092,124	-
Total liabilities	3,100,281	117,491,125	4,818,253	125,409,659	99,744
Net Assets					
Invested in capital assets, net of related debt	30,734,018	51,171,027	(1,422,566)	80,482,479	-
Restricted for debt service	468,877	19,098,114	143,236	19,710,227	-
Unrestricted	3,360,416	11,329,494	3,030,607	17,720,517	1,068,518
Total net assets	$ 34,563,311	$ 81,598,635	$ 1,751,277	$ 117,913,223	$ 1,068,518

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

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

	Enterprise Funds				
	Water Utility	Wastewater Utility	Other Enterprise	Totals	Internal Service Fund
Operating revenues:					
Unmetered water revenue	$ 32,150	$ -	$ -	$ 32,150	$ -
Metered water revenue:					
Residential	3,234,738	-	-	3,234,738	-
Commercial	1,928,705	-	-	1,928,705	-
Industrial	560,337	-	-	560,337	-
Fire protection revenue	1,151,387	-	-	1,151,387	-
Other water revenue	641,366	-	-	641,366	-
Measured revenue:					
Residential	-	6,254,580	-	6,254,580	-
Commercial	-	4,414,777	-	4,414,777	-
Industrial	-	154,586	-	154,586	-
Other	-	11,163,080	357,449	11,520,529	1,136,137
Total operating revenues	7,548,683	21,987,023	357,449	29,893,155	1,136,137
Operating expenses:					
Source of supply and expense - operations and maintenance	1,069,385	-	-	1,069,385	-
Water treatment expense - operations and maintenance	260,556	-	-	260,556	-
Transmission and distribution	1,170,469	-	-	1,170,469	-
Collection system - operations and maintenance	-	884,184	-	884,184	-
Treatment and disposal expense - operations and maintenance	-	2,717,387	-	2,717,387	-
Customer accounts	590,885	551,088	-	1,141,973	-
Administration and general	3,018,222	4,252,939	15,654	7,286,815	1,129,149
Bad debt expense	35,374	34,497	-	69,871	-
Depreciation and amortization	1,080,235	4,803,713	66,865	5,950,813	-
Total operating expenses	7,225,126	13,243,808	82,519	20,551,453	1,129,149
Operating income	323,557	8,743,215	274,930	9,341,702	6,988
Nonoperating revenues (expenses):					
Interest and investment revenue	20,537	211,002	224	231,763	-
Miscellaneous revenue	8,494	15,468	-	23,962	-
Gain on disposal of asset	11,685	3,922	-	15,607	-
Amortization of bond issue costs	(55,109)	(124,370)	(5,000)	(184,479)	-
Interest expense	(91,528)	(3,410,352)	(302,262)	(3,804,142)	-
Total nonoperating revenue (expenses)	(105,921)	(3,304,330)	(307,038)	(3,717,289)	-
Income (loss) before contributions and transfers	217,636	5,438,885	(32,108)	5,624,413	6,988
Capital contributions	274,900	999,671	-	1,274,571	-
Capital grants	-	240,000	-	240,000	-
Transfers in	1,233,088	1,724,133	422,502	3,379,723	-
Transfers out	-	-	(343,000)	(343,000)	(13,062)
Change in net assets	1,725,624	8,402,689	47,394	10,175,707	(6,074)
Total net assets - beginning	32,837,687	73,195,946	1,703,883	107,737,516	1,074,592
Total net assets - ending	$ 34,563,311	$ 81,598,635	$ 1,751,277	$ 117,913,223	$ 1,068,518

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

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

	Enterprise Funds				
	Water Utility	Wastewater Utility	Other Enterprise	Totals	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	$ 7,553,612	$ 21,904,900	$ 357,449	$ 29,815,961	$ 1,691,792
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers	(3,999,582)	(4,573,218)	(445,594)	(9,018,394)	(1,756,141)
Payments to employees	(2,142,404)	(2,841,232)	-	(4,983,636)	-
Net cash provided (used) by operating activities	1,411,626	14,490,450	(88,145)	15,813,931	(64,349)
Cash flows from noncapital financing activities:					
Transfer to other funds	-	-	-	-	(13,062)
Transfers from other funds	-	-	422,502	422,502	-
Nonoperating revenues	8,494	15,468	-	23,962	-
Net cash provided (used) by noncapital financing activities	8,494	15,468	422,502	446,464	(13,062)
Cash flows from capital and related financing activities:					
Proceeds from capital debt (net of discount)	-	4,875,750	-	4,875,750	-
Collections of long-term receivables	-	-	57,500	57,500	-
Bond issue costs	-	(138,479)	-	(138,479)	-
Purchase of capital assets	(321,266)	(12,844,839)	-	(13,166,105)	-
Principal paid on capital debt	(727,006)	(4,108,123)	(182,000)	(5,017,129)	-
Interest paid on capital debt	(139,266)	(3,590,564)	(305,750)	(4,035,580)	-
Grant proceeds	-	240,000	-	240,000	-
Proceeds from sales of capital assets	(14,083)	3,922	30,616	20,455	-
Net cash provided (used) by capital and related financing activities	(1,201,621)	(15,562,333)	(399,634)	(17,163,588)	-
Cash flows from investing activities:					
Interest received	20,537	211,002	224	231,763	-
Net cash provided by investing activities	20,537	211,002	224	231,763	-
Net increase in cash and cash equivalents	239,036	(845,413)	(65,053)	(671,430)	(77,411)
Cash and cash equivalents, January 1 (Including $108,363 and $20,967,449 for the customer deposit and bond covenant accounts, respectively, reported in restricted accounts)	3,134,721	29,104,502	445,149	32,684,372	1,092,741
Cash and cash equivalents, December 31 (Including $112,154 and $19,710,227 for the customer deposit and bond covenant accounts, respectively, reported in restricted accounts)	$ 3,373,757	$ 28,259,089	$ 380,096	$ 32,012,942	$ 1,015,330
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	$ 323,557	$ 8,743,215	$ 274,930	$ 9,341,702	$ 6,988
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,080,235	4,803,712	66,865	5,950,812	-
Amortization of bond discount	28,745	73,142	-	101,887	-
(Increase) decrease in assets:					
Accounts receivable	4,929	(98,641)	-	(93,712)	-
Interfund services provided or used	4,921	(12,750)	-	(7,829)	-
Other receivables	-	16,519	-	16,519	-
Inventories	14,188	(96,108)	-	(81,920)	(152,933)
Prepaid items	-	(330)	-	(330)	-
Net pension assets	11,120	13,737	-	24,857	-
Increase (decrease) in liabilities:					
Customer deposits	3,787	-	-	3,787	-
Accounts payable	(109,172)	1,114,899	60	1,005,787	81,596
Salaries and wages payable	62,355	84,041	-	146,396	-
Other payables	178	-	-	178	-
Interfund services provided and used	(13,217)	(10,476)	(430,000)	(453,693)	-
Deferred revenues	-	(140,510)	-	(140,510)	-
Total adjustments	1,088,069	5,747,235	(363,075)	6,472,229	(71,337)
Net cash provided by operating activities	$ 1,411,626	$ 14,490,450	$ (88,145)	$ 15,813,931	$ (64,349)
Noncash investing, capital and financing activities:					
Contributions of capital assets from private contractors	$ 274,900	$ 999,671	$ -	$ -	$ -
Contributions of capital assets from government funds	1,232,223	1,724,998	-	-	-
Contributions of capital assets (to) from enterprise funds	865	(865)	(373,616)	-	-

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

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

Assets	Pension Trust Funds	Agency Funds
Cash and cash equivalents	$ 1,196,673	$ 1,789,343
Receivables:		
Due from other funds	-	20,756
Taxes	(169,338)	-
Intergovernmental	1,795	-
Total receivables	(167,543)	20,756
Total assets	1,029,130	$ 1,810,099
Liabilities		
Accounts payable	-	$ 1,810,099
Total liabilities	-	$ 1,810,099
Net Assets		
Held in trust for:		
Employees' pension benefits and other purposes	1,029,130	
Total net assets	$ 1,029,130	

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

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

Additions	Pension Trust Funds
Contributions:	
Employer	$ 145,565
State contributions	2,242,750
Plan members	8,570
Private donations	2,843
Total contributions	2,399,728
Total additions	2,399,728
Deductions	
Benefits	3,954,310
Administrative expense	12,485
Total deductions	3,966,795
Changes in net assets	(1,567,067)
Net assets - beginning	2,596,197
Net assets - ending	$ 1,029,130

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

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of 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, health, welfare and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, sewer, and urban redevelopment and housing.

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

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

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

Blended Component Units

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

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

Joint Venture

The primary government is a participant with the City of West Lafayette and the Town of Battle Ground in a joint venture to operate the Lafayette Housing Consortium which was created to undertake eligible housing assistance activities under the HOME Investment Partnership Program (HOME), as set forth in the National Affordable Housing Act (NAHA). The City agrees to cooperate, to undertake, or to assist in undertaking housing assistance activities for HOME. Complete financial statements for the Consortium can be obtained from the City of Lafayette, 20 North Sixth Street, Lafayette, Indiana 47901.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The primary government appoints the board members of the Lafayette Housing Authority, Tippecanoe County Convention and Visitors Bureau, Tippecanoe County Child Care Commission, Lafayette Police Civil Service Commission, Area Plan Commission, Board of Zoning Appeals of Tippecanoe County/Lafayette Division, Lafayette Urban Enterprise Association, Lafayette Historic District Review Board, Greater Lafayette Public Transportation Corporation, Tippecanoe County Local Environmental Response Financing Board and the Lafayette Tree Advisory Committee.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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. 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 taxes, 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 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 streets fund accounts for the resources of the motor vehicle highway and local road and street funds which are utilized for the repair and maintenance of the City's fleet, streets and related infrastructure.

The parks fund accounts for the resources related to the operations, maintenance, repairs and upgrading of the City's recreational areas. This would include the City parks, zoo, and golf course.

The redevelopment authority fund accounts for resources utilized to create positive economic development within the City. This is accomplished through improvements in housing, infrastructure and grants to subrecipients.

The creasy TIF fund accounts for resources derived from improvements from designated areas within the City. Funds are utilized for further improvements within the designated area.

The primary government reports the following major proprietary funds:

The water utility fund accounts for the operation of the primary government's water distribution system.

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 internal service fund accounts for self-insurance and other services provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the primary government as an agent for benefit providers and state and federal agencies for payroll withholdings and other private concerns.

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 city and utilities for services. 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 and internal service 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 they are 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.

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

2. Interfund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "interfund receivables/payables" (i.e., the current and noncurrent 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 statutes (IC 6-1.1-17-16) require 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, these dates were changed to provide for a single payment due 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 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 revenues 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 are valued at cost using the first in/first out (FIFO) method except for the golf course which averages costs. Inventories of governmental funds 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 both government-wide and fund financial statements.

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 balance sheet because their use is limited by 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 Threshold	Depreciation Method	Estimated Useful Life
Land	$ 1	N/A	N/A
Buildings	5,000	Straight-line	40 to 60 years
Improvements other than buildings	5,000	Straight-line	40 to 60 years
Machinery and equipment	5,000	Straight-line	3 to 25 years
Vehicles	5,000	Straight-line	3 to 25 years
Infrastructure (roads)	5,000	Straight-line	50 years
Infrastructure (water and wastewater mains, manholes, inlets and culverts)	5,000	Straight-line	60 years
Infrastructure (wastewater lift and pump stations)	5,000	Straight-line	45 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 are not capitalized.

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. The total interest expense incurred by the primary government in its business-type activities during the current year was $4,890,625. Of that amount, $805,997 was included as part of the cost of capital assets under construction in connection with the Pearl River Lift Station and Combined Sewer outlet tunnel.

7. Compensated Absences

   a. Sick Leave – primary government employees earn sick leave at the rate of 1 day per month. Sick leave accumulates to a maximum of 36 days. Accumulated sick leave is not paid to employees upon termination.

   b. Vacation Leave – primary government employees earn vacation leave at rates from 10 to 25 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 5 days carryover to the following 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 and 1 day each year for their birthday. Personal leave does not accumulate from year to year.

   No liability is reported for vacation, sick, and personal leave

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.

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

A. Budgetary Information

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

On or before August 31, the City Controller 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 Controller 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 Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Expenditures in Excess of Appropriations

For the year ended December 31, 2008, expenditures exceeded budgeted appropriations in the following funds, by the amounts below:

Fund	Amount
Motor Vehicle Highway	$ 20,226
Redevelopment	44,036
Park Bond	1,014
Police Pension	68,007
Firefighters Pension	573,647
Total	$ 706,930

These expenditures were funded by existing cash reserves.

C. Deficit Fund Equity

At December 31, 2008, the following funds reported deficits in fund equity:

	Deficit
Governmental funds:	
General	$ 1,446,739
Redevelopment	35,639
Fire Grants	3,836
Economic Revitalization	20,092
DUI Task Force	14,809
CDRD Grants	570

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements and these deficits will be repaid from future revenues.

III. Detailed Notes on All Funds

A. Deposits and Investments

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

B. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2008, the City had no investments.

Investment Policies

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

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

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments 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. At December 31, 2008, 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 statue and limit the stated final maturities of the investments to no more than two years.

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. Receivables

The Lahr loan receivable has timing and credit characteristics different from typical accounts receivable. This receivable is the result of debt proceeds from the U.S. Department of Housing and Urban Development being subsequently loaned to a developer for the renovation of property. The balance of the receivable as of December 31, 2008, is $2,880,000 and monthly remittances are scheduled until 2018.

D. Capital Assets

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

Primary Government	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 19,221,087	$ 3,838,569	$ 1,581,232	$ 21,478,424
Construction in progress	10,904,427	3,579,476	11,010,084	3,473,819
Total capital assets, not being depreciated	30,125,514	7,418,045	12,591,316	24,952,243
Capital assets, being depreciated:				
Buildings	30,848,589	528,752	78,906	31,298,435
Improvements other than buildings	7,515,791	39,575	6,778	7,548,588
Machinery and equipment	5,350,844	426,410	319,419	5,457,835
Vehicles	12,771,951	1,272,924	1,247,106	12,797,769
Infrastructure	164,854,030	16,762,746	9,393,880	172,222,896
Totals	221,341,205	19,030,407	11,046,089	229,325,523
Less accumulated depreciation for:				
Buildings	6,298,553	672,733	6,040	6,965,246
Improvements other than buildings	1,433,826	365,725	-	1,799,551
Machinery and equipment	3,958,008	437,386	177,475	4,217,919
Vehicles	9,659,736	1,068,686	631,806	10,096,616
Infrastructure	44,153,196	2,500,529	109,829	46,543,896
Totals	65,503,319	5,045,059	925,150	69,623,228
Total capital assets, being depreciated, net	155,837,886	13,985,348	10,120,939	159,702,295
Total governmental activities capital assets, net	$ 185,963,400	$ 21,403,393	$ 22,712,255	$ 184,654,538

Primary Government	Balance	Increases	Decreases	Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,885,784	$ 456,686	$ 373,616	$ 1,968,854
Construction in progress	40,933,354	15,663,903	29,006,825	27,590,432
Total capital assets, not being depreciated	42,819,138	16,120,589	29,380,441	29,559,286
Capital assets, being depreciated:				
Buildings	17,132,224	6,621	-	17,138,845
Improvements other than buildings	100,124	45,826	-	145,950
Machinery and equipment	71,985,197	956,099	274,215	72,667,081
Vehicles	2,300,532	46,871	72,929	2,274,474
Infrastructure	83,340,129	30,285,156	-	113,625,285
Totals	174,858,206	31,340,573	347,144	205,851,635
Less accumulated depreciation for:				
Buildings	2,015,859	369,149	-	2,385,008
Improvements other than buildings	41,102	5,243	-	46,345
Machinery and equipment	12,525,631	3,538,314	61,658	16,002,287
Vehicles	1,454,500	231,560	72,698	1,613,362
Infrastructure	11,322,612	1,806,547	-	13,129,159
Totals	27,359,704	5,950,813	134,356	33,176,161
Total capital assets, being depreciated, net	147,498,502	25,389,760	212,788	172,675,474
Total business-type activities capital assets, net	$ 190,317,640	$ 41,510,349	$ 29,593,229	$ 202,234,760

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

Governmental activities:	
General government	$ 346,191
Public safety	933,267
Public works, including depreciation of general infrastructure assets	2,642,122
Sanitation	308,270
Economic development	4,500
Culture and recreation	783,442
Total depreciation expense - governmental activities	$ 5,017,792
Business-type activities:	
Water	$ 1,080,235
Wastewater	4,803,713
Other	66,865
Total depreciation expense - business-type activities	$ 5,950,813

E. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2008	Committed	Required Future Funding
Governmental activities:				
Lafayette State/Earl Traffic Signal	$ 734,400	$ 224,151	$ 510,249	$ -
Streetscape Project	1,285,000	1,282,879	2,121	-
515 Columbia Street	700,000	183,527	516,473	-
2008 Annexation	25,000	24,324	676	-
Bridgeway Apartments	3,000,000	37,531	2,962,469	-
Fire Station #3 Phase II	550,000	67,994	482,006	-
Fire Infrastructure Grants	201,817	201,817	-	-
Zoo Renovations Phase II	12,000	11,712	288	-
Munger Park/Greenbush St. Trails	885,850	72,024	813,826	-
Police Cars and Equipment	42,414	1,553	40,861	-
Concord Road Reconstruction	499,258	381,628	117,630	-
Maple Point Extension	475,600	145,910	329,690	-
CR 350 Widening 9th to Concord	4,996,950	462,066	4,534,884	-
Creasy Lane/SR26 Land Acquisition	50,369	2,021	48,348	-
Greenbush Land Acquisition Phase II	6,500	1,197	5,303	-
Highland Park Pedestrian Bridge	125,958	125,958	-	-
Sidewalks Nth 26th Cason to Union	39,350	22,796	16,554	-
McCarty Ln/Cr 500 East Traffic Signal	138,764	27,492	111,272	-
Park East Blvd/Commerce Traffic Signal	15,750	1,691	14,059	-
1123 South Street	246,719	195,548	51,171	-
Totals governmental activities	$ 14,031,699	$ 3,473,819	$ 10,557,880	$ -
Business-type activities:				
Utility Service Area 21	$ 10,060,790	$ 124,335	$ 9,936,455	$ -
New Wellfield Investigation	327,989	327,989	-	-
Glick Wellfield Generator	16,856	16,856	-	-
Lab Renovations at Canal St. Water	50,000	40,710	9,290	-
Onsite Chlorine Generation - Glick	355,000	38,478	316,522	-
Nth 8th St. Watermain Replacement Phase I	15,750	10,818	4,932	-
Nth 8th St. Watermain Replacement Phase I	15,750	10,818	4,932	-
Pearl River	12,950,000	12,924,917	25,083	-
Rome Drive Land	40,000	1,780	38,220	-
Omni Site Upgrade and Replacement	13,404	13,404	-	-
CSO LCTP	291,783	144,499	147,284	-
Utility Energy Efficiency Program	4,696,617	4,194,385	502,232	-
Elliott Ditch Phase II Land Negotiations	200,000	17,020	182,980	-
Ferry Street Sewer Break	61,000	60,754	246	-
Pearl River CSO Tunnel	20,452,802	9,603,640	10,849,162	-
Sewer Rehab - Orchard Heights Area	35,000	15,901	19,099	-
Sterling Heights Land Acquirements	825	825	-	-
Drainage Valley Street	1,500,000	43,303	1,456,697	-
Totals business-type activities	$ 51,083,566	$ 27,590,432	$ 23,493,134	$ -

F. Interfund Balances and Activity

Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To Nonmajor Enterprise
Nonmajor governmental	$ 422,502

The primary government typically uses transfers to fund ongoing operating subsidies.

G. Leases

Capital Leases

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

	Governmental Activities	Business-type Activities
2009	$ 331,695	$ 72,659
2010	259,616	72,659
2011	259,616	72,660
2012	57,284	-
Total minimum lease payments	908,211	217,978
Less amount representing interest	117,244	24,528
Present value of net minimum lease payments	$ 790,967	$ 193,450

H. Long-Term Liabilities

1. General Obligation Bonds

The primary government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the primary government. General obligation bonds currently outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Park district bonds of 1998 for aquatic center	4.6% to 4.7%	$ 3,660,000
Park and recreation bonds of 2001	3.8758% to 5%	2,550,000
Park and recreation bonds of 2003	3% to 4.3%	2,055,000
County option income tax infrastructure bonds of 2003	3% to 3.6%	485,000
Total		$ 8,750,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities Principal	Governmental Activities Interest
2009	$ 760,000	$ 384,610
2010	795,000	352,790
2011	825,000	318,768
2012	795,000	282,608
2013	750,000	248,135
2014-2018	4,335,000	674,084
2019-2022	490,000	10,985
Totals	$ 8,750,000	$ 2,271,980

2. 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:

Purpose	Interest Rates	Amount
District parking facility revenue bonds of 1996	6%	$ 1,782,000
Wastewater improvement revenue bonds of 2002	4% to 5.15%	2,740,000
Water refunding revenue bonds of 2003	2% to 3.8%	2,555,000
Sewer works refunding revenue bonds of 2006	3.5% to 4.5%	26,495,000
Sewer works revenue bonds of 2006	4% to 4.75%	26,335,000
Wastewater revenue bonds of 2008	3.5% to 4.0%	4,950,000
Total		$ 64,857,000
Less: Net of bond discounts and premiums		1,265,249
Revenue bonds, net		$ 63,591,751

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Business-Type Activities Principal	Business-Type Activities Interest
2009	$ 2,429,000	$ 2,697,400
2010	2,566,000	2,575,972
2011	2,690,000	2,469,225
2012	2,335,000	2,365,809
2013	2,085,000	2,279,659
2014-2018	11,672,000	9,954,989
2019-2023	15,780,000	7,364,805
2024-2027	25,300,000	1,936,564
Totals	$ 64,857,000	$ 31,644,423

3. Tax Increment Financing (TIF) Bonds

The Lafayette Redevelopment Authority (a blended component unit of the primary government, and acting on behalf of the City of Lafayette) issues tax incremental financing (TIF) bonds. The TIF bonds are secured by tax proceeds attributable to the assessed valuation within the Lafayette Redevelopment District (the Lafayette Redevelopment District boundaries are conterminous with the City) to finance local public improvement and economic development projects.

Tax incremental financing (TIF) bonds are direct obligations and pledge the full faith and credit of the primary government. TIF bonds currently outstanding at year end are as follows:

Purpose	Interest Rates	Amount
1995 Redevelopment Authority lease rental bonds	5.375% to 5.5%	$ 1,335,000
1996 Redevelopment Authority refunding bonds	5.4% to 5.6%	4,025,000
1997 Redevelopment Authority refunding bonds	3.75% to 5.35%	2,300,000
1998 Redevelopment Authority refunding bonds	4.1% to 4.8%	3,775,000
1999 Redevelopment Authority refunding bonds	4.1% to 4.8%	6,660,000
2001 Redevelopment Authority lease rental bonds - N. 9th St.	4.25% to 4.5%	2,715,000
2001 Redevelopment Authority lease rental bonds - Fire Station	4.375% to 4.5%	3,875,000
2002 Redevelopment Authority lease rental bonds - Twychenham	3.0% to 5.0%	7,005,000
2003 Redevelopment Authority refunding bonds	3.0% to 3.9%	3,785,000
2003 Redevelopment Authority refunding bonds	1.2% to 3.75%	1,180,000
2004 Redevelopment Authority lease rental bonds - Brady Lane	3.25% to 4.1%	5,055,000
2004 Redevelopment Authority refunding bonds	3.0% to 4.1%	8,700,000
2004 Renaissance Place Series A bonds	5.50%	2,105,000
2004 Renaissance Place Series B bonds	5.50%	835,000
2006 Redevelopment Authority revenue bonds - Thoroughfare	6.00%	2,995,000
2008 Redevelopment Authority bond anticipation notes	6.00%	50,000
Total		56,395,000
Less: Net of bond discounts and premiums		47,437
TIF bonds, net		$ 56,347,563

TIF bonds debt service requirements to maturity are as follows:

Year Ended	Governmental Activities	
December 31	Principal	Interest
2009	$ 3,670,000	$ 2,469,772
2010	4,020,000	2,399,453
2011	4,195,000	2,234,102
2012	4,400,000	2,055,360
2013	4,600,000	1,865,005
2014-2018	23,450,000	5,915,971
2019-2023	9,935,000	1,689,114
2024-2028	2,125,000	159,349
Totals	$ 56,395,000	$ 18,788,126

4. Loans Payable

The Wastewater Utility has entered into two loans from the State Revolving Loan Fund. The funds are loaned to the Utility as planned construction costs are accrued up to the maximums allowed under the loans. The established maximums for the 2000 and 2001 loans are $59,630,000 and $12,000,000, respectively. At December 31, 2008, the principal balances for the 2000 and 2001 loans were $45,860,000 and $9,197,080, respectively.

The City received a "Section 108" loan from HUD in the amount of $3,300,000. The proceeds were deposited with a Trustee for subsequent loan to a private developer for the Lahr Project. The developer is currently making timely payments and the balance of the loan at December 31, 2008, is $2,910,000.

Annual debt service requirements to maturity for the loans are as follows:

	Business-type Activities	
	Principal	Interest
2009	$ 1,605,000	$ 1,155,714
2010	3,225,000	2,034,575
2011	3,335,000	1,919,202
2012	3,460,000	1,799,698
2013	3,585,000	1,675,616
2014-2018	22,090,000	6,214,919
2019-2023	20,667,080	1,852,113
Totals	$ 57,967,080	$ 16,651,837

5. Notes Payable

The primary government has entered into various notes. Annual debt service requirements to maturity for the notes are as follows:

	Governmental Activities
2009	$ 491,664
2010	471,578
2011	139,457
2012	90,607
Total	1,193,306
Less interest	30,240
Total	$ 1,163,066

6. Advance Refunding

In prior years, the primary government defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. The following outstanding bonds, at December 31, 2008, were considered defeased:

	Amount
Primary government:	
1991 Redevelopment Authority lease rental - $5,000,000	$ 1,315,000
1993 Redevelopement Authority refunding issue - $4,855,000	1,160,000
1994 Redevelopment Authority lease rental - $9,365,000	5,990,000
1994 Redevelopment Authority lease rental - $15,000,000	9,740,000
1994 Redevelopment Authority lease rental - $5,665,000	3,360,000
1995 Redevelopment Authority lease rental - $8,200,000	5,465,000
1995 Redevelopment Authority lease rental - $3,360,000	2,740,000
2002 Sewage Works revenue bonds - $30,000,000	23,935,000

7. Changes in Long-Term Liabilities

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

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	$ 9,485,000	$ -	$ 735,000	$ 8,750,000	$ 760,000
Redevelopment authority	62,265,000	50,000	5,920,000	56,395,000	3,650,000
Less deferred amount on refunding	132,008	-	14,667	117,341	-
Total bonds payable	71,617,992	50,000	6,640,333	65,027,659	4,410,000
Capital leases	699,959	463,822	372,814	790,967	251,599
Notes payable	1,661,109	-	498,043	1,163,066	471,724
Net pension obligation	24,017,440	1,507,741	-	25,525,181	-
Total governmental activities long-term liabilities	$ 97,996,500	$ 2,021,563	$ 7,511,190	$ 92,506,873	$ 5,133,323
Business-type activities:					
Revenue bonds payable:					
Water Utility	$ 3,225,000	$ -	$ 670,000	$ 2,555,000	$ 705,000
Wastewater Utility	56,595,000	4,950,000	1,025,000	60,520,000	1,585,000
District parking facility	1,909,000	-	127,000	1,782,000	139,000
Less deferred amount on refunding	1,530,654	-	118,758	1,411,896	-
Total revenue bonds payable	60,198,346	4,950,000	1,703,242	63,445,104	2,429,000
Loans payable	61,027,080	-	3,060,000	57,967,080	3,170,000
Notes payable	68,814	-	68,814	-	-
Capital leases	259,765	-	66,315	193,450	61,157
Total business-type activities long-term liabilities	$ 121,554,005	$ 4,950,000	$ 4,898,371	$ 121,605,634	$ 5,660,157

I. Contingent Receivable – Forgivable Loans

The City has contingent receivables resulting from rehabilitation and improvement loans made through various Community Development Block Grant and Home Investment Partnership Programs. The loans become receivable only if recipients do not meet occupancy or other requirements. Loans balances are systematically "forgiven" (reduced without cash payment) each year the recipient meets the requirements. The receivable is contingent upon the recipient not meeting the requirements and the amount of the receivable is not known until that time. The following schedule shows the changes in this contingent receivable for 2008:

Beginning balance, January 1	$ 6,323,062
New loans	483,194
Amounts forgiven	(349,844)
Principal amount paid on loans	(59,458)
Ending balance, December 31	$ 6,396,954

J. Restricted Assets

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

Customer deposits	$ 112,154
Revenue bond operations and maintenance account	19,710,227
Total restricted assets	$ 19,822,381

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; dental and vision medical benefits to employees; unemployment compensation benefits; and natural disasters.

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

Dental and Vision Medical Benefits

The primary government has chosen to establish a risk financing fund for risks associated with medical benefits to employees for dental and vision coverage. The risk financing fund is accounted for in the Dental/Vision Insurance Fund, an internal service fund, where assets are set aside for claim settlements. A premium is charged to each fund that accounts for dental and vision coverage. The total charge allocated to each of the funds is calculated using trends in actual claims experience. The plan is administered by Stewart Miller. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred.

Changes in the balance of claim liabilities during the past two years are as follows:

	2008	2007
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims	581,773	569,334
Claim payments	581,773	569,334
Unpaid claims, end of fiscal year	$ -	$ -

Job Related Illnesses or Injuries to Employees

The primary government has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees. The risk financing fund is accounted for in the General Fund where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of $250,000 per individual and $1,000,000 per aggregate annually. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amounts of pay outs, and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	2008	2007
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims	162,572	178,893
Claim payments	162,572	178,893
Unpaid claims, end of fiscal year	$ -	$ -

Unemployment Compensation Benefits

The primary government has chosen to establish a risk financing fund for risks associated with unemployment compensation insurance. The risk financing fund is accounted for in each fund from where the employee's salary was paid.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	2008	2007
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims	65,035	30,334
Claim payments	65,035	30,334
Unpaid claims, end of fiscal year	$ -	$ -

B. Related Party Transactions

During the period in which financial statements are presented, the primary government had material transactions with Gary Henriott, Board of Works Member, in relation to Insurance coverage in the amount of $ 556,024. No amount was due as of the balance sheet date.

C. Subsequent Events

The City authorized the sale of a bond issue, the Sewage Works Revenue Bonds of 2009, on August 3, 2009, authorized in the aggregate amount of $3,125.000. The City also authorized the temporary borrowing of $245,782 for the renovation of a fire station. The City has authorized and entered into various construction contracts during the period January 1, 2009 to November 30, 2009, in the total aggregate amount of $8,551,672.

D. Section 108 Loan

The City received a "Section 108" loan from HUD in the amount of $3,300,000. The proceeds were deposited with a Trustee for subsequent loan to a private developer for the Lahr Project. The developer is responsible for the Loan Repayment. The City has a liability connected with the loan in the event of default by the developer. The City pledged as security for the loan future Community Development Block Grant and Program Income Funds in the event the developer would default. The liability is contingent upon the default of the developer and the amount would be the outstanding principal and interest at the time of the default. The developer is currently making timely payments and the balance of the loan at December 31, 2008, is $2,910,000.

E. Conduit Debt Obligation

The primary government has issued the Indiana Variable Rate Demand Economic Development Revenue Bonds of 2003 to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed by, and are payable solely from payments received on, the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2008, the sole series of bonds outstanding had an aggregate principal amount payable of $1,910,000.

F. City/County Interlocal Agreement

An interlocal agreement between the Tippecanoe County Redevelopment Commission and the City of Lafayette Redevelopment Commission was entered into in 2001. The agreement provides for the allocation of TIF distributions related to the Southeast Industrial Expansion economic development area and the McCarty Lane economic development area.

Under the terms of the agreement, Tippecanoe County established a Southeast Industrial Expansion economic development TIF district to finance public improvements within the defined district. The City had established the McCarty TIF district. In accordance with the interlocal agreement, the public improvements mutually benefit the districts.

The County has pledged one-half of the actual TIF proceeds from the Southeast Industrial Expansion district for the agreed upon public improvements which will be constructed and owned by the City. The City has pledged one-half of the actual TIF proceeds from the McCarty Lane TIF district for the agreed upon public improvements which will be constructed and owned by the County.

Under the terms of the agreement, the County has established a Southeast Industrial TIF Fund to account for the funds used to pay for the public improvements which will be constructed and administered by the City. The payments for these projects are initiated by the City then reviewed, approved and paid by the County. At December 31, 2008, the Southeast Industrial TIF Fund had $247,064 held for these capital projects.

The City has established a TIF County's South East Fund to account for the McCarty TIF district funds used to pay for the public improvements which will be constructed and administered by the County. The payments for these projects are initiated by the County then reviewed, approved and paid by the City. At December 31, 2008, the TIF County's South East Fund had $759,917 held for these capital projects.

G. Postemployment Benefits

In addition to the pension benefits described below, effective January 1, 2004, the primary government provides a portion of postemployment health insurance benefits, as authorized by IC 5-10-8, to all employees who retire from the primary government. The total of said benefits shall be $4,800, credited at a rate of $100 per month for the retiree to continue coverage under the City health insurance plan. This benefit will terminate at the $4,800 individual limit, or immediately upon the employee or spouse/dependent becoming covered by another group plan with no pre-existing health clause, or if the employee or spouse/dependent becomes eligible for Medicare. Currently, 30 employees meet these eligibility requirements. The primary government provides 100% of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2008, expenditures of $5,000 for police, $9,900 for fire, and $1,200 for water pollution control (wastewater) were recognized for postemployment benefits.

H. 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.

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. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

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

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.

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	$ 762,973	$ 1,483,400	$ 2,792,500
Interest on net pension obligation	(30,932)	492,100	949,000
Adjustment to annual required contribution	35,249	(620,800)	(1,197,300)
Annual pension cost	767,290	1,354,700	2,544,200
Contributions made	701,877	1,071,996	1,319,163
Increase (decrease) in net pension obligation	65,413	282,704	1,225,037
Net pension obligation,			
Net pension obligation, beginning of year	(426,645)	8,201,101	15,816,339
Net pension obligation, end of year	$ (361,232)	$ 8,483,805	$ 17,041,376

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	5.50%	1,629%	515%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-08	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-1-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-2006	$ 622,914	100%	$ (501,730)
	06-30-2007	731,050	90%	(426,645)
	06-30-2008	767,290	91%	(361,232)
1925 Police Officers' Pension Plan	12-31-2006	1,545,800	166%	8,627,657
	12-31-2007	1,428,500	130%	8,201,101
	12-31-2008	1,354,700	79%	8,483,805
1937 Firefighters' Pension Plan	12-31-2006	2,485,000	143%	15,009,195
	12-31-2007	2,732,600	70%	15,816,339
	12-31-2008	2,544,200	52%	17,041,376

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	61	88
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	-	3

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

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 19.5% 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 $2,689,132, $2,453,268, and $2,367,347, respectively, equal to the required contributions for each year.

CITY OF LAFAYETTE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	$ 11,015,226	$ 11,680,864	$ (665,638)	94%	$ 12,224,390	(5%)
07-01-07	12,322,372	13,030,374	(708,002)	95%	12,485,467	(6%)
07-01-08	13,371,900	14,359,695	(987,795)	93%	12,768,128	(8%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	$ 1,534,461	$ 23,676,100	$ (22,141,639)	6%	$ 392,600	(5,640%)
01-01-04	953,193	22,607,400	(21,654,207)	4%	218,200	(9,924%)
01-01-05	135,770	22,318,500	(22,182,730)	1%	224,200	(9,894%)
01-01-06	(157,220)	22,696,700	(22,853,920)	(1%)	189,100	(12,086%)
01-01-07	861,582	21,078,300	(20,216,718)	4%	95,400	(21,192%)
01-01-08	985,499	20,166,600	(19,181,101)	5%	-	-%

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	$ 2,258,287	$ 33,855,200	$ (31,596,913)	7%	$ 1,065,200	(2,966%)
01-01-04	1,506,063	35,630,100	(34,124,037)	4%	610,800	(5,587%)
01-01-05	1,355,120	34,737,800	(33,382,680)	4%	582,700	(5,729%)
01-01-06	1,058,018	35,555,500	(34,497,482)	3%	614,300	(5,616%)
01-01-07	1,562,361	38,678,700	(37,116,339)	4%	572,700	(6,481%)
01-01-08	1,610,698	37,090,000	(35,479,302)	4%	248,200	(14,295%)

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

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-03	$ 2,597,100	0%	33%
12-31-04	2,636,900	4%	18%
12-31-05	1,640,900	7%	49%
12-31-06	1,676,800	104%	49%
12-31-07	1,554,200	49%	70%
12-31-08	1,483,400	72%	9%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-03	$ 4,051,800	0%	29%
12-31-04	4,220,700	5%	37%
12-31-05	2,605,400	9%	42%
12-31-06	2,703,200	91%	40%
12-31-07	2,951,300	16%	50%
12-31-08	2,792,500	0%	47%

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

Assets	Redevelopment	Railroad Relocation	Renewal/ Beautification	Fire Donations	Band	Police Firearms Training	Fire Training
Cash and cash equivalents	$ (121,867)	$ 579,182	$ 20,606	$ 54,551	$ 17,404	$ 439	$ 7,960
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	118,963	-	-	-	5,132	-	-
Accounts	1,974	7,646	2,500	-	-	-	-
Intergovernmental	2,765	-	-	-	215	-	-
Loans	-	-	-	-	-	-	-
Interfund receivable:							
Interfund services provided and used	910	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Total assets	$ 2,745	$ 586,828	$ 23,106	$ 54,551	$ 22,751	$ 439	$ 7,960
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 2,297	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and withholdings payable	12,915	-	-	-	-	-	-
Interfund payable:							
Interfund services provided and used	289	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-
Deferred revenue - unavailable	22,883	-	-	-	1,792	-	-
Total liabilities	38,384	-	-	-	1,792	-	-
Fund balances:							
Unreserved, reported in:							
Special revenue funds	(35,639)	586,828	23,106	54,551	20,959	439	7,960
Capital projects funds	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-
Total fund balances	(35,639)	586,828	23,106	54,551	20,959	439	7,960
Total liabilities and fund balances	$ 2,745	$ 586,828	$ 23,106	$ 54,551	$ 22,751	$ 439	$ 7,960

CITY OF LAFAYETTE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2008
(Continued)

Assets	Fire Reports	Fire Grants	Economic Revitalization	Police Unclaimed Property	Police Continuing Education	Police Drug Enforcement
Cash and cash equivalents	$ 3,733	$ 4,208	$ (20,092)	$ 127,756	$ 144,786	$ 931
Cash with fiscal agent	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	150	-
Intergovernmental	-	61,704	-	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	$ 3,733	$ 65,912	$ (20,092)	$ 127,756	$ 144,936	$ 931
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ 69,748	$ -	$ 7,312	$ -	$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-	-
Total liabilities	-	69,748	-	7,312	-	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	3,733	(3,836)	(20,092)	120,444	144,936	931
Capital projects funds	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-
Total fund balances	3,733	(3,836)	(20,092)	120,444	144,936	931
Total liabilities and fund balances	$ 3,733	$ 65,912	$ (20,092)	$ 127,756	$ 144,936	$ 931

CITY OF LAFAYETTE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2008
(Continued)

Assets	DUI Task Force	Police Grants	Nonreverting Unsafe Building	HOME - CHDO	Community Development Block Grant	McCallister Center
Cash and cash equivalents	$ (14,506)	$ 24,571	$ 17,768	$ 2,598	$ 9,863	$ 1,000
Cash with fiscal agent	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Accounts	-	-	31,902	-	-	-
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	341,293	92,938	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	$ (14,506)	$ 24,571	$ 49,670	$ 343,891	$ 102,801	$ 1,000
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 567	$ -	$ 133	$ 917	$ 13,697	$ -
Accrued payroll and withholdings payable	-	-	-	3,658	5,230	-
Interfund payable:						
Interfund services provided and used	(264)	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-	-
Total liabilities	303	-	133	4,575	18,927	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	(14,809)	24,571	49,537	339,316	83,874	1,000
Capital projects funds	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-
Total fund balances	(14,809)	24,571	49,537	339,316	83,874	1,000
Total liabilities and fund balances	$ (14,506)	$ 24,571	$ 49,670	$ 343,891	$ 102,801	$ 1,000

CITY OF LAFAYETTE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2008
(Continued)

Assets	Weed and Seed Grant	Lafayette Reenter Housing	Rainy Day	Police Donation	UDAG Reserve	CDRD Grants
Cash and cash equivalents	$ (21,516)	$ (74,976)	$ 11,420	$ 5,275	$ 13,352	$ (570)
Cash with fiscal agent	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Accounts	30,556	81,614	-	-	-	-
Intergovernmental	-	-	1,402,353	-	-	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	$ 9,040	$ 6,638	$ 1,413,773	$ 5,275	$ 13,352	$ (570)
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 8,776	$ 6,638	$ -	$ -	$ -	$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	264	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Deferred revenue - unavailable	-	-	878,753	-	-	-
Total liabilities	9,040	6,638	878,753	-	-	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	-	-	535,020	5,275	13,352	(570)
Capital projects funds	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-
Total fund balances	-	-	535,020	5,275	13,352	(570)
Total liabilities and fund balances	$ 9,040	$ 6,638	$ 1,413,773	$ 5,275	$ 13,352	$ (570)

CITY OF LAFAYETTE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2008
(Continued)

Assets	Southhaven Road Improvement	Nonreverting Railroad Land Reuse	COIT Bond Debt Service	Cumulative Capital Improvement	Cumulative Capital Development	Police Vehicles and Equipment
Cash and cash equivalents	$ 83,900	$ 72,193	$ 520,498	$ 434,877	$ 407,611	$ 1,626
Cash with fiscal agent	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	175,812	-
Accounts	-	-	-	-	78,406	-
Intergovernmental	-	-	-	18,098	6,640	-
Loans	-	-	-	-	-	-
Interfund receivable:						
Interfund services provided and used	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	$ 83,900	$ 72,193	$ 520,498	$ 452,975	$ 668,469	$ 1,626
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ 1,346	$ 53,531	$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-	-
Accrued interest payable	-	-	7,534	-	8,530	-
Deferred revenue - unavailable	-	-	-	17,237	54,971	-
Total liabilities	-	-	7,534	18,583	117,032	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	83,900	72,193	-	-	-	-
Capital projects funds	-	-	-	434,392	551,437	1,626
Debt service funds	-	-	512,964	-	-	-
Total fund balances	83,900	72,193	512,964	434,392	551,437	1,626
Total liabilities and fund balances	$ 83,900	$ 72,193	$ 520,498	$ 452,975	$ 668,469	$ 1,626

CITY OF LAFAYETTE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2008
(Continued)

Assets	Economic Development Income Tax	TIF Allocation McCarty Lane	TIF Allocation County's Southeastern	TIF Allocation Central Consolidated	TIF Allocation Twychenham Consolidated	Totals
Cash and cash equivalents	$ 3,170,087	$ 492,777	$ -	$ (101,390)	$ 3,179,579	$ 9,055,634
Cash with fiscal agent	-	242,444	-	-	-	242,444
Receivables (net of allowances for uncollectibles):						
Taxes	-	899,071	-	1,744,981	1,900,502	4,844,461
Accounts	35,356	767	-	37,500	-	308,371
Intergovernmental	716,849	2,129	-	7,732	-	2,218,485
Loans	-	-	-	-	-	434,231
Interfund receivable:						
Interfund services provided and used	-	-	-	-	45,522	46,432
Restricted assets:						
Cash and cash equivalents	-	759,917	-	-	-	759,917
Total assets	$ 3,922,292	$ 2,397,105	$ -	$ 1,688,823	$ 5,125,603	$ 17,909,975
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 17,209	$ -	$ -	$ 106,022	$ 17,225	305,418
Accrued payroll and withholdings payable	-	-	-	-	-	21,803
Interfund payable:						
Interfund services provided and used	-	-	-	-	-	289
Intergovernmental payable	-	759,917	-	-	-	759,917
Accrued interest payable	-	-	-	68,272	-	84,336
Deferred revenue - unavailable	716,849	2,951	-	10,663	3,299	1,709,398
Total liabilities	734,058	762,868	-	184,957	20,524	2,881,161
Fund balances:						
Unreserved, reported in:						
Special revenue funds	-	-	-	-	-	2,096,979
Capital projects funds	3,188,234	1,634,237	-	1,503,866	5,105,079	12,418,871
Debt service funds	-	-	-	-	-	512,964
Total fund balances	3,188,234	1,634,237	-	1,503,866	5,105,079	15,028,814
Total liabilities and fund balances	$ 3,922,292	$ 2,397,105	$ -	$ 1,688,823	$ 5,125,603	$ 17,909,975

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

	Redevelopment	Railroad Relocation	Renewal/ Beautification	Fire Donations	Band	Police Firearms Training	Fire Training
Revenues:							
Taxes	$ 243,538	$ -	$ -	$ -	$ 19,477	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	21,943	-	-	-	1,712	-	-
Charges for services	-	-	-	387	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	19,762	7,693	4,846	15,777	-	-	1,840
Total revenues	285,243	7,693	4,846	16,164	21,189	-	1,840
Expenditures:							
Current:							
General government	-	-	-	-	8,276	-	-
Public safety	-	-	-	14,709	-	-	2,483
Economic development	349,301	1,330	-	-	-	-	-
Culture and recreation	-	-	571	-	-	-	-
Capital outlay:							
Public safety	-	-	-	3,431	-	-	-
Economic development	-	-	-	-	-	-	-
Total expenditures	349,301	1,330	571	18,140	8,276	-	2,483
Excess (deficiency) of revenues over (under) expenditures	(64,058)	6,363	4,275	(1,976)	12,913	-	(643)
Other financing sources (uses):							
Transfers out							
Loan proceeds	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	(64,058)	6,363	4,275	(1,976)	12,913	-	(643)
Fund balances - beginning	28,419	580,465	18,831	56,527	8,046	439	8,603
Fund balances - ending	$ (35,639)	$ 586,828	$ 23,106	$ 54,551	$ 20,959	$ 439	$ 7,960

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

	Fire Reports	Fire Grants	Economic Revitalization	Police Unclaimed Property	Police Continuing Education	Police Drug Enforcement
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	16,740	-
Intergovernmental	-	61,704	-	-	4,317	-
Charges for services	-	-	3,300	-	31,868	-
Fines and forfeits	-	-	-	-	7,988	-
Other	-	317,107	-	43,965	19,501	-
Total revenues	-	378,811	3,300	43,965	80,414	-
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	365,921	-	34,214	22,835	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	95,398	-
Economic development	-	-	-	-	-	-
Total expenditures	-	365,921	-	34,214	118,233	-
Excess (deficiency) of revenues over (under) expenditures	-	12,890	3,300	9,751	(37,819)	-
Other financing sources (uses):						
Transfers out						
Loan proceeds	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	-	12,890	3,300	9,751	(37,819)	-
Fund balances - beginning	3,733	(16,726)	(23,392)	110,693	182,755	931
Fund balances - ending	$ 3,733	$ (3,836)	$ (20,092)	$ 120,444	$ 144,936	$ 931

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

	DUI Task Force	Police Grants	Nonreverting Unsafe Building	HOME - CHDO	Community Development Block Grant	McCallister Center
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	286,712	-	-	705,520	747,604	-
Charges for services	-	-	-	-	17,517	-
Fines and forfeits	-	-	2,940	-	-	-
Other	-	10,406	-	90,179	15,906	-
Total revenues	286,712	10,406	2,940	795,699	781,027	-
Expenditures:						
Current:						
General government	-	-	2,245	-	-	-
Public safety	324,368	51,761	-	-	-	-
Economic development	-	-	-	834,048	835,647	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	324,368	51,761	2,245	834,048	835,647	-
Excess (deficiency) of revenues over (under) expenditures	(37,656)	(41,355)	695	(38,349)	(54,620)	-
Other financing sources (uses):						
Transfers out						
Loan proceeds	-	-	-	324,343	-	-
Total other financing sources and uses	-	-	-	324,343	-	-
Net change in fund balances	(37,656)	(41,355)	695	285,994	(54,620)	-
Fund balances - beginning	22,847	65,926	48,842	53,322	138,494	1,000
Fund balances - ending	$ (14,809)	$ 24,571	$ 49,537	$ 339,316	$ 83,874	$ 1,000

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

	Weed and Seed Grant	Lafayette Reenter Housing	Rainy Day	Police Donation	UDAG Reserve	CDRD Grants
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	90,889	523,600	-	-	12,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	78,183	-	-	6,571	-	-
Total revenues	78,183	90,889	523,600	6,571	-	12,000
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	78,183	90,889	-	3,551	-	-
Economic development	-	-	-	-	-	12,570
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Total expenditures	78,183	90,889	-	3,551	-	12,570
Excess (deficiency) of revenues over (under) expenditures	-	-	523,600	3,020	-	(570)
Other financing sources (uses):						
Transfers out						
Loan proceeds	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	-	-	523,600	3,020	-	(570)
Fund balances - beginning	-	-	11,420	2,255	13,352	-
Fund balances - ending	$ -	$ -	$ 535,020	$ 5,275	$ 13,352	$ (570)

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

	Southhaven Road Improvement	Nonreverting Railroad Land Reuse	COIT Bond Debt Service	Cumulative Capital Improvement	Cumulative Capital Development	Police Vehicles and Equipment
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ 595,451	$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	197,691	52,722	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	197,691	648,173	-
Expenditures:						
Current:						
General government	-	-	148,439	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	-	191,746	438,289	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Economic development	-	-	-	9,822	94,343	-
Total expenditures	-	-	148,439	201,568	532,632	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(148,439)	(3,877)	115,541	-
Other financing sources (uses):						
Transfers out						
Loan proceeds	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	-	-	(148,439)	(3,877)	115,541	-
Fund balances - beginning	83,900	72,193	661,403	438,269	435,896	1,626
Fund balances - ending	$ 83,900	$ 72,193	$ 512,964	$ 434,392	$ 551,437	$ 1,626

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

	Economic Development Income Tax	TIF Allocation McCarty Lane	TIF Allocation County's Southeastern	TIF Allocation Central Consolidated	TIF Allocation Twychenham Consolidated	Totals - Other Governmental Funds
Revenues:						
Taxes	$ (1)	$ 883,601	$ 7,027	$ 1,521,465	$ 1,911,901	$ 5,182,459
Licenses and permits	-	-	-	-	-	16,740
Intergovernmental	4,734,810	3,225	306	13,111	14,328	7,472,194
Charges for services	-	-	-	17,884	-	70,956
Fines and forfeits	-	-	-	-	-	10,928
Other	23,245	13,964	-	52,000	-	720,945
Total revenues	4,758,054	900,790	7,333	1,604,460	1,926,229	13,474,222
Expenditures:						
Current:						
General government	-	-	-	-	-	158,960
Public safety	-	-	-	-	-	988,914
Economic development	3,715,930	64,199	-	922,127	680,017	8,045,204
Culture and recreation	-	-	-	-	-	571
Capital outlay:						
Public safety	-	-	-	-	-	98,829
Economic development	327,570	-	-	1,570,453	-	2,002,188
Total expenditures	4,043,500	64,199	-	2,492,580	680,017	11,294,666
Excess (deficiency) of revenues over (under) expenditures	714,554	836,591	7,333	(888,120)	1,246,212	2,179,556
Other financing sources (uses):						
Transfers out				(422,502)		(422,502)
Loan proceeds	-	-	-	-	-	324,343
Total other financing sources and uses	-	-	-	(422,502)	-	(98,159)
Net change in fund balances	714,554	836,591	7,333	(1,310,622)	1,246,212	2,081,397
Fund balances - beginning	2,473,680	797,646	(7,333)	2,814,488	3,858,867	12,947,417
Fund balances - ending	$ 3,188,234	$ 1,634,237	$ -	$ 1,503,866	$ 5,105,079	$ 15,028,814

CITY OF LAFAYETTE
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

Assets	Business-Type Activities - Enterprise Funds Parking Garage	Pittman Block	Section 108 Loan	Totals
Current assets:				
Cash and cash equivalents	$ 236,860	$ -	$ -	$ 236,860
Loans receivable	-	-	2,880,000	2,880,000
Inventories	-	-	-	-
Total current assets	236,860	-	2,880,000	3,116,860
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Revenue bond covenant accounts	-	-	143,236	143,236
Total restricted assets:	-	-	143,236	143,236
Deferred charges	40,000	-	-	40,000
Pension benefit assets	-	-	-	-
Capital assets:				
Land, improvements to land and construction in progress	683,981	-	-	683,981
Other capital assets (net of accumulated depreciation)	2,585,453	-	-	2,585,453
Total capital assets	3,269,434	-	-	3,269,434
Total noncurrent assets	3,309,434	-	143,236	3,452,670
Total assets	3,546,294	-	3,023,236	6,569,530
Liabilities				
Current liabilities:				
Accounts payable	123	-	-	123
Current liabilities payable from restricted assets:				
Revenue bonds payable	139,000	-	-	139,000
Notes and loans payable	-	-	60,000	60,000
Accrued interest payable	45,143	-	80,987	126,130
Total current liabilities	184,266	-	140,987	325,253
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts or premiums)	1,643,000	-	-	1,643,000
Notes and Loans payable	-	-	2,850,000	2,850,000
Total noncurrent liabilities	1,643,000	-	2,850,000	4,493,000
Total liabilities	1,827,266	-	2,990,987	4,818,253
Net Assets				
Invested in capital assets, net of related debt	1,487,434	-	(2,910,000)	(1,422,566)
Restricted for debt service	-	-	143,236	143,236
Unrestricted	231,594	-	2,799,013	3,030,607
Total net assets	$ 1,719,028	$ -	$ 32,249	$ 1,751,277

CITY OF LAFAYETTE
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008
(Continued)

	Business-Type Activities - Internal Service Funds						
Assets	Inventory/ Purchasing	Workman's Comp	Unemployment Comp	Dental/ Vision	Golf Flood Fund	Flex Plan	Totals
Current assets:							
Cash and cash equivalents	$ (71,125)	$ 689,741	$ 34,875	$ 78,198	$ 193,405	$ 90,234	$ 1,015,328
Loans receivable	-	-	-	-	-	-	-
Inventories	152,934	-	-	-	-	-	152,934
Total current assets	81,809	689,741	34,875	78,198	193,405	90,234	1,168,262
Noncurrent assets:							
Restricted cash, cash equivalents and investments:							
Revenue bond covenant accounts	-	-	-	-	-	-	-
Total restricted assets:	-	-	-	-	-	-	-
Deferred charges	-	-	-	-	-	-	-
Pension benefit assets	-	-	-	-	-	-	-
Capital assets:							
Land, improvements to land and construction in progress	-	-	-	-	-	-	-
Other capital assets (net of accumulated depreciation)	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-	-	-
Total assets	81,809	689,741	34,875	78,198	193,405	90,234	1,168,262
Liabilities							
Current liabilities:							
Accounts payable	81,809	7,231	2,974	-	7,730	-	99,744
Current liabilities payable from restricted assets:							
Revenue bonds payable	-	-	-	-	-	-	-
Notes and loans payable	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-
Total current liabilities	81,809	7,231	2,974	-	7,730	-	99,744
Noncurrent liabilities:							
Revenue bonds payable (net of unamortized discounts or premiums)	-	-	-	-	-	-	-
Notes and Loans payable	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-	-
Total liabilities	81,809	7,231	2,974	-	7,730	-	99,744
Net Assets							
Invested in capital assets, net of related debt	-	-	-	-	-	-	-
Restricted for debt service	-	-	-	-	-	-	-
Unrestricted	-	682,510	31,901	78,198	185,675	90,234	1,068,518
Total net assets	$ -	$ 682,510	$ 31,901	$ 78,198	$ 185,675	$ 90,234	$ 1,068,518

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

	Enterprise Funds			
	Parking Garage	Pittman Block	Section 108 Loan	Totals
Operating revenues:				
Other	$ 161,353	$ -	$ 196,096	$ 357,449
Total operating revenues	161,353	-	196,096	357,449
Operating expenses:				
Administration and general	14,534	-	1,120	15,654
Depreciation and amortization	66,865	-	-	66,865
Total operating expenses	81,399	-	1,120	82,519
Operating income (loss)	79,954	-	194,976	274,930
Nonoperating revenues (expenses):				
Interest and investment revenue	224	-	-	224
Amortization of bond issue costs	(5,000)	-	-	(5,000)
Interest expense	(107,513)	-	(194,749)	(302,262)
Total nonoperating revenue (expenses)	(112,289)	-	(194,749)	(307,038)
Income (loss) before contributions and transfers	(32,335)	-	227	(32,108)
Transfers in	55,000	367,502	-	422,502
Transfers out	-	(343,000)	-	(343,000)
Change in net assets	22,665	24,502	227	47,394
Total net assets - beginning	1,696,363	(24,502)	32,022	1,703,883
Total net assets - ending	$ 1,719,028	$ -	$ 32,249	$ 1,751,277

CITY OF LAFAYETTE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2008
(Continued)

	Internal Service Funds						
	Inventory/ Purchasing	Workman's Comp	Unemployment Comp	Dental/ Vision	Golf Flood Fund	Flex Plan	Totals
Operating revenues:							
Other	$ 13,062	$ 326,602	$ 20,020	$ 579,262	$ 32,214	$ 164,977	$ 1,136,137
Total operating revenues	13,062	326,602	20,020	579,262	32,214	164,977	1,136,137
Operating expenses:							
Administration and general	-	287,780	65,035	581,773	31,989	162,572	1,129,149
Depreciation and amortization	-	-	-	-	-	-	-
Total operating expenses	-	287,780	65,035	581,773	31,989	162,572	1,129,149
Operating income (loss)	13,062	38,822	(45,015)	(2,511)	225	2,405	6,988
Nonoperating revenues (expenses):							
Interest and investment revenue	-	-	-	-	-	-	-
Amortization of bond issue costs	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Total nonoperating revenue (expenses)	-	-	-	-	-	-	-
Income (loss) before contributions and transfers	13,062	38,822	(45,015)	(2,511)	225	2,405	6,988
Transfers in	-	-	-	-	-	-	-
Transfers out	(13,062)	-	-	-	-	-	(13,062)
Change in net assets	-	38,822	(45,015)	(2,511)	225	2,405	(6,074)
Total net assets - beginning	-	643,688	76,916	80,709	185,450	87,829	1,074,592
Total net assets - ending	$ -	$ 682,510	$ 31,901	$ 78,198	$ 185,675	$ 90,234	$ 1,068,518

CITY OF LAFAYETTE
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2008

	Enterprise Funds			
	Parking Garage	Pittman Block	Section 108 Loan	Totals
Cash flows from operating activities:				
Receipts from customers and users	$ 161,353		$ 196,096	$ 357,449
Payments to suppliers	(14,474)	(430,000)	(1,120)	(445,594)
Net cash provided by operating activities	146,879	(430,000)	194,976	(88,145)
Cash flows from noncapital financing activities:				
Transfer to other funds				-
Transfers from other funds	55,000	367,502	-	422,502
Net cash provided (used) by noncapital financing activities	55,000	367,502	-	422,502
Cash flows from capital and related financing activities:				
Collections of long-term receivables	-	-	57,500	57,500
Principal paid on capital debt	(127,000)	-	(55,000)	(182,000)
Interest paid on capital debt	(110,730)	-	(195,020)	(305,750)
Proceeds from sales of capital assets	-	30,616	-	30,616
Net cash provided (used) by capital and related financing activities	(237,730)	30,616	(192,520)	(399,634)
Cash flows from investing activities:				
Interest received	224	-	-	224
Net cash provided (used) by investing activities	224	-	-	224
Net increase in cash and cash equivalents	(35,627)	(31,882)	2,456	(65,053)
Cash and cash equivalents, January 1	272,487	31,882	140,780	445,149
Cash and cash equivalents, December 31	$ 236,860	$ -	$ 143,236	$ 380,096
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	$ 79,954	$ -	$ 194,976	$ 274,930
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	66,865	-	-	66,865
(Increase) decrease in assets:				
Inventories	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	60	-	-	60
Interfund services provided and used	-	(430,000)	-	(430,000)
Intergovernmental payables	-	-	-	-
Total adjustments	66,925	(430,000)	-	(363,075)
Net cash provided by operating activities	$ 146,879	$ (430,000)	$ 194,976	$ (88,145)

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

	Internal Service Funds						
	Inventory/ Purchasing	Workman's Comp	Unemployment Comp	Dental/ Vision	Golf Flood Fund	Flex Plan	Totals
Cash flows from operating activities:							
Receipts from customers and users	$ 568,717	$ 326,603	$ 20,019	$ 579,262	$ 32,214	$ 164,977	$ 1,691,792
Payments to suppliers	(626,780)	(297,970)	(62,787)	(581,773)	(24,259)	(162,572)	(1,756,141)
Net cash provided by operating activities	(58,063)	28,633	(42,768)	(2,511)	7,955	2,405	(64,349)
Cash flows from noncapital financing activities:							
Transfer to other funds	(13,062)	-	-	-	-	-	(13,062)
Transfers from other funds	-	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	(13,062)	-	-	-	-	-	(13,062)
Cash flows from capital and related financing activities:							
Collections of long-term receivables	-	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-	-
Cash flows from investing activities:							
Interest received	-	-	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-	-	-
Net increase in cash and cash equivalents	(71,125)	28,633	(42,768)	(2,511)	7,955	2,405	(77,411)
Cash and cash equivalents, January 1	-	661,109	77,643	80,709	185,450	87,830	1,092,741
Cash and cash equivalents, December 31	$ (71,125)	$ 689,742	$ 34,875	$ 78,198	$ 193,405	$ 90,235	$ 1,015,330
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income	$ 13,061	$ 38,822	$ (45,014)	$ (2,511)	$ 225	$ 2,405	$ 6,988
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	-	-	-	-	-	-	-
(Increase) decrease in assets:							
Inventories	(152,933)	-	-	-	-	-	(152,933)
Increase (decrease) in liabilities:							
Accounts payable	81,809	(10,189)	2,246	-	7,730	-	81,596
Interfund services provided and used	-	-	-	-	-	-	-
Intergovernmental payables	-	-	-	-	-	-	-
Total adjustments	(71,124)	(10,189)	2,246	-	7,730	-	(71,337)
Net cash provided by operating activities	$ (58,063)	$ 28,633	$ (42,768)	$ (2,511)	$ 7,955	$ 2,405	$ (64,349)

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

Assets	Firefighters Pension	Police Pension	Totals
Cash and cash equivalents	$ 643,671	$ 553,002	$ 1,196,673
Receivables:			
Taxes	(84,944)	(84,394)	(169,338)
Intergovernmental	215	1,580	1,795
Total receivables	(84,729)	(82,814)	(167,543)
Total assets	558,942	470,188	1,029,130
Net Assets			
Held in trust for:			
Employees' pension benefits and other purposes	558,942	470,188	1,029,130
Total net assets	$ 558,942	$ 470,188	1,029,130

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

Additions	Firefighters Pension	Police Pension	Totals
Contributions:			
Employer	$ 9,620	$ 135,945	$ 145,565
State contributions	1,309,542	933,208	2,242,750
Plan members	8,570	-	8,570
Private donations	-	2,843	2,843
Total contributions	1,327,732	1,071,996	2,399,728
Total additions	1,327,732	1,071,996	2,399,728
Deductions			
Benefits	2,370,994	1,583,316	3,954,310
Administrative expense	8,494	3,991	12,485
Total deductions	2,379,488	1,587,307	3,966,795
Changes in net assets	(1,051,756)	(515,311)	(1,567,067)
Net assets - beginning	1,610,698	985,499	2,596,197
Net assets - ending	$ 558,942	$ 470,188	$ 1,029,130

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconcilements as of December 31, 2008, revealed checks outstanding in excess of two years totaling $23,705.44.

IC 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn as of December 31, 2008:

General	$ 5,212,430
Inventory/Purchasing	71,124
Redevelopment	121,867
Economic Revitalization	20,092
DUI Task Force	14,506
Lafayette Reenter Housing	74,976
Weed and Seed Grant	21,516
CDRD Grants	570
TIF Allocation Central Consolidated	101,391

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

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Excess Amount Expended
Firefighters Pension	$ 573,647
Police Pension	68,007
Motor Vehicle Highway	20,226
Redevelopment	44,036
Park Bond	1,014

IC 6-1.1-18-4 states in part:

". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

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

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Web Site: 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 LAFAYETTE, TIPPECANOE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of 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 programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2008-1.

Internal Control Over Compliance

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

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

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.

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

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

STATE BOARD OF ACCOUNTS

December 23, 2009

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Grant			
Community Development Block Grant - Entitlement and Housing and Urban Development Administered Small Cities Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B06-MC-18008	$ 492,685
		B07-MC-18008	274,191
		B08-MC-18008	68,427
Total for program			835,303
Home Investment Partnerships Program	14.239	M03-DC-180212	450
		M05-DC-180212	381,494
		M06-DC-180212	158,208
		M07-DC-180212	194,675
		M08-DC-180212	101,124
Pass-Through Indiana Housing and Community Development Authority			
Tenant Based Rental Assistance		TB-008-001	6,795
Total for program			842,746
Total for federal grantor agency			1,678,049
U.S. DEPARTMENT OF INTERIOR			
Direct Grant			
Save America's Treasures	15.929		
Tour De Lafayette/Preserve America		18-08-AP-4011	1,682
Pass-Through Indiana Department of Natural Resources			
Historic Preservation Fund Grants	15.904	22618-CA-5	10,888
Total for federal grantor agency			12,570
U.S. DEPARTMENT OF JUSTICE			
Direct Grant			
Community Capacity Development Office	16.595		
Weed and Seed Grants - 07/08		2007-WS-Q7-0242	188,220
Weed and Seed Grants - 08/09		2008-WS-QX-0171	21,269
Total for program			209,489
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2007-DJ-BX-0689	38,538
		2008-DJ-BX-0195	13,190
Total for program			51,728
Total for federal grantor agency			261,217
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Big City/Big County Seat Belt Enforcement Program		PT-09-04-01-37	12,763
Big City/Big County Seat Belt Enforcement Program		PT-08-08-01-40	97,980
FCRE Aggressive Driving Enforcement Grant Program		154HE-2008-08-01-16	36,883
Total for program			147,626
Alcohol Traffic Safety and Drunk Driving Prevention	20.601		
DUI Task Force Enforcement Program		K8-2009-03-03-29	7,147
DUI Task Force Enforcement Program		K8-2008-02-03-27	35,000
Fatal Alcohol Crash Team (FACT) Program		K8-2009-03-02-07	7,182
Fatal Alcohol Crash Team (FACT) Program		K4-2008-02-02-07	80,200
Total for program			129,529
Total for federal grantor agency			277,155
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-Through Indiana Department of Homeland Security			
Homeland Security Cluster			
State Homeland Security Program	97.073		50,225
Total federal awards expended			$ 2,279,216

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

CITY OF LAFAYETTE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of 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 2. 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:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 92,982

CITY OF 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
Reportable conditions identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
20.600	State and Community Highway Safety
97.073	State Homeland Security Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-1, DOCUMENTATION OF COORDINATOR COMPENSATION

Federal Agency: U.S. Department of Transportation
Federal Program: Highway Safety Cluster
CFDA Numbers: 20.601
Federal Award Numbers: K8-2009-03-02-07 and K4-2008-02-02-07
Pass-Through Entity: Indiana Criminal Justice Institute

At the end of the grant year, the grant coordinator determines the amount of funds remaining in the FACT grant. Based on this remaining amount, the grant reimburses the City of Lafayette General Fund for salary expenses. The amount reimbursed to the City was for 1015 hours for the grant period October 1, 2007 through September 30, 2008. There is no record maintained regarding hours worked on the grant to verify the amount paid was representative of the hours spent on grant activities.

The Code of Federal Regulations, Subtitle A Chapter II Part 225 (2 CFR 225) Appendix B states in part:

> "Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of this appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: (a) More than one Federal award, (b) A Federal award and a non-Federal award . . ."

The same CFR states in part:

> "Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after-the-fact distribution of the actual activity of each employee, (b) They must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) They must be signed by the employee. (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes . . ."

Improperly documented costs and unallowable costs may result in loss of funding or other actions by the grantor.

The City should follow 2 CFR 225 and grant requirements in documenting the grant coordinator's effort toward grant activities.

CITY OF LAFAYETTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF
LAFAYETTE
OFFICE OF CONTROLLER

December 15, 2009

Corrective Action Plan

FINDING NO. 2008-01

Auditee Contact Person: Mike Jones
Title of Contact Person: Controller
Phone Number: 765-807-1011
Expected Completion Date: 12/15/2009

Corrective Action Planned:

The corrective action required for this finding is simply to implement a time keeping system that will document any time spent by the administrator on his grant duties. As with most grants the coordinator spends more time than the actual reimbursement amount but due to a lack of a time log those hours were not properly documented. The coordinator will now employ a log which will provide that documentation.

Very truly yours,

J. Michael Jones
Controller

City of Lafayette, Office of Controller, 20 North 6th Street, Lafayette, Indiana 47901-1412 765-807-1010 Fax 765-807-1024

CITY OF LAFAYETTE
EXIT CONFERENCE

The contents of this report were discussed on December 23, 2009, with J. Michael Jones, Controller; Tony Roswarski, Mayor; Steven Meyer, President of the Common Council; Gary Henriott, President of the Board of Works; and Cindy Murray, City Clerk. The official response has been made a part of this report and may be found on page 77.

CITY OF
LAFAYETTE
OFFICE OF CONTROLLER

January 28, 2010

To whom it may concern

The City of Lafayette, as many municipalities in the State of Indiana, found 2008 to be a challenging year. Legislative changes made late in the year as well as a slowing economy brought about many difficult and hard decisions. The City through its Department Heads and the leadership of the Mayor made many difficult decisions that allowed the City to endure these rugged times and not resort to cutting services.

During 2008 the City of Lafayette for the second straight year found itself facing delayed tax payments. Due to this fact there were several funds that as of 12-31-2008 had a negative balance. However, as one examines the financial statement you will notice the property tax receivable and the intergovernmental receivable that is recorded. Had these funds been paid in a timely fashion, rather than January, with a final payment in May, these deficits would not have existed. In fact if one looks at the accrual basis of accounting the City does in fact show a small surplus for this time period. This situation which is entirely out of the control of the City of Lafayette will also exist in 2009 as the taxes to be paid will be delayed for the third consecutive year.

In spite of these conditions the City is well poised to weather them. With fiscal responsibility and a cooperative, team oriented management mindset as the operating norm the citizens of Lafayette can expect that services will continue to be delivered. Not only will the services be delivered but the City will do so within the budget as well.

Very truly yours,

J. Michael Jones
Controller
City of Lafayette

City of Lafayette, Office of Controller, 20 North 6th Street, Lafayette, Indiana 47901-1412 765-807-1010 Fax 765-807-1024